FISCAL YEAR 2000 BUDGET REQUESTS OF THE U.S. GEOLOGICAL SURVEY, THE OFFICE OF SURFACE MINING, THE MINERALS MANAGEMENT SERVICE AND THE ENERGY AND MINERALS PROGRAM OF THE BUREAU OF LAND MANAGEMENT

HEARING

BEFORE THE

SUBCOMMITTEE ON ENERGY AND MINERAL RESOURCES

OF THE

COMMITTEE ON RESOURCES
HOUSE OF REPRESENTATIVES

ONE HUNDRED SIXTH CONGRESS

FIRST SESSION

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OVERSIGHT HEARING ON FISCAL YEAR 2000 BUDGET REQUESTS OF THE U.S. GEOLOGICAL SURVEY, THE OFFICE OF SURFACE MINING, THE MINERALS MANAGEMENT SERVICE AND THE ENERGY AND MINERALS PROGRAM OF THE BUREAU OF LAND MANAGEMENT

THURSDAY, FEBRUARY 25, 1999

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

The Subcommittee met, pursuant to notice, at 2:08 p.m., in Room 1324, Longworth House Office Building, Hon. Barbara Cubin [chairwoman of the Subcommittee] presiding.

STATEMENT OF HON. BARBARA CUBIN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WYOMING

Mrs. CUBIN. The Subcommittee on Energy and Mineral Resources will please come to order.

The Subcommittee is meeting today to hear testimony on the Fiscal Year 2000 budget request of the USGS, the Office of Surface Mining, the Minerals Management Service, and the energy and minerals programs of the BLM. Under rule 4(G) of the Committee rules, any oral opening statements at hearings are limited to the Ranking Majority Member and the Chairman, but we are going to expand that today to any other members that want to give an opening statement.

So I am skipping all that, Bill.

The Subcommittee is meeting today to hear testimony on the administration's Fiscal Year 2000 budget request of the four Interior Department agencies within our jurisdiction. First, we have the U.S. Geological Survey, which "provides the nation with reliable, impartial information to describe and understand the Earth." At least that is what their webpage says they do and I think they do.

[Laughter.]

Then we have three bureaus which are regulatory in nature: the Minerals Management Service, the Bureau of Land Management, and the Office of Service Mining Reclamation and Enforcement. The MMS and the BLM's energy and minerals programs are the keepers of federally owned mineral rights. That is, the two agencies

administer the laws governing the disposition of our public land and the Outer Continental Shelf mineral endowment. I often wish that there was more disposing of and less keeping of public lands minerals in order to enlarge the revenues that are derived from this endowment, but that is a debate for another day.

Unique among the Subcommittee's agencies is the Office of Surface Mining, which administers the Federal law governing the surface impacts of all coal mined in the United States, whether it is on public land or private.

Today we are pleased to have before us the new director of the U.S. Geological Survey, Dr. Charles Groat, a first-time witness before this Subcommittee. We would like to welcome you. Followed by Ms. Kathy Karpan of Rock Springs, Wyoming, the director of the Office of Surface Mining and a friend of mine. We've known each other in Wyoming for a long time and I have always enjoyed with Ms. Karpan and continue to do so. And we have the acting director of the Minerals Management Service, Dr. Tom Kitsos. And, lastly, Ms. Nina Hatfield, a deputy director of the Bureau of Land Management.

[The prepared statement of Mrs. Cubin follows:]

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The MMS and the BLM's energy & minerals program are the "keepers" of federally owned mineral rights. That is, the two agencies administer the laws governing the disposition of our public land and outer continental shelf mineral endowment. I often wish there was more "disposing" and less "keeping" of public lands minerals in order to enlarge the revenues derived from this endowment, but that's a debate for another day.

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Today, we are pleased to have before us the new Director of the U.S. Geological Survey, Dr. Charles Groat, a first-time witness before the Subcommittee; followed by Ms. Kathy Karpan, of Rock Springs, Wyoming, Director of OSM; then the Acting Director of the Minerals Management Service, Dr. Tom Kitsos; and lastly, Ms. Nina Hatfield, a Deputy Director of the Bureau of Land Management.

Mrs. CUBIN. The Chair now recognizes the Ranking Minority Member for any opening statement that he might have.

STATEMENT OF HON. ROBERT UNDERWOOD, A DELEGATE IN CONGRESS FROM GUAM

Mr. UNDERWOOD. Thank you, Madam Chairwoman. Today we welcome witnesses from the Bureau of Land Management, Office of Surface Mining, Minerals Management Service, and the U.S. Geological Survey to discuss their proposed budget requests for Fiscal Year 2000.

The DOI's Fiscal Year 2000 budget request represents an increase of $832 million, or 10.6 percent, over the 1999 appropriations. The DOI request of $8.7 billion underscores President Clinton's commitment to conserving the nation's natural and cultural

resources. The budget request focuses on priority initiatives, such as President Clinton's Land Legacy Initiative, which is designed to protect and revitalize America's public land resources.

Within the purview of the Energy Subcommittee, the DOI budget includes $25 million to increase reclamation of abandoned coal mining by 15 percent, as part of the administration's Clean Water Action Plan. An additional highlight of the request is the President's budget request of $838.5 million for the U.S. Geological Survey. The request includes $18.5 million in new funding to support science priorities that will address resource management issues and challenges to maintain diverse and healthy ecosystems.

Another feature of this request is the MMS budget of $240 million for managing the nation's offshore mineral resources. This is about $16.2 million above the 1999 level. Wisely, MMS proposes to assign the increased funds to updating their computerized royalty management program. Management of the Outer Continental Shelf plays a significant role in the nation's energy picture. Revenues collected by the MMS Federal offshore oil and gas program will support President Clinton's Lands Legacy Initiative or one of the legislative proposals now pending before the Resources Committee to dedicate OCS receipts to various conservation programs.

The BLM's Fiscal Year 2000 budget request is $1,268,700,000. Of that amount, they request $72 million for the energy and minerals program. This is an increase of 3.3 percent above the Fiscal Year 1999 enacted level of funding, which will be used to fund employee pay raises.

Energy and mineral resources generate the highest commercial values amongst the various uses of public land. Of the $1.1 billion in annual revenues from public lands, energy and mineral development generated nearly $1 billion through rents, royalties, bonuses, sales, and fees. The public lands produce 33 percent of the nation's coal, 11 percent of its natural gas, and 5 percent of its oil. These lands also produce a large portion of the nation's fertilizer minerals, mineral materials, gold, silver, and other metals. During 1998, BLM administered 370 coal leases; 46,000 oil and gas leases, although only 20,000 are actually in production.

I look forward to hearing the testimony of our witnesses on these important matters. Thank you, Madam Chairwoman.

[The prepared statement of Mr. Underwood follows:]

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The BLM's 2000 Budget request is $1,268,700,000. Of that amount, they request $72,230,000 for the energy and minerals program. This is an increase of $2,286,000, or 3.3 percent above the FY 1999 enacted level of funding which will be used to fund employee pay raises. Energy and mineral resources generate the highest commercial values among the various uses of public lands. Of the $1.1 billion in annual revenues from the public lands, energy and mineral development generated nearly $1 billion though rents, royalties, bonuses, sales and fees. The public lands produce 33 percent of the Nations coal, 11 percent of its natural gas and 5 percent of its oil. These lands also produce a large portion of the Nation's fertilizer minerals, mineral materials, gold, silver, and other metals. During 1998, BLM administered 370 coal leases, 46,000 oil and gas leases—although only 20,000 are actually in production. During that time, BLM also oversaw production of more than 15 million cubic yards of sand, gravel and other mineral materials. Of particular note in this area, is the effort to revise the outdated surface management rules for hard rock mining.

I look forward to hearing the testimony of our witnesses on this important subject.

Mrs. CUBIN. Congressman Walden, do you have an opening statement?

Mr. WALDEN. No, thank you.

Mrs. CUBIN. Congressman Rahall?

STATEMENT OF HON. NICK J. RAHALL, II, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WEST VIRGINIA

Mr. RAHALL. Thank you, Madam Chair. I appreciate your making the exception and allowing me to give an opening statement.

While the budgets and programs of all four of the agencies that we are reviewing today are important, I wanted to take just a moment to make a few comments on matters involving the Office of Surface Mining.

This has been a very troubling year in the coal fields of southern West Virginia. With mountaintop removal mining operations becoming increasingly larger—perhaps more so than the law ever originally envisioned—both OSM and the Corps of Engineers, which issues section 404 permits, were unprepared and unable to cope with the regulatory demands operations of this nature placed upon them. OSM's oversight of the State regulatory program in this area was found to be non-existent.

Post-mining land uses were being permitted that were a violation of the letter or, if not that, certainly the intent of section 515(c) of SMCRA and OSM by perhaps every account other than its own failed to provide adequate guidance on one of the most critical reclamation standards of the law, and that is: What constitutes approximate original contour?

While OSM avoided being the subject of a major lawsuit on these matters, litigation against the State regulatory authority and the Corps of Engineers has resulted in a Justice Department brokered settlement agreement. As a result, the EPA, Fish and Wildlife Service, the Corps, and OSM are now working to implement an im-

proved regulatory program, focusing in West Virginia and then Kentucky.

Over the years, I have been OSM's most staunch supporters in the Congress. But I have also been one of its critics as well when it has dropped the ball on major issues such as this one. For her part, Director Karpan inherited the problems, which were made public last year. And I appreciate her leadership, know that she has had experience here on the Hill working for a good colleague of ours on this Committee, Representative Teno Roncalio. And her background is extensive and well-placed. It is now, however, incumbent upon Director Karpan, in my opinion, to display the type of leadership necessary to swiftly correct deficiencies in the mountaintop removal mining regulatory program.

This is no laughing matter in the hills and hollows of the State that I represent. While the regulatory program remains unsettled, citizens lives and homes are being disrupted, miners face the possibility of layoff, and the economy in places like Logan, Mingo, and Boone Counties, which is so dependent on coal, swings in the balance.

Our dream when enacting section 515(c) of the Act was to leave people in the coal fields with viable economic development opportunities, once the coal ran out, as a trade-off for allowing a variance for mountaintop removal mining. And I recall well working my first year in the Congress on this Committee and in the conference committee and working through these trade-offs. SMCRA is more than an environmental law; it is also social legislation.

I have not given up hope for this dream and will not. But for it to become a reality, it is incumbent upon agencies like OSM to do the job that Congress has entrusted it with. The eyes of Appalachia, Director Karpan, are upon you and your agency. Thank you, Madam Chair.

[The prepared statement of Mr. Rahall follows:]

STATEMENT OF HON. NICK RAHALL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WEST VIRGINIA

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While OSM avoided being the subject of a major lawsuit on these matters, litigation against the State regulatory authority and the Corps of Engineers has resulted in a Justice Department brokered settlement agreement.

As a result, the EPA, Fish and Wildlife Service, the Corps and OSM are now working to implement an improved regulatory program focusing in West Virginia and then Kentucky.

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Thank you.

Mrs. CUBIN. Certainly. Before I recognize Dr. Groat for his testimony, let me remind the witnesses that, under our Committee rules, your entire testimony will be submitted in the record, but we ask that you keep your oral testimony to five minutes. So, with that—excuse me, the boss just said they gave—it is 10. So, Dr. Groat, if you could please stay within 10 minutes in your oral testimony.

STATEMENT OF CHARLES GROAT, DIRECTOR, U.S. GEOLOGICAL SURVEY, U.S. DEPARTMENT OF THE INTERIOR

Dr. GROAT. Thank you, Madam Chairman. I will shoot for five.

Madam Chairman and Members of the Subcommittee, I am going to just give you a brief overview of my written testimony and hit a few highlights. You are correct; I am brand-new at this. My previous experience as a state person, a colleague and a client of the USGS has kind of turned the tables, so I am happy to be here to present what the U.S. Geological Survey sees as a couple of its success stories from the past year that are guiding our budget submittal for the Year 2000.

I want to highlight three or four things that we feel are significant accomplishments that give you some indication of not only where we have been, but where we are going in Fiscal Year 2000. One of our highest priorities is reducing the effects of natural disasters and then mitigating those effects once they have occurred.

And I am sure you will all remember the torrential El Nino rains we had in 1998 and the fact that they caused, in many cases, flooding and landsliding. Back in 1982, we had a significant El Nino event as well. Landsliding and flooding occurred then, but in the case of 1982, we had 25 deaths from landsliding. In the intervening years, as part of its hazards program, USGS increased its ability to map landslides and also to predict where landslides would occur and to give advance warning. As a result of that, in the 1998 El Ninos, there were no deaths from landslides in the San Francisco Bay area. We don't claim all the credit for that, but certainly some of our technology had an impact on that effect.

Another thing that I think is significant that you all would be interested in—and I was, particularly coming from the Southwest, having come to this job from El Paso where water is an extremely valuable and diminishing resource—was our five-year report on water consumption in the United States, which many managers

use to predict use in the future. We found out, in our report for 1995, that actual per capita water consumption from 1990 had actually decreased, despite the fact that our economy is booming and the fact that our population is growing, which is an encouraging sign that conservation efforts to encourage Americans across the country to use less water are having some effect, not only as individuals, but as industries. And this is information that I think is both encouraging and useful.

We are also concerned, as is everyone across the country, about how the American population is expanding into areas that have been used for other purposes. Not only in urban areas that we are familiar with in the East and in the Midwest, but in Western lands as well where town are seeing ranchette developments spring up and non-rural people move into rural settings. The ability to predict that and determine what the impacts are going to be on agriculture, on forestry, on grazing, and on the other uses of the land are extremely important, not only on Federal lands, but on private lands as well.

We have been able to map and describe with our base inventory of information—100-year archive of historic maps and 30-year archive of satellite data—where these things not only have occurred, but where the projection are that they will occur. And this is another case where planners have advanced warning of expansion that they need to be concerned about.

And, finally, as an accomplishment, I would like to point out that some of the models and data that we provide for the Forest Service, for the BLM, and the Park Service have been used to develop a watershed-based strategy to clean up abandoned mine lands, particularly in the West. One of the concerns that the mining industry faces, and those that manage the lands that they are on, is how we remediate areas where there have been problems.

One of the things we have been able to help understand is the relative severity of those problems and what is commonly misunderstood is that many of those areas had natural contributions of mineral matter anyway, before there was any mining. This baseline information is extremely important in understanding what kind of remediation is appropriate and necessary. And we think we have assisted those other bureaus in the Department of the Interior and other partners in understanding that and in developing sound restoration strategies based on our scientific understanding of what is going on there. Those are just a few examples, Madam Chairman and Members, where I think we have been helpful.

In the Fiscal Year 2000 budget, we are requesting $838.5 million, an increase of about 5 percent, over our budget for 1999. And we hope that this budget, as in the past, will allow us to deliver relevant products, not only regarding hazards, but regarding resources and applications of science that are useful to all of our customers in the year 2000.

We work very closely, historically, with the Park Service, with BLM, the Fish and Wildlife Service, and other Interior bureaus in providing scientific information that they can use in their land and resource management responsibilities. In fact, over 20 percent of our budget goes to those purposes.

In the year 2000, we are adding and requesting $15 million of additional money to bring integrated science to their service. Through direct consultation with them, we will develop science strategies that involve geology, biology, land imagery information, as well as water resource information, to meet more integrated science needs. That is a new feature of our budget request for the year 2000 and we and the other agencies are working very closely to identify what the needs are.

We are also requesting an increase in our ability to deal with natural disasters. Fifty billion dollars a year is the neighborhood cost for the impact of natural disasters on this country. Clearly, usable scientific information to warn people of disasters and then to deal with their effects is of increasing value as we urbanize and as we seem to gather our populations in areas where natural disasters are more prevalent.

The fact that we had three devastating hurricanes in 1998—Bonnie, George, and Mitch—gave us an excellent opportunity to see where we were in dealing with those disasters and where we could improve. Sticking to Hurricane Mitch, we were able to deliver significant information in support of other Federal agencies assisting Central America that could be used to mitigate the disasters, which has many applications in this country as well as in Central America.

We learned in that process that putting information together with all of the technology we have these days is not the big challenge. It is putting the information in a form where it can be used. And so we learned that we need protocols and data standards before it can be used in decisionmaking. So, in the year 2000, we are requesting additional money, $8 million, to develop and further refine a disaster information system that will allow that kind of information to be useful not only in predicting disasters, but also in dealing with the effects of those disasters.

We are also requesting $5.5 million to upgrade our ability to anticipate natural disasters, to improve our stream gauging network, and to improve our seismic monitoring network so that we can warn and inform before disasters occur.

And, finally, in this vein, information is the name of the value we provide to communities and agencies that need to predict and deal with the disasters. There is a $10 million request in our budget through the Community and Federal Information Partnership to improve our ability to give this information to local communities, to State agencies, and others. Two-thirds of that will go out of the Bureau in grants and contracts to those organizations to make our information and that of other agencies available to them. It will create their resource-related data bases that they need for that. That is part of the $39.5 million administration effort in the whole partnership program.

I want to conclude with some comments on restructuring. Our budget has been modified in the year 2000 to make a truer representation of what money is going for science and programs and what money is being used for administrative purposes, such as facilities and science support costs. So if you look at our budget, you will see many program lines that look like they have been decreased. The fact is that in most of those lines the science money

remains the same; the money that has been taken out has been put in lines to identify what it is is used for: administrative monies and facilities monies.

So now you will see what you are getting. We will have a clearness in budgeting program that we think will serve not only those of you that have to look at our programs, but also those who we are dependent as partners and customers as they work with us and have some true feel for where their money is being invested. We think this is a significant step, along with our ability to integrate our science to better serve our customers.

We are also looking forward, Madam Chairman, to working with this Subcommittee as we deal with adjustments to the National Geologic Mapping Act, which we think is a great success story in our partnership with the States, to make sure that the States continue to receive the appropriate funding for their efforts. We are also looking forward to working with your colleagues on the House Science Subcommittee to reauthorize the National Earthquake Hazards Reduction Act, which is authorized through 1999, but which needs reauthorization after that.

So, with those comments, Madam Chairman, I will close and let the others go ahead and be, of course, willing to answer questions when my turn comes.

[The prepared statement of Dr. Groat may be found at the end of the hearing.]

Mrs. CUBIN. Thank you very much, Dr. Groat. The Chair recognizes Nina Hatfield for her testimony.

STATEMENT OF NINA HATFIELD, DEPUTY DIRECTOR, BUREAU OF LAND MANAGEMENT, U.S. DEPARTMENT OF THE INTERIOR

Ms. HATFIELD. Thank you, Madam. Madam Chairman and members of the Subcommittee, I appreciate this opportunity to appear before you today to discuss the Fiscal Year 2000 budget request for the Bureau of Land Management energy and minerals programs. I would like to share with you some examples of how the BLM continues to try to improve its minerals programs so that we can provide better service to producers who operate on the public land, while ensuring that environmentally sound recovery of mineral resources takes place.

To support these goals, the President's Fiscal Year budget proposes about $1.2 billion for the BLM, including funds for the operation of the Bureau, payments in lieu of taxes, construction and facilities maintenance, land acquisition, as well as hazardous materials and firefighting activities across the entire Department of the Interior. Of that $1.2 billion, $107 million of it are devoted to energy and mineral activity.

Our workload is considerable and continues to grow. At the end of 1998, there were over 20,000 producing oil and gas leases; 128 producing coal leases; and about 768 leases of other mineral resources. From these activities, the States received revenues totaling about $550 million in 1998. Federal royalties from these mineral activities are projected to increase in the year 2000, totaling about $1.2 million, which would result in payments to the States of over $600 million.

I would like to highlight just several of the programs and activities that we are focusing on. In December, the BLM proposed comprehensive oil and gas regulations to consolidate and streamline our current BLM oil and gas regulations. These regulations had the effect, we believe, of giving operators greater flexibility in meeting certain agency requirements and ensuring that appropriate bond amounts covered costs such as reclamation. In response to public requests and to allow an optimal time to analyze and comment on the proposed regulation, the comment period has recently been extended to June 4 of 1999.

On February 9, BLM published its proposed hard rock mining surface management or 3809 regulations. These are intended to prevent unnecessary or undue degradation of public land resources by mining operations and improve the clarity and organization of BLM's existing 3809 surface mining regulations. A series of public hearings are planned throughout the West and in Washington, DC, to gather comment on the rules. No final regulations will be published before October 1, 1999, in accordance with congressional mandates.

In BLM, we expect that exploration for coalbed methane will increase greatly over the next few years, especially in Wyoming and the Rocky Mountain States. Operators in BLM are awaiting the Supreme Court's decision about whether the ownership of coalbed methane gas adheres to the ownership of the coal, rather than to the ownership of the oil and gas. We are working diligently within BLM towards trying to develop solutions to handle the flood of applications for permits to drill that we are expecting that will follow the court's decision.

Recognizing that oil prices are as low as they have been since 1975 and that operators were threatened with not being able to continue production on properties with low production, BLM has implemented a two-year policy of granting a suspension on leases with stripper oil properties, those being properties that average 15 barrels or less of production per day. In addition, our existing regulations will allow us to make a case-by-case determination about whether to grant a suspension for other operators.

We continue to pursue measures that would increase our efficiency, as well as promoting environmentally sound recovery of mineral resources. And we look forward to continuing to work with members of the Subcommittee, the public, the States, and the industry to improve our program. And I would look forward to answering any questions that the Committee might have.

[The prepared statement of Ms. Hatfield may be found at the end of the hearing.]

Mrs. CUBIN. Thank you very much. The Chair now recognizes Dr. Kitsos.

STATEMENT OF THOMAS KITSOS, ACTING DIRECTOR, MINERALS MANAGEMENT SERVICE, U.S. DEPARTMENT OF THE INTERIOR

Dr. KITSOS. Thank you, Madam Chairman and members of the Subcommittee. I want to submit for the record, through your Committee clerk, a copy of a report entitled, "A Road Map to the 21st Century." This report discusses in some detail the Bureau's ration-

ale for and approach to reengineering our royalty management program, which is one of our top priorities for Fiscal Year 2000.

