S. HRG. 109–17

FISCAL YEAR 2006 BUDGET REQUEST FOR THE DEPARTMENT OF THE INTERIOR

HEARING

BEFORE THE

COMMITTEE ON ENERGY AND NATURAL RESOURCES UNITED STATES SENATE

ONE HUNDRED NINTH CONGRESS

FIRST SESSION

TO

RECEIVE TESTIMONY ON THE PRESIDENT'S PROPOSED FY 2006 BUDGET FOR THE DEPARTMENT OF THE INTERIOR

MARCH 1, 2005

Printed for the use of the
Committee on Energy and Natural Resources

U.S. GOVERNMENT PRINTING OFFICE

20–826 PDF WASHINGTON : 2005

For sale by the Superintendent of Documents, U.S. Government Printing Office
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FISCAL YEAR 2006 BUDGET REQUEST FOR THE DEPARTMENT OF THE INTERIOR

TUESDAY, MARCH 1, 2005

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

The committee met, pursuant to notice, at 10:06 a.m. in room SD–366, Dirksen Senate Office Building, Hon. Pete V. Domenici, chairman, presiding.

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

The CHAIRMAN. The hearing will please come to order. First, thank you all for coming. We will try, although there are an awful lot of questions about the proposals that were made for your budget, we will try to be brief this morning.

First, I welcome you, Madam Secretary, and I also welcome Lynn Scarlett. You are already in the Department, but hopefully you will be the Deputy Secretary soon. We hope that your nomination can move through here quickly. We are also pleased to have the chief budget officer. We welcome you here to the hearing.

Senator Bingaman, this is another one of those kind of we have to have hearings, and I thank you for making time today.

Madam Secretary, I must say that the budget presents a real challenge. We sometimes think it is a challenge to this committee, and clearly it is, because we are supposed to know how the legislation that has been passed is being treated both in the budget and in appropriations. Many of the complaints and concerns, ideas, that we have here we will not be able to do much about unless we move in the Appropriations Committee because they are not—the budget is not part of our authorizing bailiwick.

Nonetheless, with non-defense and non-homeland security programs held at about 1 percent below current funding levels, there are some very major challenges for Federal agencies. That's at large. $389 billion are for these appropriated programs, and it sounds like a lot of money, but these programs are all the rest of the Federal Government's programs except the two categories which I just mentioned. These programs provide a very wide range of services that many rely upon and that you will have to administer.

The Department of the Interior under the President's budget has a total of $10.8 billion. Excluding the emergency fire funding of almost $99 million provided for this year, your budget is about a freeze. Is that about the way you see it?

Secretary NORTON. Yes.

The CHAIRMAN. But not all programs are frozen, which means some are cut very much, some are eliminated, and some are increased. The administration proposes to terminate four programs. That will save approximately $117 million. 75 percent of these savings, about $90 million, would come from the termination of a State-wide grant program for the Land and Water Conservation Fund. I know that a number of our members on both sides of the aisle would have some serious questions about that, and I am not sure that that will not face some challenge as this budget moves down the line.

If Congress does not adopt the proposed savings, some of the proposed increases for park operations, facilities repair, which you have indicated you need, BLM hazardous fuels reduction, which a lot of people think is very important, and Water 2025—just examples—they would be very hard to achieve if you don't achieve the terminations that are contemplated by the President.

The administration's significant savings in mandatory programs under this committee's jurisdiction, some $267 million for 2006 and $4.1 billion over 5 years, these proposals will be discussed during the consideration of the budget resolution. Of course, if anyone wants to bring them up it would be good to do so today, and I might.

So I am going to summarize and conclude my remarks. There is much more to be said, but we did not come here to hear my analysis. We came here to hear what you think about it. With that, I am going to yield to Senator Bingaman, and I thank the other members for coming.

Senator Bingaman.

[The prepared statements of Senators Akaka and Bunning follow:]

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

Thank you, Mr. Chairman, for calling this hearing on the Department of the Interior's FY 2006 budget proposal. While there are some bright spots in the budget, for the most part there are decreases in too many programs that are important for my State of Hawaii and the nation. I know there are hard choices to be made, but I am concerned that the President's spending priorities for the war on terrorism, the war in Iraq, and tax cuts are forcing federal agencies to mortgage the future of parks, wildlife, public lands, and partnership programs with States.

I have some general concerns, which I will note here, and some specific questions on other aspects of the proposed budget. I am referring to the elimination of the Stateside grants for the Land Water Conservation Fund and reductions in the Payment-In-Lieu-of-Taxes, or PILT program. State wildlife agencies need these funds. My State Department of Land and Natural Resources and our Counties in Hawaii need the resources from both of these Funds. Without them, Hawaii will have to cut back on programs and services for critically endangered species, hunters, and park management. These programs are part of the on going partnership with States and State wildlife agencies that are the bedrock of sharing revenues. We cannot step back from our commitment to States.

PREPARED STATEMENT OF HON. JIM BUNNING, U.S. SENATOR FROM KENTUCKY

Today's hearing on the fiscal year 2006 budget for the Department Interior is important for the protection of our country's natural resources. I believe that funding conservation and management of those resources will help benefit communities today and preserve our cultural heritage for future generations.

One particularly important program for the State of Kentucky is the Abandoned Mine Land (AML) program. Coal mining has been important to Kentucky's economy

and has helped keep Kentucky's electricity rates the lowest in the Nation. AML has helped restore lands and waters impacted by mining but were left inadequately restored. Last year we passed a temporary reauthorization of the AML program with the hope of addressing the details and goals of the program more thoroughly this year. I will be interested to hear what your thoughts are for the AML program.

I know that Congress will have the tough job of practicing some fiscal restraint. Although fiscal year 2006 will be a challenging one, I am confident that we can practice restraint while protecting our Nation's resources.

I thank Secretary Norton and her staff for their hard work and her willingness to appear before us today to explain the Department of the Interior's budget in detail.

Thank you, Mr. Chairman.

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

Senator BINGAMAN. Thank you very much, Mr. Chairman. I thank the Secretary and the Deputy Secretary for being here, soon to be Deputy Secretary.

Let me mention four or five issues that I am concerned about and I am sure we will hear testimony on. One is this Land and Water Conservation Fund. We have had an ongoing disagreement about that. It is clear to me the budget that has been presented contradicts the purpose of Congress in setting up the Land and Water Conservation Fund. The law establishing the Land and Water Conservation Fund provides only for two types of expenditures within that fund. One is Federal land acquisition and the other is grants to the States for open space and outdoor recreational purposes. The law also says that the Federal land acquisition portion should not be less than 40 percent of the total Land and Water Conservation Fund appropriation.

This year, instead of asking for full funding, the administration has asked for $680 million. Only $154 million represents authorized expenditures from that fund, the way I read the law. That is one of the smallest proposals in the history of the Land and Water Conservation Fund. As the chairman mentioned, you do propose to zero out the State grant program in that fund, which of course is a serious concern to many of our States and I hope is something that the Congress will not agree to.

On PILT funding, I am concerned that the budget you have presented proposes cuts in funding for Payment in Lieu of Taxes. This again is a very important program for my State and for many Western States.

The CHAIRMAN. Senator, which one was that?

Senator BINGAMAN. Payment in Lieu of Taxes, the PILT program. The budget would roll back hard-fought funding increases over the last few years and I think that goes in the wrong direction.

On BLM oil and gas, the chairman convened a conference related to natural gas recently and every witness at that conference who spoke on the subject, both from industry and environmental groups, testified that the BLM needs to be given adequate resources to do its job with regard to leasing activities. I was disappointed that the budget requests cuts in that area.

On abandoned mine land fees, I notice that your budget assumes the continuation of the abandoned mine land fee at the current rate. That fee is scheduled to expire June 30 of this year. Mr.

Chairman, I hope we can move ahead and pass legislation to extend that fee. It is an extremely important program.

On water issues, let me just express my concern there about proposed cuts in the Bureau of Reclamation water resources budget. These cuts have very serious implications for many of our communities, particularly in the arid West. As I read the budget, the President is proposing a 6.7 percent cut in Reclamation's overall budget, a 6 percent cut in the water and related resources accounts of Reclamation, a 3.3 percent cut in Geological Survey's budget for water resource investigations.

I realize the Department has this Water 2025 Program. The reality of the budget, though, is that the $13 million increase that the President is seeking for the Water 2025 Program does not come close to offsetting the $19 million that are proposed for cuts from various studies, from water conservation and endangered species activities, the $29 million cut in rural water projects, the $16 million cut in water reuse projects, and the $5.3 million cut in desalination and water purification funding.

I know the committee, Mr. Chairman, has scheduled a conference dedicated to water issues on April 5 and at that time I hope we can solicit some testimony from stakeholders about their views as to the proper level of funding for some of these activities.

Thank you.

The CHAIRMAN. Thank you very much, Senator.

Does any other Senator want to make some observations early on or would you prefer to have the Secretary testify? Senator, would you like to proceed in the normal manner, let them go and then we ask our questions, or do you want to comment now?

Senator SALAZAR. I have an opening statement.

The CHAIRMAN. Of course.

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

Senator SALAZAR. Thank you for appearing here today and when we get to the question and answer period I will have questions for you on the Land and Water Conservation Fund, the cut in PILT payments, and also the lack of investment from my point of view in the oversight of oil and gas exploration activities on BLM lands.

I have an opening statement and I would just submit that for the record, Mr. Chairman.

[The prepared statement of Senator Salazar follows:]

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

Thank you, Mr. Chairman. Good morning to members of the committee and welcome Secretary Norton. Secretary Norton hails from Colorado and served as Colorado's Attorney General from 1991 to 1999, after which I was honored with the opportunity to serve as Colorado's Attorney General for six years.

The Department of Interior manages over eight million surface acres and over twenty-five million subsurface acres in Colorado. These lands include our Bureau of Land Management holdings, our seven National Wildlife Refuges, our four National Parks, and numerous National Monuments, Recreation Areas and Historic Trails. So, as you can see, the proper funding and priorities of the Department of the Interior is critical to Colorado.

Last week, I was home in Colorado. I traveled over 2,000 miles and conducted 17 meetings with local leaders, elected officials, and citizens from Colorado's 64 counties. During the week, I repeatedly heard from Coloradans about priorities related to public lands, natural resources, and the environment. These Coloradans told me

loud and clear about their concerns with the President's budget and what it potentially means for Colorado. Specifically the people of Colorado are concerned with the President's retreat from funding major priorities such as Payment in Lieu of Taxes (PILT), the Land & Water Conservation Fund (LWCF), and oversight of oil & gas development.

If the President's budget is enacted without changes, these poor choices in prioritizing funding in the Department of the Interior's budget will hurt Colorado.

The Payment in Lieu of Taxes (PILT) Program provides money to our communities that include Federal lands (such as National Forests and/or Bureau of Land Management lands) to offset losses in property taxes. This program provided over $17 million in 2004 to 36 rural and mountain counties in Colorado. Yet, the President's budget would cut this program by 12%, a move that was opposed by 57 Senators (including 22 Republicans) in 2004.

At the same time, the President is eliminating state grants in the Land & Water Conservation Fund. These grants are what Great Outdoors Colorado (GOCO) partners with to provide Colorado with outstanding open space and recreation opportunities such as Roxborough State Park, the Great Sand Dunes National Park, and projects in almost every Colorado County. This failure to fund the LWCF is a betrayal to a shared commitment to invest in the preservation and protection of our public lands.

Colorado is also experiencing rapid growth in energy production with a significant amount of BLM lands currently leased for oil and gas exploration and production. This growth has created challenges for our local communities. Colorado is striving to play an important part in our domestic energy production, while maintaining our natural heritage and quality of life that attracts our residents, visitors, and businesses. However, the current Administration seems intent on issuing more oil & gas well permits, without providing the needed funds for inspectors and inspections to insure our public lands and public resources are developed in a safe and responsible manner.

I am hopeful that we will have the opportunity to address these issues today with Secretary Norton. Thank you.

The CHAIRMAN. Thank you very much.

Let us proceed. Madam Secretary, we will make your statement a part of the record and we would very much appreciate it if you would summarize it perhaps in 10 minutes if you could.

STATEMENT OF HON. GALE A. NORTON, SECRETARY, DEPARTMENT OF THE INTERIOR; ACCOMPANIED BY LYNN SCARLETT, ASSISTANT SECRETARY FOR POLICY, MANAGEMENT AND BUDGET; AND JOHN TRESIZE, DIRECTOR, OFFICE OF BUDGET

Secretary NORTON. Good morning, Mr. Chairman and members of the committee. I am pleased to be here with Lynn Scarlett and John Tresize to present our budget for 2006. Before I get into the regular discuss of our budget, I would like to highlight a very significant development that has impacts potentially on our budget. This is a ruling that we received from the district court, Judge Lamberth, in the *Cobell* litigation last Wednesday. This litigation, as you will recall, is dealing with our handling of individual accounts managed for Native Americans deriving from lands held in trust by the United States for individual Indians.

Judge Lamberth reinstituted an injunction that was previously issued on September 23, 2003. It orders the Department of the Interior to perform a very expansive accounting of individual Indian trust accounts and assets. This accounting requires us to go back to 1887 and verify every single transaction that has taken place since then. This undertaking involves finding and indexing millions of records, canceled checks, invoices, leases, ledgers, documents like that. Many are currently housed in Federal facilities in Albuquerque and in Lee Summit, Missouri, but other records will have

to be obtained from those who have leased Indian lands, like oil and gas companies, timber companies, farmers, and ranchers. The judge has ordered us to develop a plan for subpoenaing documents from those entities.

Other records are held by Indian tribes or by individual Indians. These records will presumably also need to be acquired. We will need to index and electronically image these documents so that they can be effectively utilized by accountants.

The Department estimates that the cost for completing this accounting, just the cost for the indexing, the imaging, and the work by accountants, would be $10 to $12 billion. To put that into perspective, the entire budget for the Bureau of Indian Affairs is $2.2 billion. Though our budget contains an increase to carry out our plan for historical accounting, our budget was clearly not designed to include the billions of dollars envisioned by the judge.

As you may recall, in September 2003 the judge's order was stayed by the court of appeals and also by an appropriations rider adopted by Congress. The court of appeals later held that the appropriations rider, the way that it was structured, took away the jurisdiction for Judge Lamberth's original order. So the court of appeals essentially just blessed the congressional action, but did not look at the underlying merits of Judge Lamberth's order.

There was a deadline of December 31, 2004, on the congressional action and when that expired the judge reinstituted his order.

We are continuing discussions with the Justice Department on the courses of action that are available to us. Our efforts to improve the trust management system and to perform historical accounting have been a high priority for us. The Department's combined appropriations for Bureau of Indian Affairs and the Office of Special Trustee have increased by 8 percent during our term compared with 2 percent in the Department's overall programs. The programs that are directly related to trusts have increased by 97 percent.

We have a chart here showing that trend. The upper pink level of the chart is the unified trust budget, its expenditures in Bureau of Indian Affairs, Office of Special Trustee, and other agencies that deal with trusts. It shows that in comparison to the blue, which is the overall Bureau of Indian Affairs budget. This amount has increased from 9 percent in 1996 to 25 percent of the Indian Affairs budget, the BIA budget.

Interior is aggressively pursuing historical accounting activities. Results to date indicate that there are differences involving both overpayments and underpayments, but they tend to be infrequent and small. A net of about $1.5 million in differences has been found after analyzing a throughput of $15 billion, which includes both tribal and individual funds.

We have engaged in mediation of this litigation, but the vast gap between what we are finding as we actually look at historical accounting of very few discrepancies compared to the plaintiff's allegations that we owe $176 billion has made settlement very difficult.

The litigation focuses to a large extent on what instructions Congress gave Interior through the 1994 Indian Trust Fund Manage-

ment Reform Act and earlier statutes. Congress has the ability to clarify these instructions.

As we look at the possibility of settling this litigation, we have a historic opportunity to fix some longstanding problems in Indian country, like fractionated land ownership that hampers economic development. We can modernize antiquated arrangements that cause us to spend over $100 a year to manage an account with 50 cents, or to spend an average of $5,000 in probate costs to distribute estates worth as little as 11 cents.

I am pleased that Chairman McCain and Chairman Pombo are making this a high priority and I hope that appropriators will also continue their interest so that we can reach a bipartisan solution. I sincerely hope Congress will take this opportunity to resolve this dispute.

We have been working to improve our trust processes and they have been reengineered to provide more efficient, consistent, and integrated service to beneficiaries. The 2006 budget continues to strengthen Indian trust management by investing $591 million in the program, an increase of $80 million over the 2005 appropriation. But again, this is far different than the amounts that are contemplated in the judge's order.

Beyond our Indian trust responsibilities, Interior's mission is multi-faceted and complex. Our overall 2006 request for programs funded by this subcommittee is—our overall request is $10.8 billion or about 1 percent below the 2005 level. The lands managed by Interior provide unparalleled outdoor recreational opportunities for individuals. Approximately 477 million people from all over the world visited Interior lands to hike, bike, canoe, camp, fish, and learn about the Nation's history, culture, and natural places.

Our budget includes an increase of $33 million to respond to growing demands for recreational activities on public lands. In December of last year, the President signed the Federal Lands Enhancement Recreation Act into law. This law builds upon the recreation fee demonstration program. It provides for a 10-year extension of the recreation fee, which will improve recreation visitor amenities on public land.

The new act also provides safeguards. It mandates that fees be charged only at appropriate locations and that they be spent on infrastructure and services that directly benefit the public.

In addition to enjoying outdoor recreation on public lands, more and more Americans are visiting historic and cultural sites. Currently 26 States have some form of heritage tourism program. The National Park Service offers several programs that focus on historic preservation. The 2006 budget contains $66 million for historic preservation and heritage tourism, including $12.5 million for Preserve America. Initiated by the President and First Lady, Preserve America recognizes community efforts to develop sustainable uses for their sites and to develop economic and educational opportunities related to heritage tourism. To date over 200 communities in 34 States have been designated as Preserve America communities.

Interior is one of the few Federal agencies that takes in more money than it spends. The key generator of revenues is responsible energy development. In 2006 Interior will help meet America's en-

ergy needs by providing appropriate access for exploration and development on Federal lands and portions of the outer continental shelf, expediting permitting and right of way processing, and encouraging development of clean renewable energy.

Our 2006 budget provides $530 million for energy programs through appropriations and user fees, an increase of $22 million. The budget assumes enactment of legislation to open the 1002 area of the coastal plain in the Arctic National Wildlife Refuge to oil and gas exploration and development. The U.S. Geological Survey estimates that the entire ANWR assessment area contains a mean of 10.4 billion barrels of technically recoverable oil. We have a chart that compares the estimated ANWR resources with that of other areas. On the chart, ANWR is the furthest left column. It is certainly our largest potential untapped source of oil onshore, and it has an estimated potential that at peak it could produce more than Texas, more than Louisiana, more than any other single State outside Alaska.

The current estimates project $2.4 billion in revenues from the first bonus bid lease sale in 2007. The Congressional Budget Office recently did its own estimate that sales would produce bonus bids of $5 billion between 2007 and 2010.

Consistent with the Government's policy to charge for government services where the direct beneficiary can be identified, the 2006 budget for the Minerals Management Service includes $19 million in new fees charged to offshore energy producers. Approximately $13.5 million of this would fund costs associated with processing permits.

The Bureau of Land Management will also increase its fees to energy companies for onshore permitting, from $2 million in 2005 to $11 million in 2006. The proposed BLM energy budget would enable them to reduce the backlog of applications for permits to drill pending over 60 days from nearly 1,700 to 120 by the end of 2006. We anticipate that funding increases in the BLM energy and minerals program will result in production of an additional 47.6 million cubic feet of gas and 804,000 barrels of oil over 5 years.

Protecting wildlife and habitat is one of Interior's most important functions. Over the past 4 years Interior has promoted cooperative conservation by joining with citizen stewards to conserve open space, restore habitat for wildlife, and protect endangered and at-risk species. From 2002 to 2005, our conservation partnership programs have provided $1.7 billion for conservation investments, as shown by this chart.

In the first 3 years of President Bush's administration, for example, we have restored, protected, or enhanced over 1.4 million acres of prairie and upland habitat through two of these conservation programs, Partners for Fish and Wildlife and the Coastal program.

The 2006 budget includes $379 million for cooperative conservation grant and challenge cost share programs. These programs also help us address concerns with endangered species. One of the best successes over the past few years was in working with sage grouse, where we were able to join with conservation groups, farmers and ranchers, States, local governments in vigorous efforts to prevent the decline in sage grouse population and sage grass habitat. The 2006 budget includes a $7 million increase in BLM to strengthen

and expand partnership efforts to conserve and restore sage grouse habitat. We want to make sure that the voluntary sage grouse conservation efforts continue for the long term.

Interior also does restoration work to reclaim abandoned mine lands. Today more than 3 million Americans still live less than 1 mile from dangerous abandoned coal mines. We want to work with Congress to update the Surface Mining Act. Our 2006 budget facilitates congressional action by providing $148 million for cleanup of high priority sites and $58 million to fairly address longstanding commitments to States and tribes that have already achieved their reclamation goals. The administration's approach would remove risk to 140,000 people annually.

Interior is also reducing risks to communities adjacent to public forests and range lands that face risks of catastrophic wildfire. The fire season is always a difficult time, as we see people's homes threatened and we fight against nature to protect lives and save property. In recent years the buildup of unnaturally dense tree stands and underbrush, coupled with extended drought in many areas, has increased risk of catastrophic fire.

Through the President's Healthy Forests Initiative and the bipartisan Healthy Forest Restoration Act, we have been working to reduce hazardous fuels. Over the past 4 years, together with the Forest Service, we have thinned over 12 million acres of public lands, as much in 4 years as had been accomplished in the previous 8 years. The 2006 budget includes an increase of $10 million for hazardous fuel reduction projects. Working with the Forest Service, we expect to complete more than 4 million acres of projects in 2006. We are also engaged in stewardship contracting to have public-private partnerships to help us with this effort.

The U.S. Geological Survey plays a significant role in providing hazards monitoring. We all were greatly distressed to see the tsunami that hit in the Indian Ocean area. Our 2006 budget proposes $5 million for the USGS to work in partnership with the National Oceanic and Atmospheric Administration to enhance our early tsunami warning system, to protect U.S. coastal residents in the States and the territories.

I want to conclude by briefly discussing our efforts to manage Interior more efficiently and effectively. As public demands for our services increase, Interior must continually find ways to enhance service and spend dollars wisely. Behind all of our programs, out of the limelight, rests a management foundation through which we strive to improve program efficiency and effectiveness. For example, the financial business management system will integrate financial management, procurement, property management, and other systems. Today we have over 120 different property data bases and 26 different financial management systems. Our managers often operate with dozens of different information management systems, each needing different passwords and different training.

Our 2006 budget includes $24 million for an improved system. Ultimately, we anticipate being able to eliminate some 80 different information systems, ultimately saving us time and money. Through this and other innovations, our bureaus work hard to achieve management excellence.

Our 2006 budget supports our vision of healthy lands and water, thriving communities, and dynamic economies. We look forward to working with Congress to advance these goals. Thank you.

[The prepared statement of Secretary Norton follows:]

PREPARED STATEMENT OF HON. GALE A. NORTON, SECRETARY, DEPARTMENT OF THE INTERIOR

Good morning. I am pleased to be here to discuss the fiscal year 2006 budget for the Department of the Interior. I appreciate the opportunity to highlight our priorities and key goals.

The mission of the Department of the Interior is complex and diverse. Our 70,000 employees contribute to the Nation's environmental quality, economic vitality, and the well being of communities. Our mission encompasses resource protection, resource use, recreation, and scientific, educational, and other services to communities.

The Department's geographically dispersed responsibilities are inspiring and sometimes challenging. Through our programs, we have close connections to America's lands and people. We protect some of the Nation's most significant cultural, historic, and natural places. We provide access to resources to help meet the Nation's energy and water needs, while protecting natural and cultural resources. We provide recreation opportunities to over 477 million people annually at our parks, refuges, and other public lands. We serve communities through science, wildland firefighting, and law enforcement. We fulfill trust and other responsibilities to American Indians, Alaska natives, and the Nation's affiliated island communities.

Four principles shape our 2006 budget. First is the power of partnerships to leverage resources and achieve results. Second is the imperative of fiscal constraint to maintain a dynamic economic context. Third is an emphasis on investments that will help Interior work smarter, more efficiently, and more effectively. Fourth is the importance of funding activities and programs linked to core Departmental responsibilities.

BUDGET OVERVIEW

Performance lies at the center of the President's 2006 budget request. The President's proposal also demonstrates the fiscal restraint necessary to cut the deficit in half by 2009 and maintain the Nation's dynamic economy.

Our 2006 budget request for current appropriations is $10.8 billion. Permanent funding that becomes available as a result of existing legislation without further action by the Congress will provide an additional $4.2 billion, for a total 2006 Interior budget of $15 billion.

The 2006 current appropriations request is a decrease of $101.2 million or 0.9 percent below the 2005 funding level. If contingent emergency fire funding provided in 2005 is not counted, the 2006 request is a decrease of $2.6 million or 0.02 percent from 2005.

The 2006 request includes $9.8 billion for programs funded in the Interior and Related Agencies Appropriations Act, a decrease of $69.7 million or 0.7 percent from the 2005 level.

The request for the Bureau of Reclamation (BOR) and the Central Utah Project, funded in the Energy and Water Development Appropriations Act, is $981.1 million, which is $31.5 million or three percent below the 2005 funding level. The Budget also assumes $30 million in direct funding from the Power Marketing Administrations for BOR hydropower Operations and Maintenance.

The budget projects receipts collected by the Department in 2006 to be $13.8 billion, an increase of $914 million and equivalent to 141 percent of the Department's current appropriations request to this Subcommittee.

The Department manages over 500 million acres and some 40,000 facilities at 2,400 locations. These responsibilities engage Interior as a principal manager of real property and other assets that require ongoing maintenance, direct services to public lands visitors, and ongoing activities to ensure public access, use, and enjoyment. A key goal of the Department's 2006 budget is to fund pay increases and other nondiscretionary cost increases for health benefits, workers and unemployment compensation payments, rental payments for leased space, and operation of centralized administrative and business systems. Providing for these costs will allow the Department to maintain basic services while continuing to improve efficiency and effectiveness to better serve the public.

The budget includes $158.6 million for nondiscretionary, fixed-cost increases. Of this total, nearly three-quarters, or $115.7 million, funds higher pay costs. The budget assumes a January 2006 pay increase of 2.3 percent.

Our budget also includes a number of key initiatives that will help us achieve our goals. Key activities include our efforts to:

- Pursue responsible energy development;
- Expand opportunities for cooperative conservation;
- Enhance recreation opportunities on Interior lands;
- Increase forest and rangeland health;
- Continue the clean up of abandoned mine lands;
- Advance trust reform; and
- Reduce risks resulting from natural disasters.

In his February 2nd State of the Union Address, the President underscored the need to restrain spending in order to sustain our economic prosperity. As part of this restraint, it is important that total discretionary and non-security spending be held to levels proposed in the 2006 budget. The budget savings and reforms in the budget are important components of achieving the President's goal of cutting the budget deficit in half by 2009 and we urge the Congress to support these reforms. The 2006 budget includes more than 150 reductions, reforms, and terminations in non-defense discretionary programs, of which four involve Interior programs. The Department wants to work with the Congress to achieve these savings.

ENERGY DEVELOPMENT

ANWR Exploration and Development—Our 2006 budget continues our quest to achieve healthy lands and water, thriving communities, and a dynamic economy. Predictable, readily available supplies of energy at reasonable costs underlie both community well-being and economic action.

In 2006, Interior, with Congress' assistance, will help meet energy needs by providing appropriate and environmentally sound access for exploration and development of the coastal plain of the Arctic National Wildlife Refuge (ANWR) and portions of the Outer Continental Shelf; expediting permitting and rights-of-way processing; and encouraging development and use of clean, renewable energy.

Interior's 2006 budget provides $530 million for energy programs through annual appropriations and user fees, an increase of $22 million.

The budget assumes enactment of legislation to open a portion of the coastal plain in the ANWR to oil and gas exploration and development, with the first lease sale planned for 2007. The U.S. Geological Survey estimates a mean expected volume of 10.4 billion barrels of technically recoverable oil if Congress lifts the ban on development. At peak production, daily production from this area could be larger than the current daily onshore oil production of Texas.

The budget assumes the first ANWR lease sale would produce an estimated $2.4 billion in bonus bids in 2007, the same estimate we have used for several years. It is based on conservative assumptions. The Congressional Budget Office recently estimated the first lease sale would produce bonus bids of $4 billion.

ANWR exploration and development would occur within a 1.5 million-acre area of the 19 million-acre refuge. The maximum amount of surface acreage covered by production and support facilities would occur on no more than 2,000 acres, or one-hundredth of one percent of the refuge. Through increased knowledge, experience, and technological advances, the footprint of energy development will be dramatically reduced from older development sites on the North Slope. For example, use of seasonal ice pads for exploration will limit site disturbance, and extended-reach drilling will reduce the number of sites by allowing development of over 50 square miles of subsurface resources from one single point on the surface.

The budget includes $1.6 billion for resource use to better meet the increasing demands for water resources, to carry out the National Energy Policy, and to maintain appropriate access to other resources on public lands. Key initiatives include:

Minerals Management Service (MMS)—The 2006 budget proposes $290 million for MMS, a $12.6 million increase over 2005. This total includes a request for $167.4 million in annual appropriations and $122.7 million in offsetting collections. The proposed budget will enhance services and programs that protect the environment and offshore workers. It will also enhance methods to collect, account for, and disburse revenue from Federal and American Indian lands. The $12.6 million net increase compared to 2005 includes a $19.0 million increase in offsetting collections and a $6.4 million decrease in annual appropriations.

Bureau of Land Management (BLM) Oil and Gas Processing—The 2006 budget will increase the BLM energy and minerals program from an estimated 2005 fund-

ing level of $108.5 million in appropriations and user fees to a 2006 funding level of approximately $117.6 million. This net increase will enable BLM to accelerate the processing time for applications-for-permits-to-drill and reduce the permit application backlog pending for over 60 days from 1,681 to 120 by the end of 2006.

WATER PROGRAMS

Water 2025—Preventing Crises and Conflicts in the West—The 2006 budget request includes an increase of $10.5 million for Water 2025, for a total funding level of $30.0 million. In many basins in the West, water demands for people, cities, farms, and the environment exceed the available supply even in normal, non-drought years. The goal of Water 2025 is to prevent crises and conflicts over water in the West.

CALFED—The Sacramento and San Joaquin Rivers provide potable water for two-thirds of California's homes and businesses, and irrigate lands on which 45 percent of the Nation's fruits and vegetables are grown. These Rivers also provide water for the Sacramento-San Joaquin Delta, which provides habitat for 750 plant and animal species. The CALFED Bay-Delta Authorization Act of 2004 provides a six-year Federal authorization to implement the CALFED collaborative plan for restoration and enhancement of the Delta estuary. The CALFED plan provides a long-term solution to the complex and interrelated problems in the Bay-Delta and is the foundation for the actions taken by a consortium of Federal and State agencies that are focused on goals to improve water management and supplies and the health of the ecosystem. The 2006 budget includes $35.0 million for the Bureau of Reclamation to implement CALFED activities.

RESOURCE PROTECTION

The 2006 budget calls for $2.6 billion for resource protection programs that improve the health of landscapes and watersheds, sustain biological communities, and protect cultural and natural heritage resources. In August 2004, President Bush signed an Executive Order on Cooperative Conservation requesting that agencies strengthen efforts to work cooperatively with States, Tribes, local governments, and others to achieve conservation goals.

Over the past four years, the Department has encouraged cooperative conservation through various grant programs, administrative actions, and policies. These efforts emphasize innovation, local action, and private stewardship. They achieve conservation goals while maintaining private and local land ownership. They foster species protection through land management and cooperative, on-the-ground habitat improvements, complementing traditional funding of ESA regulatory programs.

Key initiatives in resource protection include:

Cooperative Conservation Programs—Through partnerships, Interior works with landowners and others to achieve conservation goals across the Nation and to benefit America's national parks, wildlife refuges, and other public lands. The 2006 budget includes $381.3 million for the Department's cooperative conservation programs. These programs leverage limited Federal funding, typically providing a non-Federal match of 50 percent or more. They provide a foundation for cooperative efforts to protect endangered and at-risk species; engage local communities, organizations, and citizens in conservation; foster innovation; and achieve conservation goals while maintaining working landscapes.

Our budget proposes funding for the Landowner Incentive and Private Stewardship programs at a total of $50.0 million, an increase of $21.4 million from 2005. Through these programs, our agencies work with States, Tribes, communities, and landowners to provide incentives to conserve sensitive habitats in concert with traditional land management practices such as farming and ranching, thus maintaining the social and economic fabric of local communities.

Our budget proposes to fund challenge cost-share programs in the BLM, U.S. Fish and Wildlife Service (FWS) and NPS at $44.8 million. These cost-share programs better enable Interior's land management agencies to work together and with adjacent communities, landowners, and other citizens to achieve common conservation goals. The 2006 proposal represents an increase of $25.7 million.

The challenge cost-share program includes $21.5 million for projects that are targeted to natural resource conservation. In 2004, the Congress provided $21.2 million for these cost-share grants. Leveraged with matching funds, this provided a total of $52 million for on-the-ground projects including more than $19 million for projects to eradicate and control invasives and weeds.

For example, in New Mexico, the Bosque del Apache refuge is working with the local community to restore riparian habitat along the Rio Grande River by eliminating tamarisk on over 1,100 acres.

We also propose level or increased funding for a suite of other FWS cooperative programs: the Partners for Fish and Wildlife program, the Coastal program, the Migratory Bird Joint Ventures program, the North American Wetlands Conservation Fund, the State and Tribal Wildlife grants program, and the Cooperative Endangered Species Conservation Fund. These programs support a cooperative approach to conservation that emphasizes voluntary partnerships with private landowners, local governments, Tribes, and community organizations.

Sustaining Biological Communities—Targeted increases in the FWS and BLM will focus new resources on the recovery of endangered, threatened, and at-risk species and increase interagency efforts to curtail harmful invasive species. We propose a programmatic increase of $1.9 million for general activities in the Fish and Wildlife Service ESA recovery program and $7.0 million in BLM to strengthen and expand efforts to conserve and restore sagebrush habitat to maintain sage-grouse populations. An increase of $2.3 million in the FWS, BLM, and U.S. Geological Survey (USGS) will support invasive species work on a regional basis.

Klamath River Basin—The 2006 budget commits $62.9 million toward finding long-term solutions to water issues in the Klamath Basin and proposes an 8.4 percent increase for Interior Department programs in the basin. In the short-term, water-supply shortages will continue to present challenges. As of mid-February, the snow pack in the upper Klamath River basin was 47 percent below average. With depleted groundwater supplies and expected continued drought conditions, the risks to endangered and threatened fish in the basin persist. We also anticipate impacts to the people and communities dependent on the river, including upper basin irrigators and downstream Indian and commercial fishermen.

The BOR is currently putting together a water bank of over 100,000 acre-feet to help meet water needs this calendar year for coho salmon. Efforts are also underway to recover listed species and improve conditions by restoring the water-retention capability of the riparian and adjacent habitat. The budget request includes $7.5 million for the FWS Partners for Fish and Wildlife program for these efforts; $6.0 million for land acquisition to acquire the Barnes Tract, which will provide nursery and other habitat for the endangered fish and increase water storage in Upper Klamath Lake in most years; and $1.2 million to fund pumping necessitated by the removal of Chiloquin Dam to improve fish migration and spawning.

Finally, the budget request includes $500,000 for a FWS prototype program to acquire and transfer water rights to the wetlands in the Klamath Basin refuges. These key wetlands on the Pacific Flyway depend entirely on return flows from the Klamath Irrigation Project. The wetlands need a reliable source of clean water as a hedge against droughts and to provide a base amount of water to which the return flows can be added.

Everglades Restoration—Within the 2006 request for National Park Service (NPS) construction is $25 million for the Modified Water Deliveries Project, a key to restoring natural flows in the Everglades. Under a new agreement between the Department and the Corps of Engineers, the cost to complete the project will be shared by NPS and the Corps. The 2006 budget for the Corps includes $35.0 million for this project. Over the period 2007 to 2009, the Corps will contribute an estimated additional $88.0 million and the NPS an additional $41.0 million. The 2006 NPS contribution consists of $8.0 million in new funding and $17.0 million redirected from unobligated balances for Everglades land acquisition not currently needed for high-priority acquisitions.

Abandoned Mine Lands (AML)—Today, more than 3 million Americans live less than one mile from dangerous abandoned coal mines. Consistent with the Administration's 2005 reauthorization proposal for the 1977 Surface Mining Control and Reclamation Act, the 2006 budget supports the Administration's vision to reauthorize the AML program. The Administration's approach would remove risk to 140,000 people annually.

Our budget provides $147.5 million in AML grants to expedite clean up of high-priority sites and another $58.0 million in AML grants to address in a fair manner long-standing commitments to States and Tribes that have already achieved their reclamation goals. Under the funding formulas in the 1977 Act, AML funding is increasingly directed to States with significant coal production, but few, if any, abandoned mines. The Administration's approach would direct new AML funding to reclaim unhealthy and unsafe abandoned mines and provide to States that have already completed mine reclamation repayment of their statutory share of AML fees collected under the 1977 law.

RECREATION AND HISTORIC PRESERVATION

Lands and waters managed by Interior offer unparalleled outdoor recreational opportunities. The BLM, BOR, FWS, and the NPS manage an inspiring and diverse collection of natural wonders. For example, in 2003 our National Wildlife Refuges attracted 2.2 million hunting visits and 6.6 million fishing visits. The FWS looks for opportunities to add new or expand existing public hunting and fishing programs. There are currently 308 national wildlife refuges that are open to hunting and 270 refuges that are open to sport fishing.

Overall, the budget includes $1.3 billion in investments for recreation programs that will improve visitor services and access to recreation opportunities.

This total includes an increase of $33 million to respond to growing demands for recreational activities on public lands, provide a safer environment for refuge visitors, and ensure continuous enhancements to visitor services at parks. In addition, the budget provides $82 million in the operating accounts of the BLM, FWS, and NPS to cover increased pay and other fixed costs and maintain existing performance and service levels to the public.

The Federal Lands Enhancement Recreation Act—Passed by the 108th Congress and signed into law by the President on December 8, 2004, the Federal Lands Recreation Enhancement Act will enable Interior land management agencies to improve recreation and visitor amenities on public lands. The Act provides a 10-year extension of the recreation fee program piloted with the Recreation Fee Demonstration program. The Act establishes important parameters for the program to ensure that fees are charged only in appropriate locations and revenues are appropriately spent on infrastructure and services that directly benefit the public.

The Department is working closely with the U.S. Department of Agriculture on key implementation issues, such as development of long-term, multi-agency fee guidance, and the creation of the new "America the Beautiful Pass", which will cover entrance and standard amenity fees for the five agencies authorized under the Act. The Departments are committed to creating a dynamic program responsive to the public and Congress during the implementation process.

In 2006, the Department will continue to transition from the Recreational Demonstration Program to the provisions of the new Act. Working with the Congress, the Department has established a set of principles to guide the program during the transition period. Specifically:

- No new fee areas will be created.
- Agencies will conduct an interim evaluation of existing fee sites based on the new criteria and prohibitions.
- The Golden Eagle, Golden Age, and Golden Access Passes, and the National Park Pass will continue to be sold until the America the Beautiful Pass is available.
- Existing Golden Eagle, Golden Age, and Golden Access passes and National Park passes will be "grandfathered in" under their existing benefits and will remain valid until expired.
- Specific site, forest and regional passes, such as southern California's Forest Service Adventure Pass, will continue to be available.

The Act includes criteria and directions that address issues raised by the public and members of Congress regarding recreation fees. For example, the Act prohibits fees for BLM and the Forest Service for general access to national forests and grasslands, access to overlooks and scenic pullouts, and areas with low or no expenditures for facilities or services. The use of Recreation Resource Advisory Committees required by the Act will ensure public input on decisions about expanding the fee program by providing the public and local communities an opportunity to make recommendations to the BLM or the Forest Service on specific recreation fee sites and fees. Public notice and participation provisions will guide the Department's efforts to conduct a program that is accountable and transparent. Under the Act, the vast majority of recreation sites will continue to be free.

Park Maintenance Backlog—Through President Bush's commitment to address the maintenance backlog in parks, over the past four years more than 4,000 projects were undertaken to maintain, repair or replace park facilities. The 2006 budget includes $716.6 million for construction and park facility maintenance, an increase of $29.0 million. Included within the increase are an additional $22.2 million for NPS construction and $3.4 million in the repair and rehabilitation program to repair high-priority historic buildings. Including funds in the President's proposal for reauthorization of the Transportation Equity Act for the 21st Century, total NPS deferred maintenance funding will exceed $1.1 billion in 2006. The 2006 request will

bring funding for park maintenance over five years to $4.9 billion, as pledged by then-Governor Bush in 2000.

Preserving Cultural Landscapes—More and more Americans are visiting historic and cultural sites across the nation. In 2002, 81 percent of adults in the United States included at least one cultural, historic, or heritage activity in their vacation plans. Linking historic preservation to educational and economic opportunities ensures sustained commitment to those places that bring alive our nation's cultures and history.

Through its Preserve America initiative, the Administration is recognizing and encouraging heritage tourism as a significant economic development and educational activity. Over 220 localities have been designated Preserve America Communities, serving as a focus for civic pride and a catalyst for preservation. The Administration proposes $12.5 million in competitive grants to encourage community preservation of our cultural, historic, and natural heritage through education and heritage tourism.

Overall, the budget proposes $66.2 million for the Historic Preservation Fund, which includes funding for Preserve America, as well as $15.0 million for Save America's Treasures, and $38.7 million for grants to States and Tribes. The budget includes an additional $5.0 million for National Heritage Areas.

SERVING COMMUNITIES

With its broad-ranging responsibilities, Interior's activities touch the lives of all Americans. For example:

- Interior's U.S. Geological Survey, the nation's premier earth sciences agency, generates scientific information that helps inform decisions about land and water management. Its hazards monitoring helps reduce risks to communities associated with earthquakes, tsunamis, floods, mudslides, and volcanoes.
- Through performing its responsibilities to Native Americans, Alaska natives, and other communities, Interior helps educate children and enhance the economic well being of these communities.
- Interior's implementation of the President's Healthy Forests Initiative and the Healthy Forests Restoration Act is enhancing forest and rangeland health and reducing risks to communities from catastrophic fires.

Interior's budget includes $5.1 billion to serve communities by improving Indian trust management and services to Tribes and individual Indians; providing resources for Indian education and other social services, advancing the Healthy Forests Initiative and related wildland fire activities; strengthening law enforcement; and enhancing scientific and hazards warning information for our agencies and the public. Key initiatives include:

Trust Programs—The budget provides $591.4 million to continue the Department's ongoing efforts to reform management of its fiduciary obligations to Tribes and individual Indians, to continue historical accounting efforts for trust funds, and to reduce the exponentially growing costs of maintaining fractionated interests of Indian lands. Within this total, the President's budget proposes to increase funding for historical accounting from $57.2 million to $135.0 million. An increase of $9.6 million would strengthen efforts to address the current backlog of unresolved probate cases.

In the ongoing *Cobell* lawsuit, last Wednesday, February 23rd, the court issued an order reinstating the historic accounting structural injunction previously issued on September 23, 2003, directing the Department to conduct a far more expansive accounting and requiring that it be completed under even more constrained time lines than the Department had planned. Preliminary estimates developed by the Department estimate the costs to comply with the order at between $10 to $12 billion. The new injunction requires extensive work beyond what is currently budgeted in 2005 or proposed in 2006 to be completed by January 6, 2006. In addition to the completion of accounting for all judgment and per capita accounts back to 1887 and the completion of the accounting for all transactions in land-based accounts back to 1985, the court order directs the indexing of all trust-related records located at federal facilities in Albuquerque, New Mexico, and Lee's Summit, Missouri, the collection of all relevant trust records held by third parties, the systems tests related to electronic data gaps, and the systems conversion from the Integrated Records Management System to the Trust Funds Accounting System. The Department's budget for 2005 or 2006 is not constructed to address these requirements. The Department is in continuing discussion with the Department of Justice on the course of action available to the Department.

Healthy Forests—The 2006 budget supports the President's Healthy Forests Initiative with a $211.2 million budget for hazardous fuels reduction in the wildland fire program, a net increase of $9.8 million over the 2005 enacted level. The hazardous fuels budget includes a program increase of $10.3 million for fuels projects, partially offset by a scheduled $2.5 million reduction in funding for development of the LANDFIRE vegetative mapping and imaging system.

Funding in the wildland fire program, together with funds for forest and range improvement in the land management agencies and the Bureau of Indian Affairs, will provide approximately $313.0 million in 2006 to reduce the build-up of hazardous fuels in the Nation's forests and rangelands, reduce the risk of catastrophic fire to communities, protect threatened and endangered species, and support other activities under the Healthy Forest Restoration Act of 2003.

Wildland Fire—In addition to funding additional hazardous fuels reduction projects, the 2006 wildland fire budget includes increases of $15.7 million to fund suppression operations at the 10-year average and $5.0 million to maintain the 2004 aviation fleet reconfiguration. In total, the 2006 budget for wildland fire management is $756.6 million, a net increase of $23.9 million over 2005, not including $98.6 million in 2005 contingent emergency funding.

Rural Fire Assistance—The 2006 budget for Wildland Fire continues partnerships with local fire departments, proposing an increase in the Preparedness program to provide advance training to local fire fighters to help build a ready reserve of local firefighters that can support extended attack and thereby improve the effectiveness of Federal cooperation with local firefighting agencies. Rural fire assistance grants, which provided funds to local fire departments for equipment and basic training, are eliminated as a separate funding source in anticipation that equipment and training needs of local fire departments will be met through the much larger Forest Service and FEMA fire assistance programs.

Tsunami Warning System—As part of a $37.5 million, two-year commitment by the Administration to expand U.S. tsunami detection and monitoring capabilities, the 2006 budget includes $5.4 million for USGS facilities and operations to provide more robust detection and notification of earthquakes that could trigger tsunamis. The President has submitted a 2005 budget supplemental request proposing $8.1 million for USGS to begin work on these enhancements. The balance of the funding for the tsunami warning system is in the National Oceanic and Atmospheric Administration's budget.

Landsat—The 2006 budget requests $7.5 million for USGS to begin work on an upgraded ground-processing system to acquire, process, archive, and distribute data from a new generation of satellite-based land image sensors. The first of two Landsat Data Continuity Mission sensors will be flown on a NOAA polar orbiting satellite scheduled for operation in 2009. To continue the 30-year unbroken record of data on the Earth's continental surface collected by the Landsat program, the budget also contains a $12 million increase to support continued operation of the Landsat 7 satellite in 2006 and to repay a planned reprogramming for 2005 Landsat 7 operations. Although Landsat 7 data remain valuable and usable, revenue from commercial sale of the data that normally supports the Landsat program has sharply decreased as a result of the failure of the satellite's scan line corrector.

Payments in Lieu of Taxes (PILT)—PILT payments are made to local governments in lieu of tax payments on Federal lands within their boundaries and to supplement other Federal land receipts shared with local governments. The 2006 budget proposes $200.0 million for these payments. The 2006 request is 60 to 97 percent higher than the PILT payments during the 1990s, but is a reduction of $26.8 million from the record high 2005 payment level.

PROGRAM TERMINATIONS AND REDUCTIONS

As part of the President's effort to cut the budget deficit in half by 2009, the 2006 budget for the Department makes difficult choices to terminate or reduce funding for programs that are less central to the Department's core missions, have ambiguous goals, duplicate activities of other agencies, or require a lower level of effort because key goals have been achieved. Terminations and reductions include lower priority and one-time earmarks enacted in 2005. Other terminations and reductions include:

LWCF State Grants—The 2006 budget terminates funding for Land and Water Conservation Fund State grants, a reduction of $89.6 million from the 2005 level. LWCF State grants support State and local parks that have alternate sources of funding through State revenues and bonds. As the nation strives to trim the Federal deficit, focusing on core Federal agency responsibilities is imperative. A 2003 Program Assessment Rating Tool (PART) review found the program could not ade-

quately measure performance. The 2006 budget continues funding for the administrative portion of the grant program at $1.6 million, which will be used to review the accountability and performance of grants provided in previous years.

Jobs-in-the-Woods—The budget proposes to discontinue the Jobs-in-the-Woods program, which was created in the early 1990s as a temporary program to assist displaced timber workers in the Pacific Northwest by offering resource-based job opportunities to improve water quality and restore Oregon's coastal salmon populations. As most workers have transitioned and timber sales are increasing, the budget proposes to focus resources on programmatic priorities, including offering the full allowable sale quantity under the Northwest Forest Plan and supporting the Plan's requirement that late-succession reserves be managed to stimulate old growth characteristics.

USGS Minerals Resources Program—The budget reduces funding for the USGS Minerals Resources program by $28.5 million. The budget continues funding for minerals surveys and studies relevant to ongoing Federal energy, land management, regulatory, and remediation activities. Funding is reduced for studies and information gathering for regional and local activities more oriented to the interests of States, local governments, and universities, all of whom are significant users of information generated by the Minerals Resources program.

NPS Statutory and Contractual Aid—The budget does not continue funding for $11.2 million in Statutory and Contractual Aid activities that are secondary to the primary mission of the National Park Service.

MANDATORY PROPOSALS

Accompanying the 2006 budget are several legislative proposals that affect receipt or spending levels in 2006 or in future years. These proposals, which will be transmitted separately from the budget for consideration by the Congress, include:

Southern Nevada Public Lands Management Act—The budget proposes to amend the Southern Nevada Public Land Management Act of 1998 to return 70 percent of the receipts from land sales under the Act to the Treasury, where receipts from land sales have historically been deposited. The Act, as amended by P.L. 107-282, authorizes the disposal through sale of approximately 49,000 acres of Federal land in Clark County, Nevada. Five percent of the proceeds are provided to the State of Nevada for use in the State's general education program and 10 percent are provided to the Southern Nevada Water Authority for water treatment and transmission facility infrastructure in Clark County. The remaining 85 percent of funds are deposited in a special account to acquire environmentally sensitive lands in Nevada; make capital improvements to areas administered by the NPS, FWS and BLM in Clark County; develop a multi-species habitat plan for Clark County; develop parks, trails and natural areas and implement other conservation initiatives in the county; and reimburse the BLM for costs incurred in arranging sales and exchanges under the Act.

The receipts generated by these land sales thus far have been nearly eight times higher than anticipated, with future revenue projections of almost $1 billion per year. When SNPLMA was originally passed, proceeds from land sales under the bill were estimated at roughly $70 million per year. Sale proceeds were $530.5 million in 2004. In 2005, they are estimated to be $1.2 billion, or seventeen times the level anticipated in 1998.

When the law was enacted, there was general agreement that a substantial portion of the revenues generated would be spent to acquire and conserve other lands around Nevada. However, as land sale receipts under the Act have increased in the last few years, the available funding has outpaced land acquisition needs. These funds are increasingly being dedicated to local projects—and many more projects than originally anticipated are being formulated without the accountability of further consideration by the Congress.

The budget proposes that, beginning in 2006, 70 percent of all revenues from these lands sales would be returned to the Treasury, with the percent of receipts deposited in the special account set at 15 percent. The amount of revenue currently provided to the State and to the water and airport authorities would not change. Total combined revenues retained in the State would total 30 percent, with revenues for 2006 for these purposes projected at $292.3 million, an amount four times larger than original projections in 1998 at time of enactment of the legislation.

BLM Range Improvement—The budget for the BLM proposes to discontinue mandatory appropriations from the Range Improvement Fund totaling $10.0 million annually. Instead, revenues will be deposited to the Treasury. To address rangeland improvement needs, the discretionary budget request for BLM includes $6.0 million to focus on projects to improve rangeland health conditions, such as weed control,

essentially replacing funding provided through the Fund. These projects are part of the Department's cooperative conservation request and will be matched by partners. Other operational increases for the BLM, including $7.0 million for sagebrush habitat and sage grouse protection and $1.3 million for invasive weed control, will also support rangeland improvement goals.

PICK-SLOAN MISSOURI BASIN PROGRAM

The Administration proposes to re-allocate repayment of capital costs of the Pick-Sloan Missouri Basin Program, which is a series of hydropower dams, levees, and canals serving several purposes. Power customers would be responsible for repayment of all construction from which they benefit, whereas to date they have only been responsible for a majority but not all of it. Most of the remaining costs are those that were originally allocated to irrigation, which was ultimately not developed. This change would increase reimbursements from power customers by $33 million in 2006, and declining amounts in the outyears. Rate increases could be phased in over time.

MANAGEMENT EXCELLENCE

As public demands for Interior services increase—from Indian children who need schools to visitors who seek more outdoor recreational opportunities on our public lands—Interior must continue to enhance service and spend dollars wisely. Behind all our programs, out of the limelight, rests a management foundation through which we strive to improve program efficiency and effectiveness. The Department and its bureaus continue to implement performance improvements.

Our 2006 budget includes investments in tools to enable our employees to do their jobs more efficiently and generate cost savings by implementing standardized systems.

The Department currently uses 26 different financial management systems and over 100 different property systems. Employees must enter procurement transactions multiple times in different systems so that the data are captured in real property inventories, financial systems, and acquisition systems. This fractured approach is both costly and burdensome to manage. We have underway an integration of our financial and business management systems to streamline and modernize basic administrative activities.

Our budget proposes an increase of $9.5 million to support continued implementation of the Financial and Business Management System that will integrate financial management, procurement, property management and other systems. Through this effort, we will reengineer administrative processes throughout the Department. As the new system becomes fully operational, we will retire over 80 legacy systems and replace their functions with standardized business processes within the new, integrated system. In 2006, the NPS and FWS are scheduled to transition to the new system.

The 2006 budget includes a $7.0 million increase for continued implementation of the Enterprise Services Network. The network leverages the existing BIA Trustnet, expanding it Department-wide, to provide secure, state-of-the-art internet and intranet connections and a fully functional operational center for data communications. In addition to providing better services for many Interior offices, the system will provide a uniformly secure environment, standardized and efficient 24-hour/7-day operations, and improved technical support.

CONCLUSION

The budget plays a key role in advancing our vision of healthy lands, thriving communities, and dynamic economies. Behind these numbers lie people, places, and partnerships. Our goals become reality through the energy and creativity efforts of our employees, volunteers, and partners. They provide the foundation for achieving the goals highlighted in our 2006 budget.

This concludes my overview of the 2006 budget proposal for the Department of the Interior and my written statement. I will be happy to answer any questions that you may have.

The CHAIRMAN. Thank you very much. Well, in spite of your early remarks, which took about 5 minutes on the Indian trusts, I let you proceed well beyond the 10 minutes.

I think it is a rather startling explanation of what is going on. I personally urge that you do everything possible to try to resolve that litigation.

I remember once in this committee we were talking about the costs of Yucca Mountain before we could ever begin to build anything and this Senator right here, Senator Craig, said: Well, why do we not try something different. Why do we not build it and then see if it works, and if it does not work we close it up, because we are going to spend more than it costs to build it.

You know, you have just told us that. I think you said over time your estimate of doing what the judge ordered might cost $10 billion. Well, we cannot pay that out of this budget. You are going to have to seek emergency funding or something, because we will not have any Bureau of Indian Affairs left.

But you know, that analogy kind of works. It might be better if you could resolve the issue some other way. Maybe the Indian people would come out better than getting little or nothing but spending $10 billion to study things from 1886—is that the date—which you have indicated might be very difficult, but might be inconclusive, too. The study might not tell us what everybody thinks you are going to get. Is that not right? It may not yield what the Indian people think we are going to get out of that evaluation. Is that right?

Secretary NORTON. We may find out that the accounting was good and there is very little that was owed.

The CHAIRMAN. Well, I cannot imagine——

Secretary NORTON. We had proposed a $335 million accounting project that would rely a lot on statistical sampling, and the judge said no statistical sampling.

The CHAIRMAN. I cannot imagine going back to those records. I cannot imagine going back to records that long ago. Many of the records after you look and look and subpoena will not be determinative. I mean, many of them will not be there. Who knows? But anyway, my suggestion remains.

I am not going to ask any questions. I am going to start with Senator Bingaman and get to the rest of you, and I will try to either intervene or wait until the end.

Senator Bingaman.

Senator BINGAMAN. Thank you very much, Mr. Chairman.

Let me ask, begin by asking about a report that came out last week, I believe. This was a report the Inspector General issued last October, a very scathing report about the Department's handling of a settlement agreement involving Harvey Frank Robbins. The Inspector General in that report speaks about a senior BLM official having conducted himself without concern for the implications of the settlement agreement on the range land program, having failed to act impartially, having given preferential treatment, and on and on. There are various statements in that report.

We had a problem a year or so ago, as you recall, involving the San Rafael Swell land exchange and you got very concerned about that, I know, and made a statement that you were going to put in place extensive procedural safeguards to ensure that decisions are made in a manner that protects the environment and the public interest. Obviously, those types of extensive procedural safeguards proved inadequate in this circumstance, at least according to the Inspector General. I wondered if you have taken any action in light of this report that was issued by the Inspector General in October

to further prevent or further ensure that this kind of thing does not happen?

Secretary NORTON. First of all, as to the San Rafael Swell, we consolidated our whole appraisal process and so that is operated in a centralized way through the Department. That, I think, takes away some of the concerns that had existed in the past. We put in place a lot of requirements as to the overall way in which land exchanges are conducted.

We have moved to strengthen our Department's ethics office. We have moved that to the Solicitor's Office and are operating with greater resources in that area as well as reminding people on a constant basis that they do need to coordinate with and work with the ethics office to make sure their activities are appropriate.

Senator BINGAMAN. Has any of that been in response to this report I am referring to in October? Because in that report the Solicitor General said that the attorney in the Solicitor's Office "capitulated to the pressure and intimidation of a senior political appointee."

Secretary NORTON. What I would like to suggest is that we provide an individual briefing for you on that, because there are some personnel aspects of that that are not appropriate for me to discuss in an open session.

Senator BINGAMAN. Well, I do not want you to get into personnel matters, but I would be interested in anything you could tell us about whether you have instituted any new procedures since or in response to this report that was issued in October?

Ms. SCARLETT. Senator, we have been trying to enhance overall our ethics efforts. We have increased the staffing in the ethics office, as Secretary Norton mentioned, moved the ethics office into the Solicitor's Office, and, once doing that, further increased ethics office resources. They have done individualized training on an annual basis for all the political appointees as well as others.

Senator BINGAMAN. Now, this is in response to the IG report in October?

Ms. SCARLETT. This is an ongoing set of responses. We began these initial improvements several years ago, but as the IG continues to raise concerns, we continue to seek ways to further enhance the ethics office operation.

Senator BINGAMAN. All right, let me go to another subject. On Indian water rights settlements, we have a couple of those that are quite important in New Mexico, the Navajo San Juan settlement and the Amant settlement that we are trying to get some closure on. I have been critical in a letter to you fairly recently about the Department's lack of serious participation in these negotiations. I am advised that one of the problems is you do not have a senior policy person who can negotiate on behalf of the Department in these Amant cases. The person who was doing that has now gone up to be your Solicitor. She is not able to hold down two jobs at once and there is nobody who really has the time and mission in their job description to get out and actually constructively participate in these negotiations.

Is there a way to fix that? I think it is important that the Department be constructively engaged in these negotiations.

Secretary NORTON. We are moving to get a new person into that position who will be functioning as counselor to me. This individual, I think we have announced her. It is someone that is well known to Senator Salazar, I believe. It is Jennifer Gimbel, who is an attorney, who is a very well-respected water lawyer. She is someone that we have worked with from the Colorado Attorney General's Office and will be coming in as counselor to me and working closely with the Solicitor's Office, and so will be able to provide that senior-level policy guidance.

We also have been working within the administration to look at how we handle the financial aspects of the settlements. So there are ongoing discussions.

Senator BINGAMAN. Well, any speed you can add to the process would be appreciated. We are moving ahead rapidly to get these negotiations completed in New Mexico, we hope, and the involvement of the Department of the Interior would be most helpful.

Let me ask on another issue. The Reclamation budget this year proposes a 35 percent cut in funding for the Middle Rio Grande Project, which Senator Domenici has been very involved in. I have as well. It includes a $4 million cut proposed for funding for the ESA compliance. This is in fairly sharp contrast to the proposal with regard to Klamath Basin. I notice that in your testimony you say that the 2006 budget commits $62.9 million toward funding long-term solutions to the water issues in the Klamath Basin and proposes an 8.4 percent increase for Interior Department programs in the basin.

It strikes me as unfortunate that you are proposing an 8.4 percent increase there and a 35 percent cut with regard to the Middle Rio Grande Project and I would be interested in any response you could give us on that.

Secretary NORTON. The cuts in funding for the Middle Rio Grande were primarily removing earmarks that had been put into the budget, and it is the consistent policy of the Office of Management and Budget that earmarks are removed when we do our new budget requests.

Senator BINGAMAN. I will ask some additional questions in the next round, Mr. Chairman.

The CHAIRMAN. Well, I told you all that I was going to let you go first, before I did, but I cannot do that. First of all, those earmarks you are talking about, Madam Secretary, were put in by this Senator. So you can rest assured they will be back there. So you might as well figure out how you are going to accomplish those projects.

I want to tell you about Indian water settlements because I am very worried. First of all, there is something going on that does not seem right. We have gone along here for a number of years and whether or not we have been correct, the U.S. Government has gotten involved in these water settlements involving the Indian people versus surrounding communities, districts, private property owners and the like.

All of a sudden in New Mexico we have a case that has been going on for 38 years. It centers around Indian pueblos, and we have the Federal Government involved for 38 years—it is not your fault; everybody has been on notice. We come up to the end and

you act like you have never been involved. All of a sudden you offer something, an amount of money that will not solve one-fifth of the resolution.

You might be right, but, you know, we do not have anybody that is really discussing with any authority or apparent knowledge of what is going on. I am here to tell you that I respect the President's budget. I am not sure that everything in it is what I want, but I do not have any sympathy for the Department and the Justice Department for the way they have conducted themselves lately on water settlements in our State.

We helped Arizona get a big settlement. Compared to ours, it dwarfs all of them. And we passed it here. No complaints from the administration. I assume they are going to find the money, $5, $6 billion, a huge amount. Does anybody remember what the Arizona settlement is going to cost? $160 million we did for Idaho.

So I just tell you we have got to do something about it. The Navajo problem is a major one. We need your people to analyze clearly what the significance of the Navajo claim is to all the rest of the properties, the States, the cities, because their claim is a valid claim, and they say if we do not settle they will enforce it. We need to know whether you all understand the significance of that claim, because leverage is the only way we can settle the case. What is the probability of success of that case that permits us to decide, and you, to decide what you are going to do?

So I truly believe this is a terribly important issue and, while it is not as much as what you are going to have to spend for the 1886 inventory of the trust documentation as to what the Government has done, it will be a very large amount of money.

Might I at least ask you to contribute some comment to the record, please?

Secretary NORTON. I do concur that Indian water right settlements are a very significant issue. We have 19 settlement negotiations that Interior is currently participating in. We have a process right now that causes us to engage in the settlements. Because our Federal process does not provide us the opportunity to decide up front how much is allocated to individual settlements, that usually comes in as Congress considers a settlement. So we do not have the ability ordinarily as we are doing settlement discussions for the individual who is working on behalf of the Federal Government to be able to commit the Federal Government to spending a certain amount of money.

Within that, we have worked to try to resolve issues, to work past the many complex issues. But it is usually when you get to the final stage of congressional consideration that the financial issues are identified. It is a looming issue for the West. It has a tremendous impact on many States. We recognize that, and we want to continue Interior's longstanding commitment to try to resolve those issues.

The CHAIRMAN. Well, Madam Secretary, I am not sure that what I hear you saying is reasonable, because if you are out there in a 38 year old lawsuit and you have attempted to arrive at some conclusions, there may be a number of options. There may be some things that the Federal Government would say they do not want or cannot do or offer alternatives.

Now, if we introduce the legislation that comports to be in compliance with a major agreement that has been entered into, the way you are looking at it the first time we are going to hear substantively what you think about it is after the people and entities have made commitments and an agreement. I don't think that's a very good way to do it. I think there has to be more involvement early on so that we have a better idea of where we are.

End of my statement in that regard. Let me move to oil and gas production and leasing. We have a problem that we have told you about where those who drill and have permits on public land for either oil or gas, you and others are saying, let us hurry up the permits, let us get out and produce. You do not have any problem with this Senator. What you are saying about getting rid of the backlog, that is fine.

But we have some legitimate complaints, some not so appropriate, about the permittees, those who are drilling, the oil and gas companies, not taking care of their surface responsibilities—roads and making sure the area is properly attended to. This is not good, because we have had a relationship with ranchers and surface owners that has been very good and now it seems to be rather clouded on one hand and on the other very filled with anguish and anxiety.

Are you aware of that?

Secretary NORTON. Yes, Senator, I am aware that there have been difficulties, especially where we have a split estate situation. We have been working first of all with the Western Governors Association. We have identified best management practices that are to apply as we are making final decisions on individual wells that help minimize the impacts from those wells.

We also have been requiring the companies to work with the landowners more consistently, with the surface owners, so that we have discussions taking place, so that the companies will work with the surface owner to try to avoid problems. That has proceeded with great success with some companies, but not with others.

We are requiring the posting of a bond by companies that are not getting agreements with surface owners. It is still a point of difficulty.

The CHAIRMAN. Well, Madam Secretary, let me say, we do not yet have a report to our Senators about a site visit by one of our staffers. One of our staffers went out there because the property owner said: This company does it right, come and see it; this company does not do it right, come and see it. I am thinking there is going to be a conclusion that they were right, and you are suggesting that, some companies are doing it right, some are not.

I submit to you that there ought to be an on the field response to some of the complaints, so that you can get, your Department can get, a real feel of what is going on. Just do not take the complaints, but have somebody go and see, so those property owners feel like somebody is listening. Maybe you are doing that, but I really suggest that you do it on a random basis so people really know that they are going to get looked at by a field person of your Department. Otherwise, in all deference to those who do the drilling, and we try to help and get it done, but they might not do their job right. Thank you.

Now, I guess next on this is Senator Salazar.

Senator SALAZAR. No, Senator Thomas was here before me.

The CHAIRMAN. Were you here, Senator?

Senator THOMAS. I was here. Thank you.

The CHAIRMAN. I made a mistake.

Senator THOMAS. Thank you for being here. It is very difficult. We all talk about reducing the deficit and yet we have a hard time reducing any of our spending, and I understand that.

Let me ask you several things very quickly and perhaps you can respond fairly quickly. As you know, the President had a proposal for a number of years to deal with the maintenance backlog in the parks, and I wonder how we are doing on that. I do not think we have kept up with doing what was promised.

Secretary NORTON. Senator, we have been working toward the $4.9 billion backlog commitment that the President made. This year's funding should allow us to meet that commitment. A portion of the originally identified backlog, a very significant portion, was in the highway system. We have requested, it is almost a doubling of highway funding for the parks as part of the overall highway bill. That of course is in limbo until that legislation is passed.

Senator THOMAS. So we need to continue to work on this because the Park Service has done a pretty good job of getting an inventory of the backlog and now we need to get the work done.

Heritage areas. We are trying to do something with that, but it is going on and you have some obligations there. How do you expect to provide only $5 million for Heritage Areas when the requests and demands are beyond that?

Secretary NORTON. We do know that is a very popular program and we have been looking at how we best to foster the kind of local heritage tourism efforts that are behind the heritage program. The Preserve America program is another way of doing that and that works with local communities.

Senator THOMAS. The Department has agreed to usually put in $10 million to each one of those areas, which we do not necessarily agree with, but that has been the position. And this is not enough money to do that, of course.

Ms. SCARLETT. Senator, my understanding is that we have had $14 million in total for heritage areas appropriated by the Congress. Our $5 million for heritage areas, coupled with the $12.5 million for Preserve America, we think would go a long way toward advancing heritage goals.

Senator THOMAS. You talk some about AML funds here and so on, but you never mention the State share. As you know, the States are not getting their share of the 50 percent. Now, I guess that is our responsibility, but you seem to have made plans for most of the money when in fact half of it belongs to the States.

Secretary NORTON. Senator, the $58 million that is in our budget for this time is to deal with exactly that. It would take the—that number was derived from looking at the promises that were made to States and that right now I think is a $580 million figure, and to basically pay that off over 10 years.

We recognize that we proposed legislation and a specific approach. We want to work with Congress to try to address that issue and to be flexible in the way we address that.

Senator THOMAS. Good.

Secretary NORTON. The $58 million was put into our budget specifically to show our commitment to address that issue.

Senator THOMAS. The States have about a billion dollars coming to them. I do not suppose we will ever get that, but that has happened because they have not gotten their share as it went along, which is as much our fault as it is anyone else's.

PILT, all of us are concerned about PILT. This is a pretty legitimate program. I was in the House and helped raise the authorization. These are offsetting taxes that the county would otherwise have if it was not Federal land. So reducing that seems to be a pretty difficult thing when you talk about working cooperatively with local governments.

Secretary NORTON. We had to make some tough decisions this year in order to start bringing down the deficit, and that was one of the tough decisions that we had to make. We certainly recognize the appropriateness of that program.

Senator THOMAS. You basically took it away from the counties, as opposed to taking it away from the Department, however.

Secretary NORTON. We have made some changes in other programs as well. But one thing that I would suggest you might want to—I was surprised when I looked at the allocation of PILT funding to Colorado counties. It was not what I expected. The fact that many counties get funding from our revenue-producing activities means that a lot of the counties—that in many areas the counties that have the most public land also share in some of the benefits from our revenue-producing activities, and so they should be seeing some additional revenues because of that.

Senator THOMAS. It is a concern for most of us.

Wild horses. Again, we have a problem here. We began to solve a little of it, but it certainly is not solved. This year's request is substantially below last year's. How do you plan to continue to solve the problem?

Secretary NORTON. We have been working to enhance our adoption program. We have also been working with Indian tribes, with groups that are concerned about wild horses, to find some people that might be interested in having, in acquiring, wild horses for the long term. So we have got some transfers that are taking place or currently being negotiated that would help with that.

So our goal is to reduce the number of horses that are in the long-term group.

Senator THOMAS. The problem really, as you know, is the numbers, in that we are always spending money gathering the horses and then we do not know what to do with them after they are gathered. Now we are paying $1,800 each to a rancher to hold them the rest of their lives and those kinds of things, so it gets pretty expensive.

At any rate, how about homeland security? I have visited Oregon Pipes and I have gotten a notion of how much they are spending, for example, on that kind of thing. How much do we spend on homeland security out of this budget?

Secretary NORTON. We will find that number for you. Overall, we have done a very substantial increase in homeland security over the past few years. This year's budget does not ramp up in the way that our previous budgets did in order to meet the emerging areas.

Senator THOMAS. Do you get anything from the homeland security budget for this or does this come out of your budget entirely?

Secretary NORTON. The border security, for example, really is a responsibility of Department of Homeland Security. We have the responsibility for protecting our lands and cooperating with the Border Patrol.

Senator THOMAS. Sure, I understand.

Secretary NORTON. So while it is largely their responsibility, we do cooperate with that and have increased the funding for areas along the border.

Senator THOMAS. Finally, just as a comment on oil and gas production, of course the Federal lands get a good percentage of that money from the leases and then the percentage on the production itself. So it seems a little strange to charge the producers now for the administrative costs that you have to put in there when you are already getting two sources of revenue from that production.

Secretary NORTON. This is a way of recovering the costs that are incurred by——

Senator THOMAS. You more than recover your costs, Madam Secretary, out of that. It is hard to think that, because the consumers pay, you know, of course.