[The information may be found at the end of the hearing.]

Dr. KITSOS. As you know, Madam Chairman, the Minerals Management Service really has important missions for managing our nation's OCS in an environmentally sound manner and collecting, verifying, and distributing mineral revenues in a timely manner, revenues generated from Federal leases onshore and offshore in Indian lands.

In carrying out this mission, MMS programs account for about 27 percent of the natural gas produced in the United States and about 20 percent of the oil produced in the United States. From an economic standpoint, in Fiscal Year 2000, MMS, we estimate, will collect about $4 billion in Federal mineral receipts. And of that $4 billion, the distribution goes something like this: $611 million in mineral revenue payments to onshore States; $106 million in shared OCS oil and gas receipts with coastal States; $150 million to Indian tribes and individual mineral owners, Indian mineral owners; $897 million transferred to the Land and Water Conservation Fund; $479 million to the Reclamation Fund; and the remainder, about $1.9 billion, to be deposited in miscellaneous receipts in the Federal Treasury.

In the last five years, MMS, we think, has had a very sound record. We have streamlined our operations. We have reduced overall personnel by 12 percent and supervisory positions by 23 percent. We have reengineered many of our operations. We have received the Vice President's Hammer Award twice and numerous other environmental awards. We have held 14 offshore lease sales, including three record-breaking sales in the Gulf. We have grossed over $4 billion in bonus bids for the Federal Government.

We are conducting pilots on Royalty-in-Kind in Wyoming and for oil and royalty offshore gas in Texas. We have built a consensus on offshore leasing issues, making it possible to consider a lease sale in one controversial area, the eastern Gulf of Mexico and to actually hold a lease sale in another, the Cook Inlet in Alaska. We have worked hard on settling royalty claim disputes. We have fulfilled our trust responsibility to Indian tribes by working closely with BIA and BLM on a joint laboratory in Farmington, New Mexico, creating more cooperative programs and internships with Indian tribes and resolving a number of long-festering policy disputes.

We have also assisted in the passage of legislation important to our programs. Most of that legislation came out of this Subcommittee and this Committee: the Deep Water Royalty Relief Act; the Royalty Fairness and Simplification; amendments to the Oil Pollution Act of 1990. We have worked with the Senate on ratification of the U.S.-Mexico boundary treaty, which affects deep water tracts in the Gulf of Mexico. And, in the 105th Congress, the Small Refiner Ratification Act.

We have collected, in the last 5 years, through audit and compliance collections, as much as we had collected in the first 11 years of MMS's existence, about $1 billion.

While we are proud of these accomplishments, we are not without remaining challenges. These challenges include: implementing

the substantial pending effort to reengineer royalty management; studying the likely consequences of continued low natural gas and oil prices; gaining a better understanding to respond intelligently to the challenges presented by deep water OCS operations; regulating an industry that is complex and has become increasingly global in scope; and supporting increasing needs by States, localities, and other agencies for access to OCS sand and gravel for beach restoration and shoreline protection projects.

With respect to our budget for Fiscal Year 2000, we are asking for $240.2 million to carry out our responsibilities. This is $16.2 million above the 1999 enacted level. However, the requested increase is covered by raising the cap on offsetting receipts from $100 million to $124 million. Because we are able to fund part of our operating budget—actually more than half—with offsetting receipts and because of programmatic reductions in several areas, MMS's request for direct appropriations is $116.2 million, or a decrease, of direct appropriation of $7.8 million from the Fiscal Year 1999 level.

The investments we are proposing in 2000 will be directed into three primary areas. By investments, I mean increases over the enacted Fiscal Year 1999 appropriation. We are asking for an additional $10 million for the royalty reengineering effort; $1.4 million to support Gulf of Mexico activities; and $250,000 for our international organization activities.

I would like to briefly discuss each one of these. The royalty management program's reengineering effort was first funded in Fiscal Year 1999 at $5 million and continues to be MMS's number one priority in Fiscal Year 2000. The initial reengineering effort actually began in 1997, and it is designed to prepare the royalty management program for the challenges of today and the future.

This new system will be organized around two core business processes: the "financial management" process, which will focus on financial accounting and the receipt and distribution of revenues, and the "compliance and asset management" process, which will focus on the entire realm of activities related to producing properties. Although the effort will take several years to fully implement, it is necessary because of new legislative mandates, changing energy markets, the need for more cost-effective operations, and outdated computer systems.

We believe that this initiative is an excellent investment for several reasons: (1) because it will improve the timeliness and accuracy of payments to States and tribes; (2) it will save the minerals industry millions in operating and administrative costs by streamlining reporting requirements by 40 percent; (3) shorten the compliance cycle from 6 years to 3 years, aligning the processes more closely with industry's processes; and (4) it will improve information access and sharing capabilities. We also feel that, when we are fully implemented in our reengineering program, we will have reduced our administrative costs by about $3.5 million.

The offshore program in the Gulf of Mexico remains active, despite low oil prices. We are asking for an increase of $1.4 million in this category. In these times of declining oil prices and cutbacks in the oil and gas industry, it may seem unusual to ask for increased funding for the Gulf. However, the fact is that the Gulf of Mexico workload continues to grow. In the past few years alone,

MMS has issued over 4,400 leases, which not only represents a substantial number of new leases to industry's inventory, but a dramatic increase in MMS responsibility.

Industry appears committed to continue exploration and development activities in the Gulf, with continued industry interest in exploring and developing sub-salt areas in the shallow waters of the OCS and, especially, in deep water OCS areas where there have been over 125 wells drilled in the past year. There is an increase in demand on MMS to fulfill its regulatory responsibilities in a timely manner. We are currently responsible for regulating and inspecting nearly 8,000 leases, about 3,900 platforms, and over 20,000 miles of pipeline in the Gulf of Mexico. The tremendous benefits of the OCS program justify, we believe, the request for a slight increase in funding Gulf activities, and it will be an excellent investment in our future.

Finally, let me just note that, to ensure that the United States is a factor at the international table, we need to vigorously pursue involvement and participation in international organizations that oversee mineral exploration/development. This will support U.S. policy objectives and provide assistance for U.S. industry interests and also continue to advance our commitment to safe and environmentally sound offshore oil and gas management.

Currently, we are involved with a number of countries in developing cooperative information sharing arrangements, such as Norway and the United Kingdom. We are providing some technical assistance to countries interested in developing the Caspian Sea. We are working with Kazahkstan and Turkmenistan on regulatory regimes. We believe that this work is very important not only internationally, but for our domestic industry so that we have a level playing field with respect to their investment overseas. So we are asking for an increase of $250,000 in that category.

This concludes my opening remarks. I will be happy to answer any questions, Madam Chairman.

[The prepared statement of Dr. Kitsos may be found at the end of the hearing.]

Mrs. CUBIN. Thank you very much. Ms. Karpan.

STATEMENT OF KATHY KARPAN, DIRECTOR, OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT, U.S. DEPARTMENT OF THE INTERIOR

Ms. KARPAN. Thank you very much, Madam Chairwoman. Nice to see you again and renew a longstanding friendship and working relationship.

We have submitted testimony for the record and I will be very brief in highlighting what is in our budget, since there is very little that has changed from Fiscal Year 1999. For Fiscal Year 2000, we are asking for $305,824,000 with 640 full-time total employees. That represents $27 million more than we requested and received in 1999.

Two million dollars of that goes to uncontrollables in both the Abandoned Mine Land program in Title 5—and I should stop and say for members of the Committee that may not be as familiar with our program. Basically our agency administers one Act, the Surface Mining Control and Reclamation Act of 1977, and it operates under

two titles. Title 5 has to do with active mining. Title 4 has to do with the reclamation of sites that were mined and then abandoned prior to the passage of the Act.

The one remarkable thing in our budget request this year is the $25 million increase in money for abandoned mine land funding. And I remember, Madam Chairwoman, you offered and last year did send word to the House Appropriations Committee or your support for more funding. I know that Congressman Rahall has supported increased funding and as have other members of the Committee, and we appreciate it very much.

But even more important than this significant increase, which is 10 times the increase we had last time, is that the administration is going on record in this budget as saying it wants to build up in its budget request to the point where in 2003 we would have what would be called "full funding." That is, the amount of our request would equal the revenue from the abandoned mine land fees. And that is a goal that has been fervently sought for many years by the States and tribes and we are very excited about it because we believe that this will accelerate the important clean up work that is going on in literally hundreds of sites around the country.

If I could, Madam Chairwoman, with the balance of my time, I would like to respond, albeit too briefly, to Congressman Rahall's comments, which I take very much to heart. Congressman, you have been a very good friend to our agency over the years. We appreciate that and we hope that we will merit your support in the future.

You know, when I worked for Congressman Roncalio, I didn't last long enough to see SMCRA passed, which tells you how many years that struggle went on. But I remember when our office was right down the hall in room 1315. We realized there were all kinds of trade-offs involved in the passage of that statute and, as the years go on, the way you weigh and balance those trade-offs changes. And I believe that the public has come to demand more and more of us in the mine regulation business.

And I have asked myself, how is it that the mountaintop mining issue seemed to explode on the scene as it did and, unfortunately, right as I took over the helm at the Office of Surface Mining? And we went back and looked and it is not because we have had big equipment in the hills of West Virginia only recently. Some of the biggest equipment at the Hobet Mine has been there since 1983.

But what we saw happen is, in the last three or four years, a dramatic spike upward in the amount of acreage that has been affected by mountaintop removal mining. And I think that is a function of the Clean Air Act encouraging companies to go after low-sulphur coal and the economies of scale caused by companies wanting to save money at a time when coal prices are declining. But what has happened is that the public is seeing these large valley fills and, in addition to all the other impacts of mining, has begun to ask questions of us about "how big is too big?" "Do you understand all of the impacts on terrestrial life and aquatic life?" And I believe that the public has rightly asked us to lift the bar, to raise the bar, in the level of scrutiny and the degree of regulation that we apply to these issues.

We immediately began discussions with West Virginia, more than a year ago, and we have been working to remediate many of the problems that you have identified. We have talked with other Federal agencies and had discussions underway to conduct an environmental impact statement, even in advance of this past July, when, of course, we had the litigation commence in West Virginia where the West Virginia Highlands Conservancy sued, not us, but sued the State of West Virginia DEP and the Corps of Engineers on two sets of issues: one, on the Clean Water Act questions; one on the SMCRA questions.

We have seen a partial settlement of that litigation, the Clean Water Act part, but the SMCRA issues have yet to be settled. And we will work with the State. We think there is more to be done there.

Two things we want to tell you about what is coming out of the settlement. First, in terms of righting the regulations, of correcting where correction is needed. This programmatic environmental impact statement will involve four Federal agencies, as well as the State of West Virginia. We will have our agency, the Environmental Protection Agency, National Fish and Wildlife Service, and the Corps of Engineers. What we want to do is to understand how the Clean Water Act, SMCRA, the permitting of the Corps, the Endangered Species Act and other acts can be best coordinated to achieve better protection and better regulation.

At the end of that period of time, we may be coming to you for additional authorities. We may have regulatory changes to make. But we will have the science there to make those decisions.

In the interim, we are in the process of negotiating a memorandum of understanding to deal with another question you raised, and that is the coal miners in West Virginia who are worried about being put out of work while these regulatory issues are being sorted out. The memorandum of understanding will set, if not exactly a bright line, a line where, if you have a permit that is in the pipeline process that involves a watershed with 250 acres or less, then, generally speaking, that is going to be allowed to be permitted by the Corps of Engineers, as it has traditionally been done, with a general permit. If it is above that size, then there will be an individual Corps permit required unless the company wishes to negotiate and downsize the size of that operation.

We have 38 permits in the pipeline right now. Sixteen of them can go forward with a general permit. Six are smaller scale, but there are some questions being raised so they have got to be worked on. And 16 will require individual permits, though, as we say, the coal companies are working on them.

Finally, I want to say that we have produced for the Congress, at the request of the House Appropriations Committee, a report on mountaintop mining that has been subject to extensive comment. And I believe it could be summarized, briefly, in this way: We agree with you in two general areas of concern. Approximate original contour was not being enforced as it should be. We have a formula that we have discussed with not only West Virginia, but the States of Kentucky and Virginia that we believe will give us a site-specific, statutory-based way of making sure that the size of the

valley fills is minimized by maximizing the amount of excess soil that must go back on the mountaintop, consistent with the statute.

As for the post-mining land uses, we have had some unauthorized uses that may have been approved and we are reviewing those. We believe additional guidance is necessary and that is work is underway. And, in fact, in our report, we do have an action plan that will specify that in great detail.

But, in conclusion, Madam Chairman, I want to assure the Committee that this subject has been at the top of my agenda throughout my tenure. We are working on it. We believe we are making real progress. And we would be glad to come up and brief you and discuss this issue at any time. And I thank you and I will welcome additional questions.

[The prepared statement of Ms. Karpan may be found at the end of the hearing.]

Mrs. CUBIN. Thank you very much. I will begin the questioning with Ms. Hatfield. I want to talk about coalbed methane a little bit. As you referred to, coalbed methane development in the Powder River Basin in Wyoming will increase significantly over the next five years. In fact, there are approximately 1,500 applications, APDs, to be filed with the BLM each year. And, due to staff limitations in 1998, Buffalo, Wyoming's resource office only approved about 350 out of 450 applications received. So there is a backlog for 1998 already. The BLM is scheduled to complete an EIS for this southeastern portion of the Powder River Basin in the summer of 1999. And once that is done, there will be another huge number of APDs that will be filed. Does your Fiscal Year 2000 budget contain additional resources to cover this huge increase?

Ms. HATFIELD. No, it does not. We recognize that there is a tremendous potential here for a huge workload that we are trying to deal with. Currently we are trying to use our existing resources in terms of trying to move people to where the APDs are going to need to be reviewed and issued. And we anticipate that, given our current staffing level, we could probably do as many as 400 APDs in this year.

But we also have a problem in the fact that issuing each one of those APDs really has some downstream costs for us and we are trying to make sure that the environmental requirements are met, that we can do the appropriate review once they are in operation. So it is not just a one-year issue for us. We are looking at this influx probably coming over five years with additional downstream costs there.

In terms of our Fiscal Year 2000 budget we are really trying to make decisions about priorities. We are also looking at an increase in grazing permits that we have to issue and making adjustments to our wild horse and burro program. We have not made significant progress in meeting our AMLs there. So we really are just trying to look at how we can adjust priorities.

Mrs. CUBIN. Well, what absolutely does not compute to me is that coalbed methane could mean a big boon to the Federal Treasury, in which case we could afford to hire the people that we need in years to come for monitoring and whatnot. And I can't understand why not one extra person has been sent to Wyoming to deal with 1,500 applications a year when you even project yourself you

can only do 400 in a year and that is more than you did in 1998. This doesn't make any sense.

Ms. HATFIELD. Well, we would anticipate that we would probably need as much as $2.5 million in each year of the next 5 years to accommodate this number of APDs.

Mrs. CUBIN. Well, why did you not ask for that?

Ms. HATFIELD. As I say, it is really just a matter of trying to deal with our workload. In every single program that we have, our budget has been flat. We have reduced our number of FTE about 10 percent over the last 5 years in an effort to try to move as much resource as we can to actual on-the-ground work. But in every single program we have, we are suffering with an increased workload, increased visitation to the public lands and it just really is a matter of trying to make the dollars that are available to us stretch over our many responsibilities.

Mrs. CUBIN. But you have to understand that, maybe, investing where income could come back to you ought to be a priority. But I am going to tell you that the longer I have served on this Committee, the more convinced I am that Federal land managers do not have enough money to do the job that they—they do not have the resources that they are required by statute to do. And I am currently looking at alternative ways to fund management of Federal lands. For example, the Land and Water Conservation Fund now can only be used for land acquisition. And I can't understand why we would want to continue to acquire and acquire when we can't afford to manage what we have. So maybe we should consider using some of that money to help with land management as well.

I want to follow up on these. Oh, gosh, I have too many questions, but are you going to change any staff allocations to help deal with this huge influx of permits? I mean, it just is not a tenable situation. We have to do something, whether it is hire contract people to come in to help those folks get those permits processed or something. We have to do something and I would just like your guidance on it. If we have to look at your budget and take it out of someplace else, then you need to tell me where to take it from. But we have to deal with this. And, you know, I think it is kind of cowardly—not your fault—but to not acknowledge that, to just leave it up to us to go ahead and put the money in there.

Ms. HATFIELD. Well, I am trying not to be cowardly.

Mrs. CUBIN. Fine.

Ms. HATFIELD. I am trying to recognize the fact that we do, as you say—I would agree with you—that the job that we have in terms of managing the public lands on what has really been a flat budget over a number of years and trying to just struggle with uncontrollable increases as you deal with the management, that we are, as I say, trying to deal as best we can with competing priorities.

Now, certainly, with the coalbed methane, we recognize that we have a serious problem to try to deal with. We are trying to shift some resources there. But we have to shift those resources within the appropriated dollars we get.

Mrs. CUBIN. Well, I just hear you saying you keep trying but I don't see any evidence of it either in your budget or in reallocation of resources, so, you know, I don't want to be argumentative and

my time is up, but if the Committee will indulge me, I have one more question, either for you or for Dr. Kitsos. I am looking at the mineral revenue payments to the States projections. The actual, for Wyoming in 1998, is $236,883—I mean, million, excuse me. And then the estimate in 1999 is up to $254,392,000. And in 2000, $263,168,000.

Now since the price of oil is down, the price of coal is down, the price of trona is down, the price of gas is down, I wonder what these rosy—I would love to believe it since Wyoming, you know, really benefits. But I just wonder what these projections are based on. Is it based on larger production of gas over in Sublette County or where do these projections come from?

Ms. HATFIELD. I think that we are just looking at the fact that in the last few sales we have gotten an increased return on what has been put out there to be leased. So it is more of that kind of a projection, rather than the fact that the prices, in some cases, are going down, have gone down. But in terms of the recoveries that we have made in leases and projected royalties, we think it is going to go up slightly. It will not go up a great deal, but it may go up slightly.

Mrs. CUBIN. I am really not sure that——

Ms. HATFIELD. We would be glad to share—I would be glad to provide you some more details for the records, if that would help.

[The information may be found at the end of the hearing.]

Mrs. CUBIN. Yes, I do have other questions that I will submit and, hopefully, you can get the answers to us by March 5 because we are going to be doing our budgeting and I absolutely think we need more resources to do that coalbed methane.

[The information may be found at the end of the hearing.]

Ms. HATFIELD. Certainly.

Mrs. CUBIN. I really don't understand how you can base projections without considering the prices down but that is it, for another day. Mr. Underwood.

Mr. UNDERWOOD. Thank you very much. Dr. Groat, I am very interested in your testimony where you talk about being a resource for sound science and you discuss a program called DOI Science Priorities, where you are going to provide sound impartial scientific information. This reminds me of I guess a series of issues that pertain to Guam, but it also pertains to many areas where there may be areas, as you well understand, where scientists disagree about the information and come to very different conclusions. But, in our case, we had the Biological Service at one time basically conclude that we had some endangered species on Guam as the result of an alien predator and the response was to declare a critical habitat and declare a wildlife refuge on our island.

And I think this actual scientific information, in that instance, was ignored. And I think it was not utilized. I think that the intent all along was to acquire some Federal control over the property and, admittedly, there may be some evidence pointing in that direction, but it was not originally a problem of critical habitat. It was simply a problem of an alien predator.

So my question to you is how do you propose to deal with issues like this when the scientific information, perhaps, points in one di-

rection, but some of the agency subunits that you are servicing want to go in another direction?

Dr. GROAT. Mr. Underwood, that is a question that the scientific community has to deal with often and it is a very harsh reality sometimes to learn that, while we may think the science is what should govern and direct the question—not only the question, but the answer—that there are many other pressures involved in the decision that go beyond science, whether it is economics, politics, morals, or whatever it happens to be. And we do find, at times, that what we consider good scientific information doesn't guide a decision in the direction we might think the science would take it.

So our response to that is, particularly through the DOI Science Initiative, is to work closely with those agencies that we are providing that science to and receive agreement that this is science they need and that they want to use so that we are all together from the beginning, not only on the science itself, but how it is going to be used. But, in many cases where we do make scientific studies and, while they are peer-reviewed by the scientific community, when they enter the decision process, then they do end up pushed aside, perhaps, in favor of either other views of the science or of other conditions. And it sounds like you have a case of that.

Mr. UNDERWOOD. Yes, I think we have a clear case of that and it is very regrettable because we have had a series of policy problems that seem quite intractable as a result of that basic decision, which was to ignore the science, which was how to deal with an alien predator.

Which brings me to my next question. In this particular instance, we had a problem with the brown tree snake and, yet, some of the research money that is being now devoted—and I don't know how strongly your agency is involved in it. Much of the money that is being devoted to the brown tree snake is actually designed to do research on how to keep it on Guam, as opposed to going to Hawaii or other places with senators. So my question is what kind of resources are you devoting? And I am hoping to push you in the direction of actually trying to find ways to eradicate the snake.

Dr. GROAT. Mr. Underwood, I can't give you specific numbers as to what we are still putting into the brown tree snake problem. I sympathize with a control strategy that intends to keep it one place rather than keeping it from spreading another place. And, certainly, the whole issue of invasive species, whether it be brown tree snakes in Guam or cheat grass in the Great Basin, we have got a tremendous problem to deal with. And we are faced all the time with where our limited resources for these kinds of purposes get spent. I would be happy to get back to you, for the record, on what amounts of money we are still spending on that problem, but we certainly haven't abandoned the general problem of invasive species.

[The information may be found at the end of the hearing.]

Mr. UNDERWOOD. Please do. I would certainly like it for the record. I would certainly like to see what we can do in that regard and move towards the issue of trying to find a way to eradicate the snake.

Lastly, what is your agency doing in terms of deep seabed mining? Are there any plans or——

Dr. GROAT. To be honest with you, Mr. Underwood, deep seabed mining is not a terribly high priority within our minerals program at this time, largely as a result of the economics—the near-term economics—of whether those resources would be developed. As you probably know, we have had a long history in the resource assessment process and in the geology of deep sea areas to look at those resources. But I would have to say, at this time, it is not as high a priority as it was in years past.