At any rate, thank you very much and we will be working with you on the budget.

Secretary NORTON. Thank you.

The CHAIRMAN. Thank you very much, Senator.

Senator Salazar.

Senator SALAZAR. First of all, Secretary Norton, let me welcome you here officially as your successor as Attorney General in Colorado. I again congratulate you in your position of Secretary of Interior. It is good to see you this morning.

Secretary NORTON. Thank you.

Senator SALAZAR. A couple of quick comments before I ask you a question. One on the Indian issues that we have been talking about. I very much agree with Senator Domenici that if there is something that we can do to try to bring to resolution the trust fund litigation it would be helpful to our Nation, helpful to Interior, and helpful to the tribes, and if there is anything that I can personally do on that let me know.

Second, on the Indian water rights settlements, I congratulate you on bringing Jennifer Gimbel on board. She is outstanding and will do a fabulous job. I do think there is a structural problem relative to how we deal with Indian water rights cases in Interior in that we do not have people who are assigned to work in those cases for the duration of the period of time that it takes to bring those cases to resolution.

I speak from having worked with you and with Secretary Babbitt on cases that have taken multiple years and when you have faces that change every couple of years it is hard to have the right kind of leadership to bring those cases to conclusion.

So those are the comments that I would make just on the tribal trust and water rights issues. Let me ask you a question on the Land and Water Conservation Fund. Let me just say that the Land and Water Conservation Fund when it was envisioned by John Kennedy back in the 1960's I think was intended to create the kind

of land preservation effort for America that we would be proud of for generations and centuries to come. As you know, Secretary Norton, in our own State of Colorado I helped draft and led the effort to create the Great Outdoors Colorado program, and we have been able to protect and to preserve hundreds of thousands of acres of land and sensitive biological and ecological habitats within our State.

When I saw the President's budget, which I know that you support, and the huge cuts in the Land and Water Conservation Fund, I was frankly dismayed, because it seems to me that as we move forward with the preservation of our lands with these grants that are given to the States to be able to do what they can to protect sensitive places, that the budget itself is a betrayal to the concept that we had for the Land and Water Conservation Fund when it was first created.

I very much disagree with the President's budget in terms of the cutbacks for the Land and Water Conservation Fund. Over the years since the 1960's, in your home State and mine we have had over 1,000 projects that have been funded through the State-side part of the Land and Water Conservation Fund. So I would hope that you would revisit and that you, frankly, would disagree with the proposal to cut back on the Land and Water Conservation Fund.

Can you please just explain to me the rationale for the cutback on LWCF to the States?

Secretary NORTON. This administration came into office very enthusiastic about the State-side Land and Water Conservation funding and proposed funding of that at $450 million. That was not adopted by Congress. We have since that time worked on a number of other conservation-type programs, including those that go through the States. We have endangered species programs, wetlands programs, other wildlife programs that go through the State governments as well as those that go directly to grant programs with the private sector.

We recently had a study that was done by the Office of Management and Budget to analyze the State-side Land and Water Conservation program and to determine whether it was a program that had clearly defined goals and was meeting those goals. Their conclusion was that it was not. As we looked at the allocation of funding across our grant programs, the decision was made that it was not as effective as many of our other programs. So we have shifted our focus from that program and into our other conservation grant programs.

Senator SALAZAR. So what you would say, Secretary Norton, then is that your decision and recommendation to OMB and to the President to do away with the Land and Water Conservation Fund State-side programs is something that was determined based on what you consider to be the ineffectiveness of that program based on the OMB study?

Secretary NORTON. That is correct, yes. That program did not fare well as it was analyzed. Some of our other programs have very direct and demonstrable benefits and clear goals that justified increasing the funding.

Senator SALAZAR. I would like to request of you that I get a copy of the OMB report that reached those conclusions, and also your analysis as to why it is that there was the cutback on these State-side programs for the LWCF. I will tell you that in my own days of putting together the Great Outdoors Colorado program that it was a coalition of the business community along with the environmental community that came up with that program and the incentives that have been created by Great Outdoors Colorado have probably done more for conservation within the State of Colorado than almost anywhere else in the country, and the creation of these funds on LWCF or State-side grants I think acts as an incentive to try to avoid many of the problems that historically we faced across the West and across the country, where oftentimes we have ended up in litigation over takings and regulation when we can avoid that if we can put together the right kinds of partnerships that are incentivized by money that then leads to conservation with private landowners.

So I would like you to take a look at that again.

Secretary NORTON. We will be happy to provide the materials.

Senator SALAZAR. Let me move on to another quick area of questioning, the Payment in Lieu of Taxes cutbacks. When I look at the cutbacks of 12 percent to the Payment in Lieu of Taxes program, I am very concerned. Last week I spent time with county officials and mayors and city council persons from all 64 counties of my State that we brought together in regional meetings. Without exception, each one of them is gravely concerned about what is going to happen to Payment in Lieu of Taxes.

You know, for us, especially in the West, the Payment in Lieu of Taxes is I think the keystone to the functioning of many of these local governments, where so much of our landscape is owned by the Federal Government. You know these counties, whether they are the small counties of 600 people in Hinsdale or San Juan County or the larger counties like Mesa County that have a larger population, there is a huge increment of the functioning of those governments to serve their citizens that comes from Payment in Lieu of Taxes.

So my question to you is, I would ask you to provide an explanation to all of us with respect to how you decided to come up with the kinds of cuts in the Payment in Lieu of Taxes program for our States?

Secretary NORTON. The Payment in Lieu of Taxes funding is higher than its historical levels by a significant amount. Our 2006 budget amount is 60 to 97 percent higher than funding levels in the 1990's. So we have been increasing that program through time and we——

Senator SALAZAR. Let me interrupt you. It may be higher than it was in the 1990's, but the Payment in Lieu of Taxes, Madam Secretary, the program itself has never been fully funded to 100 percent. In fact, we have only funded historically a very small portion of PILT. What you have done in your proposed budget for 2006 is you have proposed a 12 percent cut from what was authorized in the previous fiscal year.

So that the comparison that we are doing more now than we were back in the 1990's does not satisfy me with respect to the con-

cerns that I keep hearing from many of our colleagues back home, from Mesa County and other counties. So I know there is going to be a lot more conversation on PILT before we end up with the President's budget or with the congressional budget in response to the President's budget.

Secretary NORTON. We are all looking for ways to deal with the deficit.

The CHAIRMAN. As I understand it now, the next Republican is Senator Craig, then Senator Landrieu.

Senator CRAIG. Were you here first?

Senator MURKOWSKI. No.

STATEMENT OF HON. LARRY E. CRAIG, U.S. SENATOR FROM IDAHO

Senator CRAIG. Thank you.

Let me add a couple of observations. Let me pick up on where Senator Salazar left off. While PILT is not fully funded, what we have attempted to do over the last several years is accelerate its funding to keep pace with the cost of doing business in the counties. If it were static, then all property taxes would be static. Property taxes are not static in any of these counties and the reason is obvious: the costs of doing business are greater.

But these are very small fee simple counties. They are very large public counties. And much of that money, as you know, goes to doing what maybe the Government ought to do but we would prefer it not do: maintain some roads into those public lands, do a variety of other things, including law enforcement and in some instances a little fire protection.

So we will work hard with you, but at the same time, that is a program that has worked. If there is some reasonable understanding that those dollars may not be flowing, we need to know about it. I understand the frustration between counties that have oil and still get Payment in Lieu of Taxes funding based on property, and counties who have no oil. That is an entirely different story and I understand that.

Also, sometimes we ought to step back and look at programs that were passed years ago that maybe do not make sense today. How can we in a straight-faced way turn to the American public and say we are going to house thousands of head of horses at $1,800 a head until death do us part? That was never the intent of the Wild Horse and Burro Act. Yet we know that if we let them multiply at the rate they do now, they are more destroying and damaging to the public lands and to habitat than are proper grazing of other domestic livestock.

We cannot adopt them out any more. People have found out that those neat little animals kick the hell out of them. That is being blunt about it. Some have been able to be transformed into domestic horses. Others have not. The adoption program is not the hot topic it used to be.

So why do you not work with us and get bold about changing the public policy? We should not be boarding thousands of head of horses for $1,800 a year each. I should quit Congress—not a year?

Senator THOMAS. No.

Senator CRAIG. Their lifetime, until death do us part, I guess. You know, at a ton of hay, a ton and a half of hay, dry-lotting an animal—I have not fed horses in a good number of years, but I know that somebody is making an awful lot of money right now off the taxpayers of this country. I am quite sure Wild Horse Annie might roll over in her grave if she understood that we were now warehousing horses. That was not her intent either.

I came to Congress just after the great episode of the wild horses and, frankly, it has not worked.

Also, on the *Cobell* lawsuit, this country is not going to pay out that kind of money, so why do you not come to us to see if there is not some way to solve this legislatively for all the parties involved?

Secretary NORTON. We are very happy to work with Congress to try to address that. I think it is important.

Senator CRAIG. A few of us are willing to be openly and publicly bold about issues like this when it costs tens of billions of dollars. So we drill ANWR and pay out all the money in this kind of a settlement? I think not. That really does not make a lot of sense for us.

But oftentimes those are political hot stones that nobody wants to touch, when in fact 40 years after the fact the meaning has been lost or the intent is no longer there. It is time that we probably ought to revisit some of those issues.

Let me touch briefly: rural fire assistance grants. We have got a problem there. The Forest Service and FEMA are reducing rural fire assistance grants by 30 percent. What effect do you foresee these reductions having on your partnership with local fire departments?

Secretary NORTON. We do have $1.9 million that is for training of local firefighters to make sure they are trained to do the wildland firefighting, which makes for a more efficient division of responsibility. We have an agreement that we have negotiated with FEMA and are working to expand to make sure that their $500 million in funding is available to work with local firefighters.

We were in the process—we had our own little program doing the grants to local fire departments. It really makes more sense for the Forest Service to operate its grant program, for FEMA to operate its grant program, than to have us also duplicating efforts and operating our own smaller program. So we want to work with FEMA—and they are willing to work with us—through their program to provide some assistance in ways that will be beneficial for the wildland firefighting.

Senator CRAIG. While I do not disagree with the idea of making sure that all agencies involved are working in a cooperative manner so there is no duplication, at the same time I think we have to appreciate the reality of well-trained people on the ground at the point of the spear when fires begin. All of those kinds of things are critical, and the protection of these small rural communities that have become encased within our less than healthy public lands that are producing these wildfires today with such magnitude depend on the Federal response.

Let me touch on another issue. I know that in the struggle to find resources we oftentimes need to do or you need to do things

that some of us disagree with. One of those programs that I have disagreed with you on is the amenities fee program, but over my objection it is now law. That is okay, I guess. I do plan to hold oversight hearings later this year, and I want the Department on notice that my constituents have not changed their mind about being taxed again and again, even though it might be called a fee for services rendered.

So I guess I would ask of you and the agencies involved what you plan to do. Let us look at the programs involved and how you plan to charge the fees, the point of contact, all of those kinds of things. My experience in the past has been very clear: The Federal Government has an awfully hard job acting like a business, and telling the public that they are getting something for the fee charged—and if you are going to charge our public for access for a variety of reasons, we have got to get pretty good at convincing them that what they get is a good deal. And if we do not, I think the idea of objection or reaction will continue.

Secretary NORTON. Senator, I look forward to discussing that with you further. The successful fee demonstration places have been the ones where the public can see very concretely, very directly, what the fees are paying for. We have learned from some not-so-successful places that it does not make sense to charge fees where you are not providing services, you are not providing things that the public can see that they benefit from.

The legislation has some requirements to help prevent that and we will be establishing recreation advisory councils so that the public has some very direct input into the places in which fees will be charged. So we look forward to working with you to make this a program that is successful and that does give the public something that they can see as a benefit.

Senator CRAIG. Well, thank you.

My time is up. I will close in making a couple of comments. Thank you for mentioning sage grouse conservation. Your effort there has been fantastic. We are working hard now in the Great Basin West to make sure that cooperative program continues for the benefit of all. That is greatly appreciated.

Last, a former Secretary of the Interior introduced wolves into my State, foreign animals known as Canadian grey wolves, and now we have 420 of them by last count, 27 breeding pairs, destroying our wildlife, killing our elk and our deer, in many instances ravaging our domestic herds. I would hope that you and I can gain the political will to delist this species and move on with a reasonable approach toward managing them, now that they are there. We Idahoans, though, have not yet collectively decided to invite those foreigners into our presence.

Thank you very much.

The CHAIRMAN. Madam Secretary, I want you to know that when the committee works so hard at grilling you it does not mean that we do not think you are doing a good job. You understand. These are difficult times and we understand they are tough for you, but you must understand they are tough for us, and I think you do.

Secretary NORTON. Thank you.

Senator CRAIG. Did I not smile while I was asking?

The CHAIRMAN. Only a little bit.

Senator CRAIG. Oh, I am sorry. Sorry, Gale.

Secretary NORTON. You smiled. It is okay.

The CHAIRMAN. You do about the same as I do. You know, I watch myself and I say, what is the matter with you? Why are you not happy? At least I am chairman.

Senator CRAIG. I heard a wolf howling in the background.

The CHAIRMAN. Let us see. We are going to have the distinguished Senator, Senator Landrieu. Nice to have you this morning. Thanks for coming.

STATEMENT OF HON. MARY L. LANDRIEU, U.S. SENATOR FROM LOUISIANA

Senator LANDRIEU. Thank you, Mr. Chairman.

It is one of the meetings I look forward to every year, talking with our Secretary about so many important issues that affect all of our country, not just the interior, but of course our coastal communities and our oil and gas-producing communities.

I would like to just thank you for your visits to Louisiana, Ms. Secretary, and thank you for your interest in so many of the things that we are trying to get done in our State, which is not one of the western States that we spend a lot of time talking about here, but nonetheless an extremely important State to making contributions to energy self-sufficiency and independence, or at least getting us closer to the goal of independence.

But I would like to begin just a couple of comments and one or two questions. I want to associate myself strongly with the remarks of our new Senator from Colorado, Senator Salazar, and just thank him for raising the subject and for being so articulate in his defense of the State side of the Land and Water Conservation Fund, as you know, a program that has been supported by Republican and Democratic presidents, Republican and Democratic Congresses, since the mid-60's, the program that has been responsible for an unprecedented number of parks in almost every community in every State, where children and families and the businesses, and the business community that many times leads these small and medium and large-sized towns advocates so strenuously for, because it is all about the bottom line of their quality of life.

Whether it is a ball field or whether it is a fishing pond or whether it is a city park or just an area for people to get out of the hustle and bustle and bike or trail, these things are cherished by Americans, all Americans. There is a majority for conservation in this country that defies party lines or ideology.

Senator Lamar Alexander has been of course a tremendous advocate. So I am going to be joining and continuing to help lead the efforts for restoration of this State side after reviewing the document that you will send us from OMB, letting us look at it. We do not want to fund programs that are unpopular or inefficient, but literally in my life of public service I have come across fewer programs that are more widely and deeply supported by the breadth of constituents than the State side of Land and Water Conservation.

The Federal side has its advocates and critics based on the notion, as you know, of who should own private property. But the

State side virtually has no enemies and all advocates from every different walk of life.

So I appreciate this administration's initial interest, but even when pushback occurs sometimes in public life we just have to push on and press on. I think funding for the State side of land and water is one of those. So I am going to be joining Senator Salazar and look forward to that. But we have expressed our strong disapproval of the zeroing out of that extremely important program.

But I would like to ask you about an elimination of another small but nowhere near the reach or the money involved, but very important I think to another aspect of what people cherish in this country. While Americans always look forward and want new things and are about building, there is an important effort underway for historic preservation in our Nation.

We have a national center that was created several years ago that operates on literally a shoestring of a budget, a few million dollars, and the work that it turns out, not just for big cities and medium sized cities but small towns, as they try to make good decisions about what to raze and what to preserve and how best to spend the public dollars so they are not wasted and what new technologies can be used, was totally eliminated from the budget.

So I wanted to just ask you if you could explain this either lack of awareness on the part of your Department or what prompted you all to totally eliminate the only national center for historic preservation in terms of technology development and transfer?

Secretary NORTON. The Department of the Interior has provided in the past for restoration and renovation of the building in which that center is funded, and has provided some funding for that center in the past.

Senator LANDRIEU. Well, would you look into that?

Secretary NORTON. I will look into that and find out some more information.

Senator LANDRIEU. Would you look into that for me, because this center is located in probably one of the most cost-effective rent districts in the country. This is not in Manhattan or in the upper side of Chicago. This is in a rural community where the taxpayers of this Nation get a great benefit, because the technology that is developed there is able then to be spread out to all sorts of public, quasi-public-private, and private associations that are looking for the newest technologies relative to preservation, all about saving taxpayers' and individuals' money as we make good decisions about what to preserve and what to raze.

So I would like to ask you to look at that. It was a very important program to a former chairman of this committee, Senator Bennett Johnston, and continues to be a very important program to me and to many of us. I would like to ask you to look at that.

Finally, Madam Secretary, I have to call again to your attention the ever-increasing money being generated for the operation of all the programs that we are talking about. I would ask the staff to maybe give me the page in the budget where this is, but I have a pullout that the estimates of the offshore oil and gas projections—Mr. Chairman, you will be very interested in knowing this—1991, the Federal revenues generated from offshore, primarily off

the shores of Louisiana, Mississippi, and Alabama and Texas, which is the only place where there is aggressive current and ongoing offshore drilling in the entire continental United States, generated for our Nation almost $3 billion, which has gone into many of the programs that we support on this committee.

But in the year 2015 it is projected that that number is going to grow from $3 billion to $8.5 billion in rents and royalties. So the Nation is benefiting in a direct way. Not only is the Nation receiving the oil and the gas to keep our industries competitive, but the Nation, your Department in particular, which funds about, takes about 50 percent of this money to fund all of your operations, from all of the wildfire efforts to the preservation of land in the West to the saving of the redwood forest in the Northwest to the preservation of desert lands to the restoration of the Everglades to the restoration of the Chesapeake Bay to the restoration of the Great Lakes—all of this money, which represents a half of the Department of the Interior's $14 billion budget, is being generated off of a piece of land the size, this big [indicating] on a map.

But as you know, Madam Secretary, because you visited and you have flown over the lands, the counties that host this huge stream of revenue have received less than one-seventh of 1 percent, one-seventh of 1 percent, of $140 billion since 1950. Madam Secretary, this cannot stand. This cannot continue.

We have tried now in many different ways to be reasonable, to be team players, to be supportive. Our Governor has, Governors, Republican Governors, Democratic Governors, Republican Senators, Democratic Senators, we have supported and continue to support so many programs. But Madam Secretary, we cannot allow this stream of revenue to continue to come directly without supporting the host counties that make it possible.

So we are going to continue to file our bills, continue to put forth our amendments. But I ask you to please, as a person who understands what we are facing—since President Bush has come to office, we have lost, we have lost, 125 square miles of America's last remaining coastal wetland, largest last remaining coastal wetland, 125 square miles. We lose 25 square miles a year.

So I would just end by saying that this is just not going to be able to continue. I am not sure, Mr. Chairman, what our nuclear option is. I have considered it. I will not talk about that in public, but maybe a nuclear option for the States of Louisiana, Texas, Alabama, Mississippi that we may have to come up with if we cannot get some obvious relief to this grave injustice. Thank you.

The CHAIRMAN. Well, a nuclear option; we look forward to seeing what it is.

Senator LANDRIEU. We actually have a nuclear option in more nuclear power plants, which I suggest. But there was a little different approach that I was thinking about.

But could you just comment briefly and then I am going to relinquish the mike.

Secretary NORTON. We are aware of the coastal erosion problems that you have raised. We are working through both the U.S. Geological Survey and the U.S. Fish and Wildlife Service, as well as through other Federal agencies, to study and to address those issues.

The offshore programs are ones that are growing significantly. Right now the Federal lands and waters account for about a third of our domestic production, but as other areas are tapped out there is going to be more and more focus on those. Today, about half of our resource estimates for the future, about half of our resources, are on Federal lands or in our offshore areas.

Senator LANDRIEU. How does the Department continue to justify the distribution of revenues for onshore Federal lands to States like our chairman's, New Mexico, and Wyoming, but not to advocate strongly, seeing the benefits of those programs over the years to the State of New Mexico and to Wyoming and to Utah, observing the benefits of those programs to the States?

How is it not—how does the Department not feel compelled to go to bat for, in a more aggressive way, the coastal States of Texas, Mississippi, Louisiana, and Alabama?

Secretary NORTON. There certainly are things other than direct revenue-sharing that do benefit those communities. Certainly the funding goes into the overall Federal treasury that benefits everyone. The employment benefits are those that are available in the communities that are closest to the production areas.

Senator LANDRIEU. Well, I am going to send some information. You have been very lenient, Mr. Chairman, but I am going to send some information about that, because the indirect benefits of either income taxes, payroll taxes, or employment do not anywhere come close to compensating the communities for the infrastructure, the pull on the infrastructure needs to support this huge industry out in the Gulf. I am going to provide some data about that, because it really is, Ms. Secretary, a misnomer.

In fact, I ran across a man the last time I was home who lived in Maine, who came, flew down to Louisiana to go offshore because they work 14 on and 14 off. He had done this for 25 years, flying down to Louisiana, working offshore, and taking his paycheck back to Maine. We are thrilled to help the Maine economy, but it is a misnomer that the people of Louisiana benefit from all of those tax dollars because it is an industry where suppliers from all over the 50 States get a direct impact of the work that is done.

So I am going to leave it there, but we will continue our work on an energy bill and one that respects the contributions being made by all of our States.

Thank you.

The CHAIRMAN. Thank you very much, Senator.

We are going to proceed, but I have asked Senator Thomas if he would take over for me shortly and he has indicated he will. So if you would just let me do a couple of things as I wrap up and then I will turn the hearing over to him. He will take care of the remaining two Senators, and if you want an additional round, he will be here.

I ask consent that a letter from Senator Alexander regarding ANWR and his thoughts, which have been conveyed to OMB Director Bolten, be put in the record.

[The letter referred to follows:]

UNITED STATES SENATE,
Washington, DC, March 1, 2005.

The Honorable JOSHUA B. BOLTEN,
Director, Office of Management and Budget, Washington, DC.

DEAR MR. BOLTEN: We are writing to urge you to make it possible in the Budget Resolution for 2006 for some of the revenues from ANWR, in the event it is opened up for energy development, to go to a reserve fund for the stateside Land and Water Conservation Fund (LWCF).

Specifically, we believe the Budget Resolution should instruct that $450 million of revenues be reserved each year for three years for the stateside LWCF grant program, beginning in the year in which ANWR receipts are first received by the U.S. Treasury. (The stateside LWCF state grant program is also known as the National Park Service Conservation Grant Account.) In 2003, the Budget Committee created such a reserve fund from ANWR receipts for $250 million for five years, but the Senate failed to approve ANWR.

Many of our colleagues are concerned that drilling in ANWR would have an environmental impact. This provision would ensure such drilling, if it were to occur, would have a significant environmental benefit by fully funding the state grant program of the LWCF. These funds would be utilized to create state parks and open spaces across the country for the use and enjoyment of millions of Americans. This is balanced environmental policy—if you impact the environment in one place, you should conserve in another. ANWR is owned by the American people, and the conservation benefits would be dispersed all over the country.

We look forward to working with you and our colleagues on this issue and thank you for your consideration.

Sincerely,

LAMAR ALEXANDER,
RICHARD BURR,
JOHN SUNUNU,
U.S. Senators.

The CHAIRMAN. And questions that members have—and I have many—will be submitted to the Secretary for response as soon as possible.

I have just one issue that is very imminent in my State that I want to put before you and then I will have to leave for a while. You are aware in the Middle Rio Grande—which you have probably had to learn more about than you ever wished, but you will have to keep learning, I am sorry to say we have a problem there that we have been involved in for a long time. It has to do with the bosque that is up and down the Rio Grande, kind of our greenbelt.

The Corps of Engineers, the Bureau of Reclamation, Albuquerque, and the Middle Rio Grande Conservancy District, they have all been victim to decades of undermanagement, invasive species that have come into that area, and two fires, which you are aware of, that have been terrible. Much of this area is now included within the habitat of the Southwest Willow Flycatcher. I think you have been aware of that.

Moving forward on that proposal would make it very difficult to restore the bosque. There is a bit of a habitat restoration inconsistency.

First, would you support the establishment of a conservation program that allows us to continue restoring that bosque along the river, which could result in more water in the river and would allow the Southwest Willow Flycatcher to nest in its native habitat of willow and cottonwood trees?

Secretary NORTON. Senator, I have visited in New Mexico and seen one of our projects under way to eradicate the salt cedar and the Russian olive as invasive plants and to restore some of the native habitat. That is something that we support. We are funding

through several different parts of the Department of the Interior, and we are also working to address some of the southwest willow flycatcher issues through some of our cooperative conservation funding.

The CHAIRMAN. We are talking now about a conservation area that involves what you are talking about, but it also involves the bosque and the flycatcher habitat. You indicate you will support that, and work on trying to get it done.

Secretary NORTON. Let me find out some more about the specific proposal that you are discussing.

The CHAIRMAN. We need to ask you if you would encourage the Fish and Wildlife Services to seek an extension of time to publish its final rule regarding the flycatcher so that we can create this conservation program that is built on a collaborative approach to the management of that area.

Secretary NORTON. We would be happy to work with you to study that issue some more and to learn some more about that.

The CHAIRMAN. All right. I understand now we will proceed. Senator Murkowski is next, Senator Wyden, and then I think Senator Burr, is that correct? Oh, then we have the distinguished Senator from Virginia.

Senator Murkowski.

STATEMENT OF HON. LISA MURKOWSKI, U.S. SENATOR FROM ALASKA

Senator MURKOWSKI. Thank you, Mr. Chairman.

Welcome to you, Madam Secretary. Now, the chairman has suggested that we need to be smiling as we grill you this morning, and I have to tell you that I can give you a genuine smile because I am pleased that the President has included in his budget again this year the estimates for the oil and gas leasing up in ANWR, the Arctic coastal plain. I know that there has been some discussion in the media and apparently on the House side as far as the estimates that you have included in that budget.

In my opening statement, which I will ask to be included in the record, I guess I am backing you up in the sense that we too believe that these numbers are reasonable. In fact, we figure that they are probably a bit conservative, given the current prices of oil, given what we conclude is the amount of economically recoverable oil in the North Slope when we are finally able to move forward with that program, and also recognizing that the comparison needs to be made to Federal leases as opposed to some of the more current State leases.

So I am pleased to see you discuss that in your opening statement this morning and to again address that and include that in the budget. We will have an opportunity to go up to ANWR at the end of this week. I was just up north yesterday and it is cold up there. It is 35° below. Yes, surprise. They say it is supposed to get warmer, but I was talking to the Slope workers as they were going up on the flight yesterday morning and they guarantee me that it is going to be colder. So we will make sure that we have gotten your bunny boots ordered and that you will be taken care of.

A couple questions for you, and I wanted to reiterate some of the concerns expressed by my colleagues here about PILT and the

Land and Water Conservation Fund. I had to step outside for just a few minutes to meet some constituents from the community of Ketchikan and they had no idea what we were taking up in here. They said: You need to make sure that we are okay on PILT; we rely so heavily on this. I said: I will convey the concerns of Alaskans to you.

I think it was Senator Salazar that had requested this OMB report that did address some of the concerns. I too would be curious in looking at that. I guess it was Senator Thomas, you had mentioned that. But we would like to take a look at that.

A little bit about ANWR. There was a somewhat interesting article in *The New York Times* about a week ago and they were questioning the interest of some of the larger oil companies in bidding on ANWR leases. I found the article interesting or bemusing, I guess, because I thought that we were proposing to open ANWR to promote America's energy independence and not necessarily to enhance the operation of the oil companies.

I guess I would ask your opinion or your feelings about whether you feel the industry will show up to bid on the leases when we are successful in opening up ANWR to exploration and development?

[The prepared statement of Senator Murkowski follows:]

PREPARED STATEMENT OF HON. LISA MURKOWSKI, U.S. SENATOR FROM ALASKA

Secretary Norton, it is a pleasure to see you again before this committee. While I will have a number of questions for you concerning the future of funding for several Alaska programs in the President's proposed FY '06 budget, let me start on a brighter note.

I want to congratulate the President and you for again including revenues to be gained from oil and gas leasing in the Arctic coastal plain in Alaska in your budget for next year.

I know that some recently questioned the Administration's estimate that initial oil and gas leasing in the coastal plain of the Arctic National Wildlife Refuge will bring in a total of $2.4 billion in FY '07, and more revenue two years later. That is solely from leasing bonus bids, not from royalties or taxes from actual oil or gas production, which will come on line more than five years after leasing begins. I noted, in your prepared testimony, that you defended the estimates, noting that the Congressional Budget Office is predicting leasing revenues of about $4 billion.

I would like to say that I also believe the revenue estimates from the Office of Management and Budget are conservative, and that I expect the CBO estimates may also prove conservative given the advantages that ANWR offers to find, economically produce and market oil and gas.

First, we both know, that according to the U.S. Geological Survey that ANWR offers the best chance onshore for a major oil discovery in America.

Given current world oil prices, well above $25 per barrel, your agencies have predicted that roughly 90% of the technically recoverable oil will be economic to produce. And the estimates for technically recoverable oil range from a low of 5.7 billion barrels to a high of 16 billion, with a 50-50 chance of finding 10.4 billion barrels on the Arctic coastal plain.

And those estimates are based on ANWR allowing recovery of only 35% of the oil. At the nearby Prudhoe Bay oil field we likely will be able to recover about 65% of the oil. If a similar level of recovery occurs at ANWR, we will be looking at a range of from 10 to 27 billion barrels of oil recovered, with a mean recovery of 18 billion barrels.

There is no place on land in America that is anywhere close to as prospective. Even with the conservative estimates, the Energy Information Agency predicts there is from $125 billion to $350 billion of oil likely to be produced from the Arctic coastal plain. Given that rate of return, common sense would say that bidding $2.4 billion to earn a gross return of 50 to 150 times that amount would be good business.

Secondly, some of my colleagues on the House side last week cited statistics that implied that companies generally bid only a few hundred dollars per acre for oil

leases in Alaska. They looked only at state lease sales, generally for less prospective step-out leases, not at the federal experience.

The last time there was even remotely close to as prospective a tract up for oil leasing in Northern Alaska was in October 1982 when tracts in the Beaufort Sea were on the federal auction block. Companies 23 years ago, when oil was selling for less than half of its current price, bid $2.055 billion for 121 blocks of federal leases during Lease Sale 71—ten times what companies bid for a state sale in 1996.

Given that experience, and the experience the federal government had in leasing tracts in 1988 in the highly speculative Chukchi Sea frontier area, where bids reached nearly a half billion dollars for leases a thousand miles from the nearest means to get any oil to market, I have no concerns about the government realizing its current estimates for leases on shore, where all the technology is already perfected and where a transportation system—the trans-Alaska oil pipeline—is literally eight dozen miles away.

I'm looking forward to traveling with you, Secretary Bodman and a number of Senators this weekend to visit ANWR, to inspect the newest technology in use at fields in NPRA and to view the original Prudhoe Bay field and to meet with residents at Kaktovik, the only village in ANWR. It was a bit chilly on the North Slope over the weekend with lows hitting minus 35, but the forecast calls for a considerable warming trend by this weekend, so hopefully it will be a bit more pleasant than during your last winter trip to ANWR four years ago.

Thank you for being here and I will have a number of questions for you during the question rounds.

Secretary NORTON. Well, first of all, Senator, I agree with you that it is the American government and the American public that needs to be concerned about America's domestic production and our reliance on foreign oil. The multinational oil companies can look wherever they want to around the world for their sources. So having our own domestic supply is a uniquely American concern.

I think one thing people need to understand about our leasing process is that at the time we actually do leasing, first of all, this area would be open and so the legal situation would be clear. Second, we would have some additional seismic information on which the bidding would take place. So the companies would presumably evaluate that information. If there are large resources appearing to be present from additional work, then I certainly anticipate the companies will have tremendous interest. If the seismic work shows there is nothing there, then the concerns people have about the effects on the area will clearly fade away.

Senator MURKOWSKI. Until we get in there to explore, we are not going to know for certain. So that is why it is so important that we move forward. I appreciate your willingness to work with us on this, the President's support on this issue, and your willingness to come up North next week.

Moving to some legislation that I had introduced last year and the President has signed into law, this is the Alaska Land Transfer Acceleration Act. This legislation was designed to facilitate the transfer of lands that the Federal Government owes to the State, to our native corporations, and to native allotment applicants by the fiftieth anniversary of Alaska's statehood, which will be in 2009.

As we were working through this legislation last year, we all recognized that in order to accomplish this goal of transferring these lands it was going to take a very focused effort. It was my understanding that the Department was prepared to commit the resources necessary to achieve this objective. But in looking at the budget, there is a proposal to cut the appropriation for BLM's Alaska conveyance program by $9 million. In looking at your briefing

book, you state that the rationale is to return the pace of the program to the more sustainable level, which confuses me.

It does not make sense because we passed the Land Conveyance Act prior to the formulation of the 2005 budget. So I guess what I need to know is that you are still committed to achieving the goals set forth in the Land Transfer Conveyance Act and whether we can do it if we are going to cut the budget in this area?

Secretary NORTON. We are still committed to moving forward with transfers and do still support the act. Our funding level is getting us to the same level that the administration requested last year, as our current funding. We have through the act that was passed some tools that now make the process more efficient, and so we should be able to function in a more efficient way.

Senator MURKOWSKI. Well, we do recognize that we did put in place those tools to create efficiencies. But we also recognize that we have got about 89 million acres that have yet to be conveyed. We have some considerable survey issues, as you know. The complicated land ownership makes this process more cumbersome. If it takes additional people, if it takes additional funding for surveys, we need to do what it takes.

The promise to us at statehood was that we were going to get these lands. We figure 50 years is plenty of time to make these conveyances and we want to know that we will have that assistance from the Department to make that happen.

Secretary NORTON. We will work with you on that, and we will work to see that things like the ability for our Department and native corporations to establish a boundary without need for a survey, that that sort of tool will be utilized so that we can move forward.

Senator THOMAS [presiding]. Can we move on?

Senator MURKOWSKI. Thank you.

Senator THOMAS. Senator Wyden.

STATEMENT OF HON. RON WYDEN, U.S. SENATOR FROM OREGON

Senator WYDEN. Thank you, Mr. Chairman.

Welcome, Madam Secretary. Let me start by saying that, with southern California under water and Oregon bone dry, this is the year that the West has defied the Farmer's Almanac. I think what I would like to start with is your sense of what to do, particularly in parts of the West like the Klamath, where I think we are just headed for very, very difficult days?

I read your testimony with respect to the Klamath and you want to have a water bank, which I am in favor of, but you cannot bank water you do not have. So I think what I would like to do is start by seeing if you would be willing to commit today to starting to put in place emergency measures for our part of the country for what is coming in terms of water.

Everything you have got here I certainly think is sensible and I have no quarrel with any of it. But I think we are going to need some emergency measures, given the situation. It may not just be on the Klamath; it may be in eastern Washington as well. But would you commit to start working with us now on emergency measures, given what looks to be a very, very dire situation coming up?

Secretary NORTON. Senator, I just talked yesterday with the head of the Bureau of Reclamation about the overall picture in the West, where the rainfall is and where it is not. Klamath is certainly one of the areas that is a very dry area this year. His feeling was that a water bank allows us to provide water for endangered species and so we are, from the irrigator's perspective, in a regular shortage-type situation, a regular dry year, but not the same kind of conflict we had with the endangered species situation in the past.

So we have moved past the huge crisis we had in 2001 through some of the steps we have been able to take, if the current projections hold out. We do have increased funding in the 2006 budget for some of the projects in the Klamath area. We are working on things like the removal of the Chiliquin Dam that would open up some additional areas of habitat and help relieve some of the pressure. So I think we have been working toward an overall strengthening of the ecosystem within the Klamath Basin that hopefully means we will not be in an emergency crisis situation for this year.

We certainly are happy to work with you to review the measures that we have planned and to look at the situation as the year develops.

Senator WYDEN. I would just urge you to do that, because I think, as I say, what you have listed here in a number of the initiatives that you mentioned are useful, but every way I look at it there is too little water, too little snowpack, a very dry summer ahead. I just want to make it clear today, given where we are the beginning of March, I would hope that you would start looking at planning for an emergency situation.

If we do not need it, hallelujah and everybody will go away happy. I have a feeling we are looking at a very difficult summer.

Let me ask you about another area that I have been interested in getting into and I want to start with your appraisal on. That would be your sense of the state of America's parks at this point. You guys are 4 years into it now and have had a chance to look at initiatives to deal with our parks. I understand my colleague from Wyoming asked some questions about this.

Give me your sense, Madam Secretary, of what you think the state of America's parks is 4 years into your service?

Secretary NORTON. We feel very good about the state of our parks. We have been working, first of all through increased funding. The chart here shows the increase in park funding compared to the increase in overall Department of the Interior funding and I believe overall domestic discretionary Federal funding. So park funding has increased considerably more than funding for our other programs.

We are also working smarter. We have a better system within our parks today for being able to assess what needs to be done on maintenance needs and to see that funds are actually put into those projects that need to be done. We are doing the highest priority ones first. So it moves us away from some of the problems we had in the past of not really being able to compare what one superintendent was telling us a problem was with what another superintendent was. We have now got a much more businesslike approach.

We are also looking at how we can be better and more efficient managers within the Park Service. The regional directors have been looking at some ways to improve efficiencies between parks. For example, if you have two nearby parks that each need an archaeologist, the practice in the past was always for each park to look only within itself at its own needs. So each park would hire an archaeologist.

Today we are trying to look at whether one archaeologist might be shared between two parks. I think there are a lot of possibilities by having a more flexible management focus to be able to manage the park resources better.

So I feel very good about what the park employees through their own enthusiasm have done in trying to improve management as well as some of the efforts we have made from the national level.

Senator WYDEN. You mentioned that you have designated priorities in terms of the parks. Can you make that information available to us? In other words, if you have a list of priority park improvements that is something that I think I and other members of this committee would be very interested in. Can you get that up to us?

Secretary NORTON. Yes, we have an Oregon-specific report that we have put out in the past that lists the projects that are completed and under way and the ones that are coming up for the current fiscal year.

Senator WYDEN. Maybe I am confused. Do you have a list of priorities for parks all across the country?

Secretary NORTON. Yes, we do. It is a list—we have about 4,000 projects that are in the current timeframe.

Senator WYDEN. I thought you had priorities, for example, like these are the first ten priorities for America's parks. Is that something you have?

Secretary NORTON. It is a much larger list than that. But we can provide you with some information.

Senator WYDEN. I think it sounds very useful. I would just be interested in seeing the Department's priorities for the parks in this country, in other words the ones that you think are the most important, because that is obviously something important for the Department, and then obviously I would be interested in what kind of work you are looking at in terms of Crater Lake and Oregon.

Secretary NORTON. Let me clarify one thing——

Senator THOMAS. Could we—the red light is on here.

Secretary NORTON. All right. There are some things that—it is not necessarily a nationwide highest priority, because just painting a historic building to prevent future degradation may be very, very important. So it's not just a pure single priority list.

Senator WYDEN. Well, let us see what you have.

Thank you, Mr. Chairman.

Senator THOMAS. Senator Allen, I believe. Were you next?

Senator ALLEN. Senator Burr.

Senator THOMAS. Oh, I am sorry. Senator Burr.

STATEMENT OF HON. RICHARD BURR, U.S. SENATOR FROM NORTH CAROLINA

Senator BURR. I thank the distinguished gentleman from Virginia—the Commonwealth of Virginia, excuse me.

Welcome, Madam Secretary. If I could I am going to focus very briefly on OMB's decision to zero out the Land and Water Conservation Fund and specifically talk about their program rating assessment tool process that they went through. As we know, they reviewed the period 2003-05. They asked questions like is the program's purpose clear? Yes. Does the program address specific and existing problems, interests or needs? Yes. Is the program designed so that it is not redundant or duplicative with any other Federal, State, local or private effort? Explanation: The program is well designed to assist State and local governments. The gap in non-Federal services is large enough to warrant a Federal program. Evidence: NPS argues the gap in non-Federal efforts is best shown through surveys, various capital investment plans, the large number of applicants willing to meet the 50 percent matching requirements.

It goes on: Do all partners, including grantees, subgrantees, contractors, cost-sharing partners, other government partners, commit to and work toward annual or long-term goals of the program? Evidence: No evidence available. No answer.

Has the program taken meaningful steps to correct its strategic planning deficiencies? No relevant evidence available. No answer.

Question: Did you challenge the OMB report?

Secretary NORTON. Let me ask Lynn Scarlett, who has been working directly with OMB on the overall program assessment rating tool program.

Senator BURR. First question first: Did we challenge it?

Ms. SCARLETT. Senator, the process for doing the program assessment rating is a back and forth process, a lot of discussion, and indeed initial assessments we ask questions about. In the end, the key issue raised with respect to the Land and Water Conservation State side was the lack of performance measures, and we were not able to demonstrate that in fact they did have those clear measures.

Senator BURR. It is my understanding that each State and territorial director consult with DOI about the performance of their State's Land and Water Conservation Fund side grant programs. Was their survey compared to the results of OMB's study?

Ms. SCARLETT. We worked closely with the States as we went through this back and forth process. Indeed, through the dialog we convened a number of States together to try and come up with clearer performance goals, but that was not able to be accomplished before this process was completed, and in the end we had to acknowledge and agree with the Office of Management and Budget that the goals were not clear.

Senator BURR. Would you allow me to ask you to be specific. Were there gross management problems, the redirection of money, no tangible results? How did it manage to receive a performance standard that zeroed it out?

Ms. SCARLETT. Senator, as Secretary Norton has noted, we had to make some very tough decisions and obviously have funded the

Land and Water Conservation Fund over recent years with the support and help of Congress. But as we made this tough decision we compared this program to other programs with similar goals and purposes and found that other programs with similar goals and purposes were generating more leveraging of funding and clearer priority-setting and goals of how that funding would be expended.

Senator BURR. I would only surmise from what I have been able to read out of the OMB rating tool that "no relevant evidence available" is not necessarily adequate to make a decision to take a 50-50 cost share program and zero it out. I will pose the question, I will not ask for an answer. That is, is this something that the Department of the Interior wholeheartedly endorses or is this a budget action by the Office of Management and Budget?

I look forward to your next 4 years. Thank you very much.

Senator THOMAS. Senator Allen.

STATEMENT OF HON. GEORGE ALLEN, U.S. SENATOR FROM VIRGINIA

Senator ALLEN. Thank you, Mr. Chairman.

Thank you, Madam Secretary, for being here with us. I want to focus on battlefields, battlefield preservation, protection, and the value they have, and their interpretation and saving them for future generations. These are hallowed grounds. I think they are important to be saved and protected, first out of respect for those who fell on those fields; second and importantly, for the education about our history and our heritage for present and future generations about our history and our heritage; and third, heritage tourism, very good for jobs. A lot of small businesses rely on that, and they can be everything from small motels to small shops and others.

According to the Civil War Preservation Trust, they have identified the ten most endangered battlefields, some of which are in Virginia. Just to let everyone know and be clear, the protected sites are in many, many States in the country. But one of the areas is Spotsylvania County that is considered most endangered, and that is the site of four of the Civil War's bloodiest battles: Fredericksburg, Chancellorsville, Spotsylvania Courthouse, and the Wilderness battles.

It is estimated that the acquisition of 2,000 acres there will cost about $18.5 million. Now, the land values are escalating around the Richmond area, the Chancellorsville-Spotsylvania County area, and in the Shenandoah Valley. I am not one who likes to take property without compensation. The localities will try to down-zone or restrict. The best thing to do is with a willing seller find a price and protect that hallowed ground, as opposed to condemnation or diminished use without compensation.

As you may know, in 1990 the Congress created the Civil War Sites Advisory Commission. These sites are not just ad hoc sites. The purpose of that commission was to determine the preservation status of the Nation's most historically significant Civil War battlefields and offer alternatives for saving them. They reviewed all 10,000 engagements of the War between the States, or the Civil War, and eventually settled on 383 as historically significant and worthy of preservation.

These are in States from Pennsylvania, Ohio, Indiana, of course all the southern States, and including Missouri and New Mexico, where there are historically significant sites worthy of preservation. They then said we would have to spend $10 million a year in emergency matching grants, and these are matching grants where the Federal funds are matched by charitable donations of others, to acquire these significant battlefields, this land for them.

It was not until 1999 that Congress appropriated funds for this purpose. It was not until 2002 that the Civil War Battlefield Preservation Program would be officially authorized as part of the Civil War Battlefield Preservation Act of 2002. Since 1999, Congress has appropriated $26 million for the Civil War Battlefield Preservation Program, including $7 million that was requested in a 2-year period in the fiscal year 2004 and 2005 budgets from the Bush Administration.

Of that amount, $20 million has been awarded in matching grants. $5 million was just approved as part of the Consolidated Appropriation Act of Fiscal year 2005, although $1 million was reprogrammed for Federal wildfire fighting. Understood, but that should be paid back. This funding, though, has been used and allowed us to save more than 13,600 acres of hallowed ground in 15 different States.

Now, the President's 2006 budget includes a request of only $2 million for the Civil War Battlefield Preservation Program. Also, while the administration previously last year requested $4.5 million in last year's budget for Manassas, Petersburg, and Shenandoah Valley National Battlefield Parks, they were all zeroed out in this year's budget proposal.

So as we are making preparations for the 150th anniversary of various battles of the Civil War, and with so many of these historic and I believe hallowed grounds in danger of being developed and lost for that interpretation, that understanding of what happened on that ground and everything surrounding it, how does this budget reflect that we are keeping our commitment to protect and preserve and maintain these national treasures for education, for tourism, and for jobs, as well as the heritage they represent?

Secretary NORTON. Senator, as you pointed out, we were able to provide some funding and to propose funding in our last year's budget that would specifically address battlefields. This year, because of both our need to meet Indian trust responsibilities as well as the need to handle the deficit, we have not been able to provide that same level of funding. It is simply one of the difficult decisions we have had to make as we are trying to address and balance all the needs.

Senator ALLEN. Would you recognize, though, that the longer—one, that without these funds to be matched by the private sector and others, that property values will increase and therefore in the event that they are not lost, which some will; some will be lost, simply cannot be purchased nor should they be condemned without compensation—but that the cost to actually preserve these historic grounds that have been designated—it is not just an ad hoc question that, gosh, some troops walked across there or someone slept here or someone rode their horse across here—these are battle-

fields that are significant; that the cost ultimately would be greater?

Secretary NORTON. We have to deal with the situation in which we find ourselves today. We certainly—last year we were able to provide some additional funding, recognized that issue of battlefields and provided funding. We were able through that to purchase some lands and easements and to work on those partnerships. We are focusing on trying to work with local communities on heritage tourism overall as one of the approaches to try to balance our less expansive resources than we have had in the past.

Senator ALLEN. Well, do you consider Civil War battlefield preservation an important function and purpose?

Secretary NORTON. Yes. That is one of the reasons that in our National Park Service land acquisition program, which is a list of about ten projects that we would propose funding, that one of those is specifically for Civil War battlefields multi-state acquisitions.

Senator ALLEN. Thank you.

Thank you, Mr. Chairman.

Senator THOMAS. Senator Salazar is committed for 2 minutes.

Senator SALAZAR. Thank you, Chairman Thomas.

Madam Secretary, once again back to the Land and Water Conservation Fund. This crack staff that we have back here did get some of the answers to the questions that were examined by OMB. I will not go through Senator Burr's repetition of the questions and answers, but it seemed like the questions were—many of the questions that were answered were about the effectiveness of the program and many of them were answered yes in a positive way, and there was also some criticism relative to long-range planning for the Land and Water Conservation Fund Assistance Program.

So as I look at the National Park Service's own response to the OMB report, it is I think an initiative on the part of the National Park Service and your Department to address the issues that were set forth in that OMB report. As I walk through that report, first of all, when I see the picture of the President and a whole number of Senators signing off on the Land and Water Conservation Fund 40 years ago and saying "Happy fortieth birthday to the Land and Water Conservation Fund," I think it is an important statement of achievement about how we as a Nation, Democrats and Republicans, have come together to make sure that as we develop our natural resources we are also investing in the preservation and protection of our lands.

As you go through the continuation of this report—and I will just read you the following, and it is from the Park Service. It says: "During 2003, the Office of Management and Budget evaluated the performance of the LWCF State Assistance Program as part of a government-wide review of all Federal programs over a 5-year period. In its assessment of the program's purpose, national relevance, and delivery, the review was generally positive. However, OMB found room for improvement."

Then it continues: "In response to the OMB recommendations, National Park Service program managers worked with a team of State partners to develop three national program goals and seven performance goals to define the core purposes and fundamental mission of the LWCF State Assistance Program. Next the team es-

tablished 13 performance measures that summarize key program accomplishments."

So I would say that what we have here in the conclusion of the Park Service is that the implementing of the new performance framework is an ongoing effort that will extend into 2005 and beyond. My comment to you is that I think that the initiative of the Park Service to address management issues that were described in that OMB report were in fact laudable management initiatives. My hope is that as we move forward in this Congress and working with you through the year that we can find ways of restoring the Land and Water Conservation Fund State Assistance Program.

I think that one of the key issues of debate for us in this Congress and in this administration is going to be how we balance development of our energy and natural resources and at the same time find the right balance in the preservation and protection of our natural resources. At least from what I have heard and known about this program over many, many years, I can think of no better testament to our effort to try to find balance between development and protection. So I would hope that we can move forward in a manner that carries out the recommendations of the National Park Service and at the same time restores funding to the Land and Water Conservation Fund.

Secretary NORTON. If I can make two quick points. One is that the Land and Water Conservation Fund is a budget item that has expanded and contracted as funding has been available. There were several years during the Clinton administration when both the administration and Congress decided to basically zero funds to the Land and Water Conservation State-side program as well.

We are working—part of the problem in terms of the goals was that the goals were not really performance goals. They did not deal with the recreation and conservation goals as much as just with numbers of acres acquired. So the thinking was that the true goals of the program were not adequately addressed.

Senator SALAZAR. If I may, just one more question.

Senator THOMAS. Sure.

Senator SALAZAR. I take it, though, that since there is still funding for the State side program for LWCF, that the National Park Service is in fact moving forward in implementing the recommendations that came out of its 2004 report?

Secretary NORTON. Let me ask Lynn to address that.

Ms. SCARLETT. Yes, Senator, during 2005 there is current funding and the Park Service is trying to work with the States to implement a number of the issues that they identified in that report that you have. Again, I think the issue has been both, as Secretary Norton noted, one of balancing and making some difficult choices and focusing on core activities; and the other was for several years in succession an inability to show clear goals and outcomes of the program.

Senator SALAZAR. Thank you. I have no further comment other than again, Secretary Norton, it is good to see you here.

Senator THOMAS. All right, thank you, sir.

Thank you, Secretaries, for being here. I just cannot resist one comment. I know we do not have jurisdiction over the Fish and Wildlife Service in this committee, but I do suggest to you that we

need to take a long look at our endangered species activities in the West. We have 1,500 species listed and we have recovered about 12. So we need to change some of the emphasis there and I hope we can do that.

Secretary NORTON. Thank you. That is an important issue, and I will note that a lot of the conservation programs we shifted money to are ones that deal in a cooperative way with endangered species issues.

Senator THOMAS. We will be looking at it.

Well, thank you very much, all three of you, for being here.

The committee will stand in recess until 10 o'clock tomorrow, when we will receive testimony from the administration witness for the fiscal year 2006 budget for the U.S. Forest Service. The committee is adjourned.

[Whereupon, at 12:16 p.m., the hearing was adjourned.]

APPENDIX

RESPONSES TO ADDITIONAL QUESTIONS

QUESTIONS FROM SENATOR DOMENICI

INDIAN WATER RIGHTS SETTLEMENTS

Madam Secretary, unadjudicated Indian water rights claims in New Mexico have reached a critical juncture and must be resolved. Despite their substantial Federal commitment and cost share, the President signed into law the Arizona Water Settlement Act of 2004 and the Snake River Water Rights Act of 2004 at a total cost of $2.3 billion. Based on this fact, I find it unacceptable that the administration is willing to contribute so little money and effort towards the New Mexico settlements.

The settlement negotiations are not new developments. The *Aamodt*, Taos, and Navajo settlement negotiations have all been going on for well over four years. Despite making numerous requests that your office become more involved in the New Mexico settlements, the Department's involvement has been minimal. Not only has the Department acted contrary to stated administration policy and contrary to Indian interests in this matter, but it has acted with a lack of professionalism and courtesy.

Question 1. Do I have your assurance that you will work with OMB to ensure that these settlements are adequately funded?

Answer. Resolution of the issues in the negotiations is very important to the Department. We are committed to working with the parties and the Office of Management and Budget to reach and fund fair and appropriate settlements.

Question 2. Do you feel that sufficient resources are available in this budget to ensure that the administration and Indians are adequately represented in settlement negotiations?

Answer. The budget will enable us to continue to meet all Departmental responsibilities.

Question 3. Will a high-level DOI official be present at future New Mexico water settlement negotiations?

Answer. Jennifer Gimbel has been appointed counselor to the Secretary and will be the official responsible for policy matters relating to Indian water rights settlements, including those in New Mexico. She will be available, as needed, to participate in the New Mexico negotiations.

Question 4. Why has the administration not been consistently involved in these negotiations over the past 5 years?

Answer. Federal negotiation teams have been consistently involved in the water allocation and other aspects of settlement negotiations. The Federal financial contribution is a difficult issue that remains unresolved in these settlements.

Question 5. Is the lack of involvement by the administration an indication of a policy change with respect to Indian water rights settlements?

Answer. No. The Administration still supports settlement of Indian water claims through negotiation rather than through litigation wherever possible.

Question 6. Do you feel that the Department's budgetary interests prohibit it from being an effective trustee of Indian tribes?

Answer. No. The Congress has placed major responsibility for Indian matters in the Department of the Interior. As the trustee for American Indian lands and funds as well as water rights, Interior is committed to protecting trust assets and fulfilling our trust responsibilities to individual and tribal trust beneficiaries.

MINNOW SANCTUARIES

The Reasonable and Prudent Alternatives specified in the 2003 Fish and Wildlife Service's Biological Opinion on the Rio Grande Silvery Minnow required the construction of two minnow refugia. In order to comply with this mandate, I have been

working with the BOR Albuquerque Area Office to construct a minnow sanctuary. While the BOR has undertaken some pre-construction activities, there has been some question if the BOR had adequate authority to undertake construction of the sanctuary. I am pursuing legislation in Congress that would provide the authority necessary to construct the project.

Question 1. What is the status of the pre-construction activities underway?

Answer. Reclamation is working, together with the Fish and Wildlife Service, Army Corps of Engineers and the Middle Rio Grande Conservancy District, on the design and environmental compliance now. Reclamation has issued a contract to design a plan for the sanctuary.

A contractor has been hired to assist with site-specific design work. Studies needed to complete the conceptual design of the facility have been initiated, and site investigations to determine the location for the sanctuary are continuing, including groundwater and soil testing as well as toxicological assessment of the source water. The sanctuary is being designed for research and possible future expansion for meeting additional life stage requirements (e.g., spawning) of the silvery minnow. A technical team composed of the Fish and Wildlife Service, university affiliated researchers, and the City of Albuquerque has been convened to provide regular input into the planning process.

The preliminary work is scheduled to be completed in early fall 2005, assuming BOR obtains the necessary legislative authority by then. We are working closely with partners to bring the sanctuary online by the summer of 2006.

Question 2. Assuming authorizing legislation is passed by congress, how long following passage will it take to begin construction and ultimately complete the project?

Answer. If construction begins in fall 2005, the facility is expected to be operational by summer 2006.

MIDDLE RIO GRANDE PROJECT FUNDING

Despite encouraging run-off forecasts, there remains a paucity of water in storage in the Rio Grande Basin. The BOR is tasked with meeting compact deliveries and complying with the Fish and Wildlife Service 2003 Biological Opinion. Meeting the Biological Opinion requires providing water to meet minimum flow requirements.

Over the past 4 years, Congress has provided funding to assure that BOR can meet these obligations. It concerns me that the *President's budget proposes an $8 million cut in funding* for Middle Rio Grande projects.

Question 1. How will the BOR meet its statutory and court-ordered obligations with such a greatly decreased budget?

Answer. Reclamation will continue to meet the requirements of the biological opinion with the funds provided. Reclamation will adjust priorities and reprogram money if necessary and where practicable to meet the biological opinion requirements. The fiscal 2006 budget request closely matches the fiscal 2005 request.

Question 2. Where does the BOR anticipate it will get water from this year in order to meet the regulatory requirements?

Answer. The water remaining from 2004 can be used this year. Reclamation continues to lease water from willing San Juan-Chama contractors, will store some water under the Emergency Drought Water Agreement, and cooperate with other Federal and non-Federal agencies in managing the river flows to meet the needs of all Middle Rio Grande water users, including endangered species.

MIDDLE RIO GRANDE PUEBLO WATER DELIVERY AND INFRASTRUCTURE

Pursuant to the 1982 agreement between the MRGCD and the 6 Middle Rio Grande Pueblos, the BOR is responsible for delivering water to meet the Pueblos "prior and paramount" rights. The BIA was also given authority to ensure that these obligations were met. The signatory Pueblos rely upon the BOR to deliver the water that they hold rights to in order to irrigate over 8,000 acres of land. The Pueblos question if the BOR is delivering water consistent with the 1982 agreement and has questioned if the BIA is fulfilling its trust responsibility.

Furthermore, the Pueblos rely on the BOR for irrigation infrastructure which has fallen into a state of disrepair and needs to be upgraded.

Question 1. How does your department plan to resolve the conflict that has arisen between the BIA, BOR and Pueblos? Does the department have any plans to quantify Indian rights?

Answer. The Department of the Interior established a technical team consisting of representatives from Reclamation, the U.S. Geological Survey, and the Bureau of Indian Affairs to evaluate potential differences regarding the interpretation of the 1981 Agreements in "prior and paramount" storage calculation procedures and to

provide recommendations. This review, as well as further discussions with the Pueblos and others should help resolve any remaining issues regarding "prior and paramount" storage. No adjudication of water rights, including Pueblo water rights, has been instituted on the Middle Rio Grande.

Question 2. How does the BOR plan to upgrade and maintain the Pueblo water delivery infrastructure? Is funding available for these purposes through Water 2025 or other grants? How do you plan to meet these trust responsibilities?

Answer. Portions of the six Middle Rio Grande Pueblos irrigation infrastructure fall within the boundaries of the Middle Rio Grande Project and can be served by Reclamation. The Middle Rio Grande Conservancy District has received about $3 million under Water 2025 for water conservation and infrastructure improvements. This funding can be used throughout the District, including project facilities serving six Middle Rio Grande Pueblos.

In addition, the Department entered into a new agreement with Middle Rio Grande Conservancy District with respect to project service to the Pueblos. Through the development of annual work plans and annual appropriations to pay the Middle Rio Grande Conservancy District for specified charges, the Middle Rio Grande Conservancy District will perform operations, maintenance, and betterment work on the facilities serving Pueblo lands.

Through Reclamation's Native American Program, Reclamation has funded a variety of small infrastructure improvement projects for pueblos in New Mexico. Reclamation continues to look for opportunities using existing authority and funding to upgrade Pueblo facilities.

ANIMAS-LA PLATA PROJECT

Despite past claims of mismanagement and poor planning and oversight, the ALP project is now proceeding at an acceptable rate. The President's budget calls for $52 million for the project in FY 2006. However, some of the project beneficiaries claim that the project requires $75 million in FY 2006 to keep it on schedule.

This project is of great importance to the communities of northern New Mexico and southern Colorado.

Question 1. Do you believe that the $52 million requested by the administration is adequate to keep the project on schedule?

Answer. The amount requested by the Administration is adequate to maintain the current schedule, which contemplates construction finishing in calendar year 2011.

Question 2. What precautions are being taken to ensure that there are not further cost overruns with the project?

Answer. We have refined and streamlined reporting within Reclamation for the ALP. The ALP Construction Office is responsible for all matters pertaining to the construction of the project. This office is managed by a Project Construction Engineer who reports directly to the Regional Director of the Upper Colorado Region in Salt Lake City, Utah. The construction office continually evaluates ways to save costs and still maintain the project features. Cost tracking procedures implemented in 2004 now relate all project costs to the cost estimate (indexed for inflation) for early detection of problems. This cost information is shared with the Project Sponsors on a monthly basis.

Question 3. How is the BOR addressing recent environmental challenges?

Answer. Funding for the completion of the cultural and environmental mitigation features of the project has been given a high priority within the ALP project budget. Although there have been may environmental challenges associated with construction of project facilities, ranging from controlling extreme flood events to protecting nesting Golden eagles, these challenges have been resolved in a timely fashion. All environmental compliance and mitigation obligations are either currently being met or are on schedule to be completed concurrent with project facility construction

WATER TECHNOLOGY R&D

Recent drought and population growth in the western U.S. requires that we make more efficient use of water and develop technologies to make use of previously impaired or unusable water. During the 1960's, the federal government funded extensive research in water technology which resulted in reverse osmosis-the desalination technique most widely used today.

I believe that the federal government should renew its investment in water treatment technology. Toward this end, I have funded construction of a Tularosa Basin Desalination Research and Development center in New Mexico. Also, I plan to introduce legislation this year that would create a program to develop the next generation of water treatment technologies.

Question 1. What do you believe is the federal government's role in water technology research?

Answer. Reclamation and the other Federal agencies involved in water resources R&D are currently working through the President's Office of Science and Technology Policy to develop a coordinated, multi-year Federal R&D plan for water availability to ensure an adequate water supply for the Nation's future. The President's Management agenda also directs agencies to use the Administration's Research and Development criteria for guiding federal research efforts. The following criteria to improve investment decisions for and management of their R&D programs are part of the Administration's R&D criteria:

- Relevance to agency missions and national needs—ensure that Federal R&D investments are relevant to national needs, agency mission-driven needs, and target potential public benefits that are beyond those of any similar efforts that have been funded or are being funded by the government or others.
- Industry relevance—ensure that Federal R&D investments avoid duplicating research that industry is capable of doing and would otherwise conduct in lieu of the federal investment.

In accordance with the Administration's investment criteria, where industry R&D investment is not optimal, the Federal Government's role in water technology research is to speed the development of new technologies, reduce costs, and speed the implementation of solutions in order to meet the water supply challenges of the future. This can be done effectively through better communication and coordination of existing research efforts, facilitation of technology development and transfer, evaluation of product capabilities and the assessment of research gaps and new technologies.

Question 2. As you are aware, the authority for the BOR's Water Desalination Research and Development Act of 1996 expires this year. Do you believe that this program should be reauthorizes and with what changes?

Answer. The Water Desalination Act of 1996 expired at the end of fiscal year 2004. The Administration is currently considering its long-range desalination research and development policy in the context of the interagency efforts being coordinated by the White House Office of Science and Technology Policy.

Question 3. How is construction of the Tularosa facility proceeding?

Answer. Construction is 66% complete on the 40 acre site. Work on the research center component will begin when funds are available. Reclamation will begin demonstration testing of the military's Expeditionary Unit for Water Purification in early April, 2005. The facility plan is being written and will be in draft form by the end of the fiscal year.

RURAL WATER LEGISLATION

As you are aware, my staff has been working with the BOR and the minority staff to develop legislation to aid small and rural communities to meet their often extensive water needs. Many western communities rely on aquifers for water that will be depleted within the next decade. This fact makes the situation especially desperate.

There are also rural water programs within several other agencies. However, they are not as broad in scope and not of the scale that would allow many communities to make use of them. Furthermore, it is my belief that the BOR has the technical expertise to undertake such a project.

Question 1. Is a rural water program a new authority that you feel would be appropriate for the BOR to undertake?

Answer. We believe it is appropriate for the BOR to undertake a rural water program with appropriate scope and requirements. Since the early 1980s, Congress has directed Reclamation to develop 13 independently authorized, single-purpose municipal and industrial water supply projects for rural communities throughout the West. In the course of developing the 2004 budget, Reclamation participated in two performance assessments—the Program Assessment Rating Tool (PART) and a review to develop a set of common performance measures for all Federal agencies that play a role in delivering water to rural areas. Both assessments found shortcomings in Reclamation's involvement in rural water projects, mainly due to the lack of a formal rural water program. Consistent with the assessments' recommendations, the Administration submitted a legislative proposal, and legislation was introduced in the 108th Congress, that would allow the Department and Administration to set priorities and establish a Reclamation rural water program with adequate controls and clear guidelines for project development. While it is expected that the legislation will be reintroduced in the new Congress, we will continue to work with Committee staff on this effort

Question 2. What form do you see this program taking? Do you feel that a loan guarantee program is a viable mechanism to aid rural communities?

Answer. The program would likely be similar to the proposal the Administration sent up during the 108th Congress. We are currently examining whether a loan guarantee program would be a viable mechanism for providing assistance to communities to develop rural water projects.

ENDANGERED SPECIES—MIDDLE RIO GRANDE

Secretary Norton, as you know, New Mexico faces many endangered species issues. One current issue my state faces involves a migratory bird known as the Southwest Willow Flycatcher.

I have been actively involved in restoring New Mexico's bosques for almost fifteen years. Together with the Corps of Engineers, the Bureau of Reclamation, and the City of Albuquerque, I have been rehabilitating this land along the Middle Rio Grande, which has been victim to decades of under-management: invasive species have replaced natural vegetation; litter has accumulated, and two fires have burned more than 250 acres of land within Albuquerque's city limits.

Much of this area is included within the Southwest Willow Flycatchers' proposed critical habitat, and moving forward with the proposal would impede our efforts to restore the bosque.

Question 1. Would you support the establishment of a conservation program that allows us to continue restoring the bosque along the Middle Rio Grande, which could result in more water in the river and would allow the Southwest Willow Flycatcher to nest in its native habitat of willow and cottonwood trees?

Answer. The Fish and Wildlife Service fully supports opportunities to engage in collaborative conservation efforts for the benefit of both endangered species and overall bosque habitat. The Middle Rio Grande Endangered Species Act Collaborative Program (Collaborative Program), in which the Bureau of Reclamation and the Fish and Wildlife Service are participants, is working toward the establishment of that very kind of collaborative conservation program. The Fish and Wildlife Service supports restoration activities that will result in improved habitat for the Southwestern Willow Flycatcher. If the framework of the Collaborative Program allows for assurances that identified restoration activities will be implemented, then we believe that establishment of another, separate, conservation program is not necessary at this time.

Question 2. Will you encourage Fish and Wildlife Service to seek an extension of time in which to publish its final rule regarding Southwest Willow Flycatcher critical habitat so that we can create a conservation program for the Middle Rio Grande that is built on a collaborative approach to management and benefits the Southwest Willow Flycatcher and other endangered species in the area?

Answer. The Fish and Wildlife Service does not expect to seek an extension of time in which to publish the final rule for the designation of critical habitat for the southwestern willow flycatcher. However, we expect to further extend the current comment period to May of 2005, allowing it to be open for over 7 months. Currently, the Fish and Wildlife Service plans to meet the court-ordered deadline of September 30, 2005.

The Fish and Wildlife Service is aware of ongoing efforts by the Collaborative Program to develop a plan designed to manage and restore habitat along the Middle Rio Grande. The plan focuses on habitat restoration along the Middle Rio Grande to benefit the Rio Grande silvery minnow and the Southwestern Willow Flycatcher. We understand the plan emphasizes projects that reduce fire danger, riparian vegetation loss, and exotic vegetation encroachment—all of which may be beneficial to the flycatcher. In previous critical habitat designations, the Fish and Wildlife Service found that similar plans may preclude the need for designating lands as critical habitat if the plan meets specific criteria associated with conservation benefits, assurances, and effectiveness.

We look forward to reviewing any management plans submitted during the comment period. To be legally sufficient, we must be certain that the plans will be implemented, and when implemented, the measures will be effective in conserving the flycatcher and its habitat. Ideally, the Fish and Wildlife Service will receive a plan early enough for any issues to be resolved while the comment period is still open.

ENERGY PRODUCTION

The Department's budgets during your tenure have emphasized responsible development of energy resources on Federal lands. Senator Bingaman and I hope to complement that effort will with a comprehensive energy package very soon.

The Presidents proposals and your Department have provided the kind of forward thinking and long term vision needed in a national energy policy that will dramatically reduce our dependency on foreign oil. We all see the need to develop new technology, but we also need to address the short term problem on all fronts.

We will need to do more to reduce energy consumption through conservation; we will look to new opportunities for renewable energy sources such as wind , solar, geothermal and biomass; and we will need to increase production from our own domestic resources—oil, natural gas, coal—that will be critically needed for the short-term.

Your Department plays a central role to ensure that America will be able to reach our own resources—while protecting the environment—from our own public lands.

Question 1. Can you tell us what progress the Department has made in implementing the President's Energy proposal of nearly four years ago?

Answer. DOI has implemented a number of National Energy Policy (NEP) directives to increase domestic energy supplies and enhance national energy security by ensuring continued access to Federal lands for domestic energy development, and by expediting permits and undertaking other Federal actions necessary for energy-related project approvals.

Over 20 of the recommendations within the NEP were identified as specifically affecting one or more of the Bureau of Land Management's energy-related responsibilities. The BLM identified 54 short-and long-term action items needed to achieve results on the recommendations applicable to the Bureau. In implementing these action items, the Bureau has been working closely with other Federal agencies, state and tribal governments, local communities, industry and the public to develop dependable, affordable and environmentally sound energy resources from the public lands.

The BLM has completed a majority of the 54 short-and long-term action items, including several related to expediting the approval of Applications for Permits to Drill, such as issuing new policies and procedures to streamline the permitting process. Working with other Federal agencies and the State of Alaska, the BLM played a key role in the renewal of the Federal right-of-way for the Trans-Alaska Pipeline. The Secretary approved the 30-year renewal of the right-of-way, effective January 23, 2004.

In addition, in evaluating and increasing access to renewable energy resources, the BLM issued a Wind Energy Policy to expedite the development of those resources on public lands and a Draft Programmatic Environmental Impact Statement (EIS) to analyze wind energy opportunities on public lands in the 11 Western states. The BLM will publish a Final EIS in the near future. Together with the National Renewable Energy Laboratory (NREL), the BLM prepared a joint report, "Assessing the Potential for Renewable Energy on Public Lands," to help Federal land managers make decisions on prioritizing land-use activities that will increase development of renewable resources on BLM, Tribal and Forest Service lands in the in the western United States.

The BLM has also issued more than 200 new geothermal leases since 2001, a 1000 percent increase over the previous four years. Together with the Department of Energy, the BLM completed a collaborative resource assessment and prepared a report, "Opportunities for Near-Term Geothermal Development on Public Lands in the Western United States," issued in April, 2003. The report identifies 35 BLM sites in 18 planning units in 6 states with high potential for near-term geothermal development.

As directed in the NEP, DOI is continuing Outer Continental Shelf (OCS) oil and gas leasing and approval of exploration and development plans on predictable schedules. Since May 2001, DOI has held 13 OCS oil and natural gas lease sales on schedule while undertaking a comprehensive consultation process with other Federal agencies, State and local governments, and the public. These sales resulted in the leasing of almost 18 million acres of OCS lands to industry for oil and gas exploration and development, and generated about $2.4 billion dollars in bonus bid revenue (not counting future royalties and rentals) for the American taxpayer. Production from leases issued as a result of these sales will contribute substantially to future domestic oil and gas production. DOI is on schedule for completing the next 5-Year Program by July 2007, which will establish the schedule for future OCS lease sales during the 2007-2012 timeframe.