Mr. UNDERWOOD. Okay, well we would like to take another look at that and, hopefully, with the cooperation of the Chair, we will be able to take a closer look at that and, hopefully, have a hearing on it. Thank you.

Mrs. CUBIN. Now if the Ranking Member wants it, I bet he will get it.

Mr. UNDERWOOD. Thank you.

Mrs. CUBIN. Mr. Thornberry.

Mr. THORNBERRY. Thank you, Madam Chairman. Dr. Kitsos, in your written statement, you mentioned three pilot programs involving RIK related programs. It seems to me you might add a fourth and that is the recent announcement where part of our royalty oil from offshore in the Gulf is going to be used to begin to replenish the oil which has been sold out of the Strategic Petroleum Reserve. Can you tell me how the administration looks upon that decision and its affect on the budget? How have you worked that through OMB? How does it count it? Does that affect your budget or the General Treasury?

Dr. KITSOS. Well, it will affect the budget of the General Treasury. We expect that we will be taking royalty oil in both Fiscal Year 1999—because we expect to start fairly soon—and then, of course, in Fiscal Year 2000. The President's budget estimates that we will forego $170 million in Fiscal Year 1999 and $200 million in royalty payments in Fiscal Year 2000. Presumably, when that oil is sold sometime in the future, that will be recouped, but there will be a reduction.

Mr. THORNBERRY. And what price of oil is the basis for that? Do you have that in front of you?

Dr. KITSOS. My understanding is the price figures are $12.39 a barrel in Fiscal Year 1999, going up to $14.12 a barrel in Fiscal Year 2000.

Mr. THORNBERRY. I hope it gets to $14 a barrel. It is nowhere close to $12 in my neck of the woods right now.

Another of your pilot programs is you talk about the Texas 8(g) gas and, as a matter of fact, I understand that some of that gas, which is worked through the General Service Administration, actually heats the building that we are in now. The land commissioner in Texas has recently made a proposal of greatly expanding the amount of gas which the State would exchange for electricity, which would then be used to heat schools and government buildings. Have you all looked at something along that line, where Federal gas can be expanded and used for whatever, military installations or other government facilities, which can get you a better return on the gas and cheaper power prices?

Dr. KITSOS. Yes. As you know, we have a cooperative agreement with the Texas GLO and that office, of course, has a long experi-

ence in taking natural gas from their State leases. They create value for the State by supplying State agencies with RIK gas. And we have worked with them and we are able to learn more about what they are doing. We are using the Texas model in partnership with the GSA and we will transfer RIK gas to GSA who will then, in turn, distribute it to Federal agencies to create value for the Federal Government. We are working with the Texas GLO to look for additional opportunities to expand this pilot.

Mr. THORNBERRY. But are you looking to expand it beyond just the gas you get from Texas and don't you think there is a potentially broader application for the Federal Government?

Dr. KITSOS. Well, we are also beginning the early planning stages for a large gas pilot project in the Gulf of Mexico and that will certainly look beyond the scope of the Texas project.

Mr. THORNBERRY. Let me ask you about something that has been in the papers a fair amount recently. There have been all sorts of articles about how the Department, not necessarily MMS, but the Department of the Interior is no longer even wanting to talk to the industry about oil valuation problems. Number one, is that true? Are you all not even able to talk anymore? Number two, you are a new person in the job, kind of, hopefully, a fresh approach. Do you think is ever going to be worked out or is this going to be a standoff where we call each other names in the paper and say ugly things about each other, as has happened recently?

Dr. KITSOS. Well, I remain optimistic, Mr. Thornberry, that we are going to be able to work this out. The position of the Secretary is this: If the industry has some new ideas to resolve the three or four issues that still separate the Department and the oil and gas industry—new ideas that we haven't considered before—and can provide us some specific information in writing, we will take that under advisement, and we will explore the opportunity to pursue that. If those ideas are consistent with the requirements of the Department to obtain the best value for the American taxpayer, we would be happy to talk about that. And, in fact, I have put that in writing to members of the industry. I have talked with them on the phone. We are waiting for a reply. I believe that they are working on that.

The Secretary has also made it clear that he does not want any of us to rehash the old issues, to revisit what has been discussed over the three years. And so that is sort of the dividing line. The door is not closed. We still think we have an opportunity. The issue is we don't want to go back and reinvent all those old arguments.

Mr. THORNBERRY. Well, it doesn't seem to me to be particularly helpful if you say everything we have argued about over the past, we are not going to discuss anymore. Now if you want something new to argue about, you can bring that, but nothing else we will talk about. And I have to say—and, again, this is not directed to you personally at all—but to have the kinds of comments, inflammatory comments, really, made in the press as have been made recently does not help anybody solve this problem. It only increases antagonism and that is too bad. Because when you start fighting with each other, we really lose sight of the taxpayers and what this is all supposed to be about. Thank you, Madam Chairman.

Mrs. CUBIN. Thank you, Mr. Thornberry. Mr. Rahall.

Mr. RAHALL. Thank you, Madam Chair. Ms. Hatfield, let me first congratulate BLM on issuing the proposed 3809 rules, despite all the roadblocks that Congress keeps throwing in your way and trying to prevent you from doing it. My personal view is that these regulations will accomplish much of the environmental title of my mining reform legislation. I just would like you to know that we will continue along with our friends, some of our friends, on both sides of the aisle in the Appropriations Committee to continue to resist riders to appropriations bills on this particular issue.

Ms. HATFIELD. Thank you. We certainly think that it is an opportunity to try to update rules that were originally passed in 1980s to address current needs. We are certainly interested in the public comment. The public comment period is going on right now. We look forward to providing better public protection for the environment.

Mr. RAHALL. And you have until October, did you say, of this year on those?

Ms. HATFIELD. Right. Under the present mandate, we could not issue those regulations until after September 30. We are in the comment period now which is going to run until May. We would expect that we will have some significant public comments and a lot of comments to try to deal with in that intervening period.

Mr. RAHALL. Okay. Keep up the good work.

Ms. HATFIELD. Thank you.

Mr. RAHALL. Director Groat, let me also express appreciation for all that you do at the Survey. For the benefit and, perhaps, the amusement of the Chair as I told you before we started the hearings, I would like to note that the Association of American State Geologists have selected me to be this year's recipient of their pick and gavel award for my support of the geosciences in public policy.

Mrs. CUBIN. I thought maybe you needed some dental fillings or something there.

[Laughter.]

Mr. RAHALL. We did spend a considerable amount of time on these issues when I was the subcommittee chair and it is nice to know that someone still remembers those struggles. I am sure you don't, Bill.

[Laughter.]

Director Karpan, OSM is proposing an increase in AML funding, as you have noted, and I know you have probably had to do much battle with the Office of Meddling and Bumbling to get it approved.

[Laughter.]

So I just wanted to congratulate you. Otherwise known as OMB. But, anyway, prior to the hearing, I submitted a number of questions to you and you were kind enough and fully respond to those in writing and I would ask that they be made a part of the record at this point.

Mrs. CUBIN. Without objection.

[The information may be found at the end of the hearing.]

Mr. RAHALL. I only have one follow-up question to those questions, Director Karpan. As you know, I am deeply concerned with how the approximate original contour reclamation standard was being construed within the context of mountain removal mining and you did touch upon this in your opening statement. Could you

provide us with perhaps a bit more detail of what was in your written response on just exactly what this pilot AOC formula, to which you refer, consists of?

Ms. KARPAN. Thank you very much, Mr. Rahall. We asked a gentleman named Mike Castle who, for 15 years, had mined in West Virginia, who has a degree in mining engineering as well as a law degree, to go back and take a look at the legislative history, including some of the very first versions of SMCRA. And what he came out with is, if you will, starting out with the whole mountain and saying, we will take the coal out and then we will have spoil and it will swell for a certain amount. And now we have got to figure out how much of that spoil, under the statute, should go back up on the hill.

And it would be very site specific. Because, for example, to assure the stability of the slope, you might have a certain kind of configuration in one setting and a different in another, but that would be a key factor in how much, because you couldn't just put it all back steep. It would have to be in a way that would be stable, would not be subject to landslide or runoff and siltation in the streams. Then you would take a look at how much spoil would be needed for drainage, to construct your drainage; how much spoil would be needed for access and maintenance.

The idea behind it would be that you would walk through each of these areas where the statute would indicate that you could dispose of your spoil in a certain way. And, up-front in the permitting process, before—you see, I think the problem in the past was, once they are out there reclaiming in a certain way, we could never enforce any actions. The judge would say it is too late. I think the beauty of this is you will run the numbers up-front. You will do the computer calculations up-front and then the company will know how small that bill has to be.

Now we have not yet put it to the test. That is happening right now. But in our preliminary discussions with engineers in West Virginia, Kentucky, and in Virginia, they seem to think this could work. And I would like to give it a try. It will be very site specific and I think it will provide some structure to evaluation that in the past has been, frankly, somewhat subjective.

Mr. RAHALL. I think that sounds very good and I commend you for that. It is a little different then how I heard the story of one of our State DEP officials describing his definition of AOC before a judge. Looks at his knuckles and those that are leveled off, that is approximate original contour.

On a separate issue, Director Karpan, one final comment, as I conclude. I do remain deeply concerned with the so-called AML enhancement rule. And we have discussed this in my office. I do not share your level of comfort that surface coal mining can be conducted outside of the auspices of Title 5 of the Act. Nor do I believe that OSM oversight will ensure that abuses do not occur. The only thing I can say at this point is that thank God we had the citizen's suit provisions of SMCRA. I have concluded my comments.

Mrs. CUBIN. Well, Mr. Rahall, I just wanted to offer my support in working with you on keeping riders off the appropriations bill and I know you will want to support resisting that minerals patent rider moratorium. So I would love to work with you on that.

Mr. RAHALL. I am sure we will be working together.

Mrs. CUBIN. Yes, I am sure we will.

[Laughter.]

I am sure we will be working at the same time, anyway, won't we? I also ask unanimous consent to insert in the record a statement from the National Association of State Universities and Land Grant Colleges for this hearing.

[The information may be found at the end of the hearing.]

Mrs. CUBIN. I just want to follow up Representative Thornberry's question. This is to Dr. Kitsos, of course, and we talked about this somewhat yesterday, but I do want to have it on the record. It doesn't make any sense to me that, as Mr. Thornberry said, that the Secretary says: Okay, I am not going to talk to you about this. That you have to come up with all the new ideas. This is to the oil companies regarding mineral valuation. You have to come up with something new or I am not going to talk to you. I mean, basically it seems to me that the Secretary's position is oil companies cook the books and I am not going to talk to them about it.

We can have this game of who can outlast who, because I believe we can get a moratorium on implementing those regulations for as long as he is the Secretary of Interior. But that is not productive. That isn't what any of us want, because we all know we have a problem and we all want to solve it. So I implore you to pass on to the Secretary that I would really appreciate it if he would come back to the table with the companies.

If I can in any way help facilitate that or contribute to that process, I would love to do that. I know any of my colleagues would. Mr. Rahall would. This is a problem that I don't think we can just slam the door and say I am not talking to you unless you do it my view. I am taking my ball and going home. This country is too great for that. So if you would just pass that on, I would appreciate it.

Dr. KITSOS. I will. Thank you.

Mrs. CUBIN. And I thank all of the witnesses for their testimony and please feel free to stay in touch with me, the Committee staff, if there is anything that comes up that we need to know or anything that we could do to help you do your job better. And certainly anything you could tell us to help us do ours. Oh, and one last thing, I will be sending written questions. If you would please respond to those, we will have the date on there. Thank you very much.

The Subcommittee stands adjourned.

[Whereupon, at 3:18 p.m., the Subcommittee was adjourned.]

[Additional material submitted for the record follows.]

STATEMENT OF DR. CHARLES G. GROAT, DIRECTOR, U.S. GEOLOGICAL SURVEY

Madam Chairman and Members of the Subcommittee, I am pleased to be here today to present our overview of the U.S. Geological Survey's budget request for Fiscal Year 2000. While this is my first oversight hearing as the USGS Director, I hope to bring to this process an understanding from a customer's perspective having been a customer of and having worked with the USGS for many years.

Today, I will tell you about recent successes and our highest-priority research areas for FY 2000 and explain how this research fits into the larger picture of science needs for the Department of the Interior (DOI) and the Nation. With extensive capabilities in natural science, the USGS is uniquely able to provide its customers with reliable and impartial scientific information on a wide range of issues. The challenge for the USGS in the 21st century will be to deliver relevant products and services to our customers in an efficient and timely manner.

But before I move into the details of our budget request, I'd like to share with you what I feel are some very exciting recent results coming from USGS science that have had a direct effect on the lives of many American citizens.

I'll start with last year's torrential rains of El Nino. While they affected much of the Nation, they hammered the West coast where they brought not only flooding, but the life-threatening hazard of landslides. The results of a similar battle with El Nino in 1982 caused 25 deaths in the 10-county San Francisco Bay region. In 1998, I am pleased to report that not one single death was caused by landslides in the same 10-county region, in part because of the landslide hazard area maps and real-time warnings of increased landslide risk that the USGS was able to provide the region's emergency workers.

Another very exciting result from last year comes out of USGS' National Water Use Program. We provide 5-year reports on national water use which water resource managers and planners nation-wide depend on to make critical planning decisions. The most recent survey, released last year, showed some excellent news—per capita water use has declined since 1990 in spite of continued population growth. This suggests that water conservation efforts across the Nation are succeeding in a significant way. Of course, we would have not been able to know this without the USGS' continuous collection and analysis of key natural science information.

Population growth influences another area of USGS science—understanding the impacts of urban growth. The majority of Americans now live in or near expanding urban areas which is creating new pressures on the Nation's transportation systems and regional infrastructure. A critical question for local and regional planners is where will this growth spread to next? USGS science can help answer this question based on its 100-year archive of historic topographic maps and its 30-year archive of satellite image data.

The USGS and university collaborators have already provided urban growth patterns in the San Francisco-Sacramento and Baltimore-Washington areas to local and regional officials. The USGS is currently working in the Greater New York; Philadelphia-Wilmington; Chicago-Milwaukee; and the Portland-Vancouver urban areas to provide this key information based on the Survey's long term databases.

My last example takes us from urban growth to abandoned mine lands on or adjacent to the public lands administered by the U.S. Forest Service, Bureau of Land Management (BLM), and National Park Service (NPS). The USGS is working closely with these land management agencies in developing a watershed-based strategy to provide the scientific information needed for efficient and cost-effective cleanup of abandoned mine lands. This multidisciplinary effort is producing solid results by identifying both the largest sources of contamination and those that do not need attention. This enables efficient targeting of cleanup activities. USGS is also determining environmental conditions that existed before mining began in order to establish realistic cleanup goals. This activity will continue to be of increasing value as additional and more complete information is obtained.

These recent results of USGS science are only a few examples of the continuing and direct contributions made to the daily lives of the American public. They also demonstrate how the FY 2000 USGS budget, $838.5 million as requested by the President, will fund research to provide crucial scientific information for the Department's land managers along with other Federal, State and local decisionmakers, and for disaster mitigation and recovery efforts throughout government and private organizations.

Our FY 2000 budget requests a $40.6 million net increase over FY 1999 enacted funding to expand USGS efforts to increase science support for informed land and resource management, improve hazard warning capability, and increase availability and accessibility of USGS data. The request continues to reflect the USGS's commit-

ment to integrating our scientific disciplines into a unified approach for gathering information, analyzing data, and delivering scientific information to our customers.

As the Department's science agency, the USGS works directly with NPS, BLM, the U.S. Fish and Wildlife Service, and other Interior bureaus to address their highest priority research needs. In FY 2000, the USGS is consolidating $15 million in current DOI support activities with a requested $15 million increase to focus science resources on the most urgent research priorities of these bureaus. This $30 million in DOI Science Priorities proposal brings the total USGS funding that directly supports Interior bureaus' science needs to well over 20 percent of our annually-appropriated budget.

The DOI Science Priorities request will enable more high-priority multidisciplinary research to help DOI agencies address increasingly complex issues from a foundation of sound impartial scientific information. For example, for NPS, this initiative will focus an additional $2 million in science support as well as an additional $3 million on the Natural Resource Preservation Program. It will also complement the biologically-oriented support that will continue to be provided by our Biological Resources Division.

American communities need environmental and natural resources data to ensure a high quality of life and sustained economic growth. Two-thirds of the proposed $10 million Community/Federal Information Partnership would go to local communities through a competitive matching grant program. This will help them create and use geospatial data and associated technologies. The remaining funding proposed will allow USGS to improve public access to geospatial data through the National Spatial Data Infrastructure. This proposal is part of the Administration's $39.5 million Community/Federal Information Partnership within the comprehensive "Livability Agenda."

Understanding complex ecological problems also requires long-term data. Because amphibians are considered good indicators of ecosystem health due to their sensitivity to many kinds of environmental stress, there is an urgent need to evaluate the severity and scope of their decline. The USGS is requesting an increase of $5.6 million for amphibian monitoring and research to determine the causes and scope of the amphibian population decline.

Day in and day out, USGS streamgages, earthquake sensors, and other warning equipment are at work monitoring natural hazards to protect life and property throughout the Nation. As good as they are, with the passage of time, they need to be modernized to properly maintain their vigil. We are requesting a $5.5 million increase to accelerate the upgrade of our Nation's natural hazards networks and expand our real-time warning capabilities. This increase will also improve our ability to measure changes in the Earth's magnetic field, an area crucial to today's high dependency on electronic communications.

Since 1992, natural disasters have cost this country an average of $50 billion a year. Useable, timely scientific information helps relief organizations and local governments save lives and reduce the costs of natural disasters. During the past year, the USGS provided its crucial scientific data for the Nation's response to three devastating hurricanes—Bonnie, Georges and Mitch. Providing our data in such a rapid-response mode aided the search and rescue efforts associated with these disasters, particularly Hurricane Mitch. These experiences have demonstrated the urgent need to deliver crucial information early and often to agencies responding to disasters in the U.S. and abroad. These disasters have also demonstrated an urgent need to establish protocols for collecting and sharing hazard data so that this information is available for decision making before disasters strike. The USGS has requested $8 million to contribute to an interagency effort to create a Disaster Information Network with common data standards and protocols capable of providing critical information when and where it is needed.

Additional FY 2000 increases include: $1 million for coral reef research; $1.1 million to study hypoxia in the Gulf of Mexico and for the study of native species in Hawaii; $1 million to begin next-generation work on the National Biological Information Infrastructure; $1.5 million for deferred maintenance of our many facilities, particularly those with health and safety problems of highest priority; and $2.5 million to expand our satellite data archive capacity for data from Landsat 7 which is scheduled for launch this April.

Along with the budget highlights just mentioned, please note that our FY 2000 proposal takes a key step toward restructuring our budget to more clearly delineate science from the functions that support science. This restructuring consolidates appropriated facilities costs into an expanded *Facilities* line item, and all bureau-level administrative costs are consolidated into an expanded general administrative line item called *Science Support.* While it may appear that some programs have received

a decrease in funding through this budget restructuring, most programs simply have had their administrative costs re-categorized, leaving the research funding intact.

The restructure also establishes a new budget activity—*Integrated Science*—which brings a more unified scientific response to critical and emerging resource management issues and challenges. It includes $30 million for the previously-discussed DOI Science Priorities and a total $17.7 million for place-based studies in South Florida, Chesapeake Bay and Watershed, Great Lakes, Platte River, Greater Yellowstone Area, San Francisco Bay/Delta, Mojave Desert and Salton Sea. Funding for place-based studies includes a requested increase of $2.4 million over FY 1999.

Emergency supplemental funding provided by the Congress to DOI in FY 1999 will allow the USGS to use $15 million to ensure that our computer systems, including those providing critical scientific data, will be Y2K compliant.

In addition to these budget matters, we look forward to working with you on adjustments to the National Geologic Mapping Act to ensure that the States continue to receive appropriate funding for cooperative geologic mapping activities; and with your colleagues on the House Science subcommittee to reauthorize the National Earthquake Hazards Reduction Program which currently authorizes appropriations through FY 1999 for our earthquake program.

In closing, Madam Chairman, the USGS is striving to ensure that our customers get the science information they need, when they need it, in a form they can use. Thank you for your continued support and interest in the work of USGS to provide science for a changing world. I would be pleased to answer your questions.

STATEMENT OF NINA ROSE HATFIELD, DEPUTY DIRECTOR, BUREAU OF LAND MANAGEMENT

Madam Chairman and members of the Subcommittee, I appreciate the opportunity to appear before you today to discuss the Fiscal Year 2000 Budget Request for energy and minerals programs administered by the Bureau of Land Management (BLM).

Budget Overview

The President's Fiscal Year 2000 Budget proposes $1,268,700,000 for the BLM—including funds for operation of the Bureau, Payments in Lieu of Taxes, construction and facilities maintenance, land acquisition, as well as hazardous materials and firefighting activities across the Department of the Interior. Of the $641,100,000 requested in the Management of Lands and Resources Appropriation, the request for energy and minerals activities is $72,230,000. This is an increase of $2,286,000 or 3.3 percent above the FY 1999 enacted level of funding. The programmatic increase amounts to $450,000 or .6 percent over the 1999 enacted funding level after allowing for costs resulting from principally employee pay raises. The President's Budget also requests $33,529,000 for the administration of mining claims under the Mining Law of 1872. These costs are offset by the collection of mining claim maintenance fees. There is also a request for $2,147,000 for the assessment of mineral resources on Federal lands in Alaska.

Funding for the major program activities within energy and minerals management are as follows:

- $55,326,000 for oil and gas management, which provides for the competitive and non-competitive leasing of oil and gas resources and for inspection and enforcement of active leases;
- $7,527,000 for leasing and management of coal leases; and
- $9,377,000 for other minerals management activities, which include leasing and management of potash, phosphate, sodium, geothermal and other mineral resources, including mineral materials.