The NEP also recommended that the Department consider economic incentives for environmentally sound offshore oil and gas development where warranted by specific circumstances. In response, the Department has established a suite of economic incentives to promote discovery of new sources of energy for the Nation and stimulate domestic oil and natural gas production. For 2001-2005 OCS lease sales, DOI continued the royalty incentive program—first established by the Deep Water Roy-

alty Relief Act of 1995—to promote continued interest in deepwater leases, and expanded the incentive program to promote development of new natural gas from deep horizons in the Gulf's shallow waters. A new regulation in January 2004 extended the deep gas incentive to existing leases, issued before the incentives were first provided in 2001, to promote additional deep drilling for natural gas on the shelf. MMS has also developed policies for extending lease terms to aid in planning wells to be drilled to sub-salt and ultra-deep prospects, accounting for the additional complexity and cost of planning and drilling such wells. Within the next 5 years, offshore production will likely account for more than 40% of oil and 26% of natural gas domestic production, owing primarily to deepwater discoveries. DOI has also provided economic incentives for all Alaska OCS lease sales to promote leasing interest and encourage oil and gas exploration development in this area of high cost and little infrastructure.

To help streamline its permitting procedures, MMS's ongoing e-Government Transformation project is re-engineering OCS business processes, using technology to receive and process data and information, to improve the quality of the information exchanged between MMS and the private sector, thus helping ensure timely approvals of plans and permits. MMS has developed an online public commenting system and is implementing an online well permitting system that will streamline the permitting and approval process for OCS oil and gas well drilling operations. As the primary regulatory and permitting agency for OCS activities, MMS has been working closely with other agencies to develop a more efficient means of issuing permits and has been working closely with NOAA to achieve prompt and efficient consultations under the Endangered Species Act and rulemakings under the Marine Mammal Protection Act and on revisions to their Coastal Zone Management Act consistency regulations (final regulations pending).

While the vast majority of OCS leasing activity is in the Gulf of Mexico, the Department is working with other Federal, state and local government agencies to streamline the permitting process for OCS exploration and development projects in Alaska. This includes implementing provisions of a MOU for the proposed Liberty project off Alaska, in the Beaufort Sea, to ensure timely completion of the exploration and development plan review and approval process. This project will be the first proposed development entirely on the Federal OCS off Alaska. The NEP directed that the Administration determine whether or not to resume deliveries of oil for the Strategic Petroleum Reserve (SPR), the world's largest supply of emergency crude oil, with the Federally-owned oil stocks stored in huge underground salt caverns along the coastline of the Gulf of Mexico in south Louisiana and Texas. Responding to a Presidential directive issued in November 2001, the DOI, in partnership with the Department of Energy, launched the SPR Fill Initiative to complete filling the remaining capacity of the SPR (700-million-barrel total capacity) using oil produced from OCS Gulf of Mexico leases. The MMS Royalty in Kind program provides an efficient and cost-effective means to fill the Nation's Strategic Petroleum Reserve using the Federal royalty share of oil produced from some OCS leases. As of early February 2005, the SPR held a total of 681 million barrels. When completed this summer, the fill initiative will have involved MMS delivering approximately 120 million barrels of royalty oil to DOE for use in exchanges for approximately 108 million barrels of crude oil of suitable quality delivered to the SPR.

Question 2. Your budget request assumes more than $20 million in new fees from both onshore and offshore energy producers to augment funding appropriated by Congress. What authority does the Department have to recover costs in this way? What kinds of things will the BLM and MMS charge new fees for?

Answer. Title V of the Independent Offices Appropriation Act (IOAA) of 1952 (31 U.S.C. 9701) is a Government-wide authority that permits cost recovery. The terms of the IOAA require implementation by rulemaking. Additional implementing guidance includes OMB Circular No. A-25 (User Charges); and Chapter 6.4 of the Department of the Interior's Accounting Handbook (Cost Recovery/User Charges).

New fees will be proposed for services that MMS currently provides at no charge. Fees may include costs associated with the submittal of permitting and plan requests, such as well permits, facility permits, structure permits, geological and geophysical permits, sand and gravel permits, deepwater operation plans, exploration plans, etc. Additional revenue will also be generated through upward adjustments in rental rates for new leases, unchanged for Gulf of Mexico sales since 1996, and increased revenue from cost recovery fees proposed in 2005. As required by the IOAA, most of these fees will require rulemaking action.

In addition to IOAA, BLM's authority to recover costs is found in the Federal Land and Policy Management Act (FLPMA). The language of section 304 of FLPMA states that (a) Notwithstanding any other provision of law, the Secretary may establish reasonable filing and service fees and reasonable charges, and commissions with

respect to applications and other documents relating to the public lands and may change and abolish such fees, charges, and commissions; (b) The Secretary is authorized to require a deposit of any payments intended to reimburse the United States for reasonable costs with respect to applications and other documents relating to such lands. The moneys received for reasonable costs under this subsection shall be deposited with the Treasury in a special account and are hereby authorized to be appropriated and made available until expended. As used in this section "reasonable costs" include, but are not limited to, the costs of special studies; environmental impact statements; monitoring construction, operation, maintenance, and termination of any authorized facility; or other special activities. In determining whether costs are reasonable under this section, the Secretary may take into consideration actual costs (exclusive of management overhead), the monetary value of the rights or privileges sought by the applicant, the efficiency to the government processing involved, that portion of the cost incurred for the benefit of the general public interest rather than for the exclusive benefit of the applicant, the public service provided, and other factors relevant to determining the reasonableness of the costs.

Question 3. We expect an improvement in service before the Department implements any new fees? Where does the Department stand on reducing its backlog on drilling permit applications.

Answer. The BLM has taken a number of steps to improve the processing of Applications for Permits to Drill (APDs) and to improve the process for leasing lands for oil and gas development. For example, the BLM tracks the processing of APDs on a weekly basis so that managers can make necessary adjustments in workloads. The BLM has implemented a computerized tracking system to better identify bottlenecks in the process for approving APDs. The BLM is providing technical assistance to industry to ensure the submission of complete applications. Between 2001 and 2004, we approved over 17,000 APDs, a 74 percent increase over the numbers of APDs approved between 1997 and 2000.

The BLM has formed Quality Assurance Teams to identify tasks that Field Offices are successfully implementing so that these successes can be duplicated in other offices. These Quality Assurance Teams also identify areas for improvement. The BLM has worked with State Historic Preservation Officers to streamline cultural resource clearances.

The BLM has implemented Best Management Practices, which provide guidance for companies to use in developing their operating plans. This should allow the BLM and the energy industry to minimize the amount of surface disturbance to public and private lands while maintaining access to energy resources. We continue to look for ways to improve the permitting process to allow increased access to oil and gas development on the public lands. For example, we are nearing completion of revised guidance for oil and gas companies that will assist them in developing complete APD packages. Complete application packages will allow the BLM to process the applications while minimizing delays to obtain additional information.

As a result of these improvements, the APD backlog has substantially decreased, as indicated in the table below, at the end of 2004, 2,214 applications for permits to drill had been pending for more than 60 days, down from 2,780 at the end of 2003. Through management improvements, BLM plans to reduce this backlog to 1,681 by the end of 2005. The new cost recovery fees proposed for 2006, together with a continued emphasis on management improvements, will allow BLM to essentially eliminate the backlog. BLM estimates that by September 30, 2006, only 120 pending APDs will have been pending for more than 60 days.

BLM's goal is to process all APDs on BLM-managed surface as expeditiously as possible, if the application is complete and there are no unforeseen circumstances. Processing time increases are primarily due to NEPA reviews, compliance with the National Historic Preservation Act, compliance with the Endangered Species Act, the submission of incomplete applications, and legal challenges that delay approval. The BLM efforts in APD streamlining and improvements in its NEPA review process have been designed to decrease this processing time and improve the defensibility of the final decisions.

The 2006 BLM budget request will effectively increase funds available for managing energy and minerals development by an estimated $9.0 million over the 2005 level by assessment of additional user fees. Of the projected $9.0 million in additional cost recoveries in the Energy and Minerals Management program, $8.15 million would be generated in the Oil and Gas Management program, all from processing APDs. The significantly higher funding resources will enable BLM to process more APDs, process them more quickly, and significantly reduce the number of pending APDs greater than 60 days old. BLM plans to process 500 more APDs in 2006 than it will in 2005 (approximately 7,900 versus 7,400).

OIL AND GAS APDS

	2003 Actual	2004 Actual	2005 Estimate	2006 Estimate
Pending APDs less than 60 days old at start of year	240	460	654	787
Pending APDs greater than 60 days old at start of year	3,080	2,780	2,214	1,681
Total Pending APDs at start of year	3,320	3,240	2,868	2,468
New APDs Received	5,063	6,979	7,000	6,700
[APDs Approved]	[3,961]	[6,452]	[6,550]	[6,800]
Total APDs Processed	5,143	7,351	7,400	7,900
Pending APDs less than 60 days old at end of year	460	654	787	1,148
Pending APDs greater than 60 days old at end of year	2,780	2,214	1,681	120
Total Pending APDs at end of year	3,240	2,868	2,468	1,268

PAYMENTS IN LIEU OF TAXES

I've been pleased, that in recent years, the Department has recognized the importance of PILT payments to counties by requesting funding at a level consistent with what Congress has funded. But I'm disappointed in the cut proposed in this year's request.

Let's not forget, that just as budgets are tight here in Washington, they are also tight in rural America. Most counties have placed estimated PILT receipts in their operating budgets. They assume they can depend on regular PILT payments for the public lands in their counties. As long as there are federal lands in these counties, this nation has an obligation to provide local governments funding for the important role they play in implementing in the administration of uses of the public lands and by providing public services on lands they do not own and over which they cannot levy property taxes.

Question 1. Why does the Department propose reductions in PILT, please tell me what your thinking is here?

Answer. The 2006 budget for the Department makes difficult choices as part of the President's efforts to reduce the budget deficit by half over five years. The budget includes funding to compensate counties for lost revenue, providing a total of $200 million for the Payment In Lieu of Taxes program. Although a reduction from the funding level appropriated by Congress, the 2006 budget is 76 percent above the funding level ten years ago. By comparison the Department's discretionary budget is 52 percent above the 1996 funding level.

Question 2. Does this represent a change in commitment to counties that over time we can anticipate the administration to further reduce PILT funding?

Answer. The 2006 budget request does not represent a change in commitment to counties. Our support for counties encompasses more than the annual PILT payments provided to counties. Our budget promotes the importance of local communities in helping to shape the future of public land management and supports their role with funding provided many cooperative conservation programs. Over the past four years Interior has allocated a total of $1.7 billion to partners for conservation activities.

GRAZING

Grazing on public lands continues to be a priority for this Committee and I personally want to applaud the efforts by BLM in improving administration of this program. They have made real progress in reducing the backlog in issuing new permits, implementing new grazing regulations, improving monitoring programs and other efforts to protect grazing on public lands such as the Sage Grouse Habitat Improvement Initiative.

But I am concerned with a new proposal made in this year's budget request. As you know current law requires a certain percent of grazing fees to be deposited into an account to help pay the federal share of range improvements. Your Department has proposed to amend the law by making deposition of these funds a discretionary rather than mandatory matter. This change could have the effect of eliminating the

availability of the funds during times of lean budgets as is expected to be the case next fiscal year.

I believe the availability of range improvement funds is essential to maintaining a solid infrastructure for public land ranching.

Question 1. If I understand the proposal correctly, you would now de-couple grazing fees from range improvements, but continue, at least for this year, to provide those improvements with discretionary funding. What is your thinking here?

Answer. Part of the Administration's strategy for reducing the Federal deficit is to rein in mandatory spending, such as the Range Improvement Fund, and where possible and merited, to continue to perform this work with discretionary funding. This provides greater flexibility to adjust funding levels to actual needs from year to year, including adjustments between various types of projects that benefit range health.

Question 2. It appears to me this change could have the effect of eliminating the availability of the funds during times of lean budgets. How would this be good for the resource you are trying to manage?

Answer. The BLM will continue to fund these range improvement projects in 2006, but will do so through its Deferred Maintenance program and Cooperative Conservation Initiative programs in the Management of Land and Resources account. Specifically, an estimated $7.0 million in base Deferred Maintenance program funding as well as $3.0 million of the $6.0 million increase requested for CCI will be targeted to high priority range improvement projects.

Other aspects of the 2006 BLM budget request also emphasize the importance of rangeland health and productivity. For the second year in a row, BLM is proposing a significant increase in funding to support an aggressive plan of sagebrush conservation and restoration. The 2006 budget includes an increase of $7.0 million, which builds on a $2.7 million increase provided in 2005. Of the requested $7.0 million increase, $3.4 million will be matched by partner contributions under the Challenge Cost Share program. Maintaining and improving the health of the sagebrush habitat to ensure viable sage-grouse populations are critical to the continued multiple use management of these lands, including grazing.

Invasive weeds also damage the health and productivity of rangelands. The 2006 BLM budget includes increases of at least $1.3 million to address weed management on BLM-administered lands. Of this $1.3 million, $1.0 million is in the Challenge Cost Share program, and will therefore be leveraged with non-Interior funds to treat additional acres.

Question 3. Will the Administration be submitting a legislative proposal?

Answer. The Administration is developing a legislative proposal to amend the Federal Land Policy and Management Act to eliminate the Range Improvement Fund and to direct that all grazing fees currently deposited in the Range Improvement Fund be deposited in the General Fund of the Treasury.

NATIONAL PARK SERVICE—VANISHING TREASURES

Madam Secretary, I am very supportive of the Park Service vanishing treasures initiative to protect, stabilize, and preserve some of our historical sites and ruins in our national parks. I have pressed our Appropriations Subcommittee to increase funding for the program in each of the past several years, and we have made some progress.

Madam Secretary, the vanishing treasures program is very important to New Mexico park units. Seven of the 25 national park units receiving vanishing treasure funding are in my State.

- Could you give a few specific examples of the work that is being done in our national parks with vanishing treasures funding?

Answer. Three examples of the many valuable projects the Vanishing Treasures (VT) program is funding include:

Bandelier National Monument: The Cavate Project preserves and protects the architectural remnants of the ancestors of modern Pueblo people. This project consists of mapping and documenting 700-year-old cave dwellings, then providing treatment for the long-term preservation of these extremely fragile historic places. The VT funds serve as seed money to attract public and private partners through grants and cooperative agreements.

El Morro National Monument: The VT funds are saving the ruins of the mesa top Atsina Pueblo which dates to circa 1300. They enabled the NPS to hire native Zuni masons, descendants of the Atsina peoples, who are applying culturally-appropriate technical solutions to conservation problems. As a result of this work, the National Park Service is better prepared to treat other historic sites using culturally-appropriate techniques throughout the arid southwest.

San Antonio Missions National Historical Park: The VT funds were used to preserve the historic Mission San Jose grist mill, an actively working flour mill that tells the story of 18th century mission life. The VT work effectively stabilized and conserved the water basins and historic remains of lime kilns through the use of plasters and mortars based on historic formulas.

- Would you please provide for the record additional information on the work being done at various park units with vanishing treasures funds?

Answer. The Vanishing Treasures program continues to address the needs of 44 parks using Vanishing Treasures resources as follows: 9 parks in New Mexico, 15 in Arizona, 8 in Utah, 5 in Texas, 3 in Colorado, 3 in California, and 1 in Wyoming.

Over the last 10 years, more than $11 million has been spent on emergency and high priority projects and the training of a highly skilled preservation workforce. About $7 million was used to complete thirty-one projects requiring the very specialized work needed to preserve these rare historic resources. These projects spanned the full historic preservation spectrum from initial condition assessments documentation to full structural stabilization and site reburial. Project funding allowed parks to hire temporary and seasonal personnel to address identified preservation needs and to provide needed supplies, materials, and equipment. Parks also used funding to contract with the private sector, local universities and colleges, and Tribes and local communities, and to establish local and regional partnerships.

About $4 million was used to recruit and train 66 preservation specialists in 24 parks. We actively recruit, hire, and train a highly professional and culturally diverse workforce that includes a cadre of professionals consisting of craft-specialists, historical architects, archaeologists, architectural conservators, and structural engineers.

- The FY 2006 budget includes just over $5.2 million for the vanishing treasures program, which is essentially a freeze at the current funding level. Is this the amount that our park units can realistically spend?

Answer. Yes. The funding requested in the FY 2006 budget would cover the costs of existing staff positions and provides for an allocation of funds that would allow the completion of approximately 13 to 15 projects.

- Are there additional projects that could be undertaken if Congress again provides additional vanishing treasures funding?

Answer. The needs of the Vanishing Treasures program must be balanced with the other funding needs for the National Park Service. In that context, the $5.3 million proposed for FY 2006 is an appropriate amount.

BACKGROUND

The seven national parks in New Mexico receiving vanishing treasures funding are:

Aztec Ruins National Monument (NM)
Bandelier NM
Chaco Culture National Historical Park (NHP)
El Malpais NM
El Morro NM
Fort Union NM
Salinas Pueblo Missions

CHACO CULTURE AND HIBBEN INSTITUTE

Madam Secretary, I want to thank you for including funding in the FY 2006 budget to help preserve the incredibly rich history of the Chaco Culture National Historical Park.

The President's request of $4.24 million in Park Service construction funding will allow implementation of the Hibben Center Act that was passed in the last Congress. This Act authorizes the Department to collaborate with the University of New Mexico and the Hibben Archaeology Research Center to research and manage the extensive collection of Chaco artifacts.

- Madam Secretary, is this a unique collaboration for the Park Service and for the Department?

Answer. Although NPS partners with many universities, the collaboration between the University of New Mexico and the National Park Service is unique because of its longevity. When Chaco Culture National Historical Park was created as a national monument in 1907, the University of New Mexico owned four sections of land within the monument's boundaries. The University used its land for archaeological field schools in the 1930s and 1940s. Since 1949, when the University deed-

ed its land to the Federal government, NPS and the University have had a continuous series of agreements focused on archaeological research. From 1970-1985, NPS and the University cooperatively managed the Chaco Project, an archaeological survey and excavation project that collected many of the artifacts that will be housed in the Hibben Center. The collaboration's strength lies in the joint emphasis on research, based on the mission of both entities, and its success lies in the ability of the two institutions to allow the nature of the partnership to evolve over time, based on mutual interests, needs, and benefits.

- If so, could this partnership possibly serve as a model for future collaborations?

Answer. Yes, this partnership is an excellent example of where the NPS and a university work together to accomplish mutual goals. While the creation of this partnership may be unique because of its longevity, we are exploring other opportunities for similar collaborations. The ongoing development of CESU's (Cooperative Ecosystem Studies Units) between Federal land management, environmental, and research agencies and universities also provides examples of partnership successes.

RIO PUERCO WATERSHED REHABILITATION

Madam Secretary, I have been working for several years to provide funding to rehabilitate earthen dams in the Rio Puerco Watershed. This work is designed to improve the overall health of the watershed and to prevent siltation of areas such as the reservoir at Elephant Butte in New Mexico.

I am pleased to see the Administration continue this initiative with about $600,000 in the BLM budget.

- Would you please provide the Committee with a progress report on the BLM work in the Rio Puerco watershed?

Answer. Of the $600,000 appropriation for Rio Puerco restoration, $400,000 has been used for BLM projects on public land and $200,000 for projects recommended by the Rio Puerco Management Committee (RPMC), a partnership of stakeholders established by P.L. 104-333.

Using a nine-person labor crew of local hires from rural Sandoval County, the BLM has been repairing on the average of three large sediment retention dams per year. These are generally structures that have breached or are in danger to losing their stored sediment downstream. In addition, the crew has been performing needed maintenance on approximately 12 to 15 dam structures per year.

The RPMC approves projects averaging $25,000 that benefit ranchers, tribal land users, and local communities. A key multi-year effort has been RPMC's support of a Navajo summer youth program that provides summer employment to high school students to construct low tech erosion control structures using available materials. The project is in its fifth year and now includes eight Navajo Chapters.

This year the RPMC is also funding a motivational video aimed at land users about erosion control techniques, the reshaping and seeding of eroded gullies that fill up livestock waters, the planting of cottonwood and willows for riparian restoration, and chemical control of sagebrush for local ranchers.

- I understand that there has there been additional federal funding for this project through the Environmental Protection Agency. Could you tell the Committee how this collaboration is working, and what specific projects have been completed with BLM funding?

Answer. Because of the RPMC's demonstrated ability to complete projects with Congressional funding, the committee has been able to leverage several EPA grants including a three-year targeted watershed grant.

This year, BLM's labor crew is completing the structures needed to return the Rio Puerco to its original channel at La Ventana. The river had been channelized in the mid 1960s by the NM Highway Department, which resulted in accelerated erosion and the loss of 14.1 million cubic feet of sediment.

EPA funding this year will help train a Youth Conservation Corps crew from Cuba High School to control erosion and fund a demonstration of noxious weed control using goats. In addition, funding is being used to sponsor roads maintenance workshops, and train ranchers and county road maintenance workers in better road drainage methods.

The main thrust of the EPA targeted watershed project is to train land users in better stewardship practices that will result in improved water quality and watershed health. The committee hopes to build thousands of low tech erosion control structures.

NATIONAL PARK SERVICE

Homeland Security requirements have imposed a burden on several of your bureaus including the National Park Service.

- How much did the National Park Service spend on Homeland Security in 2003 and 2004?

Answer. The NPS did not track the total amount spent on homeland security in 2003 and 2004. However, the total icon park base operations funding totaled $70.6 million in 2003 and $76.3 million in 2004. The icon parks include, Boston NHP, Fort Point NHS, Independence NHP, Jefferson National Expansion Memorial, Mount Rushmore, Statue of Liberty NM and Ellis island, and the National Mall (excluding National Capital Parks-Central).

- How much of that was in excess to the amount that you expected to spend?

Answer. In 2003 there were three Orange Alerts by the Department of Homeland Security, increased costs for security at the icon parks July 4th celebrations, and other law and order transfers primarily related to the Orange alerts. The NPS spent an additional $8.6 million, mostly from receipts, for heightened levels of security, infrastructure, and equipment needs. In 2004 there was one Orange Alert in late December through early January that cost the icon parks an additional $1.4 million. These amounts do not include the budget of the U.S. Park Police. Emergency supplemental funding for the Park Police in 2002, with significant carryover into 2003, allowed it to stay within budgeted amounts.

- What changes have you made in National Park Service operations to improve response and cost efficiency for requirements associated with homeland security?

Answer. NPS has made permanent enhancements to icon park security. For example, at the Statue of liberty, NPS made a series of safety and security improvements, which allowed it to reopen the Statue to visitors in August 2004. During 2003 and in early 2004 there were significant daily costs when the Nation was at Orange Alert. During 2004, the NPS made adjustments because of additional funding provided to those icon parks and NPS became more efficient at making the transition from Yellow Alert to Orange Alert. Should a nation-wide Orange Alert be issued today, these adjustments allow NPS to immediately go from Yellow to Orange with little cost, depending on the staffing level at the icon park. It is also noted that there have been no national Orange alerts since early 2004 and that future Orange alerts are likely to be area specific and not nation-wide.

- Should the Administration initiate a budget system similar to wildfire funding to reimburse bureaus for homeland security requirements?

Answer. The Department does not believe a budget system similar to wildfire is necessary at this time. Should future icon park assessments show specific vulnerabilities, they can be addressed through the normal budget process.

The National Park Service issued a permit for the National Football League to kick off the season with an event on the National Mall. Large advertising banners were erected to acknowledge sponsor participation. Many people including members of the Senate thought the advertising was excessive and inappropriate for the National Mall.

- Did the National Park Service incur any expenses outside of normal operating costs for supports this event?

Answer. Yes. However, those expenses were reimbursed. The National Football League paid the NPS $430,000 to cover all event monitoring costs and to repair damage to the resource, primarily to turf and sod.

- Are any events of such magnitude scheduled for 2005?

Answer. There are no planned special events of that magnitude. Applications have been received for two large-scale First Amendment demonstrations, the Million Man March 10th Anniversary and the Luis Palau evangelistic crusade. Those are expected to involve large numbers of participants, but not the logistical setup for a televised event or the sponsorship that was associated with the NFL activities.

- What changes have you implemented to prevent a repeat of such misuse of the National Mall?

Answer. We have implemented the provision included in the Fiscal Year 2004 appropriations for the Department of the Interior (P.L. 108-108) which addresses commercial sponsorship and advertising. We have revised the Special Events Guidelines for applicants to require any special event involving signage to submit, a minimum of 30 days in advance, a comprehensive plan showing the overall size, number, and design of any signs or banners recognizing all event sponsors. We have also amend-

ed our Special Events Guidelines for large-scale events by requiring permittees to use newly developed materials to reduce impacts to turf.

The Administration has proposed an increase of $50.5 million for park operations in 2006 when compared with the 2005 budget.

• What do you anticipate using this additional money to fund?

Answer. The net increase of $50.5 million will allow the NPS to cover fully the anticipated pay cost increases and other fixed costs expected in 2006. Most of the uncontrollable cost funding is provided to park units. In addition, there are a series of increases which selectively target high-performing areas such as natural resources management, fee management, and cultural resource preservation. A number of other increases will focus on management improvements in areas such as information technology and partnership program oversight, where small investments in funding can yield impressive productivity gains and leverage additional financial resources.

• Will this be used to fund any shortfalls in visitor services?

Answer. When combined with the healthy increase for park units enacted in 2005, the inclusion of full pay cost in the 2006 budget request and the continued implementation of management reforms will allow NPS to manage and operate the parks effectively and to sustain visitor services. The additional funding will assist in ensuring that the visitor satisfaction rating in the National Park Service remains above 95 percent, as well.

The Administration has been developing systems and procedures to assess and track the National Park Service maintenance backlog.

• What progress has been made in reducing the backlog?

Answer. Significant progress has been made in both addressing known maintenance projects through the park system as well as in establishing and implementing the management framework that will guide the Service's 21st century approach to asset management. The President's 2006 budget fulfills the pledge to devote $4.9 billion towards the NPS maintenance backlog. With these funds, NPS has undertaken over 4,000 projects since 2002, ranging from road repairs, to historic building stabilizations, to restroom rehabilitations. In addition, NPS has completed the first ever systematic inventory of its assets and conducted initial condition assessments at all parks. Comprehensive condition assessments are scheduled to be completed by the end of FY 2006.

• How much do you anticipate spending in 2005 and 2006 to address the backlog?

Answer. The estimated FY 2005 amount is $1.001 billion; the FY 2006 requested amount is $1.145 billion. Both of these amounts are predicated on enactment of the funding levels assumed in the President's request for the transportation reauthorization bill.

• What is your schedule for completing the backlog and transitioning to a preventative maintenance program?

Answer. The comprehensive condition assessments will be completed by the end of FY 2006. This will provide a more accurate picture of the condition of the NPS asset inventory and the funding levels needed to improve the overall condition of NPS assets to acceptable condition. Just as with one's home, it is not assumed that a backlog is ever completely eliminated. Conditions are not static; they change daily. A simple dollar amount also assumes that every asset is of equal priority and deserves to be restored to excellent condition. The goal of NPS is to manage its vast asset inventory systematically so that investment decisions are prioritized and tiered to the known condition of an asset and its priority to fulfilling the park mission. The backlog can be viewed as the funding needed to improve the condition of the asset inventory from poor to acceptable. NPS will not be in a position to determine that amount until after the comprehensive condition assessments are completed at the end of FY 2006. Understanding the preventative maintenance requirements of our asset inventory is a crucial component of the comprehensive condition assessments. NPS is already shifting to requiring the use of asset condition and priority information in its funding determinations regarding the allocation of cyclic maintenance dollars.

2006 is the last year for the Natural Resources Challenge in the National Park Service.

• What are the most significant achievements of the Natural Resources Challenge since its inception?

Answer. The Natural Resource Challenge funding increases provided from FY 2000-2004 enabled the National Park Service to systematically inventory its re-

sources at the park level and to establish a vital signs monitoring program to understand and track the health of those resources. Over 1,637 park-inventory data sets have been compiled for parks and placed on a geospatial platform, including documentation of 264,948 species, providing important operational, planning and compliance information. The monitoring program, based on networks of parks sharing resources, represents a performance management framework that is crucial to the long-term protection of the nation's natural heritage. In addition to vital signs monitoring, key water and air monitoring has been strengthened in parks.

The Challenge also provides park managers important tools to ensure success in managing resources to the standard of "unimpaired." The Cooperative Ecosystem Studies Unit network (17 competitively selected university-based units) provides the resources of 180 university partners directly to parks. Over 1,800 research, technical assistance, and education cooperative projects have been initiated by parks—vastly increasing technical expertise and resources available to parks without increased Federal staffing or infrastructure.

Sixteen mobile Exotic Plant Management Teams (EPMTs) have been established to stem the tide of invasive plant destruction of park habitats. In 2003-04, over $4 million in outside support was leveraged by these teams. In 2003-04, almost 621,000 acres in 209 parks were treated to control invasive plants. Other agencies are adopting this approach.

The Challenge also provided increased project funds to restore habitats and key species. Over 195 projects—peer reviewed and competitively awarded—have been supported in parks as a result of the Challenge.

Twelve Research Learning Centers have been established in parks, often adaptively re-using historic structures and leveraging private funding, to attract independent researchers to parks and provide their science directly to park visitors as well as managers. Over 500 projects have been supported so far.

- What do you see as the future of this program?

Answer. The Challenge was seen as the necessary long-range investment needed for park managers to be successful in the 21st Century. Adaptive management of each element of the Natural Resource Challenge is underway. Constant improvements and adjustments will be required. A missing element is the institutional memory needed to synthesize vast amounts of information to achieve a usable understanding of the complex natural systems in many national parks. Projects and partners suffice for much of the information generation needed in parks but long-term site-fidelity and synthesis is needed to comprehend the natural variability, vulnerability, and strengths within these systems. This element does not presently exist and should be part of a future organizational commitment to generating and retaining the expertise necessary to manage national parks wisely.

National Heritage Areas were first designated in 1986. Since then, 27 National Heritage Areas have been designated. I noticed in your budget request for 2006 that $5 million is included for National Heritage Areas. In 2004, you asked for $2.5 million and Congress enacted $14.5 million.

- Why do you ask for only $5 million when you know it will take more than 3 times that amount to fund the program?

Answer. We recognize that the Congressional heritage area designation is an effective tool to bring together local communities' interests for the preservation of local heritage resources. With designation, local communities are able to coalesce support for important regional needs that conserve cultural and natural resources, improve the quality of life, and help to develop sustainable self-supporting economies.

The 2006 budget reduces pass-through funding for the national heritage areas reflecting an emphasis on encouraging them to become self-sufficient. However, the 2006 budget expands opportunities and resources that the heritage area partners can competitively apply for, including: $15 million for Save America's Treasures, $38.7 million for historical preservation grants to States and Tribes, and $12.5 million through the new Preserve America grants program.

- How do you intend to manage 27 National Heritage Areas (and growing) with such little funding?

Answer. The NPS does not manage the national heritage areas but provides technical assistance. The heritage areas are managed by private nonprofit groups or States and they secure funding for projects from a variety of sources including local fund raising, States, other Federal agencies, and Interior grant programs. Since the inception of the national heritage areas concept, the focus has always been that the entities would become self-sufficient and no longer need pass-through funding.

The National Park Service will celebrate its centennial in 2016. The Administration began planning and implementing several activities well in advance of the 50th anniversary in 1966.

- What have you begun to do to plan for the centennial?

Answer. The National Park Service is just beginning to consider ideas for commemorating the 100th anniversary of the Service. The NPS Director has asked the chief of policy to take the lead on this project. The NPS is soliciting ideas among its employees through a forum that has been set up on the agency's internal website. The approaching centennial will be a subject of discussion at each of the regional leadership conferences this year. We anticipate that a year from now we will have a better idea of the direction we will be pursuing for commemorating the centennial.

- What type of support do you need from Congress to begin preparing for this important milestone in the history of the National Park Service?

Answer. At the moment, we are not far enough along to know what support we will need from Congress. We plan to keep in close touch with Congress as we move forward on this project.

WATER 2025

The Administration's FY 2006 budget requests $946.7 million for the Bureau of Reclamation, compared to the $964 million enacted for the Bureau in FY 2005. However, the budget calls for a nearly 50% increase from FY 2005 levels for the Bureau's Water 2025 program, for a total funding level of $30 million.

Question 1. The budget tells a story of no growth, particularly in the area of desalination. I note that one area where growth is occurring is in Water 2025. Please explain how this program will meet the needs of desalination research given the fact that the Administration has decided to effectively eliminate funding of desalination research programs. Also, how will Water 2025 address basic research?

Answer. The Water 2025 program is currently funding desalination research. The FY 2006 request would continue this funding for activities that are undertaken consistent with the Administration's Research and Development criteria. Desalination research within Water 2025 is focused on laboratory-scale, pilot-scale, and demonstration-scale research. Because the laboratory-scale research will take many years to impact the marketplace, it is viewed as basic research. Both the pilot-scale and demonstration-scale are applied research that will reach the marketplace more rapidly.

The Administration is currently considering its long-range desalination research and development policy in the context of the interagency efforts being coordinated by the White House Office of Science and Technology Policy.

Question 2. Congress has provided two years of funding for Water 2025. Please provide a summary of the accomplishments of the program. I am particularly interested in learning how Water 2025 has provided advances in the development of policies and activities to address drought-related needs.

Answer. The Challenge Grant Program, a key feature of Water 2025, elicited an overwhelming response in FY 2004 and 2005. Over 100 proposals both years enabled the Department to select an impressive array of water conservation projects for Federal cost-sharing. Many of these activities will help mitigate the impacts of droughts. However, Water 2025 is not intended to focus on drought-related water shortages. Rather, Water 2025 focuses on addressing and avoiding the water conflicts that will occur even in normal water years.

With the $4 million available for the FY 2004 Challenge Grant Program, 19 projects were selected in 10 different states throughout the West. Those projects broke ground in 2004 and will be completed during 2006. One of the 19 projects, in the Springville Irrigation District in Utah, was completed just six months after the date of the award; the rest are progressing according to schedule.

The 19 selected projects represent a total of almost $40 million in on-the-ground water delivery system improvements, including Reclamation's contribution of $4 million and a non-Federal contribution of approximately $36 million. These projects improve water delivery systems, and involve a combination of different measures to improve water management and conserve water.

Ten projects will collectively convert almost 20 miles of leaky dirt canals to pipeline, eliminating water losses due to seepage and evaporation, resulting in substantial water savings. Five projects focus on installation of measuring devices; several also involve installation of Supervisory Control and Data Acquisition (SCADA) systems. Both greatly improve water delivery control and reduce spillage. Three projects involve installation of automation technology allowing precise, remote control of water diversions and/or deliveries. Two projects involve water marketing, in-

cluding one project to establish a pilot water bank in the Deschutes River Basin in Oregon, aimed at facilitating the voluntary transfer of water among water users.

In addition to the Challenge Grant program, Reclamation was appropriated $1 million for the Desert Research Institute (DRI) to address water quality and environmental issues. Reclamation entered into a cooperative agreement with DRI for three projects: (1) Investigation into the human health and environmental safety of using polyacrylamide (PAM) to reduce canal seepage in unlined canals; (2) evaluation of sediment transport in the downstream reach of the Las Vegas Wash, including analysis of water quantity and quality impacts on Lake Mead; and (3) evaluation of system optimization alternatives for automation of check and diversion structures along the Truckee River. Work on these projects is proceeding according to schedule and should be completed by the fall of 2006.

In addition, using Water 2025 funding, Reclamation is entering into a strategic alliance with a consortium of universities including the International Center for Water Resources management at Central State University in Ohio, the Ohio View Consortium, and Colorado State University in Colorado (collectively, "Alliance Universities" or AU). Reclamation and the AU will develop remote sensing technologies to aid in making water management decisions.

In October 2004, Reclamation entered into a Water 2025 cooperative agreement with the Middle Rio Grande Conservancy District (MRGCD) awarding the District $1.3 million for delivery system improvements. The award was a 50/50 cost share between Reclamation and MRGCD, for a total of $2.6 million for the project. This project will improve and modernize irrigation surface water conveyance facilities through the replacement of turnouts and old gates, concrete lining of canals, installation of telemetry, measurement devices, and automation. The project also involves the development of a computer system able to manage hundreds of gates, with information being published on the internet and will be made available to other water agencies to aid in managing flows of the Rio Grande. MRGCD expects to begin construction and implementation of the improvements in the spring of 2005, and will complete the project in the fall of 2007.

Of the $19.5 million appropriated in FY 2005, $10 million was allocated to the grant program. Reclamation received 117 proposals requesting $35.5 million in Federal assistance—$10 million more than was requested in FY 2004—for a total of $115 million in water delivery system improvements across the West. $79.5 million is proposed to come from non-Federal matching funds. Reclamation will select the projects by July 2005.

The FY 2005 funding for Water 2025 also included $1,750,000 for continued water conservation and efficiency improvements related to the MRGCD. Reclamation and MRGCD are working together to develop a plan for application of this additional funding.

Taken together, these projects advance the purpose of making water delivery and use more efficient

Question 3. Water 2025 envisions collaboration as a key to future successes in mitigating drought impacts. What has the Department done to improve collaboration among the various federal agencies and departments to leverage available resources to support improved responses to water shortages?

Answer. At the policy level, Reclamation and the other Federal agencies involved in water resources research and development are also working under the guidance of the White House Office of Science and Technology Policy to coordinate Federal R&D for water availability to ensure an adequate water supply for the Nation's future.

Meanwhile, the Department's day-to-day collaboration among sister Federal agencies on response to water shortage has several facets. First, the Bureau of Reclamation collaborates closely with the Fish and Wildlife Service and with the National Oceanic and Atmospheric Administration of the Department of Commerce to meet the water supply requirements of irrigators, municipalities, and others while still taking necessary steps to meet the requirements of the Endangered Species Act throughout the West. An example of this type of collaboration (which also includes States and other entities) is the Multispecies Conservation Program in the Lower Colorado River Basin.

Reclamation is currently working with the U.S.D.A. Natural Resources Conservation Service to assess the drought conditions across the West and coordinate programs of both agencies to maximize benefits in those areas of the West most in need. Additionally, Reclamation collaborates with the U.S. Army Corps of Engineers, most recently through an interagency Memorandum of Understanding to enhance our historic partnership. The Pick-Sloan Missouri River Basin Project, a joint operation of the Corps and Reclamation which serves some of the most drought stricken areas of the Nation is an example of this historic relationship. The Depart-

ment also partners with the U.S. Department of the Navy on desalination project development at the Tularosa Desalination Research and Development Center in New Mexico. Recently, Reclamation and the Corps worked closely to manage flooding in the Colorado River Tributaries in Arizona, effectively minimizing spill of unregulated water to Mexico and maximizing storage in Lake Mead.

Question 4. Why is there no construction element to Water 2025?

Answer. Larger Reclamation construction projects have traditionally been authorized by Congress individually, while Water 2025 work in the field has focused on competitive, cost-shared grants for conservation improvements, installing technology for measuring and accurately delivering water, and similar projects. Although some conservation improvements aimed at preventing leakage in canals involve significant capital improvements (i.e. headgates, canal lining, pipe replacement, and water measurement flumes), they are not regarded by Reclamation as part of its construction program.

WESTERN WATER

The Administration's decreased budget request seems to scale back significantly federal involvement in western water resources needs.

Question 1. How will the Administration's FY 2006 budget proposal impact the need for increased water storage in the West?

Answer. First, the Department's budget provides for full maintenance and retention of the existing storage infrastructure that has been developed over the past 103 years. It is this existing set of storage projects that have made it possible for the West to cope with drought as well as it has to date.

Second, we are looking at new storage capacity in key locations. For example, in carrying out the recently enacted CALFED legislation, the Department has budgeted $10 million in FY 2006 to study four potential storage projects: Shasta Dam Enlargement, San Joaquin River Basin storage, Sites Reservoir, and Los Vaqueros. As we study any new storage options, we focus on ensuring that any new projects are economically and environmentally justified. All of these projects are subject to rigorous evaluation relative to the Economic and Environmental Principles and Guidelines for Water and Related Land Resources Implementation Studies. These evaluations help determine whether the proposed project is in the best interests of the Nation. For example, the initial evaluation of the proposed Black Rock Reservoir in Washington State calls for a rigorous examination of its benefits and financial viability, and of other possible alternatives.

Question 2. Please provide a brief statement on how the Department envisions addressing the ever-increasing western water needs over the next five to ten years.

Answer. The Department has three groups of options in dealing with the various growing demands on Western water in coming years. The first is maintaining and studying the expansion of storage; the second is improving efficiency, water conservation, and water markets through programs such as Water 2025; and the third is water treatment technologies such as desalination.

Question 3. Has the Department considered alternative financing mechanisms such as a loan guarantee program?

Answer. While the Department has engaged in preliminary internal discussions regarding loan guarantee concepts, as of this writing, it has not recommended legislation to Congress.

TITLE XVI RECYCLING AND REUSE

Every year Congress supports the authorization of new Title XVI recycling and reuse projects, despite the Administration's stated objections to the program. Last Congress, Commissioner Keys appeared before this Committee and testified that the program has a 15-year funding backlog.

The Administration's FY 2006 budget requests approximately $10 million to support a handful of projects. As you know, this Committee will hold a Water Conference in April to examine numerous water issues, including the Title XVI program.

Question 1. The FY 2006 budget request suggests that the Administration does not envision a substantial federal role in the area of water recycling and reuse. Please respond.

Answer. The Department has undertaken water recycling and reuse through its Title XVI Water Reclamation and Reuse program since 1992. The program has provided financial assistance to local water agencies to demonstrate water recycling technology to extend water supplies. That technology demonstration phase has largely been accomplished. Funds requested will help complete previously initiated projects.

Question 2. As you know, a number of Title XVI projects have been authorized for federal assistance. What criteria does the Department use for either supporting or not supporting projects authorized to receive federal assistance?

Answer. Because the recycling and reuse technology demonstration purpose of Title XVI has largely been accomplished, as noted above, the Administration focuses its budget requests in this area on completing projects already under construction.

Question 3. Why is the Department so seemingly reluctant to engage in M&I water projects?

Answer. While Reclamation has been involved in municipal and industrial water supplies since 1906, few recent project sponsors have proposed M&I water projects under traditional Reclamation law, perhaps because Reclamation law requires repayment of the construction costs allocable to M&I purposes. The interest rate for repayment is determined each fiscal year by the Secretary of the Treasury, pursuant to Section 301(b) of the Water Supply Act of 1958. The interest rate for Fiscal Year 2005 is currently set at 8.077 percent. Unless there is a significant portion of proposed M&I water projects that can be allocated to non-reimbursable benefits, such as flood control, or environmental purposes, there is little incentive for M&I entities to propose water projects under Reclamation Law. The current non-Federal interest rate in most cases is less than the Federal rate.

Moreover, most urban areas requesting municipal and industrial water supply projects are better able to raise funds for their projects than the more rural areas of the West, where Reclamation has a larger presence.

CALFED

Last year, Congress enacted the long-awaited CALFED authorization. The Bureau's FY 2006 Budget requests $35 million to support the CALFED-related activities.

Question 1. The Bureau's FY 2006 Budget requests $35 million to support the CALFED program. What is the total amount that the Administration as a whole is proposing for the CALFED program?

Answer. The total amount that the Administration is requesting for CALFED-related activities is $207 million. This amount consists of $77 million for Category A programs and $130 million for Category B programs. Category A includes programs and funding that are consistent with the CALFED Program goals and objectives and priorities and are submitted to the California Bay-Delta Authority for review and recommendations. Category B includes programs and funding that have related and overlapping program objectives within the geographic area of the CALFED solution area and are shared with the California Bay-Delta Authority for review and comment.

Question 2. In the recently enacted CALFED legislation, Congress directed the Department to review, within 180 days of enactment, the feasibility of proceeding to construction of a number of projects studied as part of the Southern California Comprehensive Water Reclamation and Reuse Study and the Bay Area Water Plan. What is the status of this effort and when can the Committee expect to receive the Administration's evaluations and recommendations consistent with the statutory provisions of the law?

Answer. Reclamation has coordinated with local agencies requesting existing planning studies for water recycling projects identified in both the Southern California Comprehensive Water Reclamation and Reuse Study (SCCWRRS) and the Bay Area Regional Water Recycling Program (BARWRP). On January 21, 2005, the Mid-Pacific Region sent a letter to 36 local BARWRP agencies requesting planning reports for water recycling projects identified in the BARWRP Master Plan. The Mid-Pacific Region received planning reports for about 24 projects from 18 different local BARWRP agencies.

The Lower Colorado Region sent letters to about 140 local agencies requesting planning reports for water recycling projects identified in SCCWRRS. The deadline for submitting the reports by local agencies was March 11, 2005.

Reclamation is establishing a review team to review the local planning reports to make a determination of feasibility. Reclamation is currently looking into how to fund this review in order to complete the determination of feasibility for a large number of locally completed water recycling planning studies.

Question 3. Is the CALFED program a useful model for resolving other water conflicts throughout the West? Please explain.

Answer. Yes, there are many policy and structural aspects of the CALFED Bay-Delta Program that would have application to other intensifying environmental/water supply conflicts in the Western States. The collaborative, coordinated effort among stakeholders and Federal, state and local agencies in the CALFED Bay-Delta

Program has been instrumental in identifying problems and uniting the various entities behind a common goal and program to resolve environmental, water supply reliability, natural disasters and water quality resource conflicts.

TRINITY RIVER

As you know, the Federal Court of Appeals recently upheld the Trinity Record of Decision. As a result, Trinity River flows will now vary between 369,000 and 815,000 acre-feet per year (excluding safety of dam releases). This represents an average flow increase of approximately 260,000 acre-feet per year.

Water diverted from the Trinity River to the Sacramento River flows through three different power plants, generating 1100 kWh for every acre foot of water. With this water no longer being diverted to the Sacramento River, the output of the Central Valley Project power system will be reduced by almost 10 percent.

Question 1. According to the public power customers in Northern California, they will incur $15—$22 million in costs per year to replace that power. Does the Department agree with that assessment?

Answer. Yes, in general. The Environmental Impact Statement/Report and the Supplemental Environmental Impact Statement provided detailed analysis of the potential impacts associated with increased flows in the Trinity River and resulting associated decease in Central Valley Project generation. The amount of foregone generation (kilowatt-hours) is generally agreed upon, but the value of that generation is where differences often occur. The Department's power value estimate was based on a consultant's forecast of energy prices and these are comparably lower than that claimed by some Northern California power customers. For instance, based on the Record of Decision flows, the value of foregone CVP generation forecast by the Department's consultants is $7.2 million to $21.2 million depending on the water year type.

Question 2. As a result of the Trinity decision, power output from the Central Valley Project has been significantly reduced. Since the allocation of costs is supposed to track the distribution of benefits, does the Bureau intend to reallocate costs associated with the Trinity Project to reflect this operational change? If so, when do you expect to have this change in place?

Answer. Reclamation is currently developing a formal response to the request that has been received from CVP water and power customers. A forecast schedule for performing the cost allocation process as well as a budget estimate of its cost is being prepared and will be reviewed with these customers within the next few weeks. Preliminary results indicate the cost allocation process may take as long as 36 months and could cost as much as $5 million. These estimates will be modified as more refined cost estimates are received from the entities that will be assisting in the cost allocation process (for instance, the Corps of Engineers will be preparing the flood protection benefits portion of a cost allocation).

O&M COSTS FOR SECURITY

The Administration has requested $50 million for site security efforts, an increase of $6.8 million from FY 2005 levels. The budget further proposes that the O&M related security costs will be reimbursable from project beneficiaries.

Question 1. Can the Department make such a change administratively or does legislation need to be enacted?

Answer. Reclamation has the administrative discretion to determine the circumstances in which additional security measures are reimbursable, and proposes that annual costs associated with activities for guarding our facilities be treated as project O&M costs subject to reimbursability based upon project cost allocations while funding for capital improvements, including physical security upgrades, remain non-project cost and non-reimbursable. The proposal to make security costs reimbursable is consistent with existing law.

The Reclamation Project Act of 1939 (53 Stat. 1187) which authorizes Reclamation to enter into contracts to furnish water from its projects provides at Section 9(e): "Each such contract shall be . . . at such rates as in the Secretary's judgment will produce revenues at least sufficient to cover an appropriate share of the annual O&M cost and an appropriate share of such fixed charges as the Secretary deems proper."

Question 2. How does the Department plan to deal with any O&M costs that are related to meeting its Trust responsibilities for Indian Tribes?

Answer. Reclamation will allocate O&M costs based on project cost allocations pursuant to individual project authorizations. Where those allocations are reimbursable, the costs will be reimbursed from other sources, including Indian Tribes.

Where those allocations are non reimbursable, the cost will not be reimbursed from other sources.

Question 3. The proposal notes that the "project beneficiaries" will be responsible for these O&M related security costs. Does this include M&I users or will the Department only target power customers? Will the Department consider only the primary purposes of the project or will it consider secondary purposes as well?

Answer. Reclamation will allocate costs to all authorized project functions which could include in any one project the following types of functions: irrigation, M&I, power, recreation, flood control, fish and wildlife. Unauthorized secondary functions have no allocations and therefore, will not be reimbursable to those functions.

Question 4. What has been the power customers' reaction to this proposal?

Answer. Without disputing the increased security need at critical Reclamation facilities, power customers have expressed concern with the prospect of being allocated a portion of costs that they see as new, unforeseen, and beyond their control. They believe that protecting these facilities is in the national interest and the costs should be borne by all taxpayers through non-reimbursable appropriations.

PICK-SLOAN MISSOURI BASIN PROGRAM

The Administration's FY 2006 budget proposes to re-allocate repayment of capital costs of the Pick-Sloan Missouri Basin program. According to the proposal, power customers would be responsible for repayment of all construction from which they benefit, whereas to date they have only been responsible for a portion of these costs. The proposal further notes that the increase in reimbursements from power customers is estimated to be approximately $33 million in FY 2006.

Question 1. How much of an increase will the project customers be expected to bear in the next 5-10 fiscal years?

Answer. Depending on the reallocation option chosen, the increase could be as much as 20 percent. Additionally, because of drought conditions, power customers will be receiving a 20 percent increase next year on top of 15 percent incurred the past year. With the increase due to the reallocation, rates could go up 40 percent next year. Over the next 5 years, rates were projected to go up 16 percent under normal circumstances. The total increase could approach 56 percent unless circumstances related to drought make a dramatic change.

Question 2. What is the basis for this proposed reallocation?

Answer. The Pick-Sloan Missouri Basin Program is a comprehensive program to manage the water and power resources of the Missouri River Basin. While much of the originally planned project development has occurred, including reservoir storage and power generation facilities, only about 11% of the irrigation anticipated in the Pick-Sloan plan has been Federally-developed. Originally, about $500 million of the program's hydropower and water storage capital costs were allocated to irrigators, and because the irrigation was never developed, the capital and O&M costs on this portion of the project are not being repaid to the Federal government. Under current economic and financial conditions, further irrigation development is not expected. The proposed reallocation would therefore make power customers responsible for repayment of all the construction costs from which they benefit. This would change current law, under which Reclamation is bound by the cost allocation developed under the assumption that irrigation projects would be developed and costs associated with irrigation-related pumping power and reservoir storage continue to be allocated to future irrigation development.

Question 3. Will any other project beneficiaries be assigned repayment costs? Please explain.

Answer. Of the facilities affected, there are only two reimbursable functions that can repay costs, irrigation and power. If irrigation is not developed, power is left as the only reimbursable function with the exception of some minor municipal and industrial water. The other functions such as flood control, navigation, recreation, fish and wildlife are not reimbursable. Different methods for accomplishing the reallocation would result in different allocations among these functions. Regardless of the method by which reallocation is accomplished, however, the only beneficiaries that could bear any increased repayment costs are the firm power customers.

CENTRAL UTAH PROJECT

The FY 2006 budget request for the Central Utah Project is $34.4 million, a decrease of $13.3 million below the FY 2005 enacted level.

Question 1. According to the budget request, the $13.3 million decrease is "primarily due to the transfer of budget authority from Interior to the Western Area Power Administration." Please explain this transfer. Under the Administration's

proposal, how much money will WAPA provide for the Central Utah Project in FY 2006?

Answer. In Fiscal Year 2005, the Administration proposed that funding for the Utah Reclamation Mitigation and Conservation Commission (Mitigation Commission) pursuant to Title IV of the Central Utah Project Completion Act be included in Interior's budget request rather than that of the Western Area Power Administration (WAPA). The Congress rejected this proposal, and funded the Mitigation Commission in both Interior and WAPA's FY 2005 appropriations. The Administration's Fiscal Year 2006 request is consistent with Congress's evident preference that funding responsibility for the Mitigation Commission remain with WAPA. WAPA's 2006 request includes $6.65 million for the Mitigation Commission to be derived from Colorado River Storage Project receipts on a reimbursable basis. The remaining decrease in the request reflects the significant carryover balances of the Mitigation Commission, which will allow the Commission's work to proceed even with the reduced request.

Question 2. What is the schedule for completion of this project?

Answer. At the present time, the Central Utah Project is projected to be complete in approximately 2016.

DROUGHT

As you are well aware, the Southwestern U.S. has been experiencing drought conditions since 2000. The Pacific Northwest is also experiencing water supply shortages and the current snow pack is almost 50% below average. In anticipation of our upcoming water conference, this Committee has asked for proposals to address the drought situation. Given the importance of the drought conditions, we plan on examining the proposals received at a separate hearing.

Question 1. It is my understanding that in your role as Water Master for the Colorado River, you are working with the basin states to develop a voluntary protocol to deal with water shortages. What is the status of that protocol? When will it be completed? Are the states willingly engaged in this effort?

Answer. Representatives of the seven Colorado River Basin States have been actively meeting and engaged in discussions regarding prospective actions to address the drought in the Colorado River Basin. In late 2004 the Department asked the Colorado River Basin States for recommendations regarding the development of "shortage guidelines" for the Lower Basin of the Colorado River. In light of the significant drought in the Colorado River Basin since the fall of 1999, the Department anticipates initiating a public process to develop Lower Basin shortage guidelines later this year. It is likely that such a public review process would take approximately two years to complete. This process is anticipated to follow a similar development protocol as that the one the Department utilized for the development and adoption of Lower Basin Interim Surplus Guidelines in 2001. In that process, the seven Colorado River Basin States submitted a consensus-based recommendation that formed the basis of the Surplus Guidelines that were adopted by the Department and are relied upon by the Secretary in the preparation of each year's Annual Operating Plan.

Question 2. How is the Department dealing with the drought situation? What funding is the Administration proposing that deals specifically with the drought? Are the Administration's funding proposals limited to the Department of the Interior's Water 2025 program? If not, what agencies are also attempting to address this situation? If there are multi-agencies engaged in this effort, how are you coordinating them?

Answer. The Reclamation States Emergency Drought Relief Act of 1991 (P.L. 102-250), as amended, (Drought Act) authorizes the Bureau of Reclamation to undertake drought relief measures through emergency assistance (Title I) and planning activities (Title II). Title I is temporary authority.

Title I provides authority for construction, management, and conservation measures to alleviate the adverse impacts of drought, including the mitigation of fish and wildlife impacts. Only temporary construction activities are authorized, except for the construction of permanent wells. Title I also authorizes temporary contracts to make available project and non-project water and to allow for the use of Reclamation facilities for the storage and conveyance of water. The 17 Reclamation States and Hawaii, as well as tribes within those states, are eligible for this assistance.

In Fiscal Year 2006, the request is for $500,000.

Over the years, much of the funding appropriated under RSEDRA has been used for water acquisitions for fish and wildlife mitigation, as seen on the Rio Grande and Pecos River. Although that trend has continued on an availability basis, significant funding has been used to construct wells on tribal lands and for smaller towns

and counties. Reclamation has constructed many wells for drinking water for smaller, financially-strapped entities (towns, counties, tribes) that do not have the financial capability to deal with the impacts of drought.

In many cases, Reclamation is the "last resort" for these communities. While the current drought has caused many problems in many areas of the West, there are more pervasive realities across the West that cause conflict and crises over water, dividing communities and pitting neighbor against neighbor, people against fish, and farmers against cities. These realities include increasing population growth, strains on existing water supplies, even in normal years, current water delivery infrastructure is aging, crisis management is ineffective, and new technology can help stretch water supplies further. Water 2025 was created to help the West deal with these realities, as well as with the current drought conditions, through Challenge Grants that provide cost-shared funding for on-the-ground water conservation and management projects that address conflict over water before it happens. The Fiscal Year 2006 request for Water 2025 is $30 million.

KLAMATH RIVER BASIN

In a time when many programs are experiencing significant cuts, the Administration's FY 2006 Budget requests $62.9 million for the Klamath River Basin. This represents an 8.4% increase from the FY 2005 funding levels.

Question 1. Why did the Administration prioritize funding for the Klamath River basin?

Answer. The reason for the high priority is that the Klamath basin is currently experiencing drought conditions that have triggered a cycle of disruptions in water supplies. In 2001, drought conditions required water diversions from the Klamath Project, a Bureau of Reclamation irrigation project, to be curtailed to meet a) upstream lake level requirements as specified in a U.S. Fish and Wildlife Service biological opinion designed to avoid jeopardizing two species of endangered suckers and b) downstream water flow requirements as specified in a NOAA Fisheries biological opinion designed to avoid jeopardizing threatened coho salmon. The restrictions on the water diversions in response to the drought lead to economic disruption among project irrigators with varying degrees of financial loss though some of that was ameliorated from emergency farm bill assistance. In light of scientific conclusions of the National Academy of Science's National Research Council (NRC), those biological opinions were revised in 2002. Meeting all of the needs in this Basin, including those of water users and the requirements of the ESA, creates extreme challenges in allocating water in the basin among competing uses. The lake level and downstream flow levels specified in the 2002 biological opinions were supported by the NRC final report. Low downstream flows were cited by the FWS' report on the major fish die-off in the Klamath River that occurred in September, 2002, as one of several contributing factors to the die-off of over 30,000 salmon, although most of them were not listed species. Still, all of the salmon are important economically from the standpoint of commercial fishermen and tourism based on sports fishing (and escapement goals for Chinook salmon determine the commercial and sports catch levels from southern Oregon to well south along the California coast) and economically and from a subsistence standpoint for Indian fishermen with fishing rights in the Klamath River. The die-off created substantial disruption downstream. The large suckers in Upper Klamath lake have traditionally been a subsistence resource for the Klamath Tribes, but fishing has been halted since the 1980s due to their endangered status. Both the 2001 and 2002 events also spawned multiple, extensive lawsuits, which are still wending their way through various courts.

The Department is using the best information available to wisely manage the lake levels, diversions and downstream flows, but can provide no assurances on a year-to-year basis that substantial further disruptions will not occur.

Given the five major concerns, protecting the endangered fish in Upper Klamath Lake, protecting the threatened fish downstream, meeting trust responsibilities to tribes in both the upper and lower basins, helping maintain a predictable water supply for project irrigators, and meeting water needs for key National Wildlife Refuges, the Department and the Administration are taking many steps to address the underlying issues. Many of those steps can be taken within current funding levels, such as the use of a large water bank. Some require additional funding, however. Two cases in point are the 2006 request for increasing restoration work on spawning and nursery habitat for upstream suckers and acquisition of a property at the northern edge of Upper Klamath Lake to provide nursery habitat, both of which are intended to help stabilize the fish populations and begin their recovery. The property acquisition will also expand substantially the amount of water that can be stored in the lake during most years, which will have benefits for both downstream flows

and project irrigation diversions during low-flow periods in those years. Among other things the high rate of funding for the water bank may not be sustainable in the long-term, and solutions such as increasing storage through restoring some of Upper Klamath Lake's natural capacity will help ameliorate those high annual funding requirements and also the annual uncertainty of water supply. It should be noted that the property acquisition funding of $6,000,000 is a one-time item with minimal subsequent annual operation and maintenance costs.

The Department strongly supports the increased request to help get beyond the year-to-year crisis management that has prevailed over the past four years and which can only be resolved by continuing to focus on long-term resolutions to the Klamath Basin's many challenges.

Question 2. The Budget notes that Interior is in the process of putting together a water bank of approximately 100,000 acre-feet to help meet the water needs for coho salmon. Please explain this effort. Is this supported by the Klamath River stakeholders, including the environmentalists?

Answer. In 2001, Reclamation conducted a one-year pilot demand reduction program which provided a payment to irrigators in lieu of applying Project water to land previously irrigated. In 2002, 2003, and 2004, a pilot water bank program was implemented to assist in meeting NOAA Fisheries Biological Opinion (BO) requirements for threatened salmon in the Klamath River. The pilot water bank consists of compensating agricultural water users to either forebear use of water, substitute groundwater for surface water, or pump ground water to increase the supply. The results of the pilot water bank program for the various years have been or are being reviewed by Cal Poly-San Luis Obispo and the U.S. Geological Survey. Reclamation refines the water bank program each year, changing its selection process, contracting process, and program rules based on what was learned in previous years to meet its increasing obligations. For example, in 2002 Reclamation paid a flat fee per acre foot of water. Since then they have instituted a new process where landowners offer to enroll their lands in the water bank by bid. The least expensive, highest yield lands receive priority.

In addition, the Government Accountability Office has recently completed a Report to Congressional Requesters on the 2002, 2003, and 2004 water banks. These reviews have identified several important points: (1) the use of land idling or downsizing the Klamath Project will not meet the high spring flows desired by NOAA-Fisheries because water from areas temporarily idled or permanently removed from irrigation accrues gradually to the water bank throughout the irrigation season in the same pattern and rate as it would normally be diverted for irrigation. Therefore, it is not available at the time of the high river flow requirements envisioned in the BO, (2) pumping large volumes of groundwater is not sustainable on a long-term basis during drought periods, (3) a water bank comprised primarily of idled project land and groundwater pumping is only an interim solution to the water supply problems in the Basin, and (4) storage to carryover surplus water from one year to the next is the best long-term solution, particularly during drier years.

The water bank has been successful in that it has allowed Reclamation to meet the requirements the NOAA Fisheries and Fish and Wildlife Service biological opinions and provide sufficient water to meet the need of the contracts for irrigation. However, the high annual cost of the water bank is not sustainable, and the water bank is viewed as a temporary solution while long term solutions are developed. The water users are seeking assurance of water supply which the water bank does not provide, and are concerned that idling land will negatively affect agribusiness of the basin. The environmental community supports the concept of a water bank, however, they believe 100,000 acre feet annually is insufficient and that lands should be permanently retired. Indian Tribes in the lower basin claim that even with the 50,000 acre foot water bank in 2002, low flows resulted in a fish kill.

Question 3. I would also like to know more about the $500,000 requested for a Fish and Wildlife Service prototype program to acquire and transfer water rights to the wetlands in the Klamath Basin refuges. Will the Department buy or lease these water rights? Have you identified people who would be willing to let the Department acquire their water rights?

Answer. The Department proposes to buy the water rights. The prototype or test acquisition is being taken because of the uncertainty of water supply to the Klamath basin refuges and the severe water shortages they have faced in recent years. The refuges are primarily dependent on return flows from irrigated land through the larger part of the irrigation season and excess water during the spring and fall to sustain their wetland habitat. That habitat is one of the premier migratory waterfowl areas on the west coast. To adequately maintain the productivity of the area, a more assured water supply is needed.

The 2006 budget initiative is described as a prototype program because of uncertainties in the acquisition and transfer of water rights in the Klamath River basin. Portions of the water put to use in the basin are from adjudicated water rights; other portions use water rights currently undergoing adjudication as to their quantity and priority. There are a substantial number of willing sellers in the basin, but little past work has been done on actually acquiring and transferring water rights from willing sellers to other lands in the basin. The initial funding is a one-time step to realistically test varying aspects of the market and the transfer mechanisms to determine the extent to which a more expansive subsequent program would be beneficial and cost-effective.

INVASIVE SPECIES

Secretary Norton, the Department of Interior budget request includes $60.5 million for six agencies and the Office of Insular Affairs to combat invasive species. The requested funding is about $350,000 above the current level. This is a high priority issue for our Western states. In New Mexico, we have a serious problem with tamarisk, or salt cedar.

- I appreciate that the Administration is focused on the invasive species problem. Would you please tell the Committee what is the most urgent need for these funds?

Answer. The best approach to reducing impacts to Department of the Interior trust resources is, generally, preventing the introduction of invasive species. Once introduced, early detection and rapid response can minimize or mitigate impacts to our lands and waters and, when established, control and management must be carried out to reduce impacts.

- Of the $60.5 million requested, nearly one-third of the funding will go to control and management activities. Please tell the Committee what specific types of projects will be undertaken with the nearly $28 million for invasive species control and management?

Answer. Since 2004, the Department has presented a unified invasive species performance-based crosscut budget, in conjunction with other Federal agencies, through the National Invasive Species Council (NISC). In coordination with NISC, the Department has focused its past budget increases on species-specific government-wide priorities, such as tamarisk, the brown tree snake, and aquatic invasives.

In 2006, the Department will coordinate invasive species activities based on geo-regional areas in response to bureau concerns that the species-specific focus areas do not always accurately portray the invasives work done on any given piece of land. For example, when BLM is controlling and managing weeds on public lands in the West, BLM will identify the target species, such as tamarisk or leafy spurge, while also taking into consideration the other associated weed species in the area. The goal is to treat the target species as well as the other invasive and noxious weeds in the same area.

The Department will also focus invasives work on three priority geo-regional areas that also contain an abundance of invasives targeted by NISC priorities. The bureaus submitted coordinated, joint budget requests for each of these areas, developed in each case by an inter-bureau team. Increases totaling $2.3 million are proposed for the three areas. Base funding will also be redirected to the coordinated efforts.

Examples of specific projects include, in the Rio-Grande River Basin, 4,915 acres of tamarisk and other invasives will be treated and controlled, 1,000 acres will be inventoried for weeds, research will be conducted on re-vegetation, and one decision support system will be developed. With a $200,000 proposed budget increase, USGS will conduct research on re-vegetation and will provide technical and scientific support in the development of the BLM decision support system.

In addition, the Fish and Wildlife Service budget proposes $1.0 million for tamarisk eradication through the endangered species recovery program. This exotic plant is considered a threat to some endangered and threatened species, such as the southwestern willow flycatcher. Tamarisk removal is identified as a key recovery action that is needed for many listed species that occur in wetland areas throughout the arid southwest. For example, the recovery plan for the Pecos sunflower requires the management and control of Tamarisk. These funds will be spent in cooperation with non-federal partners consistent with the Team Tamarisk Guiding Principles.

The Team Tamarisk initiative, begun in April 2004, relies upon USGS mapping and modeling of tamarisk occurrences and potential areas of spread to target multi-agency action. The Albuquerque, New Mexico, Team Tamarisk conference brought together Federal, state and local officials, tribal representatives, water and land managers, and plant and water scientists. The goal was to establish a framework

for forging close working partnerships, leading to on-the-ground projects that make the most efficient and effective uses of our collective resources.

Those partnerships include a comprehensive web-based live cooperative mapping initiative led by the USGS and involving geospatial data from hundreds of partners (*www.tamariskmap.org/cwis438/tmap/index.asp*). Team Tamarisk is also pursuing an in-depth economic analysis of tamarisk control and effects coordinated by NISC and led by the U.S. Forest Service and Erika Zavaleta, Assistant Professor, Environmental Studies Department, University of California.

In South Florida, a $1.0 million increase for the Fish and Wildlife Service would focus on invasives efforts at the Loxahatchee National Wildlife Refuge (NWR). This funding will be used to treat 2,500 acres of dense lygodium on tree islands and allow re-treatment of 14,000 acres infested with melaleuca, lygodium, Brazilian pepper, and Australian pine on other lands. A $100,000 increase in the U.S. Geological Survey will provide research to assist in the detection, control, and eventual eradication of the Brazilian pepper tree.

On the Northern Great Plains, BLM, with a $500,000 budget increase, will treat and control 7,500 acres of leafy spurge and other invasives, inventory and monitor 209,000 acres for weeds, and map 20,000 acres for invasive species. Much of the invasive species and noxious weed control and management efforts on BLM and other DOI lands are conducted in cooperative weed management areas (CWMAs) through partnerships.

- The Department requests $11.6 million for invasive species research. How would the proposed funding support the ongoing research program? Which invasive species are receiving the highest priority for research dollars distributed?

Answer. The proposed funding, which includes a $300,000 increase for U.S. Geological Survey work ($200,000 on Rio Grande River basin and $100,000 for South Florida) on invasive species, funds the invasive species research program whose goals focus on research related to prevention, early detection and rapid assessment, monitoring, control and management, information management, and effects of invasive species. These activities support the resource management agencies in the Department of the Interior to address critical research needs. At the present time, research is focusing on high priority invasive species such as tamarisk, nutria, brown tree snake, leafy spurge, yellow star thistle, Asian carp, and cheatgrass.

- How would you describe the Department's efforts at early detection and response? Is the $8.1 million requested sufficient to carry out a successful program?

Answer. The Department has begun an integrated approach in collaboration with other agencies and the public to build a network of trained professionals and volunteers to detect and treat new outbreaks of noxious weeds. They are working to develop and implement new methods of detection and identification of invasive species, and to develop early detection pilot projects for particular geographic areas and taxonomic groups. They also are developing rapid response strategies to detect and control invasive species for both aquatic and terrestrial species. The group has a goal of training over 2,000 volunteers, resulting in over 50,000 hours of volunteer service, to work on these efforts.

Participating agencies in this integrated effort include the Department's Bureau of Land Management, U.S. Fish and Wildlife Service, U.S. Geological Survey, National Park Service, Bureau of Reclamation, and the Agriculture Department's Animal and Plant Health Inspection Service, Agricultural Research Service, Cooperative State Research, Education, and Extension Service, U.S. Forest Service, and the U.S. Army Corps of Engineers.

The funding included in the President's budget is sufficient to carry out a successful program.

FOREST HEALTH

Madam Secretary, I am pleased to see that the Administration has requested an increase in funding for implementation of the Healthy Forest Restoration Act. As I read the budget, $211.2 million is proposed, which is $9.8 million above the current level. The Forest Service will also receive funding for this program.

- I will also pursue this line of questioning with the Forest Service when they appear before the Committee tomorrow. Would you please provide for the Committee, in detail, information on the expenditure of the hazardous fuels reduction funding over the past two years?

Answer. The attached chart responds to this question.

State	FY 2003 Acres Treated	FY 2003 Expenditures ($000)	FY 2004 Acres Treated	FY 2004 Expenditures ($000)
Alabama	1,230	120	1,010	111
Alaska	11,676	4,397	59,089	5,290
Arizona	108,578	14,865	100,788	15,160
Arkansas	5,718	654	23,720	792
California	77,226	28,882	61,725	20,842
Colorado	23,791	12,508	32,659	11,471
Connecticut ..	10	0	0	0
Delaware	3,605	307	6,935	205
Florida	137,853	4,328	91,370	2,689
Georgia	12,539	3,264	30,720	2,462
Hawaii	1,071	479	1,010	208
Idaho	202,596	28,620	117,310	22,518
Illinois	428	87	325	45
Indiana	10,713	333	10,187	330
Iowa	3,568	338	7,769	349
Kansas	23,190	512	26,860	703
Kentucky	498	303	2,228	333
Louisiana	2,642	477	15,204	282
Maine	876	389	646	396
Maryland	6,513	142	11,862	513
Massachusetts	361	783	869	390
Michigan	1,409	202	2,584	465
Minnesota	64,068	3,977	52,002	3,727
Mississippi ...	13,085	1,836	9,359	1,424
Missouri	3,066	417	4,378	337
Montana	23,461	11,731	31,405	10,105
Nebraska	6,911	903	11,575	1,437
Nevada	53,908	9,431	30,131	6,695
New Hampshire	80	2	0	0
New Jersey ..	1,080	163	1,008	97
New Mexico	111,641	14,257	87,411	13,332
New York	606	71	685	33
North Carolina	11,307	735	19,802	680
North Dakota	17,906	1,390	21,202	2,060
Ohio	50	3	59	1
Oklahoma	8,809	2,443	23,087	1,242
Oregon	114,386	38,787	134,316	29,577
Pennsylvania	862	38	90	222
Rhode Island	167	2	3	1
South Carolina	21,520	565	16,252	509
South Dakota	16,100	3,583	17,103	2,066
Tennessee	1,586	1,248	480	935
Texas	37,544	4,067	77,261	2,902
Utah	56,884	11,695	51,960	10,257
Vermont	129	2	24	2
Virginia	351	591	2,660	1,407
Washington ..	18,424	6,434	27,982	5,049
West Virginia	219	61	0	1
Wisconsin	7,533	1,235	6,909	1,090
Wyoming	31,063	4,222	28,669	4,136
Total	1,258,837	221,879	1,260,907	184,878

• How much of the appropriated funding has been spent on planning projects?