The energy and mineral resources of the public lands contribute enormously to the Nation's economic and social development. The public lands produce about 47 percent of the Nation's geothermal resources, 33 percent of its coal, 11 percent of its natural gas, and 5 percent of its oil. Today, BLM manages the resources on about 264 million acres of public land, and more than 500 million acres of federally-owned subsurface mineral estate. The BLM also provides technical assistance for management of minerals on Tribal and alloted lands. The scope and importance of BLM's management of energy and mineral resources is reflected by these statistics:

- At the end of FY 1998, there were over 46,000 oil and gas leases in effect on 33 million acres, with 20,000 of those leases in producing status, and 3,900 producing leases managed by the BLM on Tribal lands;
- In 2000, BLM expects to issue about 3,150 oil and gas leases covering about 3.9 million acres;

- At the end of 1998, there were 128 producing coal leases, producing 348 million tons, there were also about 289,000 mining claim of record;
- Also, at the end of 1998, there were a total of 768 leases of other mineral resources (such as phosphate, potash, sodium, geothermal and trona);
- And last year, the BLM managed the disposal of over 15 million cubic yards of sand, gravel and other mineral materials.

From these activities, the states received revenues totaling $550,000,000 in 1998. With the increased filing of applications for permits to drill for oil, natural gas and coalbed methane, revenues from activities on Federal lands are projected to increase in 2000 with Federal royalties from these mineral activities totaling almost $1,200,000,000. Resulting payments to the states will total $611,000,000. A prime example of the vast amount of revenues generated from mineral activity on public land is the competitive coal lease sale held in Wyoming in October 1998. That sale brought a bonus bid of $158,000,000, of which $79,000,000 goes to the State of Wyoming. Royalties generated by the tract will be used for a variety of public benefits including highway construction, public schools, the University of Wyoming and local governments.

Within the minerals division, we have continued to focus on programs and activities that best serve the public interest while maintaining a balanced approach to the management of public lands. Allow me to highlight several of those areas:

Revitalization of Indian Country

The "Revitalization of Indian Country" budget proposal will be used to work with tribes to increase the effectiveness of their mineral development programs and to ensure a fair economic return to Indian mineral owners. Funding for this initiative totals $450,000 ($150,000 each for the oil and gas management, coal management and other minerals management subactivities) which would be used to initiate new contracts with additional tribes under the Indian Self-Determination Act (P.L. 93-638) and new agreements under Federal Oil and Gas Resource Management Act. The Indian Self Determination Act allows tribes to assume responsibility over their respective portions of the BLM's minerals programs. By law, the Secretary's trust responsibility is not diminished by contracting these functions out to the Tribes and, under the Indian Self-Determination Act, the BLM must continue to provide oversight of the contracted function. While the BLM believes these contracts and agreements will further its effort to meet its trust repsonsibility, budgetary concerns remain. The law provides that the Federal Government fund not only the direct costs associated with the contracted program, but also indirect and support costs, as well as startup costs. Contracting under the Act will allow BLM to assist tribes with their move towards self-sufficiency and management of their mineral resources with the potential to generate significant revenue increases for certain tribes through more diligent inspections and enforcement.

Comprehensive Oil and Gas Regulations

In December 1998, the BLM published its proposed comprehensive oil and gas regulations aimed at consolidating and streamlining current BLM oil and gas regulations, giving operators greater flexibility in meeting certain agency requirements, ensuring appropriate bond amounts cover costs such as reclamation, and simplifying the classification of regulatory violations. Originally, the proposed regulations carried a 120 day comment period, however, in response to public input and to allow optimum time to analyze and comment on the proposed regulations, that comment period was recently extended for an additional 60 days with a closing date of June 4, 1999. The BLM will hold a series of public hearings in areas convenient to the public.

3809 Regulations

On February 9, 1999, the BLM published its proposed hardrock mining surface management or "3809" regulations. The proposed rule is intended to prevent "unnecessary or undue degradation" of public land resources by mining operations and improve the clarity and organization of the BLM's existing 3809 surface mining regulations. To gather comments on the proposed rule, a series of public hearings is planned throughout the West and in Washington, DC. The Bureau is awaiting the congressionally directed National Academy of Sciences study, due on July 31, 1999, which will determine the adequacy of existing regulations and, in accordance with Congressional mandates, no final regulations will be published before October 1, 1999.

Coalbed Methane

Exploration for coalbed methane is expected to increase greatly over the next few years, especially in Wyoming and other Rocky Mountain States. In the most recent

court decision in the matter of *Southern Ute v. Amoco. Tenth Circuit Court of Appeals,* the appeals court decided ownership of the coalbed methane gas adheres to the ownership of the coal, rather than the ownership of the oil and gas. In order to provide an interim solution, Congress passed a measure (P.L. 105-277) which grandfathers in existing leases with respect to ownership of coalbed methane.

Suspension of Operations and Production Policy

With oil prices as low as they have been since 1975, operators are threatened with not being able to continue production on properties with low production. The BLM has implemented a two-year policy of granting a suspension on leases with stripper oil properties which are qualified to receive or have already qualified for a stripper royalty rate reduction. Such properties are defined as those averaging 15 barrels or less of production per day. Allowing a suspension will enable operators to hold the lease and avoid premature abandonment of producible wells. Further, for those leases without properties that qualify for a stripper royalty rate reduction, we will determine on a case-by-case basis qualification for a suspension as authorized by existing regulations.

Other Initiatives

Ensuring environmentally sound mineral exploration and production and reducing environmental effects of past mining practices will continue to be of primary concern to the BLM. Abandoned hardrock mine sites may impact public health and the environment due to releases of hazardous substances from waste materials and acid drainage. In accordance with the Department's Clean Water and Watershed Restoration initiative, BLM will continue to address abandoned mine land (AML) sites which are adversely affecting water quality. BLM coordinates its AML program with State reclamation agencies, the U.S. Forest Service (USFS) and the Environmental Protection Agency through an interagency agreement. During FY 1997, BLM and USFS commenced two pilot AML cleanup programs in Colorado and Montana. A third pilot was launched in Utah in FY 1998. In 1999, with additional funds appropriated by Congress, BLM will build on the success of the pilots by addressing water quality at AML sites in 12 states and 26 watersheds. BLM plans to continue its water quality based AML site cleanup activities during FY 2000.

As we continue to pursue measures which increase efficiencies as well as promote environmentally sound recovery of mineral resources, we will continue to work with members of this Subcommittee, the public, states and industry to improve the BLM's programs. This concludes my statement. I will be pleased to answer questions.

STATEMENT OF KATHY KARPAN, DIRECTOR, OFFICE OF SURFACE MINING RECLAMATION & ENFORCEMENT, U.S. DEPARTMENT OF THE INTERIOR

Madam Chairman and Distinguished Members of the Subcommittee:

I am pleased to appear before you today to present the fiscal year (FY) 2000 budget request of the Office of Surface Mining Reclamation and Enforcement (OSM).

When I appeared before the Subcommittee last year, I shared with you my vision for making OSM a model agency. We are now building on that vision. To better serve the States and Tribes, the coal industry, and most importantly, the citizens of the coal fields, OSM pledges to continue to strive for better Abandoned Mine Lands (AML) reclamation, better environmental protection, better customer service, and better program operations. Before I discuss the specifics of our FY 2000 budget request, I would like to share with you some reflections on these strategic goals.

Better Environmental Restoration

Our goal is to repair, reclaim and restore as much land and water as possible that was degraded by past mining to provide America with cleaner and safer land and water and to provide employment and economic opportunities in depressed coal regions.

Therefore, I am very excited to state this Administration's commitment to restoring the environment by aggressively accelerating the cleanup of abandoned mine lands resulting from past coal mining practices. To this end, we are proposing to implement a multi-year effort to fund the AML program at a level commensurate with receipts by 2003. This commitment will enable us to address the $2.5 billion of priority one and two sites that threaten the public health and safety of coalfield citizens and the $1.7 billion of priority three sites that are serious environmental hazards.

In our FY 2000 budget, we are requesting a $25 million increase to reclaim abandoned mine sites that pose significant threats to human safety and the environment.

Of this sum, OSM will direct $22 million to State and Tribal AML reclamation grants that support the President's Clean Water Action Plan. The remaining $3 million increase will provide additional funding for the Appalachian Clean Streams Initiative to accelerate the cleanup of streams polluted with acid mine drainage caused by past coal mining practices.

The AML reclamation program is one of the Nation's most successful environmental improvement programs. OSM carries out the AML program in a cooperative manner with the States and Tribes. While the States and Tribes have the lead responsibility for on-the-ground reclamation, OSM supports their programs by providing technical assistance and by conducting cooperative performance reviews of their programs. OSM also conducts the reclamation and the emergency programs for States and Tribes that do not operate their own programs. In FY 2000, the AML program will reclaim over 9,200 acres of abandoned mine sites. Additionally, the program will abate over 400 emergency hazards.

Given the size of the AML problem, OSM recognizes the need to assure that resources are used in an optimal manner. Leveraging our funds is the very essence of the Appalachian Clean Streams Initiative. This initiative now has approximately 80 State and Federal agencies, local soil and water conservation districts, national conservation organizations, and private foundations working together formally to clean up acid mine drainage and to improve the aquatic environment and the quality of life for coal field citizens. In FY 2000, OSM will have more than double the number of newly begun cooperative projects since the program's inception in 1997. Further, the percentage of funds from outside sources for the initiative will exceed 60 percent.

Additionally, our Enhanced AML Reclamation Initiative is now complete. This rulemaking was published in the *Federal Register* on February 12, 1999, and will be effective March 15, 1999. This will establish a mechanism to provide for the reclamation of abandoned mines that otherwise would not likely be reclaimed. For sites targeted by this rule, we expect that AML contractors will incorporate the anticipated sale of coal at the AML-eligible site in their lowered project bids. The lowered project bid will reduce the government's share of the total project cost. As a result, less public funding will be required for these sites to accomplish the same level of AML reclamation. Under this rule, the AML fund saves money, the contractor makes a profit, and additional sites are reclaimed.

Better Environmental Protection

Our goal is to improve the regulatory program for protecting the environment, people, and property during current mining operations and subsequent reclamation through cooperative results-oriented oversight and evaluation of State programs in safeguarding people and the environment.

OSM works cooperatively with the States to assure that the environment is protected during coal mining and that operators adequately reclaim disturbed land after mining is completed. In addressing our protection goal, OSM strongly supports State primacy. OSM provides grants to the 24 primacy States to enable them to operate their own programs to regulate coal mining operations. We believe that the States have unique capabilities and knowledge to regulate the lands within their borders. As the States' programs have matured, OSM's oversight role has evolved. We are acting less like an overseer or supervisor and more as a dedicated resource to enable the States to properly fulfill their responsibilities. However, we stand firm as the regulator of last resort to assure that the citizens of the coal fields and the environment are properly protected during the mining process.

We now focus on whether the public protection requirements and environmental protection standards in the Surface Mining Control and Reclamation Act (SMCRA) are achieved by focusing on the on-the-ground success of States in meeting environmental protection goals. This strategy has resulted in a more positive attitude and spirit of cooperation with the States, while still assuring operator compliance. An OSM team recently completed a report based on interviews with about 100 OSM inspectors and field staff involved in oversight. The team found the current oversight approach is taking hold and is providing an opportunity to work cooperatively to improve State program performance.

This program achieves results. For FY 2000, the program will increase the percentage of sites that are free of off-site impacts to protect the environment and public from current mining to 94 percent. Additionally, to show the progression of permitted acreage being successfully reclaimed, the program will release over 250,000 acres from certain performance bonding requirements.

I would like to briefly touch on an issue that has received much attention recently—mountain top mining. We have heard and recognize the concerns expressed by coal field citizens, particularly in the State of West Virginia. We are working in

a close cooperative manner with State officials and other Federal agencies in a review of mountain top mining practices. OSM, the Environmental Protection Agency, the Corps of Engineers, and the Fish and Wildlife Service are actively involved in multi-agency scientific studies and administrative discussions. By doing this, we can effectively carry out our respective responsibilities to protect the environment and provide quality service to coal field residents and the coal industry.

Better Service

Our goal is to strengthen the capabilities of States, Tribes, and OSM staff to enforce the mining law effectively by improving service to OSM customers, partners, and stakeholders through open communications, technical assistance, and the transfer of technology.

We view our role as providing the States and Tribes the tools necessary for them to implement SMCRA requirements effectively and efficiently. We provide technical assistance, technical training, and technology transfer. I would like to briefly discuss some of the more widely used tools that our stakeholders employ in implementing their regulatory and reclamation programs.

Our nationwide technical training program is a prime example of how we are seeking to provide better service and technical assistance to the States. The training program seeks to develop and update the technical skills and professionalism of State, Tribal and Federal personnel. Our courses are developed to respond to customer needs. During FY 2000 OSM expects to offer about 50 courses and train about 900 students and to attain an 89 percent customer satisfaction rate.

Another important tool OSM uses to assist the States and Tribes is the Technical Information Processing System (TIPS). Among other uses, TIPS assists in mine permit reviews, the design of abandoned mine land projects, and the preparation of environmental assessments and environmental impact statements. It is also a key element in the implementation of the OSM Electronic Permitting Initiative on Federal and Tribal lands and in the States. For FY 2000, OSM expects to attain an 87 percent customer satisfaction rate among TIPS users.

The Applicant Violator System (AVS) provides the State regulatory authorities with a tool to evaluate whether an applicant for a permit is eligible to receive the permit, or is blocked because of outstanding SMCRA violations. The States rely extensively on this system. During the 11 years of AVS operations, almost 57,000 permit applications or AML contractor recommendation requests have been acted upon. OSM recently attained a 97 percent customer service rate in the quality and timeliness of AVS provided services, thus already exceeding our FY 2000 goal of 86 percent.

The ownership and control regulations support the AVS. As you know, the U.S. Court of Appeals invalidated OSM's prior ownership and control regulations on January 31, 1997. With extensive public outreach and much stakeholder input, OSM proposed rules to redesign the basis of permit eligibility decisions on coal mine operators. The revised rule was published on December 21, 1998.

Better Operations

Our goal is to improve OSM operations through a more effective and efficient management of human and fiscal resources to facilitate the reclamation of abandoned mine lands to protect the environment, people, and property both during and after mining.

OSM implements its financial management responsibilities through the fee compliance, revenue management, and grants management functions. I believe we do an excellent job in these areas. I am proud to say that we achieved record highs with a 99.4 percent compliance rate with over $273 million in total collections. Additionally, the Office of the Inspector General gave our financial statements an unqualified opinion for the eighth straight year. This means that the data we report is accurate in all material aspects and that we are safeguarding the taxpayers' money appropriately.

Similarly, we are investing in our human resources. To deal with the large number of employees eligible to retire within the next 5 to 10 years, as many as 50 percent, we are developing a succession planning effort. This effort will assist us in determining what types of employees and skill levels needed for our future.

Fiscal Year 2000 Budget Request

To meet the goals I have just outlined, I would like to present some highlights of our FY 2000 budget proposal. For Fiscal Year 2000, OSM is requesting $305,824,000 and 640 full-time equivalent positions, an increase of $27.1 million over the FY 1999 enacted level. In addition, OSM is requesting $105 million to provide health benefits to retired coal miners, who worked for companies that have gone bankrupt or no longer exist, and their dependents. Of this sum, $63 million

is required by permanent authority under the Energy Policy Act of 1992. As a result of a recent Supreme Court decision, the Administration is requesting legislative authority to provide the remaining $42 million so that the United Mine Workers of America Combined Benefit Fund may reimburse premiums paid by companies for beneficiaries who become redesignated by the Social Security Administration as unassigned to any specific company.

As I previously discussed, I believe the singular highlight of the FY 2000 President's Budget is the Administration's proposal to implement a multi-year effort to fund the AML program at a level commensurate to fee receipts by 2003. This gradual, but significant, increase in project funding will result in a concurrent increase in reclaimed acreage over the next several years and will also provide a major beneficial impact to the citizens of the coal fields and the lands and waters in their communities.

As I mentioned, we are requesting a $25 million increase in FY 2000 to reclaim abandoned mine sites that pose significant threats to human safety and the environment. Of this sum, we will target $22 million to State and Tribal grants that support the President's Clean Water Action Plan. The increase will be directed to those States and Tribes that are using AMI, funds to address environmental problems caused by historic abandoned coal and other mine sites. The increase will also focus on those States and Tribes that obligate all their AMI, funds. This will result in a State grant total approaching $170 million. The remaining $3 million increase will provide additional funding for the Appalachian Clean Streams Initiative to accelerate the cleanup of streams polluted by acid mine drainage resulting from past coal mining practices. We will now be funding the initiative at $10 million.

This increase in AML funding directly supports our strategic goal of better reclamation. The increase in grant funding will result in approximately 1,200 acres more being reclaimed than otherwise would be the case. The increase for the Appalachian Clean Streams Initiative will result in 42 new projects and will also result in funds leveraging such that 60 percent of funding will come from other sources.

OSM's overall FY 2000 request includes $94.7 million for the Regulation and Technology appropriation and $211.1 million for the Abandoned Mine Reclamation Fund appropriation. This request provides a $27.1 million increase over FY 1999. As I have previously discussed, the preponderance of this increase—$25 million—will be directly translated into on-the-ground reclamation efforts. The remaining $2.1 million increase will cover uncontrollable increases in our fixed costs.

This request will enable OSM to provide financial support for 24 State regulatory programs, and for the AML programs implemented by 23 States and three Tribes. It will also enable OSM to continue to directly administer Federal regulatory and reclamation programs in States that do not operate their own programs and on Federal and Tribal lands.

Most of the funding appropriated to OSM is passed on to the States and Tribes in the form of regulation and reclamation grants. For FY 2000, our request includes $169.3 million for reclamation grants and $50.6 million for regulatory grants. These grants, coupled with emergency and high priority AML project funding, account for nearly 80 percent of OSM's budget. The remaining portion of the budget provides funding for OSM's internal operations including technical training and other forms of technical assistance to the States and Tribes.

Let me now address the other component to our budget—the annual transfer payment to the United Mine Workers of America Combined Benefit Fund. This transfer, funded from interest on the AML fund, provides health benefits for certain retired coal miners and their dependents, when an employing company is no longer in business. For FY 2000 OSM is requesting $105 million in two components. Of this sum $63 million will be transferred to the Combined Benefit Fund for unassigned beneficiaries as required by the permanent authority of the Energy Policy Act of 1992. In addition, OSM is requesting a one-time increase of up to $42 million to help defray the costs associated with a recent U.S. Supreme Court decision, *Eastern Enterprises v. Apfel,* and related decisions. This Supreme Court decision stated that Eastern should not have been responsible for paying these health benefits. Thus, certain beneficiaries that were previously assigned to Eastern and similarly situated companies are now being redesignated as unassigned.

Government Performance and Results Act

OSM recognizes the importance that both the Administration and the Congress have placed on implementing the Government Performance and Results Act (GPRA). OSM's FY 2000 budget request fully addresses GPRA requirements. OSM established strategic goals and associated performance measures to justify its resource requirements. OSM first identified its major functions, or Business Lines. OSM then developed a Strategic Plan to carry out its mission, vision, and goals and

implemented a new budget structure that allows OSM to relate resource requests to strategic goals in a more understandable way. OSM developed a business-line based accounting system to determine the cost of each program activity better, provide a mechanism for linking costs to performance outputs, and enhance OSM's management decision-making process.

OSM's Business Lines are:

- Environmental Restoration.
- Environmental Protection.
- Technology Development and Transfer.
- Financial Management.
- Executive Direction and Administration.

Because OSM's new budget structure links directly to its strategic goals and measures, OSM has fully integrated its FY 2000 Annual Plan into its Budget Justifications to Congress.

Proposed Appropriation Language

OSM is also proposing certain appropriation language changes in its FY 2000 budget proposal. These changes will allow OSM to:

- Specify that the Appalachian Clean Streams Initiative will be funded from the Federal expenses share of the Abandoned Mine Reclamation Fund;
- Target the $22 million increase for State and Tribal reclamation grants to those States and Tribes that use AML funds to address problems caused by historic abandoned coal and other mine sites and obligate to grants all of their distributed portion of the FY 1999 AML appropriation.

In closing, I thank the Subcommittee for providing this opportunity to present OSM's FY 2000 budget request and to summarize our recent accomplishments and to outline our vision for OSM's future. I believe this is a sound, fiscally responsible budget proposal that contains the resources necessary for OSM and the States and Tribes to implement SMCRA requirements effectively. I will now be happy to respond to any questions you may have.

STATEMENT OF

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MINERALS MANAGEMENT SERVICE, DEPARTMENT OF THE INTERIOR

COMMITTEE ON RESOURCES
SUBCOMMITTEE ON ENERGY AND MINERAL RESOURCES

HOUSE OF REPRESENTATIVES

FEBRUARY 25, 1999

Madam Chairman and Members of the Subcommittee, I appreciate the opportunity to testify today on the Fiscal Year (FY) 2000 budget request for the Minerals Management Service (MMS). This request reflects our best assessment of monies needed to carry out critical MMS programs during the upcoming year.

MMS is requesting $240.2 million, which is $16.2 million more than that enacted in FY 1999. We have looked closely at our ongoing operations and responsibilities, and the MMS budget request for FY 2000 reflects the need for additional funding balanced against savings from streamlined operations. The remainder of my testimony will focus on some of our more recent achievements in improving our operations; challenges and opportunities confronting the agency; and an overview of the funding requested to meet those challenges.

Background

Prior to discussing MMS's budget request in detail, it is important to put that request into perspective by providing a brief overview of the agency and its programs as well as the benefits derived from those programs. As you are aware, MMS's mission is:

- To manage the Nation's Outer Continental Shelf (OCS) mineral resources in an environmentally sound and safe manner; and

- To collect, verify, and distribute in a timely manner mineral revenues generated from Federal (both onshore and offshore) and Indian lands.

To carry out this mission, MMS manages two very important programs-- the Offshore Minerals Management (OMM) Program and the Royalty Management Program (RMP). These programs provide major economic and energy benefits to the Nation, taxpayers, States, and the Indian community--benefits that have both national and local significance. While we have noted these benefits in previous testimony, we believe they bear repeating.