Answer. In FY 2004 and FY 2005, approximately $63 million per year was spent on planning projects. The planning process includes collaboration, coordination, identification, prioritization and selection of projects, NEPA, project planning and layout, and consultations with the National Marine Fisheries Service and Fish and Wildlife Service. These processes are critical for ensuring that projects are effective in meeting their desired goals and in ensuring the safe implementation of prescribed

burns. The funds are also used to design projects that will be completed in subsequent years.

- How much of the funding has been spent on actual thinning projects? How many acres have been treated, and in what states?

Please refer to the chart on page 46 for the response to this question.

- What are the Department's projections for the work to be done in FY 2006 under the budget request?

Answer. For FY 2006, the Department is requesting an increase of $10.3 million for the Hazardous Fuels Reduction Program, of which $6.7 million is for treatments in the Wildland Urban Interface (WUI) and $3.6 million is for non-WUI treatments. The increase will be focused on expanding and improving the program to meet the identified highest priority treatments to protect communities and the environment. With the completion of risk assessments, mitigation plans, Community Wildfire Protection Plans (CWPP) and interagency Fire Management Plans, the bureaus and collaborative partners are able to identify an annual program that prioritizes mitigation activities that will make the greatest impact in reducing risks and restoring priority landscapes. Priority acres will be treated. This means that the final project list will increasingly include projects identified in CWPPs which may include higher cost acres. The Department will continue to emphasize involvement of the local communities through contracting, stewardship and biomass utilization.

- How would you describe the collaboration with local communities under the Healthy Forest Restoration Act?

Answer. The HFRA builds on community and resource protection activities carried out under the National Fire Plan and the 10-year Comprehensive Implementation Strategy. The HRFA encourages local communities to work collaboratively with wildland fire protection agencies to develop Community Wildfire Protection Plans (CWPP's). CWPP's assist local communities, as well as State, Federal, and Tribal cooperators to clarify and refine hazardous fuels treatment priorities, identify roles and responsibilities in the protection of life and property, and assist in identifying critical infrastructure in the WUI. The interagency wildland fire agencies have developed guidance and conducted workshops to assist communities in the development of CWPP's. Risk reduction projects identified in CWPP's are given priority for Federal funding in the collaborative planning process.

The Department has assisted over 1,000 communities to develop CWPP's. Many of these plans, previously called Community Risk Assessment and Mitigation Plans, were begun prior to enactment of the Healthy Forests Restoration Act. Those earlier plans meeting the spirit of the CWPP's are included in the above number. Thus far in FY 2005 alone, the Department has assisted 140 communities in completing their CWPP's.

WILDLAND FIRE MANAGEMENT

I am pleased that the Congress and Administration worked together last year to provide approximately $500 million in additional FY 2005 funding for the Department of Interior and the Forest Service to prepare for the anticipated fire season.

For some states, such as New Mexico, there has been some relief from the serious drought we have experienced over the past several years. However, we know we have a long way to go before the drought is over.

- What is the Department's current status of its firefighting funds?

Answer. For FY 2005, the Department has a regular annual appropriation of $218.4 million based on the 10-year average actual costs. In addition, we have $35 million in carryover funds from FY 2004, and $98.6 million Title IV funds for emergency firefighting costs.

- Have agency borrowings been repaid?

Answer. In 2003, $189 million of the previously borrowed $240 million was repaid.

- What is your preliminary assessment of the upcoming fire season? Is there sufficient funding in the President's budget to be initially prepared to meet the anticipated requirements for fire funding in the upcoming season?

Answer. The preliminary outlook for this year's fire season indicates above normal fire potential in the Pacific Northwest, Northern Rockies, the lower elevations of the Great Basin, and over much of Florida.

Mountain snowpacks are at or near record low levels in portions of Washington, Oregon, Idaho, Montana and northwest Wyoming. These low snowpacks, combined with long-term drought and vegetation mortality from insect damage, will increase fire potential in portions of the West.

Winter storms have brought heavy rain and snow in California, Colorado and the Southwest. This will help moderate the fire season in the mountains, but will increase fire potential in the lower elevations of Nevada, Utah and the California deserts, due to heavier concentrations of fine fuels such as the grasses found on much of the land managed by this Department.

Florida has been drier than normal so far this winter. The dry winter, combined with downed trees from the 2004 hurricanes, will lead to the potential for an active fire season.

Predicting the Alaska fire season is very difficult this early in the year. However, preliminary indications point to a less active season compared to last year's record breaking fire season.

This map of the United States shows the areas where above normal and below normal fire activity are anticipated through August.*

Readiness for wildland fire response will be maintained at a level sufficient to meet or exceed a 95 percent initial attack success rate. Strategic pre-positioning of resources, combined with advanced fire weather forecasting capabilities will ensure a high level of readiness.

ANWR

The President's FY 2006 Budget assumes the first ANWR lease sale would produce an estimated $2.4 billion in bonus bids in 2007. I support the Administration's inclusion of ANWR receipts in the Budget. I plan to work with the Budget Committee and Senate leadership to include ANWR instructions in the budget resolution and fight for passage of that resolution on the Senate floor.

As many of you know, I am leading a CODEL to ANWR beginning this Friday, March 4th, so Senators and Cabinet Secretaries can see for themselves how sensitive today's oil development is on the environment and wildlife. I am delighted that Secretary Norton will accompany me on this trip.

Question 1. In your testimony, you explain that the $2.4 billion in 2007 bonus bids is the same estimate that has been used for several years and is based on "conservative assumptions."

Please explain the basis for the Administration's calculation. What budget assumptions were used to derive the $2.4 billion leasing figure?

Answer. The calculation was made by 1) analyzing geology and geophysical information to determine geology parameters; 2) conducting an engineering analysis of the exploration, development, production, and reclamation phases for the potential range of sources; and 3) running an economic analysis of 1) and 2) under projected market conditions. As we have stated a number of times, this estimate has been used for several years and does not reflect the recent sharp increases in the price of oil. The estimate included an assumption regarding oil prices in the year 2001 of $30. It assumed a 50/50 split of revenues with the State of Alaska, a royalty rate of 12½%, and that almost all tracts would be available for nomination in each sale. The model used for the analysis was a Monte Carlo Discounted Cash Flow model. In addition, natural gas was assumed at the time of the analysis to be uneconomic and was thus ignored in the valuation.

USGS WATER RESOURCES RESEARCH INSTITUTES

The President's FY 2006 Budget requests $933.5 million for the U.S. Geological Survey, a $1.9 million decrease from FY 2005 funding levels. The USGS provides critical data collection and analysis on water resources to agencies throughout the federal government and through collaborative programs with the States.

Like last year, the Administration proposes to terminate funding for the 54 State Based Water Resources Research Institutes ("WRRI") for only a $6.4 million savings. This would eliminate a critical program for my state of New Mexico.

Question 1. How can the Administration justify the elimination of the WRRI institutes?

Answer. The State Water Resources Research Institutes have been highly successful in leveraging the USGS grants under the Water Resources Research Act Program with other Federal and non-Federal funding. The Department considers this program a success, as the initial grants from the Department were considered implementation funding for the Institutes. Today, the Department anticipates that the majority of these Institutes will be able to continue operations without Federal grant funding, due to the successful partnerships that the Institutes have been able to make with others.

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*All graphics have been retained in the committee files.

USGS MINERALS RESOURCES PROGRAM

The Administration's FY 2006 budget requests a total of $208.1 million for Geologic Assessments, a $21.1 million of 9.2% decrease from FY 2005 funding levels. Within that account, the Administration proposes *to reduce* the *Mineral Resources Program by $28.5 million* from FY 2005 levels.

The Administration explains that the budget continues funding for minerals surveys and studies for Federal activities. However, funding is reduced for regional and local activities.

Question 1. In your testimony, you note that "funding is reduced for studies and information gathering for regional and local activities more oriented to the interests of States, local governments, and universities, *all of whom are significant users of information generated by the Minerals Resources Program*."

Why has the Administration opted to reduce funding for this program when it acknowledges that numerous non-federal users rely on the critical information produced by the USGS?

Answer. This reduction was a difficult decision based on funding priorities and budget constraints. The Administration chose the Minerals Resources Program for reduction because the research is lower priority as compared to other USGS programs and because the expertise to continue this work exists with State geological surveys and in universities. The Administration believes that if the work being eliminated is of high importance to private industry or States, they will pick up the work, in partnership arrangements.

Question 2. Does the Interior Department intend to continue decreasing the involvement of USGS on non-federal lands? Please explain.

Answer. As the science bureau of the Department of the Interior, a basic priority of USGS science is to provide information and technologies that are critical to achieving the missions of the Department's land and resource management bureaus. Nevertheless, the USGS will, as always, continue to work in close cooperation with more than two thousand Federal, State, and local government entities, educational institutions, private sector firms, and non-profit organizations across the country.

MAPPING PROGRAM

The President's FY 2006 Budget proposes a total of $139.5 million for USGS mapping, land remote sensing, and geographic research, an increase of $20.7 million or 17.4% above FY 2005 funding levels.

The budget proposes an *increase of $250,000* for a science impact program designed to improve and expand the use of USGS scientific data, with *a particular emphasis on western water issues*.

Question 1. As you know, this Committee is holding a Water Conference in April. One of the topics we want to discuss is our knowledge of water resources, in particular, whether or not we have the level of scientific understanding needed to assess accurately the sustainability of the surface and groundwater resources upon which we depend.

Do we have the necessary scientific understanding of our water resources? How will the expansion of the Department's science program assist us in our knowledge of water resources?

Answer. At the request of the Directors of OMB and the Office of Science and Technology Policy (OSTP), the Subcommittee on Water Availability and Quality, Committee on Environment and Natural Resources of the National Science and Technology Council is currently developing a Federal strategic plan for water science and technology. The USGS is a co-chair of the Subcommittee. The National Research Council's reports, "Confronting the Nation's Water Problems: The Role of Research," and a preceding report, "Envisioning the Agenda for Water Resources Research in the Twenty-First Century," are important source materials for this planning effort. Some of the key issues across the country are impacts of ongoing ground water depletion on stream flow and on supplies of water for future generations, assessment of the amount and timing of water needed to sustain aquatic habitats, development and evaluation of the long term viability of a variety of supply-enhancing technologies, impacts of ongoing climate variations and changes on water supplies (especially where snow pack is a crucial part of the regional water supply), and a need for accurate estimates of current consumptive use of water and accurate forecasts of future consumptive use across all sectors of the economy and all regions of the Nation. The USGS Water Availability and Use Program, which began in a pilot phase in FY 2005, is designed to help improve the science base related to these issues. This program will provide citizens, communities, and natural-resource managers with:

- A clearer knowledge of the status of the Nation's water resources (how much water we have now),
- Evaluation of trends over recent decades in water availability and use (how water availability is changing), and
- An improved ability to forecast the availability of water for future economic and environmental uses (how much water will we have in the future).

INSULAR AFFAIR—THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS (CNMI)

- Secretary Norton, does the Department agree that the federal government owes the CNMI some amount of funds under section 703(b) of the Covenant for amounts collected by the US prior to 2002 and not covered over?

Answer. Section 703(b) of the Covenant requires that "the proceeds of all customs duties and Federal income taxes derived from the Northern Mariana Islands " and "the proceeds of any other taxes which may be levied by the Congress on the inhabitants of the Northern Mariana Islands" be paid to the CNMI treasury. Section 7654 of the Internal Revenue Code of 1954, applicable with respect to the CNMI pursuant to section 601 of the Covenant, provides detailed rules regarding the cover over of income taxes. Section 7654 generally requires both the U.S. Treasury and CNMI treasury to cover over to one another the taxes they collect with respect to income from the other jurisdiction.

It appears that some amount of money is owed by the Federal Government to the CNMI, and potentially some amount could be owed by the CNMI to the Federal Government. The exact amount, however, is difficult to determine because records are available only for certain years for certain categories of taxes to be covered over.

In 1990, the IRS suspended payments to the CNMI due to concerns about whether taxpayer information provided to the CNMI as a necessary part of the cover over process was adequately protected from disclosure as required by Federal law. This problem was resolved in 2003, and the Department of the Treasury is working with the CNMI to determine what is owed.

- Secretary Norton, the Department was provided a partial accounting and methodology by the CNMI on amounts owed to them under section 703(b) last year. That accounting included only the major categories, but totaled over $100 million. Does the Department agree that it is possible that the US could owe the CNMI as much as $100 million, taking into account the categories included in the accounting as well as other collections, such as certain excise taxes, that were not included?

Answer. In 2004, the CNMI submitted the figure of $110,505,859 as the amount owed by the Federal government to the CNMI under the cover over provision of section 703(b) of Public Law 94-241 for principal and interest relating to years 1978 through 2002.

The Department of the Interior has been consulting with the Department of the Treasury on the amounts that may be owed. Because a great deal of time has elapsed since the implementation of the U.S.-CNMI Covenant in 1978, many of the records from the early years are difficult to locate and hence it is difficult to confirm the CNMI's figure of $110,505,859. The Department of the Treasury is continuing to investigate the matter.

- Secretary Norton, is it an US obligation to comply with federal law requiring a cover over. Given the number of years and the quality of record keeping, is a complete accurate accounting possible? In addition, in order to provide such an accounting, would it not be both very expensive and possibly not completely accurate?

Answer. The Department of the Interior believes that the United States has a statutory obligation to pay the CNMI the funds required to be covered over under the Covenant and the Internal Revenue Code.

Given the passage of time and possible loss of data and records that may have occurred in the intervening years, the Department believes that it may not be possible to fully reconstruct the record of duties and taxes that may be due the CNMI. The Department of the Treasury would be better able to make that assessment.

- Secretary Norton, would the Department support a settlement of all past due sums rather than litigation?

Answer. The CNMI Covenant in section 902 calls for periodic discussions of issues that may affect the CNMI-Federal relationship. The Department of the Interior would be amenable to placing this cover over issue on the agenda for section 902 discussions.

MINERAL MANAGEMENT SERVICE QUESTIONS

- Secretary Norton, with respect to the $290 million MMS budget proposal, please comment on specific examples of enhancements to the services and programs that protect the environment and offshore workers.

Answer. MMS is an international leader in offshore safety, with a regulatory program that sets standards for the design of facilities and the conduct of operations. As a leader in scientific inquiry in the oceans, MMS is currently conducting far ranging research on a variety of topics, including the effects of noise on marine mammals, the nature of deepwater ocean currents in the Gulf of Mexico and ocean currents on the Arctic shelf, and deepwater corals and chemosynthetic communities. All of this research is focused to provide information for management of offshore oil and gas and sand and gravel activities. Enhanced understanding of ecosystem processes enables development of effective mitigating measures and enhanced environmental protection. MMS works in partnership with State and local governments, academia, industry, and other Federal agencies to carry out this research and conduct its resource management activities. Some specific examples include:

- Since the early 1970s, MMS has supported a comprehensive program of mapping, monitoring and protection for coral reefs of the East and West Flower Garden Banks, a National Marine Sanctuary in the Gulf of Mexico. MMS has used this information to develop lease stipulations for gas and oil exploration, development and production near the Sanctuary that have been effective in preventing environmental impacts.
- The OCS Lands Act amendments mandate that annual inspections be performed on each permanent structure and drilling rig which conducts drilling, completion, or workover operations. Safety is a priority for MMS staff, and onsite facility inspections and enforcement actions are important components of MMS's safety program. MMS inspectors visit offshore oil and gas facilities in order to conduct mandatory inspections and ensure compliance with MMS regulations. The Gulf of Mexico Region currently leases single-engine helicopters that have been adequate to reach the approximately 8,000 leases, 4,000 producing facilities, and 900 drilling sites in the GOMR annually. However, MMS is reviewing helicopter needs based upon the significantly greater distances and flight times to reach newer offshore facilities.
- Secretary Norton, please comment on how the TAR program (Technology Assessment and Research) will continue to effectively address important issues with a 55% requested reduction from FY 2005. More specifically, comment on steps that MMS is taking to manage offshore infrastructure such as protecting and maintaining wells, platforms and pipelines.

Answer. The TAR Program performs applied research in regulatory technologies to ensure safe, pollution-free operations and conducts applied research in the prevention of oil pollution and the improvement of oil spill response and clean-up. The Department leverages available funds for TAR through joint projects with other Federal and State agencies, academia, international regulatory organizations, and industry. In the FY 2005 enacted budget, $600,000 was earmarked for the Offshore Technology Research Center and $500,000 was earmarked for the Minerals Management Service to conduct Hurricane Ivan studies. These two earmarks were unrequested and are not proposed for funding in the FY 2006 request. They account for the $1.1 million reduction from FY 2005.

- Secretary Norton, as I urged in a letter in December 2004, while I recognize that many OCS areas are under administrative withdrawal and/or congressional moratoria, as the Department of Interior prepares to issue a Request for Comments for the development of its new 5-Year OCS Oil and Gas Leasing Program for 2007-2012, please comment on whether the Department will solicit comments from all interested parties on the appropriateness of leasing in both moratoria and non-moratoria areas on the OCS.

Answer. The Department is reviewing this issue and will shortly publish the initial solicitation for comments regarding the 5-year OCS Oil and Gas Leasing Program for 2007-2012.

QUESTIONS FROM SENATOR THOMAS

PARKS AND OPERATIONS

The Administration has proposed an increase of $50.5 million for park operations in 2006 when compared with the 2005 budget.

Question 1. What do you anticipate using this additional money to fund?

Answer. The net increase of $50.5 million will allow the NPS to cover fully the anticipated pay cost increases and other fixed costs expected in 2006. Most of the uncontrollable cost funding is provided to park units. In addition, there are a series of increases which selectively target high-performing areas such as natural resources management, fee management, and cultural resource preservation. A number of other increases will focus on management improvements in areas such as information technology and partnership program oversight, where small investments in funding can yield impressive productivity gains and leverage additional financial resources.

Question 2. Will this be used to fund any shortfalls in visitor services?

Answer. When combined with the healthy increase for park units enacted in 2005, the inclusion of full pay cost in the 2006 budget request and the continued implementation of management reforms which will allow NPS to manage and operate the parks effectively and to sustain visitor services. The additional funding will assist in ensuring that the visitor satisfaction rating in the National Park Service remains above 95 percent, as well.

The Administration has been developing systems and procedures to asses and track the National Park Service maintenance backlog.

Question 3. What progress has been made in reducing the backlog?

Answer. Significant progress has been made in both addressing known maintenance projects through the park system as well as in establishing and implementing the management framework that will guide the Service's 21st century approach to asset management. The President's 2006 budget fulfills the pledge to devote $4.9 billion towards the NPS maintenance backlog. With these funds, NPS has undertaken over 4,000 projects since 2002, ranging from road repairs, to historic building stabilizations, to restroom rehabilitations. In addition, NPS has completed the first ever systematic inventory of its assets and conducted initial condition assessments at all parks. Comprehensive condition assessments are scheduled to be completed by the end of FY 2006.

Question 4. How much do you anticipate spending in 2005 and 2006 to address the backlog?

Answer. The estimated FY 2005 amount is $1.001 billion; the FY 2006 requested amount is $1.145 billion. Both of these amounts are predicated on enactment of the funding levels assumed in the President's request for the transportation reauthorization bill.

Question 5. What is your schedule for completing the backlog and transitioning to a preventative maintenance program?

Answer. The comprehensive condition assessments will be completed by the end of FY 2006. This will provide a more accurate picture of the condition of the NPS asset inventory and the funding levels needed to improve the overall condition of NPS assets to acceptable condition. Just as with one's home, it is not assumed that a backlog is ever completely eliminated. Conditions are not static; they change daily. A simple dollar amount also assumes that every asset is of equal priority and deserves to be restored to excellent condition. The goal of NPS is to manage its vast asset inventory systematically so that investment decisions are prioritized and tiered to the known condition of an asset and its priority to fulfilling the park mission. The backlog can be viewed as the funding needed to improve the condition of the asset inventory from poor to acceptable. NPS will not be in a position to determine that amount until after the comprehensive condition assessments are completed at the end of FY 2006. Understanding the preventative maintenance requirements of our asset inventory is a crucial component of the comprehensive condition assessments. NPS is already shifting to requiring the use of asset condition and priority information in its funding determinations regarding the allocation of cyclic maintenance dollars.

HERITAGE AREAS

National Heritage Areas were first designated in 1986. Since then, 27 National Heritage Areas have been designated. I noticed in your budget request for 2006 that $5 million is included for National Heritage Areas. In 2004, you asked for $2.5 million and Congress enacted $14.5 million.

Question 1. Why do you ask for only $5 million when you know it will take more than 3 times that amount to fund the program?

Answer. We recognize that the Congressional heritage area designation is an effective tool to bring together local communities' interests for the preservation of local heritage resources. With designation, local communities are able to coalesce support for important regional needs that conserve cultural and natural resources,

improve the quality of life, and help to develop sustainable self-supporting economies.

The 2006 budget reduces pass-through funding for the national heritage areas reflecting an emphasis on encouraging them to become self-sufficient. However, the 2006 budget expands opportunities and resources that the heritage area partners can competitively apply for, including: $15 million for Save America's Treasures, $38.7 million for historical preservation grants to States and Tribes, and $12.5 million through the new Preserve America grants program.

Question 2. How do you intend to manage 27 National Heritage Areas (and growing) with such little funding?

Answer. The NPS does not manage the national heritage areas but provides technical assistance. The heritage areas are managed by private nonprofit groups or States and they secure funding for projects from a variety of sources including local fund raising, States, other Federal agencies, and Interior grant programs. Since the inception of the national heritage areas concept the focus has always been that the entities would become self-sufficient and no longer need pass-through funding.

LAND ACQUISITION

The budget proposes funding for land acquisition and State assistance at $54.5 million in current appropriations. The request includes $52.5 million in for the NPS portion of the Federal land acquisition program.

Question 1. Are any of these funds designated for settling the Teton Land Exchange that was authorized in the 108th Congress?

Answer. None of the funds requested in the 2006 President's Budget Request are designated for the Teton Land Exchange.

Question 2. Are any designated for other park inholdings? (such as the Halpin property in Grand Teton National Park in Wyoming)

Answer. None of the funds requested as line-item projects in the 2006 President's Budget Request are for work at Grand Teton National Park. While the ongoing inholding projects are a priority for the National Park Service, in determining the national priority list they did not rank high enough for funding. If an emergency situation develops, funds could be made available from the general line-item "Inholdings, Donations, and Exchanges" for projects at Grand Teton National Park. This general line-item is available for such cases.

HOMELAND SECURITY

Homeland Security requirements have imposed a burden on several of your bureaus including the National Park Service.

Question 1. How much did the National Park Service spend on Homeland Security in 2003 and 2004?

Answer. The NPS did not track the total amount spent on homeland security in 2003 and 2004. However, the total icon park base operations funding totaled $70.6 million in 2003 and $76.3 million in 2004. The icon parks include, Boston NHP, Fort Point NHS, Independence NHP, Jefferson National Expansion Memorial, Mount Rushmore, Statue of Liberty NM and Ellis island, and the National Mall (excluding National Capital Parks-Central).

Question 2. How much of that was in excess to the amount that you expected to spend?

Answer. In 2003 there were three Orange Alerts by the Department of Homeland Security, increased costs for security at the icon parks July 4th celebrations, and other law and order transfers primarily related to the Orange alerts. The NPS spent an additional $8.6 million, mostly from receipts, for heightened levels of security, infrastructure, and equipment needs. In 2004 there was one Orange Alert in late December through early January that cost the icon parks an additional $1.4 million. These amounts do not include the budget of the U.S. Park Police. Emergency supplemental funding for the Park Police in 2002, with significant carryover into 2003, allowed it to stay within budgeted amounts.

Question 3. What changes have you made in National Park Service operations to improve response and cost efficiency for requirements associated with homeland security?

Answer. NPS has made permanent enhancements to icon park security. For example, at the Statue of liberty, NPS made a series of safety and security improvements, which allowed it to reopen the Statue to visitors in August 2004. During 2003 and in early 2004 there were significant daily costs when the Nation was at Orange Alert. During 2004, the NPS made adjustments because of additional funding provided to those icon parks and NPS became more efficient at making the transition from Yellow Alert to Orange Alert. Should a nation-wide Orange Alert be

issued today, these adjustments allow NPS to immediately go from Yellow to Orange with little cost, depending on the staffing level at the icon park. It is also noted that there have been no national Orange alerts since early 2004 and that future Orange alerts are likely to be area specific and not nation-wide.

BLM—OIL AND GAS

The proposed budget for the BLM's oil and natural gas program contains language calling for oil and gas operators on public lands to pay for the administrative costs of the federal government's oil and gas program. This proposed "cost recovery" initiative would cost producers approximately $9 million dollars.

As you know, many of the oil and gas producers that work in Wyoming are small operators who do not have "deep pockets" and work on thin financial margins. Because of the extensive regulatory requirements operators currently face on public lands, the costs associated with producing oil and natural gas on federal lands are already significantly higher than those for private lands.

What is the rationale for further increasing the costs to operate on federal lands in the West?

Answer. The BLM currently charges various types of fees for various programs, including special recreation permits and right-of-way grants. The Administration has been systematically reviewing the program efficiency of approximately 20 percent of its programs each year through the Program Assessment Rating Tool (PART). The Energy and Minerals programs were reviewed in 2004. One of the major recommendations from that review was to implement energy and minerals cost recovery in order to improve program efficiencies. Past Inspector General (IG) reviews have made similar recommendations.

The BLM believes that cost recovery will allow the BLM offices to respond to demand more efficiently in an environment where both appropriations and industry demand are subject to fluctuations. Funds collected through cost recovery will be spent by the offices processing the documents and only within the energy and minerals programs in those offices.

The BLM expects to publish a proposed cost recovery regulation shortly. We will request comments from the public and then publish a final regulation by fall 2005. The regulation, to be implemented in FY 2006, will provide funding to allow the BLM to more effectively meet increased customer demand.

AML

Question 1. Can you tell me if your budget proposal includes giving the states back what they are owed from the AML fund and providing future funding for the 50% state share to all states? (Currently, Wyoming is owed around $450 million and the number continues to climb.)

Answer. Consistent with the Administration's 2004 reauthorization proposal for the Abandoned Mine Land (AML) Fee under Title IV of the Surface Mining Control and Reclamation Act (SMCRA), the 2006 budget request supports the Administration's vision for reauthorizing the AML program. It provides $147.5 million in AML grants to non-certified States and $58 million in AML grants to certified States and Tribes. The Administration's approach would direct new AML funding to the reclamation of unhealthy and unsafe abandoned mines and provide for repayment to certified States and Tribes of their share of AML fees collected under SMCRA. That is, of the increased appropriations requested, which are contingent upon enactment of appropriate AML reauthorization legislation, non-certified States and Tribes would receive an increase of $37 million over current normal grant levels and the certified States and Tribes would receive an increase of $21 million over current normal grant levels. This payment to the certified States would serve as the first installment on a multi-year payment of their unappropriated State Share balances.

PAYMENT IN LIEU OF TAXES (PILT)

Question 1. The budget proposal calls for a 12% ($27 million) decreasing for PILT funding. Even at last year's funding level, PILT is well below its authorized amount. As you know, the PILT program compensates local communities for tax-exempt federal land within their counties. Counties cannot collect taxes for the federal lands, but must provide services to those lands, including search and rescue, law enforcement, garbage collection, and road maintenance. Not fully funding PILT unfairly places this burden on the backs of local governments.

Answer. [Answer not received.]

Question 2. Your proposed cut to PILT is described as a deficit reduction measure, yet the overall budget request for the Department of the Interior is only 1% lower than last year. How can you say that this budget request reflects a core depart-

mental mission of "serving communities" when you are asking public lands counties to "partner" with you more and more, yet you simultaneously propose cutting off their means to do so?

Answer. Our support for counties encompasses more than the annual PILT payments provided to counties. Our budget promotes the importance of local communities in helping to shape the future of public land management and supports their role with funding provided many cooperative conservation programs. Over the past four years Interior has allocated a total of $1.7 billion to partners for conservation activities.

Question 3. Funding the PILT program fills a promise made by the federal government to local governments. Why is the administration resistant to properly funding PILT?

Answer. The 2006 budget for the Department makes difficult choices as part of the President's efforts to reduce the budget deficit by half over five years. The budget includes funding to compensate counties for lost revenue, providing a total of $200 million for the Payment In Lieu of Taxes program. Although a reduction from the funding level appropriated by Congress, the 2006 budget is 76 percent above the funding level ten years ago. By comparison the Department's discretionary budget is 52 percent above the 1996 funding level.

Question 4. Last year your budget request at long last equaled the amount that Congress appropriated the year before. At the same time you proposed—and Congress agreed—to move PILT from the BLM to the Office of the Secretary. Why is it that you are reversing the positive trend towards full funding now that PILT is under your direct supervision?

Answer. The PILT program is now under the direct supervision of the Office of the Secretary. The 2006 budget is 76 percent above the funding level ten years ago. By comparison the Department's discretionary budget is 52 percent above the 1996 funding level.

GRAZING

Question 1. Your legislative proposal would deposit receipts from grazing fees in the Treasury instead of going directly to fund range improvements. What is the rationale and need for this change?

Answer. Part of the Administration's strategy for reducing the Federal deficit is to rein in mandatory spending, such as the Range Improvement Fund, and where possible and merited, to continue to perform this work with discretionary funding. The budget recognizes the importance of continued investments in projects to improve the health and productivity of rangelands, and proposes to continue this work with discretionary funding through other BLM programs. This provides greater flexibility to adjust funding levels to actual needs from year to year, including adjustments between various types of projects that benefit range health.

Question 2. Won't this necessarily mean less funding for range improvements in the future?

Answer. The BLM will continue to fund these range improvement projects in 2006, but will do so through its Deferred Maintenance program and Cooperative Conservation Initiative programs in the Management of Land and Resources account. Specifically, an estimated $7.0 million in base Deferred Maintenance program funding as well as $3.0 million of the $6.0 million increase requested for CCI will be targeted to high priority range improvement projects.

Other aspects of the 2006 BLM budget request also emphasize the importance of rangeland health and productivity. For the second year in a row, BLM is proposing a significant increase in funding to support an aggressive plan of sagebrush conservation and restoration. The 2006 budget includes an increase of $7.0 million, which builds on a $2.7 million increase provided in 2005. Of the requested $7.0 million increase, $3.4 million will be matched by partner contributions under the Challenge Cost Share program. Maintaining and improving the health of the sagebrush habitat to ensure viable sage-grouse populations are critical to the continued multiple use management of these lands, including grazing.

Invasive weeds also damage the health and productivity of rangelands. The 2006 BLM budget includes increases of at least $1.3 million to address weed management on BLM-administered lands. Of this $1.3 million, $1.0 million is in the Challenge Cost Share program, and will therefore be leveraged with non-Interior funds to treat additional acres.

WILD HORSES

Question 1. Last year, the administration requested a more than $10 million increase in funding for the wild horse and burrow program. This year's request is $2.4

million below last year's spending on the program. How was the increased funding spent last year, and why is it not all needed again this year?

Answer. With funds appropriated in 2005 the BLM plans to remove 9,810 animals; provide 8,419,000 days of care and feeding of animals; adopt 7,100 animals; conduct 4,150 compliance inspections; conduct census on 62 herd management areas; monitor 121 herd management areas; complete necessary analysis and established the appropriate management level on 30 herd management areas; and achieve appropriate management level on 79% of 201 herd management areas. Appropriate management level was achieved on 51% of the herd management areas in 2004.

Efficiencies and improvements in the program will allow us to reduce costs by $2.5 million in 2006. The BLM has taken a number of steps to improve its ability to place animals in good homes and will continue to work toward program efficiencies. These include hiring a national marketing director; working with the National Wild Horse and Burro Foundation to identify additional markets and to promote new ways to market the image of wild horses and burros; and increasing the number of trained animals through contracting.

The BLM has already reduced the unit costs for gathers and adoptions. The BLM believes it can bring about cost reductions in the overall program by placing more animals in good homes, reducing the number of animals in long term holding facilities, and gaining more program efficiencies.

Each animal in the BLM's long term holding facilities costs approximately $500 per year. Between 2003 and 2004, BLM reduced its adoption unit cost from an average of $1,451 per animal to $1,209 per animal while adopting 336 more animals. BLM believes that some additional reductions in unit costs may still be realized and adoption numbers should increase. The BLM expects to reduce the number of animals in long term holding facilities in FY2005. If BLM can reduce that number by 5000 head, this, together with anticipated program efficiencies, should result in a budget need in FY2006 that is approximately $2.5 million less than the FY2005 figure

Question 2. Describe any changes in management of the wild horse and burrow program from last year?

Answer. The BLM is working hard to reach appropriate management levels of horses on the range by the end of fiscal year 2007. We have been taking a number of steps to improve our ability to place animals in good homes and will continue to work toward program efficiencies, including hiring a national marketing director to coordinate national activities for the adoption program; working with the National Wild Horse and Burro Foundation to identify additional markets and to promote new ways to market the image of wild horses and burros; and working through partnerships to train certain wild horses to enhance adoption demand. In addition, we are increasing the use of volunteers and increasing partnerships with external groups to gain knowledge and expertise within domestic equine industry to aid in adoption promotion.

Finally, the BLM is complying with the Congressional mandate in the new Wild Horse and Burro Sale Authority Law (Fiscal Year 2005 Omnibus Appropriations Act—P.L. 108-447). This law directs the BLM to sell without limitation animals that are more than 10 years old or have been unsuccessfully put up for adoption at least three times. The BLM is engaged in an aggressive outreach campaign to advocacy groups, Indian tribes, and humane organizations that may be interested in acquiring these wild horses and burros and providing for their long-term care.

QUESTIONS FROM SENATOR SMITH

Question 1. I would like to be supportive of the Administration's request in the Fish and

Wildlife Service Budget for the acquisition of the Barnes Property. However, in order for me to be supportive of this $6 million request, I need to know how any water created by the inundation of the Barnes Property and the adjacent Agency Ranch property will be managed within the federal project (i.e. will this water be available for irrigation, will it be water bank water, etc.?). Please let me know how this water will be used by the federal project and how it will be credited against the Endangered Species Act obligations of the federal project.

Answer. The Barnes tract would be passively managed in conjunction with Agency Lake Ranch to accomplish three goals. These include:

1. *Helping protect and recover the endangered suckers at Upper Klamath Lake* by providing additional habitat for the suckers, especially juvenile-rearing habitat. A major problem in recovering the fish is that there is little recruitment from the juve-

nile stage to the adult population. Providing additional juvenile-rearing habitat in most years is a key step in recovering the suckers.

2. *Storing additional water in Upper Klamath Lake* to provide water that can be counted as part of the water bank. Storing water on Agency Lake Ranch alone adds approximately 12,000-15,000 acre feet of water in most years to Upper Klamath Lake (when Upper Klamath Lake fills). This water is counted as part of the water bank and is managed to meet coho salmon flows under the NOAA biological opinion. Any additional storage at currently managed sites would flood the adjacent Barnes Ranch, a private holding. With Barnes acquired by the FWS as part of Upper Klamath Lake National Wildlife Refuge and managed conjunctively with Agency Lake Ranch, between 34,000 and 42,000 acre feet of additional water would be stored in Upper Klamath Lake. This water would be counted as part of the water bank. By increasing this component of the water bank, Reclamation will be able to reduce the amount of land idled and/or ground water pumped to provide the water needed for the water bank. Additionally, the consumptive use portion of water rights that go with the Barnes property (roughly estimated at 2,700 acre feet) can be counted as part of the water bank, further offsetting the need for land idling and groundwater pumping to meet the water bank requirement.