MMS has leased and currently manages more than 42 million acres of Federal lands. Production from those lands accounts for approximately 27 percent of the Nation's domestic natural gas

production and 20 percent of our domestic oil production. Further, the OCS lands currently produce about 1.3 million barrels of oil/day, and natural gas production is currently at 13.9 billion cubic feet of gas/day. By the end of 2000, MMS estimates an increase in oil production to as much as 1.8 million barrels/day, and natural gas is projected to remain steady (but could increase to as much as 17 billion cubic feet/day).

From an economic standpoint, in FY 2000, MMS will account for an estimated $4.0 billion in Federal receipts, including $2.8 billion from OCS receipts and $1.2 billion from onshore receipts. From a taxpayer's perspective, that converts to:

- $1.9 billion deposited to the General Fund of the treasury to pay for Federal programs and reduce the deficit;
- $611 million in mineral revenue payments made to onshore States;
- $106 million in shared natural gas and oil receipts with coastal States;
- $150 million to Indian Tribes and individual tribal mineral owners;
- $897 million transferred to the Land and Water Conservation Fund; and
- $479 million credited to the Reclamation Fund.

Maintaining Steady Progress in a Changing Climate

In many ways, the FY 2000 budget request for MMS can be viewed as a bridge from the 20th to the 21st centuries. Our request reflects monies needed to carry out core mission responsibilities as well as monies needed to implement recent initiatives aimed at better positioning the agency to meet the challenges of the next century. These FY 2000 initiatives, which will be discussed in more detail later in my testimony, are a direct result of MMS's desire to continually improve on the way it does business as well as in response to an array of outside factors.

During its relatively short history, MMS has experienced dramatic and profound changes in business, energy and governmental climates. These changes have challenged MMS to keep pace, and the agency has risen to the challenge. These challenges come from many sources, such as--

- Evolving offshore technology
- Dramatically changing energy markets
- Emerging global markets
- Compelling safety and environmental challenges
- Transforming legislation
- Increasingly sophisticated constituent needs
- Advancing information technology

- Challenging governmental initiatives

It is likely that the same forces listed above will continue to have a profound effect on MMS and its programs for the foreseeable future. For that reason, MMS has and will continue to look at ways of doing its business more efficiently while still meeting its missions and responsibilities. As part of that effort, the agency has been aggressive in analyzing its processes and procedures to make them more responsive to our customers. MMS's vision is to be recognized as the best minerals resource manager--i.e., to be "the best in the business."

Although that vision is a lofty one, it has challenged the agency to make steady progress over the years, and some of those achievements have been discussed in previous testimony before this Committee. At this time, I would like to highlight some of MMS's most recent achievements as well as discuss some of the challenges the agency faces as we approach the next millennium.

Royalty Management Program (RMP) Achievements

The Federal government has been collecting revenues associated with mineral production on Federal onshore lands since 1920 and from offshore lands since 1953. However, it was not until 1982, with the establishment of MMS and the enactment of the Federal Oil and Gas Royalty Management Act (FOGRMA), that a comprehensive system was put into place for properly collecting, accounting for, distributing, and valuing these revenues. Since 1982, MMS has worked hard to develop systems, policies, and procedures to respond to the mandates of the Act as well as the expectations of its constituencies and numerous oversight organizations. In 1996, the Act was substantively amended by the Federal Oil and Gas Royalty Simplification and Fairness Act (RSFA).

The proper implementation of these two Acts forms the core of the RMP mission. In particular, RSFA significantly changed many historical RMP operating assumptions and revenue processing methods. That, combined with changing energy markets, constituent needs, and government streamlining has caused the RMP to totally rethink and retool its various business processes so they are more responsive to the constituents they serve.

Some more recent achievements include:

- **Finalizing a Design for Reengineering RMP -** In early 1997, the RMP began a Business Process Reengineering Initiative to prepare itself for the challenges of today and the future. Over the past year and a half, the RMP has been engaged with its customers to design future business processes and support systems to provide the best royalty management services at the least cost. In March 1998, MMS published its Preliminary Design Document outlining RMP's future business processes, information needs and support systems. During 1998, MMS piloted various aspects of the future processes and testing the information technology needed to support the future RMP. This work led to an implementation plan, or "Road Map

to the 21st Century." With this work completed, MMS has begun a three-year journey of change for the RMP.

- **Conducting Comprehensive Royalty-in-Kind (RIK) Pilot Programs** - Based on the results of a 1997 Feasibility Study, MMS established an implementation team in early 1998 to create detailed program specifications to pilot the taking of oil production in kind from onshore leases and gas production from the OCS. Specifically, the three pilots--which include 1) oil production in Wyoming; 2) OCS Lands Act section 8(g) natural gas production offshore Texas; and 3) natural gas production in the Gulf of Mexico OCS--are structured to be consistent with existing lease terms and to examine where, when, and under what conditions RIK can reduce some of the administrative burdens and uncertainties associated with royalty collection while maintaining revenues.

  Federal crude oil was taken by MMS in October 1998 under the Wyoming pilot program. A second Invitation for Bids was issued January 4, 1999, and we will take, beginning April 1999, RIK crude oil from both State of Wyoming and Federal leases located in Wyoming.

  The State of Texas section 8(g) natural gas pilot began in late 1998 when MMS began taking natural gas from the Texas 8(g) zone. This gas is being delivered to the General Services Administration for use in Federal agencies. Discussions are also underway with the State of Texas to mutually explore ways to cost-effectively market Federal and State natural gas production.

  The third pilot, taking natural gas from the Gulf of Mexico OCS, is scheduled to begin in late 1999.

- **Implementing RSFA** - Since passage of the Act in 1996, MMS has worked aggressively to implement its many provisions. Of note, the State delegation provision of the Act has already been implemented by regulation, and MMS is paying interest to lessees for royalty overpayments, as provided for by the Act. Proposed versions of several rulemakings have already been published in January and February of this year – amendments to State Delegation Rule, the Appeals Rule, and the Marginal Property Rule.

  While the agency has made significant progress in implementing this legislation, there is still much to be done. In 1999, work will continue on the proposed rules published this year and further rulemakings are scheduled that will further contribute to our success in this effort. These include:

  - **Marginal Properties Relief** - to allow reporters to seek accounting, reporting, and auditing relief for their marginal properties. A proposed rule was issued on January 25.

  - **Revised State Delegation** - to amend the already published delegation rule that allows States to perform certain royalty functions for Federal leases within their boundaries. The

amended rule would allow States to select certain leases to audit instead of having to select all of them. A proposed rule was issued on February 10.

- **Appeals** - to further restructure and shorten the appeals process. A proposed rule was issued January 12.

- **Reporting and Paying Royalties on Federal Leases** - explains which leases the lessee must report and pay royalties for based on the amount they actually took and sold from the leases, or on the amount they were entitled to take based on their percentage ownership in the lease. Also provides an exception to entitled reporting for marginal properties.

- **Chronic Erroneous Reporting** - to define chronic erroneous reporting and applicable assessments.

- **Providing Relief to Small Oil Refiners** - In 1998, MMS began reviewing amounts billed small oil refiners because of questions regarding undervaluation of the oil provided by producers to MMS for purchase by the small refiners. MMS realized that billing the refiners for these additional amounts would create economic hardships and jeopardize the program that allowed them to purchase oil for refining. To resolve this issue retroactively, the FY 1999 Omnibus Appropriations Act (P.L. 105-277, section 139) provides for the ratification of payments made under preexisting onshore and offshore RIK contracts under certain conditions. MMS addressed the issue prospectively by renegotiating contracts with the small refiners to assure that future deliveries would be billed at fair market value.

- **Revising Indian Gas Valuation Regulations** - In early 1999, MMS will publish a final regulation to revise the way that gas taken from Indian leases is valued. This regulation is the product of a negotiated rulemaking involving MMS, Indian Tribes, the Bureau of Indian Affairs and industry. The regulation is a step forward for MMS in meeting its trust responsibility to the Indian community and in complying with the unique terms contained in Indian leases.

Recent Innovations -

- **High Tech Imaging** - One-stop shopping is now available to customers who need information on leasable solid minerals. More than 100,000 solid mineral lease and logical mining unit documents are easily and immediately retrievable from RMP's optical library.

- **Resolution of Royalty and Production Volume Inconsistencies** - Dramatic improvements have been made in the process to resolve discrepancies in royalty and production volume data submitted by industry by reengineering front-end system software and follow-up procedures. Since 1996, MMS has resolved 50,000

inconsistencies and collected an additional $54 million in royalties, some of which goes to the Federal treasury and some to States and Tribes.

- **New Sales Reporting Software** - Software is now available free from MMS to industry which offers on-line help and incorporates certain edit routines to ease preparation of royalty sales reports, reduce reporting errors and lower costs associated with manually entering the data. This is one step closer to MMS' goal of 100 percent electronic reporting.

- **Compliance Accomplishments** - Since the late 1980's, MMS, including its State and Tribal audit partners under the FOGRMA Section 202 and 205 audit cooperative and delegated agreements, has pursued a company-based single and multi-year audit strategy that focused on selected companies' portions of leases and properties. This strategy has provided a high percentage of coverage for a particular company's royalty obligations and has resulted in the collection of over $1.5 billion in underpaid royalties. Other compliance efforts apart from audits have produced an additional $500 million. In the past 5 years alone, MMS collected $1 billion as a result of audit and compliance actions--as much as had been collected in the agency's entire previous life.

Future RMP Challenges and Opportunities

- **Reengineering the Royalty Management Program** - MMS's number one priority is to reengineer RMP's business processes. This comprehensive overhaul is necessary because of new legislative mandates, changing energy markets, the need for more cost-effective operations, and outdated computer systems. The future RMP will be process centered, focused on outcomes, less costly, and, hopefully, viewed as the best by others. The reengineered program will be organized around two core business processes – the financial management process which will focus on financial accounting and receiving and rapidly distributing revenues; and the compliance and asset management process which will focus on the entire realm of activities related to producing properties, instead of focusing on actions by individual payors that might be active on a particular property. For the customer, the result will mean "one-stop shopping" and better customer service. Other benefits will be a dramatically shortened time frame to ensure compliance – from 6 to 3 years and a 40 percent reduction in reporting requirements.

  To test the latter process, which is a dramatic change from current operations, teams have been established to conduct three operational models – oil and gas leases in the Gulf of Mexico, onshore leases in the Uintah Basin of Utah/Colorado, and solid mineral leases in Utah, Wyoming, Colorado, and Montana. A sub-group within the solids team will focus on geothermal issues. These pilots will be conducted in a live environment beginning in early 1999 with the offshore model.

As part of furthering the reengineering initiative, MMS has put several partnerships into place with our customers in order to actively involve them in further defining future business processes, refining planned changes in reporting requirements, and developing the best information technology solutions for the future--Amoco, Texaco and Chevron are participating in the model for the oil and gas leases offshore the Gulf of Mexico; the States of Utah, Colorado, and the Ute Tribe will participate in the similar onshore model; industry representatives on the solids team are BHP, New Mexico Coal, Cyprus Amax Minerals Company, Kennecott Energy Company, PacifiCorp, Peabody Group, and Westmoreland Resources Inc. They join Colorado, Montana, Utah, Wyoming and the Navajo Nation and Crow Tribe.

- **Devising an Improved Audit Strategy** - One of MMS's reengineering goals is to complete lease royalty compliance within three years, but that goal is not possible in the current operating environment. Therefore, beginning in Fiscal Year 1999, MMS will utilize a *new* audit strategy that will concentrate on a property rather than company basis consistent with MMS's reengineering effort. This strategy will emphasize the use of special teams to audit specific producing properties and other targets such as collection and distribution terminals, gas plants and crude oil refineries. Future audits will be highly integrated, with the compliance processes being tested and developed by the reengineering operational model teams. The new strategy provides for full audit coverage of OCS royalties on a property basis, 80 percent coverage of onshore and tribal royalties, and reserves significant resources for a continued high level of coverage of individual Indian mineral revenues. These audit goals will be integrated into the reengineering environment by 2003.

- **Finalizing the Federal Crude Oil Valuation Rulemaking** - For the past three years the MMS has been engaged in efforts to update its Federal crude oil valuation regulations to better reflect current crude oil marketing practices. However, just prior to publishing a final rulemaking, a prohibition was added to a FY 1998 Emergency Supplemental Appropriations Act (P.L. 105-174) that barred MMS from implementing the rule until the end of FY 1998. This prohibition was extended by the FY 1999 Omnibus Appropriations Act (P.L. 105-277) until June 1, 1999, or until a negotiated agreement is reached.

  While we have reached consensus in many areas of this proposed rule, there are still a few remaining areas of disagreement – areas that have been thoroughly reviewed during the course of the rulemaking process. Nevertheless, to the extent that industry has new, not-previously-considered ideas or concepts to resolve the issues that divide us, consistent with our criteria and statutory responsibilities, further discussion may be beneficial. Department of the Interior staff have recently been in contact with the industry to urge its representative to provide more specific information about their ideas for addressing the unresolved components of the proposed rule.

- **Finalizing the Indian Oil Valuation Rulemaking** - Following extensive input from the Indian community, MMS published a proposed rule in the *Federal Register* on February 12,

1998, and conducted two public hearings to obtain additional comments. MMS then reviewed the comments submitted and met with the Indian community to discuss them. MMS plans to publish a supplemental proposed rule in early 1999 to get public comment on changes made to the rule in response to comments received.

However, when the FY 1999 Omnibus Appropriations Act (P.L. 105-277) prohibited MMS from publishing any crude oil valuation final rulemakings prior to June 1, 1999, that prohibition included the Indian oil valuation rule as well as the Federal crude oil valuation rule. MMS remains committed to assuring that Indian lessors receive market value for their crude oil resources and to finalizing the rulemaking in a timely manner.

- **Meeting Electronic Reporting Goals** - MMS is aggressively pursuing more electronic reporting because it is cost effective. A proposed rule was published in April 1998 that moves the agency closer to 100% electronic reporting. MMS plans to issue a final rule in early 1999 that will include exclusions for hardship cases and small reporters. MMS also plans to convert the remaining paper reporters in the near future.

- **Electronic FOIA** - RMP is in the process of establishing a web site that will include information about how to submit a FOIA request. This will be the first time an agency within the Department of the Interior has provided this service. In addition, documents that are most often requested will be included on the site. This will simplify the FOIA process for both the Federal government and the individual making the request.

Offshore Minerals Management (OMM) Achievements

The Federal OCS program has been ongoing and active since 1953. During that time, the program has changed dramatically in response to changing technology, national energy priorities, and enviornmental considerations. Today, the OCS program has matured into a focused leasing program, with concentrated emphasis on safe and sound development of about 8,000 leases.

Recent achievements include:

- **Developing a major safety initiative for offshore oil and gas operations.** MMS has made safety one of its highest priorities during the past several years. The continued movement of industry into deeper waters and the overall increased industry activity in the Gulf of Mexico have increased both the level and complexity of monitoring and ensuring safe OCS operations. Likewise, there has been a significant rise in the number of operators on the OCS, some without the same level of experience as the more seasoned operators. To address these concerns, MMS has supplemented its existing safety regime with new measures to determine safety and performance of operators--and using this information, to improve offshore activities. The major components of this initiative include: 1) annual performance

reviews of all offshore operators; 2) assessment of appropriate civil penalties; and 3) disqualification of unacceptable operators.

- **Managing the safe and environmentally sound leasing and development of offshore resources on nearly 8,000 active leases in the Gulf of Mexico.** Interest has been strong in leasing natural gas and oil resources in the Gulf of Mexico. Total high bids received in recent sales have been 20% higher than the totals in 1993 sales, and the number of participating companies has increased steadily since 1993. Further, from 1993 to 1997, oil production rates have risen more than 32 percent (to 1.3 million bpd) and natural gas production has risen nearly 12 percent (to 13.9 bcf/day). However, we anticipate some decline in leasing this year as a result of lower oil prices.

- **Expanding opportunities for States, localities and other Federal agencies to use OCS sand for beach restoration purposes.** For several years, MMS has worked cooperatively with coastal States interested in identifying and assessing the viability of using OCS sand for State and local beach restoration purposes. In 1998, MMS completed a negotiated agreement with the U.S. Army Corps of Engineers and the National Park Service for the use of OCS sand for restoration of the northern portion of Assateague Island, MD. Also in 1998, MMS completed a non-competitive lease agreement with the City of Virginia Beach to use OCS sand to construct a beach restoration and hurricane protection project along a 5-mile stretch of Sandbridge Beach, Virginia. Of note, this was the first project where a fee was assessed for the Federal sand resource (roughly $198,000). MMS sustantially discounted (by 65%) the fee off the estimated value of the sand to reflect the public interest served by the project.

- **Providing international leadership on offshore oil and gas issues.** Through its regulation of offshore operations in the United States, MMS has recognized how important it is for industry and government regulators around the world to share information and expertise with the goal of achieving clean and safe operations on a global scale. Some examples in this area include--

    - Developing and/or extending MOU's with various countries to exchange scientific and technical information related to offshore mineral leasing and development activities such as resource assessment, administrative procedures and practices, safety, environmental protection, and royalty accounting assistance. In 1998, MMS expanded its cooperative efforts and developed working arrangements with several new foreign nations, including Australia, Norway, and the Republics of Kazakhstan and Turkmenistan.

    - Organizing and convening the first-ever Panel of International Regulators at the 1998 Offshore Technology Conference. The panel was comprised of industry represenatives and government regulators from nine countries and addressed the challenges and opportunities for industry and government regulators in achieving clean and safe operations around the world.

- Helping organize an international workshop in Indonesia on the decommissioning of offshore oil and gas platforms. The workshop was conducted under the auspices of the Asia Pacific Economic Cooperation Marine Resources Conservation Working Group, and included representatives from MMS, universities, U.S. oil and gas companies, and other industry organizations.

- **Implementing financial responsibility requirements for "offshore facilities" under the Oil Pollution Act of 1990 (OPA 90), as amended.** In October 1996, Congress amended the original language of OPA 90 pertaining to financial responsibility requirements for offshore facilities. The amendments made it possible for MMS to develop a fair and reasonable rule that did not negatively impact the industry but still ensured that responsible parties maintain the financial capability to pay for an oil spill, should it occur. In August 1998, MMS published a final rule that was the result of extensive consultation with all affected parties. It specified the amounts of financial responsibility required, the types of facilities covered, and the methods for demonstrating financial responsibility. In addition to OCS facilities, the rule covers facilities in certain State waters. Implementation of the new rule began in October 1998, and financial responsibility coverage must be in place for all affected facilities by April 1999.

- **Implementing all relevant provisions of the Deep Water Royalty Relief Act (DWRRA).** The DWRRA of 1995 provided that, under certain conditions, royalty relief would be given to: 1) new leases located in the Central, Western, and a small portion of the Eastern Gulf of Mexico; and to 2) existing leases located in these same areas. In 1998, MMS finalized its regulations pertaining to existing leases (it had previously finalized regulations on new leases), and held outreach efforts with industry to explain the regulations. Since passage of the Act, MMS has held a total of six lease sales in the Central and Western Gulf of Mexico, and three of those sales were recording-breaking sales. Approximately 4,400 tracts were leased and over $3.6 billion was taken in bonus bids for the Federal government. Also, to date, MMS has approved three DWRRA applications on existing leases, and a fourth application is pending. Finally, in 1998, the Gulf of Mexico saw its first production from a lease issued under the DWRRA with the automatic royalty relief provision.

- **Assisting in efforts to gain ratification of the United States/Mexico maritime boundary.** The U.S./Mexico maritime boundary was ratified in November 1997. MMS worked closely with the Department of State to explain the importance of the treaty, the necessity of timely ratification, and its impact on domestic energy activities in the Gulf of Mexico. Ratification established a permanent boundary to resolve U.S. and Mexican overlapping claims for offshore lands within 200 miles of the coastline. This recognized boundary will provide certainty to U.S. oil and gas operators pursuing exploration and development activities in areas adjacent to the boundary. Furthermore, ratification set the stage for futher delimiting areas beyond 200 miles. At present, negotiations between the United States and Mexico are focused on the area known as the "Western Gap."

- **Approaching first development on the Alaska OCS.** Although leasing has occurred offshore Alaska since 1976, to date there has been no production from Federal leases due to remote locations, harsh operating environments, and the significant finds that would be required to justify the substantial development costs. However, in 1998, BP filed a proposed Development and Production Plan (DPP) in the Beaufort Sea for its "Liberty" prospect. BP estimates that the prospect contains about 120 million barrels of recoverable oil. The plan is currently undergoing the necessary reviews and approvals. However, if those approvals are given, it is expected that first production could occur in late 2002. When complete, this would be the first stand-alone OCS development project in the Alaskan Beaufort Sea, and under section 8(g) of the OCS Lands Act, the State would receive 27 percent of the monies generated from the production from the "Liberty" facility.

- **Developing cooperative efforts with States and local governments, industry and others to address various OCS-related safety and regulatory issues.** By working with its constituents, MMS has been able to find program efficiencies while continuing to improve the effectiveness of its safety and environmental program. Examples include--

  - Finalizing a Memorandum of Understanding (MOU) in December 1998 with the U.S. Coast Guard concerning shared responsibilities under the Outer Continental Shelf Lands Act. The two agencies based the MOU on input from affected groups.

  - Developing an MOU in conjunction with the Special Programs Office of the Department of Transportation governing the regulation of offshore pipelines. With help from the regulated groups, the two agencies arrived at an agreement that gives pipeline owners a role in determining which agency will regulate a given pipeline.

  - Implementing a series of agreements with other Federal agencies and coastal State governments to cooperatively develop Federal/State boundaries, describing data relevant to leasing as well as State regulatory and enforcement actions. Many of the agreements with coastal States will lead to fixing of the Federal/State boundary by Joint Motions filed with the United States Supreme Court. The latest effort has lead to a Supplemental Decree fixing the Offshore Boundary with the State of Texas.

  - Working in close association with the American Petroleum Institute to develop industry standards and with the Offshore Operators Committee to develop performance measures for operators and contractors working on the OCS.

Future OMM Challenges and Opportunities

- **Continuing to ensure safe and clean operations.** Interest in the deep water Gulf of Mexico remains strong. In the past three years alone, about 4,400 tracts have been leased (many of them in the deeper waters of the Gulf), bringing MMS's lease monitoring responsibilities to

about 8,000 leases and over 3,900 platforms. As industry continues to move into deeper and deeper waters, MMS must be prepared to meet the technical, safety, and environmental challenges associated with deep water operations while still ensuring safe and clean operations in other areas of the OCS . To meet this challenge, the agency will continue to work proactively to find ways to effectively manage an increased workload while ensuring proper stewardship of OCS resources.

- **Effectively managing the OCS program in times of low oil prices.** In 1998, oil prices fell to dramatic lows, and low price scenarios could continue for several years. This scenario can have dramatic implications for the OCS program. Low prices over an extended period of time can be devastating for small independents who do not have the deep pockets necessary to survive financially in these difficult periods. Likewise, even the very large companies are finding it necessary to cut costs dramatically, and several large companies have merged. The potential of small operators leaving the OCS and large companies getting even bigger can have an effect on the level of participation and competition in the OCS.

  In addition, MMS will likely see increased requests for royalty relief and lease extensions if companies do not have the resources available to explore and develop them. How best to address these issues may not be as clear cut in areas subject to leasing restrictions.

  Finally, there may be other ramifications which are not yet identified. MMS is adopting a pro-active approach by meeting with offshore operators to see where we can reduce their costs without compromising safety, the environment, or royalties owed to the Treasury. We are considering several applications for royalty relief submitted by companies that believe that their production will cease at the current royalty rate.

  We also are cooperating with the Department of Energy to place additional oil in the Strategic Petroleum Reserve (SPR) while oil prices are relatively low. We will being this Spring to take a limited amount of oil royalties in kind from leases in the Gulf of Mexico and transfer the oil to DOE for placement in the SPR.

- **Supporting increasing needs by States, localities and other Federal agencies for access to OCS sand and gravel resources.** With the passage of amendments to section 8(k) of the OCS Lands Act (P.L. 103-426), OCS sand has become easier to obtain for beach nourishment, shoreline protection, and wetlands enhancement projects that benefit the public. In addition, during the past several years, States, localities and others have seen their needs for OCS sand increase due to adverse weather and diminishing suitable sources located either onshore or in coastal waters. MMS expects requests for Federal sand for beach restoration and hurricane protection to significantly increase in the future from current levels. In anticipation, the agency's current and future activities are laying the groundwork for effective regional management of OCS sand resources.

Through its Marine Minerals Program, MMS will continue to work cooperatively with interested States, focusing its efforts on integrating geologic and environmental information to identify sand deposits in Federal waters suitable for beach nourishment. Past and ongoing partnerships with States along the East Coast and the Gulf of Mexico are designed to collect and analyze in an organized and cost-effective fashion the information needed to make decisions on beach restoration projects. This proactive approach will help ensure that when OCS sand resources are most needed, the necessary groundwork will have already been accomplished--thereby expediting the overall beach restoration process.

- **Regulating a domestic oil and gas industry that is becoming increasingly global in scope.** During the past several years, numerous foreign nations have stepped up their efforts to offer their mineral resources for exploration and development, particularly their offshore oil and natural gas resources. While those decisions have positive aspects, the Administration also has recognized that there is a growing need to ensure that those offshore operations are conducted in an effective and environmentally safe manner since the mineral leasing or development policies of other countries can have a profound impact on the United States. For that reason, MMS is helping to develop a comprehensive set of internationally recognized technical standards through active involvement with technical and trade associations in the U.S. and international standards setting organizations. The agency participates in information-sharing fora to dissiminate information on the best practices utilized by the domestic oil and gas industry as well as to learn about best practices from other offshore regulators around the globe.

  In addition to maintaining U.S. leadership in developing international standards, as offshore petroleum operations are expanding around the globe, MMS is increasingly being called on to participate in international projects that further U.S. foreign policy goals. The agency is developing relationships with other regulatory bodies around the world and assisting when asked to develop in-country expertise in nations with both emerging or developed oil and gas programs.

- **Maintaining a viable OCS program that is consistent with the President's decision to administratively withdraw certain areas of the OCS.** As MMS begins the process of developing its next 5-Year Program (which covers the timeframe 2002-2007), it must factor into the decisionmaking process the President's leasing restrictions as well as dialogues with coastal States and other constituencies in areas where offshore oil and gas activity is currently not underway. One of the agency's core responsibilities in managing OCS leasing and development is to ensure that our leasing decisions fully consider the possible risks to coastal communities and environments of offshore development and that our regulatory efforts ensure the highest degree of safety and protection possible in day-to-day operations. A major part of the debate surrounding moratoria is how people perceive the risks of offshore oil and gas activity to their coastal environment. MMS will continue to work on finding ways to

identify the important issues, attempt to address them, and find a forum or fora where all parties can engage in a constructive discussion.

In addition to the various program achievements and challenges listed above, MMS is also working on two important government-wide issues--implementation of the Government Performance and Results Act (GPRA) and Year 2000 (Y2K) compliance.

With respect to GPRA implementation, MMS has woven strategic planning and accountability for results into its culture. MMS has developed, through a team approach, a mission, goals, and performance indicators that are being used to measure the performance of the bureau's critical systems. As part of this process, the organization has examined political, legislative, judicial, administrative, environmental, and economic factors while developing its Strategic Plan and has focused on programmatic outcomes.

To date, MMS has made great strides with the development of its first strategic and annual performance plans and the development of a methodology to gather and report performance information as required by GPRA. The bureau views implementation of this Act as one of the cornerstones of its management efforts. As more experience and knowledge is gained, MMS will continue to refine its strategic thinking, will reevaluate its goals and measures, and will improve its capacity to gather, analyze and make performance information available to its managers as well as its customers and stakeholders.

Continuing efforts in 2000 and beyond will focus on:

- Verification, validation and reporting of performance information in a way that is useful;
- Refining and revising strategic plans to respond to a changing world;
- Creating stronger linkages between performance and the budget; and
- Creating more accountability for program performance.

With respect to Y2K issues, MMS has published a Y2K readiness statement on the Internet. All four MMS mission-critical systems have been independently validated as being Y2K compliant. At this point, MMS is dealing with embedded and telecommunication system compliance. With respect to telecommunications, about 80 percent of MMS routers and telephone exchanges are compliant, and the remainder will by compliant by March 1999. MMS now will give greater attention to business continuity plans and take steps to work with offshore operators to ensure that their Y2K programs are sufficient to prevent potential safety concerns or oil spill hazards.

As you can see, MMS has accomplished much, but there are still many challenges and opportunities that lie ahead. I would like to devote the remainder of my testimony to MMS's

Fiscal Year 2000 budget request, and specifically, how this budget request will help us meet the challenges identified and discussed earlier.

OVERVIEW OF FY 2000 MMS BUDGET REQUEST

FY 2000 Proposed Operating Appropriations/Offsetting Collections
dollars in thousands

Royalty and Offshore Minerals Management	$110,082
Offsetting Collections	$124,000
Oil Spill Research	$6,118
Total	**$240,200**

With the submission of the FY 2000 budget request, the largest single source of funding for the MMS operating budget will be obtained from Offsetting Collections. Direct appropriations under the Royalty and Offshore Minerals Management Appropriation (ROMM) have been declining since FY 1993, when Congress granted MMS the authority to retain a portion of the OCS rental receipts and other fee increases as offsetting collections. Since that time, Congress has regularly increased the cap on MMS's offsetting collections authority and reduced its direct appropriations. The FY 2000 MMS budget proposes raising the offsetting collections cap to $124,000,000.

In addition to appropriations for operations, the MMS receives appropriations for distribution of the States share of onshore mineral receipts. Those permanent appropriations are:

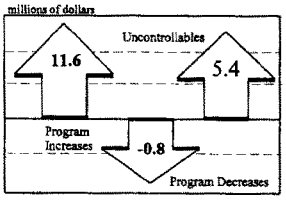
FY 2000 Proposed Permanent Appropriations
(dollars in thousands)

Mineral Leasing Associated Payments *(MLAP)*	606,581
National Forest Fund Payments to States *(Forest Fund)*	3,311
Payments to States from Lands Acquired for Flood Control, Navigation, and Allied Purposes *(Flood Control)*	756
Total	**$610,648**

FY 2000 Budget Request

The MMS budget request totals $240.2 million, an increase of roughly $16.2 million above the 1999 enacted level of $224.0 million. The $16.2 million increase will continue the activities funded by the $8.7 million increase provided in FY 1999 to meet legislative and workload increases. The FY 2000 proposed increases are covered by raising the cap on offsetting receipts from $100.0 million to $124.0 million. In turn, the request for direct appropriations is only $116.2 million, a decrease of $7.8 million from the 1999 level of $124.0 million. At the FY 2000 request level, offsetting collections would cover over 50 percent of MMS's operating budget.

Minerals Management Service
Components of Proposed FY2000 Increase
Total Proposed Increase of $16.2 Million



The net increase of $16.2 million, over the FY 1999 enacted level, includes:

- $5.4 million for uncontrollable cost increases such as pay and rental increases;
- $11.6 million for programmatic increases to support continuing Royalty Reengineering efforts, workload requirements in the Gulf of Mexico, and MMS participation in international fora affecting worldwide standards for oil and gas activities.; and
- -$0.8 million in programmatic reductions due to higher priority budgetary requirements.

The $10 million proposed in 2000 for RMP reengineering will be used to continue implementation of new applications and technologies supporting RMP's future concept of operations. The RMP faces the dilemma of responding to new legislative requirements, most notably the Royalty Simplification and Fairness Act (RSFA), with aging systems that already exceed accepted life cycle standards and have been criticized by the Department's Office of Inspector General. Without this investment, a major risk of system failure and operational instability exists. Furthermore, the RSFA-authorized delegation of royalty management functions to States cannot be accommodated fully with the current RMP systems configuration. The RMP modernization is also essential for MMS to continue fulfilling its basic goal of ensuring the timely collection, accounting, verification, and disbursement of mineral revenues.

This initiative will improve the timeliness and accuracy of payments to States, Indian tribes and others. It will improve the cost effectiveness of our collections and disbursements and increase compliance with lease terms, regulations and laws. In short, this initiative is expected to reduce

MMS operating costs by $3.5 million per year and reduce reporting requirements on industry by 40 percent, thereby saving them millions of dollars.

The Royalty Reengineering initiative is one of the principal Sub Projects of the Secretary's Trust Fund Management Improvement Initiative and will play an important role in the trust managment improvements of the Bureau Of Indian Affairs and Office of Special Trustee.

The Gulf of Mexico workload continues to grow. While lower oil prices may reduce FY 1999 lease sale bonuses, industry has, over the past several years, accumulated a large inventory of new leases, particularly in deep water. Industry appears committed to the exploration and possible future development of those leases. Consequently, there is an increasing demand on MMS to review exploration and development plans, issue permits, and provide inspection and oversight of offshore operations. A increase of $1.4 million dollars is requested to support Gulf of Mexico Region activities.

The MMS has a strong commitment to safety and environmental protection. The offshore oil and gas industry is international in scope and its activities in other parts of the world are having a growing effect on our domestic activities. Numerous international organizations and fora play a significant role in developing offshore oil and gas standards that directly impact operations in U.S. waters and worldwide. An increase of $250 thousand is requested for FY 2000 to allow MMS to participate in these international organizations and fora. The MMS's participation in these types of exchanges will support U.S. policy objectives, assist U.S. industry interests, and advance the Nation's commitment to safe and environmentally sound offshore oil and gas management practices.

Reductions of $0.8 million have been proposed which include -$600 thousand for the Marine Minerals Research Center and -$250 thousand in reduced well log data conversion funding.

CONCLUSION

Madam Chairman, that concludes my written testimony. However, I would be happy to answer any questions you or other Members of the Subcommittee may have regarding any aspect of our budget request for FY 2000.

NASULGC National Association of State Universities and Land-Grant Colleges

February 19, 1999

The Honorable Barbara Cubin
Chairwoman
Subcommittee on Energy and Mineral Resources
1626 Longworth House Office Building
Washington, D.C. 20515

Dear Madam Chairwoman:

The National Association of State Universities and Land-Grant Colleges (NASULGC) respectfully requests that the following statement be placed in the hearing record at your oversight hearing February 25 on the fiscal 2000 budget requests of the U.S. Geological Survey and other Interior Department offices and programs relating to the energy and minerals resources. It is being submitted by Dr. Steve Gloss at the University of Wyoming on behalf of NASULGC.

NASULGC is composed of over 200 of the nation's leading public research institutions. The Association's Board on Natural Resources deals with mineral and energy issues. It is comprised of some of the nation's leading scholars in those areas, and many have extensive experience with USGS, the Minerals Management Service and other Interior agencies.

Further, **as you may recall, you interceded on our behalf to encourage USGS to reach out to the university community. Our statement reports back to you our experiences to date on efforts to establish a partnership with USGS.** We thank you very much for your continued interest and leadership. We think you will find our partnership experiences quite illuminating and helpful. Please feel free to contact me if you have any questions.

Thank you for your consideration of this matter.

Sincerely,

Kerry D. Bolognese

Kerry D. Bolognese
Assistant Director-- Federal Relations

Enclosure
cc: Steven P. Gloss, Dept. of Zoology, University of Wyoming

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NASULGC National Association of State Universities and Land-Grant Colleges

TESTIMONY
House Resources Committee
Energy and Mineral Resources Subcommittee
by Dr. Steve Gloss
Department of Zoology
University of Wyoming
for the National Association of State Universities and Land-Grant Colleges

Oversight hearing FY 2000 budget requests of the U.S. Geological Survey and other Interior agencies

INTRODUCTION

Madam Chairwoman, I want to thank you for this opportunity to present testimony to the Subcommittee on the fiscal 2000 budget requests of the U.S. Geological Survey, and other agencies of the Department of Interior. As your constituent, I am particularly gratified to be able to provide you the university perspective. I want to commend you for your outstanding leadership and for your continuing hard work to improve the scientific capacity of this nation to manage its precious natural resources. I also want to express our deepest appreciation for your efforts to encourage USGS to work closer with universities and other science-based groups to help the agency achieve its goals for the nation in a more efficient and cost-effective manner.

I am Dr. Steve Gloss, Department of Zoology, University of Wyoming. I am providing this statement for the Board on Natural Resources of the National Association of State Universities and Land-Grant Colleges (NASULGC). I have a long and active involvement in the Association. I am past chair the Board on Natural Resources and past chair of the Association's Section on Water Resources, and I remain active on various committees.

NASULGC MISSION

Founded in 1887, NASULGC is the nation's oldest higher education association. Currently the association has over 190 member institutions -- including 17 historically black institutions -- located in all fifty states, with a total of 3 million students. The Association's overriding mission is to support high quality public education through efforts that enhance the capacity of member institutions to perform their traditional teaching, research, and public service roles -- roles which reflect a strong social commitment to investing in the development of America's greatest resource, its people. The Board on Natural Resources brings together leading educators and research scholars in the Association's universities to promote university-based programs dealing with natural resources, ecology, energy, and the environment.

NASULGC-USGS PARTNERSHIP

The USGS strategic plan identified partnerships as one of its core competencies. We strongly endorse this goal and believe that in this era of increasing accountability, partnerships will be critical in determining the degree of success USGS will have in meeting the goals of its strategic plan and fulfilling its mission to the American people. Accordingly, we brought together the Association's leading scholars in environment and natural resources and met with high-level officials at the Agency to explore opportunities to develop closer working relationships between the academic community and USGS scientists. The strategic plan contains many examples of programmatic activities which could be productively and efficiently conducted through

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partnership arrangements between universities and USGS. Universities have worked constructively with USGS on a variety of programs, including the Water Resource Research Institutes, Fish and Wildlife Cooperative Units, the National Mapping Program, and the Biological Resources Division, so there is a foundation upon which to build. NASULGC, on behalf of the university community, has developed partnerships with other agencies, so there was ample precedent for this undertaking.

I would respectfully request your permission to submit for the record a letter by the Board to the National Research Council Committee on Future Roles, Challenges, and Opportunities for the U.S. Geological Survey. This letter summarizes our views on many of the activities of USGS, as well as its priorities, direction, and budget. We believe this letter has information useful to your oversight responsibilities. While I will not take up the Subcommittee's time to re-state what we have detailed in the letter, I would like to highlight what I feel are the most important elements.

I began this statement by thanking you for interceding on our behalf and urging the agency to reach out to its university constituents, consistent with the Agency's own strategic plan. Until your assistance, the Agency had not shown much interest in responding to our entreaty. Your effort eventually led to a major meeting January 29, 1998, when representatives from a cross section of universities met with the USGS acting director and assistant director, and the division chiefs at the USGS offices in Reston, Virginia. While it was a very constructive and encouraging initial meeting, and there clearly are USGS officials who are sincere in working with universities, there has been some difficulty in moving into substantive areas of cooperation.

The primary purpose of the Partnership is to develop closer working relationships between the academic community and USGS scientists to facilitate research and service, to develop initiatives in areas of common interest, and to provide assistance to the Agency in the implementation of its Strategic Plan and in securing support for science. For the coming year, the partnership has set up subcommittees based on USGS strategic themes. Some conference calls have been conducted and ideas discussed.

The Board's initial impression of the partnership is that the Agency's leadership has been slow to use us to achieve its goals. The rhetoric is there, but the commitment is less apparent. Second, there does not seem to be a mandate for the Agency's theme leaders to make things happen. There appears to be a lack of the kind of focus that would realize the agency's plans for its themes. The action still appears to be in the Divisions. There have been some very interesting discussions with plenty of ideas, but it has been difficult to effectuate some of the more feasible suggestions. Third, in general, the agency appears somewhat inexperienced in outreach and working with outside groups. It is our impression that the agency has a perspective of universities as primarily interested in research grants and has yet to ponder creatively how to exploit the vast technical expertise in the university community to its benefit. Our partnerships with other agencies clearly show what we have to offer outside the realm of grants.

We are very encouraged however that the new Director at USGS, Charles Groat, has a keen understanding of the benefits to the agency of working closer with its university partners. In a recent meeting with certain BNR representatives, Dr. Groat enumerated several areas of common interest and pledged his efforts to expand the Agency's relationship with the university community. We look forward to capitalizing on this new and refreshing approach. We are confident he will try to institute change and hope he receives the necessary support from within

the Department to ensure his success.

Again, Madam Chair, we have elaborated on a broad range of issues in our letter to the NRC and would urge you and your staff to review it.

IMPORTANCE OF EXTRAMURAL RESEARCH

I do think it continues to be important for the university community to explain to the American people the value of their investment in education. The Government Performance and Results Act presents extraordinary opportunities for creative partnerships between the Federal government and universities. These partnerships can contribute significantly to the national goal of a more efficient and productive Federal government by providing policy makers higher quality research at lower cost to address society's most compelling issues. The country's investment in higher education continues to provide not only the incalculable dividends associated with a better educated workforce, but also the very tangible benefits that meet daily human and economic needs. Competitive, peer-reviewed extramural research is fundamental to developing the technologies which ensure safe food and water supplies, a healthy environment, sufficient energy sources, better medical care, improved communications and transportation systems, a stronger national defense and strategies and tools to mitigate natural hazards. Information from such research leads to improved management of natural resources and maintenance of conditions that contribute to a desired quality of life.

Some of the advantages of university research include:

- the high degree of quality control, through peer review and other external review processes;
- the state and private investment in university infrastructure;
- the contribution of university research to education of future scientists and engineers through the involvement of students in the research enterprise;
- the flexibility of the university investment, since funds can be reallocated to new needs and new talent once goals are met, rather than to subsidizing federal facilities and personnel dedicated to prior needs;
- the decentralized nature of universities can lead to new directions in research long before the federal administrative structure recognized potential opportunities.

MINERALS MANAGEMENT SERVICE

As you know Madam Chair, MMS is one of the largest collectors of information on the OCS. It not only collects the royalties, but does a complete analysis of the tracts and has a significant environmental studies program. Funding for the Environmental Studies Program has declined from $55 million to $14 million over the past several years. One of our members co- chaired a subcommittee that evaluated the Environmental Studies Program of MMS. The report *(Environmental Studies in OCS Areas Under Moratoria: Findings & Recommendations, May, 1997)* was forwarded to the Secretary with resolutions from the OCS Policy and Scientific Committees. One of the recommendations was to seek increased support for the ESP. Another was to increase cooperative research efforts. We have been working with the leadership of the Department's Office of Land and Minerals Management and of MMS, to implement the

recommendations in the report. Our Board has forwarded a proposal to have a university from each of the regional planning areas to partner with MMS on offshore environmental research. We are looking to enhance participation by those State Universities that are presently not members of the CMI. We would ask you to encourage MMS to implement the recommendations in the report and to support ESP.

FY 2000 BUDGET REQUEST FOR USGS

We strongly support the $40.6 million increase in the proposed budget for USGS in FY 2000. The additional funds are needed to permit the Agency to assist the Federal government in responding to rapidly changing severe events and collect, integrate, analyze and disseminate vital data to natural resource managers. USGS is the nation's primary provider of earth and biological science information related to natural hazards; critical aspects of the environment; and energy, mineral, and biological resources. It is the Federal government's principal mapping agency and a major source of data on the quality and quantity of the nation's water resources. The information produced by USGS helps others manage, develop and protect America's resources.

The budget for USGS contains some new features on which we would like to comment.

Interior Science Priorities

We give qualified support to the $30 million -- $15 in new funding, $15 million within base resources -- in "new and focused base funding to aggressively respond to the highest priority science needs of the Department's land management bureaus." We believe that this could be the dynamic necessary for the agency to ensure it can meet the changing scientific challenges now and in the future. We are guarded however, because unless external partners (including universities) are consulted in developing these priorities, the $30 million may wind up being misspent. In the budget language, the agency maintains that "priorities for research to be conducted with this funding will be identified through a collaborative, annual process including USGS and these land management bureaus." Somewhere in the mix should be the input of outside partners. Our support is also tempered by not knowing from which activities the agency will extract the $15 million in base resources.

Integrated Science

The integrated science approach is important and the USGS should be commended for this effort. The initiatives appear to be environmental, hydrological and /or biological. Continued partnerships with universities (with expertise in these areas) through this program would strengthen this effort. The Geologic Division's role in this initiative must also be substantive. The scientific support for other agencies in DOI is reasonable and should result in the USGS being more responsive to these agencies. It should prove to make DOI a more efficient and effective Department. To build on this innovative approach, DOI should utilize the expertise available at universities and include universities in this effort. Such inclusion would further contribute to the efficiency and effectiveness DOI is striving to achieve. External input would also avoid the trap of squandering precious resources on "trendy" science.

Placed-Based Studies

We support a multi-disciplinary, integrated approach in addressing regional natural resource problems. The geographical regions selected are certainly justified in meriting such a perspective, although it is largely subjective. Placed-based studies, however, should not divert scarce

resources from some of the more traditional activities the agency does so well and remains relevant to today's natural resource managers.

USGS Satellite Data Archive
The satellite data archive is a very worthy effort and we strongly support it.

National Biological Information Infrastructure (NBII)
Consensus is that NBII has the potential to be a really good tool. However, it appears to be in an embryonic stage at present. For example, in the NBII Clearinghouse, a search on the word "deer" produced only 5 hits, most of which referred to research at 1 place. The budget request is inadequate to realize the vast potential of this concept. The Community Federal Information Partnership could be a valuable tool for local managers, but needs to be carefully monitored to avoid the label as another government give-away.

Real Time Hazards Warnings
We strongly support efforts expanding the use of real-time telemetry to provide quicker emergency response to natural disasters. USGS must continue to work closely with NOAA, FEMA and other partners (including universities) to improve the hazards infrastructure.

Disaster Information Network
We support the request for the Disaster Information Network. It should be noted that universities have been important partners in the Federal government's attempt to mitigate the effects of natural disasters. The Association recently sponsored with NOAA, USGS, FEMA, the insurance industry, homebuilders and others a two-part symposium on reducing America's vulnerabilities to coastal disasters. NASULGC institutions have been developing technologies critical to disaster response and through various outreach mechanisms, such as Cooperative Extension and Sea Grant, we have been transferring this knowledge to the American people.

Deferred Maintenance
The $1.5 million request for deferred maintenance is woefully insufficient, considering that the amount is spread over 15 science centers plus networks of cableways and seismic sensors. That's a serious budget deficiency that does not even come close to addressing the real need.

Budget Restructuring
Conceptually, we agree that consolidation of all facilities costs associated with appropriated work into an overall Facilities budget activity improves accountability for all aspects of the organization, and promotes common business practices throughout the bureau. However, we need some more detail to evaluate the impact of the restructuring in important programmatic areas. It still appears that many programs suffer a cut, particularly in water resources and Biological Research/Monitoring. While the latter is seemingly replaced with a big increase in Integrated Science, it remains unclear what that term will mean in practical terms.

I would now like to focus a few remarks on the proposed budget for the Divisions.

Geologic Hazards, Resources and Processes - It appears that the Geologic Division will sustain cuts, above the amounts dedicated to facilities in the proposed FY 2000 budget. **We would oppose the reduction and recommend the FY 1999 enacted amount of $239 million.** While the proposed cut is small, when coupled with the budget's reordering of priorities, the traditional strengths of the division are being weakened. One of the most important activities of the division

has been its cooperative programs with the state geological surveys. Many of these activities involve universities and have become very productive and effective partnerships on which local communities have become dependent for vital geologic information. For example, in New Madrid, Missouri, the site of the largest earthquake ever in the U.S., university and USGS scientists work together to monitor and study the buried faults, so we can know in advance the prospects for another serious earthquake. Other examples of USGS-university cooperation, which could be in jeopardy with reduced funding include the following:

-- Competitive Research Grants to universities through the USGS Earthquake Program;
-- Coastal and Marine Program cooperative work with-University of Washington, Oregon State University, Clemson, University of South Carolina, College of Charleston, Coastal Carolina University, University of Georgia, University of South Florida, University of California, Louisiana State University, University of New Orleans, Woods Hole Oceanographic Institute;
-- Mineral Resources Program and Volcano Hazards program cooperative work with University of Alaska at Fairbanks;
-- Global Seismographic Network is operated joint with the Incorporated Research Institutions for Seismology (IRIS);
-- The Southern California Earthquake Center is operated jointly between USGS, NSF, and the University of Southern California;
-- USGS/Stanford joint operation of the Center for Earth Science Information Research.
-- Regional Seismographic Networks are operated by universities with funding provided by USGS under cooperative agreements;
-- The Southern California Earthquake Center is operated jointly between USGS, NSF, and the University of Southern California;

The National Geologic Mapping Program - We strongly support the $1.5 million increase in the National Cooperative Geologic Mapping Program (NCGMP). The proposed increase is a welcome sign, considering the fact that there have been attempts in the past to cut this vital program. One of the most fundamental programs of USGS has been the preparation of geologic maps. These maps are the foundation of basic geologic knowledge and are key to understanding the fundamentals of all earth systems. The maps have widespread use in land-use planning, in understanding geologic hazards, and for finding and evaluating all non-fuel and fuel minerals. In their modern analog, digital geologic maps are a basic "coverage" essential to most Geographic Information System (GIS) analysis. Congress recognizes the need for the increased production of geologic maps and in 1992 enacted the National Geologic Mapping Act into law. The program was reauthorized in 1997 and contains FedMap, StateMap, and EdMap. The program is up for reauthorization and we are working with a variety of interests on a sound reauthorization proposal.

FedMap is the USGS's geologic mapping program carried on throughout the nation. A fundamental aspect of this program is the maintenance of a national digital geologic map database. StateMap is a program wherein the state geologic surveys produce geologic maps based on a peer-reviewed competition with all awards of federal funds matched dollar-for-dollar with state funds. Over 40 states have participated in this program, which has produced over 1,000 new geologic maps to date. All of the maps are in a digital format and become part of the national geologic map database maintained by the USGS. EdMap is a program to train future geologic mappers. Any reductions in NCGMP will seriously impact an already strained program and greatly handicap our understanding the basic fundamentals of our planet and deny our resource managers the tools necessary to provide the American people with critical information

on life-threatening situations.

Biological Resources - We believe that the addition of the Biological Resources Division (BRD) has given USGS the capability to address resource problems in a multi-disciplinary way and to integrate data and information much more effectively. It can now give the public a more complete analysis of a resource issue.

We support the additional funding for the Cooperative Research Units. The Coop Units are essential for information a· l outreach to resource managers. However, staffing alone will not contribute to finding solutions to our nation's resource management conflicts. A strong science base is a necessary foundation upon which to construct solutions that can lead to an economically sound and healthy environment. The modest support that biological research now enjoys should not be used as the source of funding to pay for so-called priority needs. As discussed above, it appears that Biological Research and Monitoring is being cut above and beyond the amount re-located into the facilities account, and gained through integrated science. We would urge the Congress to carefully review how the Agency plans to administer the cuts and to ensure that BRD has the resources and the clout to be fully integrated into USGS. We are concerned that BRD may be moving away from the management-oriented research that the division is supposed to perform for the federal agencies that formerly housed BRD's predecessors. While that is not necessarily bad, the question is who will assume the former duties?

Water Resources - We support the request of $5.062 million (compared to the $5.055 million appropriated in FY 1999) for the Water Resources Research Act Program, which funds the state water resources research institutes. The Administration request for the Institutes continues a welcome development when last year an increase for the program was proposed. We believe it is a recognition of the fine work that the Institutes do and the role the Institutes can play in addressing national, state and local water needs of this nation. While we support the Administration request, we do so without prejudicing the authorized levels of $9 million for Section 104(b) -- base grants -- and $3 million for 104(g) -- multi-state, regional research. The $5 million the Institutes received last year was little more than the first year appropriation 30 years ago. However, since that time inflation has eroded the purchasing power of the research dollar by four fold. We strongly urge you to consider our support for the $5.5 million request as a marker on the trajectory to the fully authorized amount. We believe that if the wisdom of Congress saw fit, the Institutes could do much more to support the mission of USGS in meeting its responsibilities under GPRA

The Institutes use university scientists to conduct high priority state, regional and national research on water resources which can effectively reduce the cost of the federal role. The Institutes provide an existing research infrastructure by connecting and integrating the university-based water research capabilities. Federal support for the Institute program creates a national network among states and between their land-grant universities and other research institutions. The network links water investigators throughout the nation, thereby eliminating research duplication and ensuring high priority topics are addressed. The federal support and interest in this program is essential for the Institutes to attract non-federal funds, which typically amount to $11 dollars for every federal dollar invested. In sum, the Institutes are a valuable asset to America. They recognize the premise that states, as well as the federal government, have a role to play in managing the nation's water resources.

Madam Chair, thank you for the privilege to present this testimony on behalf of NASULGC. We

look forward to continuing to work with you to ensure wise management of this nation's natural resources.

NASULGC National Association of State Universities and Land-Grant Colleges

February 10, 1999

Dr. Donald J. DePaolo, Chair
Committee on Future Roles, Challenges,
and Opportunities for the U.S. Geological Survey
National Academy of Sciences/National Research Council
Commission on Geosciences, Environment, and Resources
2101 Constitution Avenue, NW, HA 372
Washington, DC 20418

Dear Dr. DePaolo:

I am writing to you as Chair of the Board on Natural Resources (BNR), of the National Association of State Universities and Land-Grant Colleges (NASULGC) to provide our perspectives on Future Roles, Challenges, and Opportunities for the U.S. Geological Survey. This letter is a product of the Board's Executive Committee and has been thoroughly reviewed by all.

NASULGC, CFERR, and the BNR

Founded in 1887, NASULGC is the nation's oldest higher education association. A voluntary association of public universities, including all the land-grant institutions and many of the nation's public university systems, NASULGC has approximately 200 members and campuses in all 50 states and the U.S. territories. Its overriding mission is to support high-quality public education through efforts that enhance the capacity of member institutions to perform their traditional teaching, research, and public service roles. One of the fundamental mechanisms the Association employs to achieve its mission is to engage in partnerships, particularly with Federal agencies, and it has done so long before the current political climate dictated such an approach as a means of doing more with less. Indeed, the "partnership" with USDA goes back a good many years. Over the last several years NASULGC, through its Commission on Food, Environment, and Renewable Resources (CFERR), has undertaken active and substantive partnerships with EPA, NOAA, and the USGS, in addition to the one with USDA. It should be noted that the Association also has a partnership with the Department of Education outside the CFERR framework.

CFERR focuses on broad cross-cutting issues related to agriculture, forestry, home economics, natural resources, oceans and atmosphere, and veterinary medicine in the functional academic areas of research, extension, and teaching. CFERR is one of six commissions within NASULGC, all of which are analogous to interdisciplinary centers within a university, and it

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monitors programs and develops policy positions in broad issue areas. The Board on Natural Resources is one of five Boards in CFERR (the others are Agriculture, Human Sciences, Veterinary Medicine, and Oceans and Atmosphere). It seeks to promote university-based programs dealing with natural resources, ecology, energy, and the environment. The Board provides leadership in communicating issues of significance to these programs with the U.S. Congress, federal agencies, states, private organizations, and other institutions that have programs and interests dealing with natural resources, ecology, energy and the environment. The Board has four Sections -- Forestry, Fish and Wildlife, Energy and Minerals, and Water -- which closely parallel the disciplinary lines of the USGS Divisions. Most NASULGC institutions are represented on the Board. Present membership exceeds 500 scientists and educators who constitute some of the nation's leading research and educational expertise in environment and natural resource disciplines. Many have worked closely with USGS and have intimate knowledge of the Agency's programs and activities. Universities have worked constructively with USGS on a variety of programs, including the Water Institutes, Fish and Wildlife Cooperative Units, Geologic Mapping, and the Biological Resources Division, so there is a foundation for the NASULGC-USGS partnership.

NASULGC-USGS Partnership

Member universities have enjoyed stimulating and beneficial relationships with the USGS. Many of our members have close relationships with their State geological surveys; these two, in concert with the USGS, have performed many projects together. Often these projects were in the furtherance of USGS goals for mapping, resource evaluation, ecological baseline determinations, and water investigations. It should be noted also that they had tremendous educational benefit for the students who assisted in the projects and they helped also to ensure health and productivity within the contributing, academic departments that actually worked on the projects. Thus there was an educational component to the projects that might not have been obvious from a cursory reading of the published project outcomes.

One of the major themes of the agency's Strategic Plan is to "nurture relationships with USGS partners and be responsive to customers." The Plan contains many examples of programmatic activities that could productively and efficiently be conducted through partnership arrangements between the NASULGC universities and the Geological Survey. Partnerships will be critical in determining the degree of success USGS will have in meeting the objective of its Strategic Plan and fulfilling its mission to the American people. I perceive that these partnerships are in the traditions of the projects to which I alluded in the previous paragraph. They will ensure also a "survivable" cadre of experts in the United States.

Unfortunately, as we worked to establish our NASULGC partnership with the USGS, it took congressional intervention for the agency to respond positively to our entreaty for implementation of the partnership. We acknowledge that this was in a time of transition for the agency, which may explain the delay. Finally, on January 29, 1998, 25 NASULGC representatives from the five CFERR Boards met with nine officials from USGS, including the

acting director and assistant director, and the division chiefs, at the USGS offices in Reston, Virginia. While it was a very constructive and encouraging initial meeting, and there clearly are USGS officials who are sincere in working with universities, there has been some difficulty in moving into substantive areas of cooperation.

The primary purpose of the Partnership is to develop closer working relationships between the academic community and USGS scientists to facilitate research and service, to develop new initiatives in areas of common interest, and to provide assistance to the Agency in the implementation of its Strategic Plan and in securing budget support for science. For the coming year, the partnership has set up five subcommittees, four based on USGS strategic themes: 1) Hazards, 2) Natural Resources, 3) Environment, and 4) Information Management. A fifth subcommittee on Human Resources was also established. All except the Human Resources Subcommittee have conducted conference calls and are continuing to develop specific areas for USGS-university collaboration.

The Board's initial impressions of the partnership is that the Agency's leadership has been slow to use us to achieve its goals. The rhetoric is there, but the commitment is less apparent. Second, there does not seem to be a mandate for the Agency's theme leaders to make things happen. There appears to be a lack of the kind of focus that would realize the agency's plans for its themes. The action still appears to be in the Divisions. There have been some very interesting discussions with plenty of ideas, but it has been difficult to effectuate some of the more feasible suggestions. Third, in general, the agency appears somewhat inexperienced in outreach and working with outside groups. It is our impression that the agency has a perspective of universities as primarily interested in research grants and fellowships and has yet to ponder creatively how to exploit the vast technical expertise in the university community to its benefit.

We are very encouraged however that the new leadership at USGS has a keen understanding of the benefits to the agency of working closer with its university partners. In a recent meeting with certain BNR representatives, the new Director enumerated several areas of common interest and pledged his efforts to expand the Agency's relationship with the university community.

OBSERVATIONS

There are other observations we would like to offer at this time, in response to the queries raised in the Committee's Plan of Action and Statement of Task. In general, the agency's work is viewed as very high quality, but expensive, and becomes competitive to some because of cost sharing (Federal-State Coop program). The work can also be somewhat slow and not always responsive to the customer's needs. The agency would benefit from a science advisory board, or some other mechanism for periodic external review of the agency's overall direction and performance in science. Again, we feel the new director understands these weaknesses, but needs support from above and below to institute change. Now with respect to the NRC committee's specific questions:

1) Direction of USGS -- A consensus of the Board supports the direction of the agency. There is one concern that the Biological Resources Division may be moving away from the management-oriented research that the division is supposed to perform for the federal agencies that formerly housed BRD's predecessors. While that is not necessarily bad, the question is who will assume the former duties? Ideally, the agency's strategy should be to identify ecologically significant problems on a regional basis, prioritize importance, and address relevant research goals and questions. Some studies should be long-term, others more appropriately short-term.

2) Societal Needs -- In the area of water resources, the key issues relate to sedimentation, water quality, water management and how hydrologic change affects ecosystems and economic values. Another issue involves the changing use of the land base, especially what will be the impact of urban sprawl 50 years into the future on biodiversity, habitat, etc. Clearly, the focus needs to be on the impacts of a wide-range of human activities on the renewable resources base. Additionally, USGS should act to assure that biological resource management is based on the best available science and understanding of ecosystem function and what is needed to insure sustainability. The agency should not attempt to duplicate basic research support of NSF, or duplicate EPA, or NOAA.

3) Emerging Scientific and Technical Issues -- One area of importance is the effects of hydrologic modification. A second is ecosystem studies and the relationships among systems. Third, is forecasting natural disasters. Fourth, is the need for a better inventory and a National Data Base of biodiversity and a comprehensive understanding of how best to use and to sustain renewable natural resources, - which includes seeking sound, objective data on endangered species. How to obtain and maintain such a data base is a technical challenge. Information and technology transfer remain relevant concepts. Needed are (1) a mechanism to identify and prioritize research needs, (2) format standards, (3) quality assurance and quality control protocols, and (4) efficient data transfer protocols. All of these represent areas where a USGS-university partnership could share expertise and resources to get the job done more efficiently.

The BNR sees a substantial strengthening of the mission of the USGS with the inclusion of the Biological Resources Division (BRD). There are many synergies that can be developed for the Department of Interior by placing the bulk of its biological responsibilities within the USGS. Presumably, these interactions plus the potential for cost efficiencies were what drove the move. Your committee can examine successes in obtaining these efficiencies. Moreover, the timing of your panel's study is excellent because you can serve in an advisory role, helping the USGS to establish, correct, or maintain course with its biological work.

4) Multidisciplinary Issues -- The optimum means for addressing multidisciplinary issues are effective and meaningful partnerships, including ones with the university community. The opportunities are self-evident and enumerated throughout this letter. Two major elements, however, are missing that precede successful partnerships. First and foremost is simply the will to partner. The second is the establishment of workable mechanisms. To make our partnership

work we need to enhance both. Some mechanisms that are available -- the Water Institutes, the Coop Units, EDMAP -- are underutilized.

The stated intention, within the USGS Strategic Plan, to reduce effort in geological mapping is troubling to the universities. As stated earlier, mapping has had tremendous educational benefits for students and faculty members. The pursuit of other continuing mapping goals, say of natural hazard lands, will require personnel trained well in field techniques. We would feel more comfortable if there were continued investment in some of the mapping programs, such as EDMAP, that continue to support student training. Such support would be akin to the university-industry programs, such as cooperative training and scholarships, that assure industry of student interest in them. We would also ask the USGS, as part of its planning exercises, to estimate the number of field-oriented people — new graduates — needed for public (State and Federal) programs. These people would be in addition to those needed by industry.

The Strategic plan wisely puts a lot of emphasis on the water resources of the United States. The Survey's programs in water in all of its thematic variations: resource, environmental attribute, and source of hazardous floods, are a tremendous national resource. Our member universities are proud to collaborate in these ventures. One of the principal vehicles for collaboration is the Water Resources Research Institutes; unfortunately, we feel that these have as often been the source of contention as of collaboration. We hope that the NASULGC-USGS partnership can be used to plan for the harmonious use of the WRI's. If the two work collaboratively on the water institutes, each side will benefit. I envision the potential for joint strategic planning exercises, research teams, joint authorship of publications, peer review of theses and dissertations through shared membership of graduate study committees, etc. The WRI's have the potential to bring a large number of additional researchers to the USGS study teams.

5) Opportunities for Improving Partnerships -- Much of this is discussed in item 4 above. One additional thought is for USGS to work more closely with Mexico, Canada, and South America on migratory birds, coastal hazards and other issues. Another idea is to create larger multidisciplinary units of more people to interact with a greater array of university faculty.

Since NASULGC has partnerships with other earth science, natural resource agencies, we can become pivotal in creating the linkages and cross cuts across agency boundaries. In fact, NASULGC organized a symposium with USGS, NOAA and private organizations on Reducing America's Vulnerability to Coastal Hazards, last October.

Issues that are important to us are the maintenance of university-government collaborative programs in fish and wildlife and forestry. Of equal interest should be the discharge of responsibilities under the former agencies' organic acts. We would like also to be assured that interagency arrangements are made between the USGS and those charged with developing fundamental research such as NSF or application-oriented work such as would be found in EPA and NOAA. We believe that the USGS will be able to speak powerfully as these agencies develop their own research plans and strategies. The university-government collaboration that I

speak of elsewhere can be effective in achieving these research goals.

6) Balance of Activities -- A typical waiter's response to a diner's query on "what's good," is "it's all good." That more or less is the Board's consensus on the balance of data acquisition and management, regional studies, and fundamental research. The view is that it is all-important and the need for one should not eclipse the need for another.

UNIVERSITIES CAN HELP

One final thought, as discussed above, NASULGC is engaged in a variety of partnerships with Federal agencies. The primary objective of these undertakings is to maximize opportunities to harness the vast storehouse of knowledge in our institutions toward addressing public needs as defined by our leaders in government. These partnerships ensure that our universities are relevant in today's dynamic and complex world, where issues of public interest are multidimensional and require multi-disciplinary approaches. They have produced substantive results. Universities worked with NOAA to establish a science advisory board for the agency and in EPA universities have assisted in peer-review reforms.

The American people have asked all of us to do more with less. This attitude prevails even in an era of budget surplus, because it is about accountability. To maintain a vibrant and prosperous economy, a clean and healthy environment, and unfailing national security, creative models will be necessary to anticipate the threats to these cherished goals. As major repositories of knowledge, universities constitute a limitless resource of imagination and innovation. Moreover, these universities are funded by their respective states, thus the NASULGC partnerships are also state-federal partnerships that extend the resources of each partner in a broad way. In all of our partnerships, whether with USDA, EPA, NOAA, or others, universities have proved their value far beyond original expectations.

NASULGC universities are particularly suited for partnerships with Federal agencies. Public service is inherently part of our mission. We strive daily to make sure we are not failing those who have manifested their trust in us — through tax dollars and in student enrollment — to educate, to conduct first-rate research, and to share with society the bounty of our work.

Dr. DePaolo
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I am confident that, collectively, the universities and USGS can identify needs where a joint effort is undeniably more effective than a solitary one.

Yours sincerely,

Lee W. Saperstein

Lee W. Saperstein
Dean and Professor of
Mining Engineering,
BNR Chair

LWS/kdb
Attachment

Dr. DePaolo
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Board on Natural Resources 1999 Executive Committee

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Dean, School of Mines and Metallurgy
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Questions Submitted by US Rep Rahall
To OSMRE Director Karpan
for the record of the
Subcommittee on Energy and Mineral Resources
February 25, 1999, Oversight Hearing on OSMRE's Budget Request

General

1. Several years ago OSMRE was subjected to severe personnel cuts. How has the agency coped with these reductions and are they currently impeding the fulfillment of agency responsibilities?

ANSWER:

In FY 1995, the Office of Surface Mining Reclamation and Enforcement (OSM) underwent a reduction in Force to meet projected budget shortfalls for FY 1996. OSM reduced from 989 FTE in FY 1995 to 664 FTE in FY 1996. These reductions were achieved as a result of full retirements, early retirements, buyouts, and reassignments and the actual severance of employees.

As a result of the funding and personnel reductions, OSM needed to evaluate agency priorities focusing on ways to work more effectively to achieve our goals of Better AML, Better Protection, Better Operations, and Better Service to fulfill the Surface Mining Control and Reclamation Act responsibilities. OSM constantly strives to improve in all areas and to enhance our communications, both internally and externally. OSM management realized that to cope with budget and staff reductions, it needed to review operations to improve productivity. Some examples where work processes were streamlined without impeding the fulfillment of agency responsibilities included: changing the oversight process in cooperation with the States for conducting program evaluations and developing innovative ways to provide technology transfer and technical assistance to States and Tribes, such as the Acid Mine Drainage Technology Initiative and continued use of the Technical Information Processing System (TIPS). OSM also began using a simplified grant process, established a simplified acquisition and credit card system; increased property accountability thresholds, developed new management control techniques; and enhanced use of computer technology for permit reviews and program evaluations.

OSM is also undertaking a Succession Planning effort to ensure it has the appropriate mix and level of trained competent employees at the right locations. This effort requires a structured, in-depth workforce analysis to determine as vacancies occur, through normal attrition or retirement, the types of positions to fill these vacancies, the job duties and the location of these positions.

2. In a January 1999 memorandum to OSMRE employees, you noted that a management council and a committee of employees identified three goals: "More Abandoned Mine Land Reclamation, Better Service to the States and Better Internal Operations." Is being more responsive to the concerns and complaints of coal field citizens a consideration as well?

ANSWER:

Yes - OSM promptly responds to the public whenever anyone contacts our offices. Our goal of ***Better Service*** is one of our top priorities. However, historically, we document responses only to written and signed formal Citizen Complaints. The formal Citizen Complaint process is in place and is necessary to initiate a Ten Day Notice of Violation. However, we are about to initiate a response process for all public inquiries to OSM, including verbal inquiries. Under this initiative, OSM will respond to all verbal inquiries and comments. Moreover, OSM will capture this information in a database that will facilitate evaluation and analysis of it as well. This information on a local, state, and national level will be a valuable tool in developing OSM's strategic plan, and its management of its responsibilities to the public. This process will also meet the Administration's initiative on improved customer service.

Abandoned Mine Reclamation Fund

1. Please provide, by program activity and amount, the allocation of the Secretary's discretionary share of the Abandoned Mine Reclamation Fund for fiscal years 1997, 1998, and 1999.

ANSWER:

Account	Balance into FY 1997	Balance into FY 1998	Balance into FY 1999
Rural Abandoned Mine Program Share	$ 155,965,074	$ 192,766,705	$227,275,988
Federal Expenses Share	$ 148,253,532	$ 172,841,617	$189,002,443
Historic Coal Share	$ 195,339,145	$ 217,338,384	$233,683,588
Total	$ 499,557,751	$ 582,946,706	$649,962,019

2. Please provide, by program activity and amount, the allocation of accrued interest from the Abandoned Mine Reclamation Fund for fiscal years 1997, 1998, and 1999.

ANSWER:

Program Activity	FY 1997	FY 1998	FY 1999 (As of 1/31/99)
Rural Abandoned Mine Program Share	$ 16,201,251	$ 13,406,241	$ 6,185,194
Federal Expenses Share	$ 32,402,503	$ 26,812,483	$ 12,370,389
Historic Coal Share	$ 32,402,503	$ 26,812,483	$ 12,370,389
Total	$ 81,006,257	$ 67,031,207	$ 30,925,972

3. Appropriations for the Clean Streams Initiative were first initiated for fiscal year 1997. Please provide the account (i.e., State share, Secretary's discretionary/State Supplemental also known as Historical Coal Share, accrued interest) from which Clean Streams initiative funds were credited from for each of fiscal year 1997, 1998, and 1999. Also, please provide a listing by State, number of projects, and amount, for which Clean Streams funds have been allocated.

ANSWER:

State	FY 1997 - State Share	FY 1998 - Historical Share	FY 1999 - Accrued Interest	Number of Projects
Alabama	$ 325,000	$ 77,210	$ 263,804	1
Illinois		$ 286,036	$ 639,235	1
Indiana	$ 325,000	$ 93,124	$ 292,416	3
Iowa		$ 22,609	$ 165,644	1
Kentucky	$ 550,000	$ 280,334	$ 628,976	3
Maryland	$ 100,000	$ 18,166	$ 157,657	2
Missouri		$ 22,130	$ 164,785	1
Ohio	$ 650,000	$ 175,344	$ 440,230	3
Pennsylvania	$ 650,000	$ 924,611	$ 1,787,239	4
Tennessee				
Virginia	$ 325,000	$ 86,043	$ 279,687	1
West Virginia	$ 975,000	$ 531,393	$ 1,080,327	5
Undistributed Balance to be used for Cooperative Agreements			$ 750,000	
Acid Drainage Technology; Partnering			$ 350,000	
Total Clean Streams Initiatives	$ 3,900,000	$2,517,000	$ 7,000,000	25

4. Section 402(h) of SMCRA provides for a transfer of accrued interest from the Abandoned Mine Reclamation Fund to the UMWA Combined Benefit Fund. Does the Administration view the language set forth in section 402(h)(2) as imposing a limitation on the amount of interest which may be transferred to the Combined Benefit Fund, or as providing guidance but not an express limitation?

ANSWER:

Section 402 (h)(2) of SMCRA provides guidance to the Secretary regarding the methodology and amount of the transfer required to be made to the UMWA Combined Benefit Fund (CBF). Specifically, in the situation where the Secretary's transfer occurs before the CBF trustees estimate the amount of expenditures that will be debited against the unassigned beneficiaries premium account for the fiscal year, Section 402(h)(2) provides guidance to the Secretary as to the amount of that initial transfer. However, under the terms of the Memorandum of Understanding entered into between OSM and the CBF regarding the methodology of the transfer, the CBF informs OSM of its estimate of the amount of expenditures that will be debited against the unassigned beneficiaries premium account prior to the Secretary's initial transfer, so that reliance on the guidance in Section 402(h)(2) does not become necessary.

5. Please provide a list, by-State and amount, of the distribution of Small Operator Assistance Program funds for fiscal years 1997, 1998 and 1999. Also, please provide the formula by which these funds were allocated in each of these fiscal years.

ANSWER:

In fiscal years 1997 and 1998, SOAP was distributed to States based upon the States' grant requests, past expenditure history, and available funding. For both of these fiscal years, OSM sought and received appropriations of $1.5 million. Because of carryover and current year recoveries, OSM had sufficient SOAP resources to meet funding needs in FY 1997. However, in FY 1998, OSM did not seek SOAP funds commensurate with States' SOAP grant requests. In order to adjust for this shortfall, OSM distributed funds sufficient to fund the State programs through December of 1998. As a result, one State (Pennsylvania) was funded for six months rather than a full year. The following table provides the distribution by State.

State	Distribution of SOAP Funds for Fiscal Years 1997 and 1998	
	1997	1998
Alabama	$ 0	$ 0
Arkansas	0	0
Kentucky	1,215,475	1,000,000
Maryland	70,000	65,855
Ohio	225,000	70,000
Pennsylvania	1,200,000	771,145
West Virginia	1,000,000	900,000
Total	$ 3,710,475	$ 2,807,000

In FY 1999 OSM again sought and received $1.5 million for SOAP. Coupled with $0.24 million carryover, OSM had $1.74 million in initial funding authority. Recoveries obtained during the fiscal year will augment funding authority. As of January 31 , 1999, additional recoveries amounted to $0.287 million.

In FY 1999, the States requested $5.1 million for SOAP grants. To meet this shortfall, OSM developed a formula to distribute the initial $1.74 million in available funds, plus any additional recoveries realized during the fiscal year. Generally, OSM distributed funds to States based on

the number of operators assisted by each State program. Specifically, the available funds were prorated according to the number of approved applications from operators, adjusted to reflect the level of services provided by each State. In addition, OSM funded two States that had not participated actively in recent years but had current applications from small operators. OSM is holding a small amount in a pool to allow other inactive States to receive funding.

OSM is currently pursuing a reprogramming of $2.08 million to augment this shortfall. If approved by the House and Senate Appropriations Committees, OSM would have funding authority of $4.1 million, based on the appropriation, carryover, the reprogramming, and current recoveries.

OSM is addressing future SOAP funding needs. To avoid future similar shortfalls, OSM will work with the States to determine a reasonable funding level. OSM has invited State representatives to meet in March, 1999 to discuss this matter, as well as programmatic issues. Based on this determination, and consistent with Congressional direction in future budgets, OSM will operate the program with stable and predictable funding levels.

The following table provides FY 1999 SOAP funding by State based on the funding formula for the appropriation, carryover and recoveries. Funding received from the anticipated reprogramming was distributed based on a State's obligation history. It provides the distribution by initial distribution and potential distributions based on current recoveries and anticipated approval of the reprogramming request.

State	**Current FY 1999 Distribution**	**Potential Distribution with Current Recoveries**	**Potential Distribution with Current Recoveries and Reprogramming**
Alabama	35,000	35,000	35,000
Arkansas	25,000	25,000	25,000
Kentucky	716,433	848,240	1,577,183
Maryland	35,000	37,762	83,103
Ohio	97,531	114,478	197,193
Pennsylvania	668,670	780,706	**1,584,618
West Virginia	122,817	146,291	565,379
Pool for other States*	40,000	40,000	40,000

Total	1,740,451	2,027,477	4,107,477

*Five States did not have active SOAP programs in FY 1998 requested FY 1999 funding. The pool was established to provide funding for any of these States when needed. Thus far, two of the five States, Alabama and Arkansas, have received funds.

**This includes funding for a grant budget period longer than twelve months. Note decrease in FY 1998 funding level, relative to FY 1997.

Regulatory

1. Please provide a list of all pending rulemakings, excluding State Program amendments.

ANSWER:

Name of Rule	Stage of Development.
Enhancing AML Reclamation	Final rule stage. A final rule was published on 2/12/99.
Indian Lands	Proposed rule stage. A proposed rule was published in the Federal Register on 2/19/99 for public comment. The public comment period will close on 4/9/99.
Indiana Cooperative Agreement	Proposed rule stage. A proposed rule was published in the Federal Register for public comment on 2/8/99. The public comment period will close on 4/9/99.
Ownership and Control - Redesign	Proposed rule stage. A proposed rule was published in the Federal Register for public comment on 12/21/98. The public comment period closed on 2/19/99. Due to requests from the public for more time to comment, the proposed rule was re-opened on 2/23/99 and the comment period will close again on 3/25/99.
Prohibitions - 522(e)	Final rule stage. The target date for publishing a final rule is 11/99.
Valid Existing Rights	Final rule stage. The target date for publishing a final rule is 11/99.

Other regulatory initiatives under consideration in FY 1999 and 2000 include: abandoned coal refuse sites - Title V, contemporaneous reclamation, dam safety, electronic filing, mountaintop mining, and revegetation (to address reforestation and diversity issues).

2. Please provide a list of the number of NOVs and COs issued, by State, for the most recent period this information is available.

ANSWER:

Notices of Violation and Cessation Orders issued by the Regulatory Authority
1998 (October 1, 1997 - September 30, 1998)

State	Notice of Violation	Failure-To-Abate Cessation Orders	Imminent Harm Cessation Orders
Alabama	173	33	6
Alaska	3	3	0
Arizona	0	0	0
Arkansas	13	0	0
Colorado	16	0	0
Crow Tribe[1]	0	0	0
Georgia[2]	0	0	0
Hopi Tribe[1]	8	0	0
Illinois	11	0	0
Indiana	99	3	0
Iowa	14	5[3]	0
Kansas	0	0	0
Kentucky	1,465	75[3]	15[3]
Kentucky[2]	10	0	0
Louisiana	4	0	0
Maryland	14	0	0
Mississippi	0	0	0
Missouri	70	22	0
Montana	16	5	0
Navajo Tribe[1]	7	0	0
New Mexico	6	0	0
North Dakota	0	0	0
Ohio	199	3	6
Oklahoma	50	0	0
Pennsylvania	1,019	54	3
Tennessee	51	11	2
Texas	18	0	0
Utah	24	0	3
Ute Tribe[1]	0	0	0
Virginia	239	8	3
Washington	1	0	0
West Virginia	1,286	116	12
West Virginia[2]	0	0	0
Wyoming	24	0	0
Total	4,840	338	50

1. Indian Lands Program
2. Federal Lands Program
3. Number of violations for Iowa and Kentucky is not available, the number of actions is shown

3. Please provide a list of the number of citizen complaints received, by State, for the most recent period this information is available and the manner by which the complaints were ultimately addressed.

Written Citizen Complaints Received by the Office of Surface Mining[C]
Between October 1, 1997 and September 30, 1998
and
Ten -Day Notices Issued As A Result of These Written Citizen Complaints

STATES	Number of Written Citizen Complaints Received	Number of TDN Actions Based on These Citizen Complaints[T]	Number of Violations Referenced in the TDN Action[V]	Field Office TDN Determination Regarding State's Response		
				Pending State Action	Appropriate State Action	Inappropriate State Action
Alabama	4	4	6		6	
Alaska						
Arkansas						
Colorado	2	2	2		2	
Georgia[F]						
Illinois						
Indiana	1	1	1		1	
Iowa						
Kansas						
Kentucky	47	47	72	15	57	
KY Federal Lands[F]	1					
Louisiana						
Maryland	2	2	3		3	
Mississippi						
Missouri						
Montana						
New Mexico						
North Dakota						
Ohio	6	6	12		12	
Oklahoma	2	2	2		2	
Pennsylvania	22	15	22	6	16	
Tennessee[F]	3					
Texas						
Utah						
Virginia	6	6	10		10	
Washington[F]						
West Virginia	22	3	3	1	1	1[W]
Wyoming	1	1	1		1	
Totals	**119**	**89**	**134**	**22**	**111**	**1**

C Data related to written citizen complaints made directly to the State regulatory authority are maintained by that State.
F Federal Program States, and OSM is the Regulatory Authority.
S State is the Regulatory Authority except for Footnote "F."
T It should be noted that there is not a direct one-to-one ratio between written complaints and the issuance of ten-day notices, reflecting a policy earlier in effect under which OSM pursued resolution of the complaint informally with the State prior to issuance of a ten-day notice. While results under this policy generally were successful, it sometimes led to an under-reporting of citizens' concerns. In an effort to increase reporting accuracy, OSM's new policy - in effect for most of this review period - provides that all written complaints be formally referred to the State via a ten-day notice for investigation and resolution.
V A single ten-day notice may refer more than one violation to the State for investigation and resolution.
W As a result of OSM action, the company is working toward compliance.

The data in the preceding table is as of February 11, 1999. The source of the data is OSM's Inspection and Enforcement Tracking System, as verified for currency with OSM's field offices.

4. Perhaps the two most controversial aspects of OSMRE's regulatory program today involve blasting regulations and the manner by which permits are issued for operations which are, or have the character of, mountaintop removal mining. Does OSMRE believe its blasting regulations need to be updated, and if so, what actions are being taken?

ANSWER:

We have a team of Federal and State personnel that has been reviewing blasting issues and keeping abreast of significant research to compare findings to the current regulatory standards. Thus far, we have not found the scientific basis to support a regulatory change. Therefore, we do not have plans to update the blasting regulations at this time. However, we are undertaking several initiatives regarding blasting, including:

(1) An automated program to help inspectors review the many pages of shot records for anomalies is being tested by OSM staff in Kentucky and West Virginia. Once tested and established, this will be a useful technical tool in the review of blasting records.

(2) Since blasting continues to be the issue raised in many citizen complaints filed with both OSM and the States, we are developing a process to sample these complaints nationwide to categorize the circumstances that are causing them. We will then be able to evaluate this data to determine if it supports a regulation change or other initiatives.

(3) The Federal and State team has also been considering future revisions to OSM's Blaster Guidance Manual, including addressing criteria the regulatory authority should consider in determining when limits should be lowered to protect structures. These efforts will continue.

(4) We have submitted a request to the U.S. Geological Survey to conduct three studies in blasting — (1) Damage Potential to Residential Structures from Blasting, (2) Seismic Energy Generation and Propagation from Coal Mine Cast Blasting, And (3) Seismic Energy Generation and Propagation from Coal Mine Longwall Operations. These studies were requested in December 1998 through the new research priority process established by the Survey in connection with developing the FY 2001 budget request.

5. Late last year, OSMRE released a draft West Virginia Oversight Evaluation Report on the issues of approximate original contour and postmining land use. In this regard:

A. Was this the first time an OSMRE State regulatory program oversight report was publicly issued in draft form and subjected to public comment?

ANSWER:

To my knowledge, this was the first time that an OSM evaluation report was publicly issued in draft form and subjected to public comment. OSM typically solicits comments from stakeholders in developing an annual oversight work plan. A work plan may contain several regulatory program topics which are the subject of review in any five evaluation year. Each topic results in a report. All reports are then summarized in an Annual Oversight Report. For instance, in addition to the topic of mountaintop mining, the Charleston Field Office also prepared reports with findings on aerial inspections, random oversight inspections, alternative bonding system adequacy, grant expenditures, and the small operator assistance program. Only the draft report on approximate original contour and post mining land uses was released for public comment.

Oversight topic reports are not normally subjected to public comment. OSM solicited public comments on the draft West Virginia oversight report due to the amount of public interest in this topic and because the issue appeared to have implications beyond the boundaries of West Virginia. Each draft topic report is sent to the State with a request for comment and, if appropriate, a schedule for action to address any problems or issues that are identified. A final report is developed after considering and including State comments. Both the draft and final reports are included in the evaluation file. The evaluation file, which includes all documents pertinent to the evaluation year, is maintained on an ongoing basis and is open to the public for review. Any public comments, complaints or observations pertaining to the annual Evaluation Report or evaluation process are maintained in the evaluation file.

B. Does OSMRE now intend to issue all of its State regulatory program oversight reports in draft form and available for public comment?

ANSWER:

At this time, OSM does not plan to publish its topical evaluations in draft form for public comment. As mentioned above, OSM requests public input on the topics for review during the evaluation year and provides the results of the review to the State for comment and resolution. However, in similar situations in the future, where an individual or group of individuals have shown an interest in a particular program area, OSM will consider issuing topical reports in draft form and soliciting comments from both the State and the interested parties. Our pending draft oversight reports on mountaintop mining in Kentucky and Virginia will be circulated for public comment.

C. How many comments were received on the West Virginia report and if possible, categorize the sources of comments received, i.e., industry, citizens, government?

ANSWER:

The comment period on the draft West Virginia report was to close on January 15 initially, but was extended through February 12, due to public interest. At the close of the comment period, OSM had received 64 letters, e-mail messages or comments on the draft evaluation report.

Our initial review reveals that approximately 18 or 28 percent of the comments received to date pertain to mountaintop mining practices in Kentucky and most of those concern proposed mining activities on Black Mountain.

Of the 46 documents received by OSM that pertain to West Virginia, private citizens submitted 55 percent, environmental groups submitted 24 percent, industry submitted 17 percent, and governmental agencies submitted four percent. The West Virginia Division of Environmental Protection and the National Park Service were the only State or Federal agencies to comment. Fifty-four percent of the documents submitted provided specific comments on the draft evaluation report and most of the remaining comments were protesting mountaintop mining in general.

D. In the report, OSMRE invited comment on whether it should issue further guidance on approximate original contour as it relates to mountaintop removal operations, and if so, whether that guidance should be in the form of a formal rulemaking or other measures such as a policy statement. Has OSMRE arrived at a conclusion on how to proceed with this matter?

ANSWER:

OSM has thoroughly researched the legislative intent of SMCRA regarding approximate original contour (AOC). West Virginia, Kentucky, and Virginia officials have agreed to work with OSM in testing a formula for applicants to demonstrate during the permit application development, and for regulatory authorities to affirm during application review, that AOC will be attained and that only SMCRA-authorized excess spoil material will be disposed in valley fills. The objectives of this process are: 1) reclaimed mine sites that more closely resemble the land configuration before mining; and, 2) minimized impacts on aquatic and terrestrial habitat in valleys affected by SMCRA-authorized permits. We are in the early stages of piloting the approximate original contour / excess spoil formula with West Virginia, but are encouraged by the cooperation thus far. After piloting the concept with West Virginia, Kentucky, and Virginia, we can better determine if further OSM rulemaking or policy guidance may be required. OSM plans to brief appropriate Congressional delegation(s) after the approximate original contour / excess spoil determination formula is established. Also, once established, OSM will make this formula available to stakeholders and incorporate it in appropriate OSM technical training course(s).

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