3. *Contributing, over the long term, to improving water quality in Upper Klamath Lake and downstream in the Klamath River.* Typical operations for Barnes Ranch involve using the Barnes' water rights to irrigate their land for forage, and then pump the tail water into drainage canals connecting with the lake. This water has a high phosphorous and nitrogen content and adds to the nutrient loading of Upper Klamath Lake. This contributes to the severe algae problem in the lake, a serious water-quality problem for fish in Upper Klamath Lake and also a significant source of water-quality problems downstream. The additional wetlands habitat will also add substantially to the prime waterfowl and wetland habitat contained in Upper Klamath National Wildlife Refuge.

Question 2. How much money will be needed to stabilize the levies at the back of the Barnes Ranch property?

Answer. A preliminary estimate from the Bureau of Reclamation is approximately $2 million, a portion of which can be met through account work by Reclamation to increase the storage on Agency Lake Ranch.

Question 3. If Barnes Ranch is acquired by the U.S. Fish and Wildlife Service, it will be adjacent to the Agency Ranch property owned by Reclamation and near another federal parcel managed by the Bureau of Land Management. How does the Department of the Interior intend to coordinate the management of these three parcels? Is the Department considering consolidating these three parcels under the management of one Interior agency?

Answer. Answer. Our intention is to develop an efficient, effective, and coordinated approach to managing these parcels. The area actually includes four parcels, counting Upper Klamath Lake National Wildlife Refuge. Agencies have had preliminary discussions about combining the other three parcels with Upper Klamath Lake National Wildlife Refuge, since one option would be to manage them efficiently and at modest cost by FWS.

Question 4. Next year, the power rates in the Klamath Basin could go up twenty-fold from the current rate. What is the Department doing now to prepare for these increased power rates? Is the Department studying ways to reduce power use by the Fish and Wildlife Service, by Reclamation and by the BLM in the Upper Basin? How much of Reclamation's annual reimbursable operations and maintenance costs are attributable to power? What does the Department anticipate that cost to be once power rates increase?

Answer. The Department is negotiating with PacifiCorp and the power users. Key issues include the Federal Energy Regulatory Commission re-licensing of the PacifiCorp's power project, provisions of the Interstate Compact, falling water charges, and rate equity for all users. It appears that the FERC re-licensing process will not be completed by 2006 and an extension will be requested. The Department believes the provisions of the 1956 contract between CopCo (now PacifiCorp) and Reclamation should similarly be extended. Energy efficiency has been an ongoing concern of the Department, and the operation of Bureau facilities is continually being reviewed to ensure cost savings where ever possible.

The specific amount of Reclamation's annual reimbursable operations and maintenance costs attributable to power is difficult to determine because the data currently on hand do not separate maintenance costs from power costs. Reclamation estimates that operation and maintenance costs for electrical power to operate numerous pumps within the Klamath Project currently range between $100,000 and $175,000 each year. These costs represent between 25% and 50% of all O&M reimbursable

costs. If power costs to the Project were to increase 10 times, as some have predicted, reimbursable costs to the irrigation Districts would range between $1,000,000 and $1,750,000 each year and become the single largest reimbursable O&M expense. I would be pleased to keep you informed as we proceed through this process.

The BLM's Klamath Falls Resource Area uses minimal electricity in the Upper Klamath Basin, to operate the fish screens at the Wood River Wetlands; in 2004, this cost was $10.45. The BLM does not use electricity to bring water onto the property, as it is all done through a gravity system. Due to minimal consumption, the Resource Area has not done an energy analysis and currently has no plans to do so.

Question 5. When does the Department intend to implement an inholder access policy for the Steens Mountain that conforms with clearly stated congressional intent?

Answer. The Steens Mountain Cooperative Management and Protection Act of 2000 (P.L. 106-399) (the Steens Act) established both a 500,000-acre Cooperative Management and Protection Area (CMPA) and, wholly contained within the boundaries of the CMPA, an approximately 170,000-acre Wilderness Area.

The Steens Act required the BLM to provide "reasonable access to private lands within the boundary of the Wilderness Area." The BLM has been working through the Steens Mountain Advisory Committee (SMAC) to address the issue of inholder motorized access in the Wilderness Area.

Based on recommendations of the SMAC, the BLM prepared an environmental assessment (EA) and in June 2004 issued a decision to permit motorized access from May through November to the Ankle Creek Route. The decision was appealed to the Interior Board of Land Appeals (IBLA), which issued a stay preventing the BLM from implementing its decision. The BLM interprets the stay as return to management practices and policy that precede the EA. Allowable uses prior to the EA included motorized access to the inholdings along the Ankle Creek Route at historically established levels.

The BLM is currently considering additional access requests to the inholdings in a second EA which is under development. This EA is anticipated to be available for public comment in the near future.

The BLM will continue to work with the SMAC and the inholders to implement reasonable access to their inholdings.

QUESTIONS FROM SENATOR BUNNING

Question 1. After trying to move forward with a new plan for AML last year, Congress was only able to pass a temporary reauthorization of the AML program. That temporary fix was made with the hopes of this year achieving an overhaul of the AML program. While I am still hopeful that we can address this important issue, what will the Department of the Interior do if Congress does not act again this year? Will the Department begin to explore its own changes to the AML program?

Answer. Early in 2004, the Administration set the stage for the AML debate by advancing a proposal, paid for exclusively from AML fee collections, that achieved three simple objectives; 1) extending the AML fee collection authority to allow us to collect sufficient funds to finish the job of reclaiming the high priority health and safety abandoned coal sites remaining in this country; 2) directing more resources from annual appropriations to States that have the greatest need, i.e., high priority coal related problems; and, 3) expediting payments to certified States and Tribes from current unappropriated balances. The Administration's proposal, along with the myriad of other AML proposals advanced, did not achieve consensus on many issues. Recognizing the importance of this program, Congress extended the authority to collect the abandoned mine land fee until June 30, 2005.

The Administration is continuing to work with Congress to achieve the three objectives advanced in the legislative proposal. While we remain hopeful that Congress will address this important issue, even if AML fee collection authority is not extended further, other provisions of SMCRA, both in Title IV (Abandoned Mine Reclamation) and in Title V (Regulatory control of active mining) remain in full effect. Furthermore, even without an extension of fee collection authority, current unappropriated balances in the AML fund are available for appropriation pursuant to the allocation formula prescribed by law. As the AML program is a statutorily driven program, only Congress can make necessary changes to it.

Question 2. Last year, Congress extended the authority of the Recreation Fee Program for another 10 years. During the pilot program, we saw several problems with these new fees such as jurisdictional issues and public confusion. You said in your statement that you will make the transition carefully and no new fees will be cre-

ated during fiscal year 2006. When and how do you envision expanding this program?

Answer. The new Act provides for a nationally consistent interagency program with clear criteria regarding sites eligible for using recreation fees, additional on-the-ground improvements to visitor services at recreation sites across the nation, a new national pass for use across interagency federal recreation sites and services, and more public involvement in the program. The Act specifically addresses public concerns about the Fee Demo Program by limiting fees to sites that have a certain level of development and meet specific criteria. The Act includes additional safeguards against unwarranted expansion of the program on Forest Service and BLM public lands by creating Recreation Resource Advisory Committees and providing other public participation opportunities.

We have indicated that no significant changes are anticipated during the transition period, such as creating new fee areas. In fact, the agencies are currently reviewing all existing fees and where the existing fee program is inconsistent with the Act, we are making appropriate changes. This review, as we mentioned in our testimony, has resulted in some fees dropping out of the program or being limited in scale or scope.

QUESTIONS FROM SENATOR BINGAMAN

NATIONAL PARK SERVICE

Question 1. Your testimony highlighted the Federal Land Enhancement Recreation Act. I understand that the Administration strongly supported this authority, which was included in last year's Omnibus Appropriations Act. One of the concerns I have with the new authority is that appears to me that visitors to the National Park System will likely have to pay significantly more for an annual pass under the new fee program than they do using an existing National Park Pass. I am assuming you will not set the price of the new "America the Beautiful" pass below the $65 currently charged for a Golden Eagle Passport, since the two passes provide the same benefits. Is that assumption correct? If so, how will you justify to the 400,000 people who purchased a National Park Pass last year that they must now pay 30 percent more, and perhaps more than that, for the privilege of visiting their National Parks?

By almost everyone's account, the National Park Pass has been one of the Park Service's success stories in recent years, with sales about double of what they were when the Pass was created. Visitors who wanted the option to access other Federal lands had the option of upgrading to a Golden Eagle Passport and those who were content with visiting only units of the National Park System could stay with the National Park Pass. Why is it such a good idea to take away a visitor's choice in this matter and force them to pay a higher fee?

Answer. The America the Beautiful Pass expands the National Parks Pass to cover other agencies, while retaining the successful elements of the National Parks Pass program, such as the image competition and active marketing. With recreation demand growing at federal lands managed by agencies other than the National Park Service, one of the important benefits of the America the Beautiful Pass is to improve visitor service by streamlining recreational opportunities on our federal lands. Our experience has shown that the existence of multiple national passes has led to visitor confusion and frustration. We have found many visitors do not distinguish between lands managed by different federal agencies and sometimes expect that the National Parks Pass will be accepted at National Forests, BLM Recreation Areas, and National Wildlife Refuges. Creation of the America the Beautiful pass will address this confusion.

We have not yet decided on the price of the America the Beautiful pass. The National Pass Working Group plans to conduct a market analysis on the price of the America the Beautiful Pass, as needed. The National Pass Working Group also will take into consideration past studies and surveys, data related to pricing of other national passes, and the relationship of the pass to other recreation fees and site-specific passes. Other surveys, studies, and market analyses may be conducted as necessary.

A key goal is to ensure that the America the Beautiful pass remains a good value for frequent visitors to our federal lands. We recognize that setting the price of the pass is not just an exercise to raise the maximum amount of revenue possible. Price setting needs to take into account the use patterns, other existing fees, and the extent to which the pass could be used as a tool to educate and broaden the American public's knowledge and experience about our federal recreational lands.

Question 2. Your written testimony discusses the National Park maintenance backlog, and then notes that the FY 2006 budget request "will bring funding for park maintenance over five years to $4.9 billion, as pledged by then-Governor Bush in 2000." As I remember, the President's original proposal was to eliminate the backlog, not just provide a certain amount of funding, as stated in the Interior *Budget in Brief* for FY 2002: "It is estimated that the current deferred maintenance backlog is roughly $4.9 billion . . . . In order to meet President Bush's commitment to eliminate the NPS backlog over five years the NPS budget request includes . . ." I recognize that the Administration is no longer claiming that the backlog has been, or will in the near future be eliminated, but to date I have not seen any estimate as to the progress that has been made toward this goal. What is your estimate of the current status of the backlog?

Answer. NPS has made significant progress in addressing known maintenance projects through the park system as well as in establishing and implementing the management framework that will guide the Service's 21st century approach to asset management. The President's 2006 budget fulfills the pledge to devote $4.9 billion towards the NPS maintenance backlog. With these funds, NPS has undertaken over 4,000 projects since 2002, ranging from road repairs, to historic building stabilizations, to restroom rehabilitations. In addition, NPS has completed the first ever systematic inventory of its assets and conducted initial condition assessments at all parks. Comprehensive condition assessments are scheduled to be completed by the end of 2006.

Based on the inventory, NPS was able to establish a baseline Facility Condition Index to use for measuring performance accomplishments in improving the condition of our assets. Last year, the overall FCI for the eight industry standard assets of NPS was 0.25. As of the end of 2004, the FCI was 0.24. This number will continue to fluctuate as more comprehensive information is gathered from all of the parks, as well as the improvements resulting from the significant project investments of the last several years are realized. This performance metric will allow NPS, the Department, OMB, and the Congress to evaluate the change in condition of NPS assets over time. The power of the FCI tool is at the individual asset level. Managers will be able to evaluate the condition of their assets, and prioritize the expenditure of funds towards those assets that are most important to fulfilling the park's mission as well as in the poorest condition.

Question 4. Your FY 2006 budget proposes $324.3 million in the NPS Construction and Major Maintenance Account, which is about 2.8 percent higher than the $315.3 million appropriated for the same account in FY 2001. Of the $4.9 billion in funding over the past 5 years (including this year's proposed budget) how much accounts for new spending above and beyond baseline funding levels?

Answer. The $4.9 billion maintenance backlog commitment consists of four distinct funding sources. As you have stated, the Construction funding level has increased by $14.3 million since 2001. Facility Maintenance has increased by $113.7 million. Fee funding directed to deferred maintenance activities has increased by $47 million and Federal Highway funding has increased by $155 million, assuming enactment of the new Highway bill. While the increase to the "base" of these components totals only $330 million over 2001, it is more legitimate to speak of the entirety of funding for each project program over the five-year period. The majority of the funding from these components is comprised of project funds and is redistributed annually to complete new projects. Therefore, nearly $4.9 billion can be counted against the reduction of the deferred maintenance backlog.

WATER/BUREAU OF RECLAMATION

Question 5. Many parts of the West are experiencing a record drought. What is the Department doing to anticipate and address the effects of the drought? Are there any specific programs that are available to mitigate the impacts of drought on Indian reservations?

Answer. The Reclamation States Emergency Drought Relief Act of 1991 (P.L. 102-250) as amended (Drought Act) authorizes the Bureau of Reclamation to undertake drought relief measures through emergency assistance (Title I) and planning activities (Title II). Title I is temporary authority.

Title I provides authority for construction, management, and conservation measures to alleviate the adverse impacts of drought, including the mitigation of fish and wildlife impacts. Only temporary construction activities are authorized, except for the construction of permanent wells. Title I also authorizes temporary contracts to make available project and nonproject water and to allow for the use of Reclamation facilities for the storage and conveyance of water. The 17 Reclamation States and Hawaii, as well as tribes within those states, are eligible for this assistance.

For example, in Fiscal Years 2003 and 2004, Reclamation funded Title I emergency assistance projects for the Hopi Tribe, the Navajo Nation, and the Hualapai Nation consisting primarily of well drilling and one mitigation of fish and wildlife impacts projects, and Title II planning assistance to the Hualapai Nation and the White Mountain Apache Tribe.

Question 6. I see that the budget request includes a small increase for site security. Do you have the funding you need to provide for site security at the dams, monuments and other critical infrastructure administered by the Department?

Answer. Yes, the increase allows Reclamation to maintain the necessary guards and surveillance activities and to focus on completing the physical improvements on National Critical Infrastructure facilities, completing security risk assessments at all its key facilities, and conducting research on identifying potential vulnerabilities and measures to deal with them.

- Please provide a description of accomplishments relating to site security during each of the three past fiscal years.

Answer. In the past three fiscal years, Reclamation has initiated an integrated long-term security response plan under which vulnerability risk assessments have been completed for the most critical water and power facilities, emergency security upgrades have been implemented at numerous facilities, and physical fortification measures have been installed at Grand Coulee Dam and Powerplant and are being implemented at the other four National Critical Infrastructure facilities. Necessary guards and surveillance activities have been maintained at all key facilities, and research has been conducted in cooperation with other Federal agencies to identify potential threats and vulnerabilities and develop response measures.

Question 7. The budget request for the Bureau of Reclamation cuts the request for Title XVI programs by more than half, by some $15.7 million. Why is this program not a budget priority? Doesn't this program provide important water resources for the water-short West?

Answer. The Administration's FY 2006 request for Title XVI programs is only $1.3 million below the FY 2005 request. The Title XVI water reclamation and reuse program has proven to be a successful and popular program, especially in the urban areas of the West. The Department believes that the program has met its primary mission of demonstrating that recycling and reuse can expand and augment existing water supplies. Reclamation intends to continue to support the completion of those ongoing projects included in the President's budget request in prior years.

Question 8. The budget proposes direct funding of certain hydropower operation and maintenance activities. Can you please provide for the record detail regarding which activities are proposed to receive direct funding?

Answer. The $30 million proposed would authorize the direct funding for the base operation and maintenance of Reclamation hydropower facilities not currently covered by direct funding agreements or revolving funds. Base operation and maintenance includes activities such as repairs, replacements, testing, and exercising of any or all portions of the power equipment.

The projects included in this proposed authorization are: Pick Sloan Project and Fryingpan-Arkansas Project in the Great Plains Region; Central Valley Project in Mid-Pacific Region; and Collbran Project, Rio Grande Project, and Provo River Project in Upper Colorado Region.

Question 9. The *Budget in Brief* states that the 2006 budget includes "spending reductions in activities that, while important, are less central to the Department's core mission, have ambiguous goals, duplicate activities of other agencies or require less effort because key goals have been achieved." In the area of water, the President is proposing a 6.7% cut ($68 million) in Reclamation's overall budget, including a 6% reduction ($51 million) in the Water & Related Resources account. The USGS budget for Water Resources Investigations is cut another 3.3% ($7 million). In areas outside Interior, the Corps of Engineers budget is cut by 6% ($280 million); the Clean Water Act State Revolving Fund is cut by 33% ($361 million); and the USDA Rural Water & Wastewater grant program is cut by 17% ($77 million). All these percentages do not take into account inflation.

Of the reasons quoted in the *Budget in Brief*, which applies to the budget cuts in DOI's water programs? Given the water challenges facing communities in the West, it can't be that less effort is needed. Do you believe that addressing the nation's future water needs is no longer central to the Department's core mission?

Answer. The Department certainly believes that finding solutions to the Nation's water needs is an important function and a central part of our goals. While it is true that the budget is $68 million below the 2005 Enacted level, the reductions are offset by receipts in the Central Valley Project Restoration Fund and by a proposal to offset $30.0 million through direct funding of certain hydropower operations and

maintenance activities. Additionally, an undistributed underfinancing reduction of $30.2 million is included in the Water and Related Resources account is due to anticipated delays in construction schedules and other planned activities and $20.7 million of the reduction was due to a technical adjustment in the permanent appropriations, closing out the loan program subsidy estimate. The Department and the Bureau of Reclamation are committed to working with the bureau's customers, States, Tribes, and other stakeholders to find ways to balance and provide for the mix of water resource needs in 2006 and beyond. In this vein, the budget also includes important increases to help address the Nation's water needs, such as a $6.4 million increase to increase the safety at our dams, $10.5 million to increase the grants made to States, tribes and local governments for Water 2025 projects, and $35 million for the California Bay-Delta Restoration program (which includes some activities that have previously been funded under the Water & Related Resources account).

Question 10. In 2003, the Department developed a 10-year biological opinion for water operations in the Middle Rio Grande. Compliance with that opinion requires compliance with a reasonable and prudent alternative (RPA). The Department estimates that implementation of the RPA will cost $230 million—an average of $23 million per year. Yet, over the last three years, the Department has proposed investing a total of only $19.4 million to address ESA activities in the Middle Rio Grande. This year, Reclamation's budget proposes a 35% cut in funding for the Middle Rio Grande project—including at least a $4 million cut in the funding available for ESA compliance.

How does the Department justify this minimal level of funding when, by its own estimates, it knows such funding will be insufficient to comply with the biological opinion? Water 2025 designates the Middle Rio Grande as a "hot spot." Shouldn't it receive more of a priority given this designation? Why does the Department actively work to put together a cross-cut budget ($62.9 million) to address similar issues in the Klamath basin but decide to cut the budget for the Middle Rio Grande?

Answer. We feel that the fiscal 2006 budget request is adequate to meet the 2006 requirements of the biological opinion for water operations in the Middle Rio Grande. The total estimated cost of $230 million is not expected to be spent in equal amounts during each of ten years. In future years we anticipate some larger capital expenditures such as relocating a bridge. If for any reason we find that the budget request for 2006 is not adequate to meet the 2006 requirements we will seek a reprogramming of funds to compensate for the difference.

Question 11. The Bureau of Reclamation has over $1.8 billion in authorized rural water projects. Rather than focusing on the completion of those projects, the budget cuts overall rural water funding by $29.5 million, asserting that such reduction is appropriate until the establishment of a formal rural water program.

How does this delay affect the status of those projects which are already receiving FY 2005 funding, in particular Perkins County, Ft. Peck/Dry Prairie, and North-Central Montana? Why should these authorized projects be delayed until a new program to address new projects is authorized?

Answer. Reclamation has growing funding needs associated with operating and maintaining those "traditional" facilities that are critical to accomplishing our core mission of delivering water and generating power throughout the western United States. Funding emphasis has been placed on those ongoing projects which are nearest completion or for which sunset dates have been legislated (e.g., Mni Wiconi).

During the FY 2004 budget formulation process, OMB conducted a PART analysis to identify strengths and weaknesses of Reclamation's rural water activities in order to make informed budget, management, and policy recommendations. It was determined through the PART analysis that Reclamation's rural water program needed stronger controls and that a lack of agency involvement during project development may be resulting in funding for projects that are not in the best interest of the United States. To address their findings, OMB suggested that legislation be introduced to formalize a Reclamation rural water program with adequate controls.

The Administration submitted legislation to the 108th Congress that would have established a formal rural water program within Reclamation, thereby addressing many of the problems identified in the PART. Additionally, individual projects must compete for limited resources on their merits.

Question 12. When will the Department submit legislation to reallocate repayment of capital costs of the Pick-Sloan Missouri Basin program? Has a NEPA analysis been completed on the legislation to be proposed? What is the exact basis for reallocating construction costs?

Answer. Reclamation has been analyzing options for the legislation. No NEPA analysis has been completed.

The Pick-Sloan Missouri Basin Program is a comprehensive program to manage the water and power resources of the Missouri River Basin. While much of the originally planned project development has occurred, including reservoir storage and power generation facilities, only about 11% of the irrigation anticipated in the Pick-Sloan plan has been Federally-developed. Originally, about $500 million of the program's hydropower and water storage capital costs were allocated to irrigators, and because the irrigation was never developed, the capital and O&M costs on this portion of the project are not being repaid to the Federal government. Under current economic and financial conditions, further irrigation development is not expected. The proposed reallocation would therefore make power customers responsible for repayment of all the construction costs from which they benefit. This would change current law, under which Reclamation is bound by the cost allocation developed under the assumption that irrigation projects would be developed and costs associated with irrigation-related pumping power and reservoir storage continue to be allocated to future irrigation development.

Question 13. The Bureau of Reclamation's budget calls for an overall investment of $4.0 million in desalination and water purification research ($2 million-Water 2025; $1 million-Science & Technology; and $1 million-Title XVI). This would represent a 57% cut in the resources made available in the FY 2005.

Does the Administration have a long-term commitment to developing new technologies in the area of desalination and water purification? If so, will the Bureau of Reclamation be expected to have a lead role in that effort? How can it perform that role at such low levels of funding? Does the budget include any funding for the Tularosa Basin desalination facility? Does the Administration view this research facility as an integral part of its efforts to develop new technologies to address increasing demands for water in the West?

Answer. Under the leadership of the White House Office of Science and Technology Policy, Reclamation and the Department are currently working with an array of Federal agencies to develop an integrated interagency strategy for advancing the technology of water purification, including desalination. Pending the outcome of that work, the ultimate role for Reclamation among several Federal agencies (including the role of the Tularosa facility) and the resulting appropriate level of Reclamation funding for such a long-term mission (including funding for the Tularosa facility) are not yet resolved. Pending that resolution, no funds were included in the President's budget request for the Tularosa facility for FY 2006. However, should a leading role for Tularosa (and funding to carry it out) be featured in the integrated interagency strategy under current development, it will likely be in treatment of brackish ground water as a complement to projects elsewhere that focus on treating sea water.

DEPARTMENTAL MANAGEMENT

Question 14. I would like to follow up on our discussion at the hearing on the Inspector General's report on the Robbins settlement agreement. I respect your concern about the sensitivity of personnel matters and I look forward to a private briefing on this matter, as you offered. I have a general question, however, about the impact of this matter on the morale of career employees at the Department of the Interior. According to the Inspector General's report, "the conduct chronicled in this report cries out for administrative action. It is also the very kind of conduct that DOI employees perceive is either taken lightly or goes wholly unaddressed . . ." A staff attorney in the Office of the Solicitor was criticized in the report for capitulating to the "pressure and intimidation" of a political employee and because he "passively conceded to the ill-advised will of his superiors."

- First of all, without going into specific personnel matters, what actions have you taken specifically in response to the Inspector General's report?

Answer. I take the report very seriously. The Inspector General issued his report to the Solicitor and the Assistant Secretary for Land and Minerals Management, and I have discussed the issues raised in the report with them. The Solicitor is developing measures to assure employees that they may raise concerns about alleged improper pressure or intimidation by superiors without fear of reprisal. I am assured that the Solicitor has thoroughly considered and is pursuing appropriate responses to address the facts and issues raised, at both the individual employee and organizational levels.

I am further assured that the Assistant Secretary for Land and Minerals Management has consulted with and thoroughly considered the report of the Inspector General. She has discussed the conclusions and recommendations of the report, their implications for the Bureau of Land Management (BLM) as an organization, and appropriate actions with the Director of the BLM.

- What is the message that career employees should take from this incident? How are they supposed to react when being "pressured and intimidated" by politically-appointed superiors, without fearing reprisals?

Answer. I believe the Department's attention to this matter will help assure employees that if they believe they are being or have been improperly pressured or intimidated by any superior, political or otherwise, they should feel free to discuss their concerns with their appropriate managers or other Departmental officials, including the Office of the Inspector General, without any fear or reprisal.

Question 15. What rulemakings is the Department anticipating during the remainder of FY05 and FY06? Please list these rulemakings (including draft and final rules) by subject matter and Bureau with expected date of publication?

Answer. Enclosed for your review (as Attachment A) is the Department's Semi-annual Regulatory Agenda published in the Federal Register on December 13, 2004, which provides notice of the rules scheduled for review or development between the fall of 2004 and the spring of 2005.

- Will you commit to consulting with us prior to the issuance of draft and final rules?

Answer. In 1995 and 1996, Congress enacted several statutes that changed the way agencies plan, develop and issue rules. In enacting the Congressional Review Act of 1996, Congress established procedures by which agencies must consult with Congress in the course of promulgating rules. Recognizing the broad scope of the definition of "rules" under the Administrative Procedure Act, Congress limited the consultation requirement to rules meeting the definition of "major" rules. The Department will continue to comply with applicable requirements, along with *ex parte* limitations that adhere during the rule-making process. As noted above, the regulatory agenda is published in the Federal Register and provides Congress with a semi-annual update concerning the Department's regulatory priorities. The Department will promptly respond to any Committee requests for information and will be available to discuss particular regulatory initiatives.

Question 16. What Solicitor's Opinions are currently under review? What Solicitor's Opinions do you expect to review during the remainder of FY05 and FY06? Please provide a list.

Answer. The Solicitor's Office is currently reviewing an opinion written by former Solicitor John Leshy entitled, *Use of Mining Claims for Purposes Ancillary to Mineral Extraction*, M-37004 (January 18, 2001).

We will review other opinions as requested by the Secretary, Deputy Secretary and Assistant Secretaries.

Question 17. The budget request includes an increase for the Solicitor's Office.

- What is the justification for this increase?

Answer. The request includes $1,930,000 for fixed cost increases and $2,166,000 for program changes. The program changes include: (a) IT increases in support of the Departmental IT initiatives, two additional IT staff, on-going capital improvement costs, and a Legal Knowledge Management System; (b) four additional attorney positions to support the Department's strategic plan of more focused partnership initiatives and expanded grants programs, to address the need for electronic discovery, and to support the growing need for legal support by the Department's bureaus; (c) through a Secretarial Order, the FOIA appeals function, which included one FTE, was transferred to the Office of the Solicitor to more effectively and efficiently manage the Department's FOIA appeals. This transfer is presented in the 2006 Congressional Budget Justification as a technical change; (d) two new support positions to fully staff the FOIA appeals function. The additional staff will help to reduce the current backlog and support the on-going work in the FOIA appeals branch; (e) additional funding requested to support employees in training, travel, promotions, and awards.

- How many additional FTEs will be funded with this increase?

Answer. Nine additional FTEs will be funded with the increase.

- In what offices or divisions will these FTEs be placed?

Answer. Two Attorneys will be placed in the Division of General Law; one attorney in the Rocky Mountain Regional Office in Denver Colorado; one attorney in the Northeast Region, Twin Cities Field Office, Minnesota; two IT Specialists in the Division of Administration; one FOIA appeals officer in the Division of Administration; and two FOIA appeals support staff in the Division of Administration.

Question 18. Page DH-83 of the Interior *Budget in Brief* lists activities and programs that were subject to the Program Assessment Rating Tool analysis. Several of these programs were rated "results not demonstrated" or "moderately effective." Please explain the results for each activity and program. What are the criteria and

other information upon which these ratings are based? Are stakeholders consulted as part of the ratings process?

Answer. The final summary discussion of the PART findings and results for each activity and program reviewed for the FY 2006 President's Budget is provided as Attachment B.

Each PART includes 25 basic questions and some additional questions tailored to the program type, divided into four sections. The first section of questions gauges whether a program's design and purpose are clear and defensible. The second section involves strategic planning, and weighs whether the agency establishes valid annual and long-term goals for its programs. The third section rates the management of an agency's program, including financial oversight and program improvement efforts. The fourth section of the questions focus on results that programs can report with accuracy and consistency.

The answers to questions in each of the four sections result in a numerical score for each section from 0 to 100 (100 being the best score.) Numerical scores are translated into qualitative ratings. The bands and associated ratings follow:

Rating	Range
Effective	85-100
Moderately Effective	70-84
Adequate	50-69
Ineffective	0-49

Regardless of overall score, programs that do not have acceptable performance measures or have not yet collected performance data and overall cannot demonstrate results generally receive a rating of Results Not Demonstrated.

Although the PART assessment process is internal to the Federal Government, and is accomplished through the efforts of managers and staff who work on the programs together with OMB, the criteria and scoring include consideration of stakeholder's point of view.

Question 19. How does the Department make use of information from the network of State natural heritage programs? Does the Department support further partnership efforts with these programs? How does this State-based network help ensure a strong scientific foundation for natural resource decisions?

Answer. The Department has built a cooperative, collaborative effort with the network of State natural heritage programs through partnerships with NatureServe and the International Association of Fish and Wildlife Agencies (IAFWA). NatureServe is a non-profit organization that focuses on providing scientific information from the State natural heritage programs on the status and distribution of rare and endangered species and ecosystems of conservation concern. The IAFWA represents the government agencies responsible for fish and wildlife resources in North America. By collaborating among and between these and other partners, the Department strengthens the collective information base on flora and fauna in the United States. For example, NatureServe and the USGS's National Biological Information Infrastructure (NBII) are working together to make information about at-risk species and ecosystems more broadly available. NatureServe is also a primary partner in the joint USGS and National Park Service effort to classify, describe and map ecological communities in more than 250 National Park units across the United States. The species at-risk information provided by the State natural heritage programs provides the U.S. Fish and Wildlife Service with historic and current range information about species under consideration for listing under the Endangered Species Act. Current NBII activities also include working with IAFWA to help design a data and information management template that States may opt to follow to help streamline that portion of the wildlife conservation management plans they currently are writing. These plans must be completed by October 2005. The Department strongly supports partnership efforts and will continue to pursue opportunities to make natural resource data and information more accessible and more usable for everyone.

MINERALS MANAGEMENT SERVICE (MMS)

Question 20. The FY 2006 Budget request contains a proposal to collect $19 million in new user fees. Please provide details regarding this proposal.

Answer. For 2006, the Minerals Management Service anticipates additional revenue from a combination of new fees, existing fees, and increased rental rates. This revenue will be used to offset MMS's operating costs and supports the Administra-

tion's policy to charge for government services where the direct beneficiary can be identified.

New fees will be proposed for services that MMS currently provides at no charge. Fees may include costs associated with the submittal of permitting and plan requests, such as well permits, facility permits, structure permits, geological and geophysical permits, sand and gravel permits, deepwater operation plans, exploration plans, etc. MMS believes that in FY 2006 it can recover approximately $13.5 million in revenue by charging for these services. This amount would compensate MMS for costs associated with providing these services, including overhead charges. Implementation of these fees will require rulemaking action. Additionally, upward adjustments in rental rates, unchanged for Gulf of Mexico sales since 1996, would generate an additional $4.5 million, and increased revenue from cost recovery fees proposed in 2005 would generate an increase of an additional $1 million, for a total increase of $19 million.

These fees represent a fraction of the total private investment in offshore energy development. The additional revenue will allow for a corresponding $19 million reduction in appropriated funds in FY 2006.

Question 21. The Budget highlights book indicates that increased funding will be used to provide inspections in frontier areas of the OCS. What areas specifically will be subject to increased inspections?

Answer. Periodic inspections of all drilling, exploration, and production activities are mandated by the OCSLA. Additional funds are needed to ensure that MMS can safely meet its regulatory inspection requirements in FY 2006. The requested funds will not be used to increase the number of inspections currently being conducted, but are needed to cover the increased cost of fuel and increased flight time required to reach drilling and production activities in the ultra-deep water frontier. Typically, ultra-deep water areas are 100 to 200 miles offshore. In the last three years, companies have made seven new major discoveries in ultra-deepwater areas. The new discoveries will result in the drilling of appraisal, delineation, and development wells in proximity to each discovery, all of which require MMS inspections. MMS believes this trend will continue, as the industry is employing an all-time record number of drilling rigs in these water depths, and new leasing activity remains strong.

The number of inspections in ultra-deep water will increase as the number of major discoveries increase.

Question 22. With respect to legislation to grant the Secretary authority to authorize non-oil and gas energy projects on the OCS, how can the Secretary ensure that the public receives fair market value for the use of the OCS? What type of consultation do you think should occur between the federal government and the states with respect to non-oil and gas energy projects on the OCS? What consultation should take place among federal agencies?

Answer. The Department has extensive experience with developing criteria for fair market value for oil and gas leases, as well as offshore LNG terminals. This same experience will be applied to establish specific and transparent methodologies for other energy projects. The Secretary would have authority to develop a competitive leasing program appropriate for such activities. The existing authority of any other state or Federal agency will not be superseded or modified the with respect to the permitting of energy projects on the OCS. MMS would continue to develop and leverage the valuable cooperative relationships with other Federal agencies and coastal states it has developed over the past several decades.

Question 23. Has MMS or the Department undertaken any analysis of or provided comments on the report of the National Commission on Ocean Policy? If so, please provide them to us.

Answer. On December 17, 2004, the President sent his *U.S. Ocean Action Plan* to Congress in response to the U.S. Commission on Ocean Policy. The Office of the Assistant Secretary for Policy, Management, and Budget is coordinating all DOI Bureau Activities to implement the new Ocean Governance Structure as outlined in the Action Plan. The Action Plan calls for enactment of the Administration's proposed legislation on Outer Continental Shelf Alternative Energy, and supports MMS's activities in support of the Integrated Ocean Observation System (*IOOS*), and the Bureau's efforts in science such as its deep water coral assessment in the Gulf of Mexico.

Question 24. The MMS recently completed a rulemaking relating to natural gas production from deep wells in shallow waters of the OCS. Are additional statutory authorities necessary? What budgetary impacts are expected as a result of this initiative?

Answer. The Deep Water Royalty Relief Act (DWRRA) provides broad authority to the Secretary to establish incentives to encourage domestic investments. In 2001, under this authority, MMS began offering deep gas royalty relief for new shallow

water leases in Central and Western Gulf of Mexico Lease Sales. This relief was designed to promote increased deep drilling for natural gas. In 2004, MMS issued a final rule that provided royalty relief for deep gas drilling on leases issued prior to 2001. It is too early to evaluate the budgetary impacts of the program, but MMS is beginning to collect data to do so. In any event, MMS is encouraged by industry's new emphasis to explore at deep depths in the shallow water area.

Question 25. MMS has completed a rulemaking relating to deep water royalty relief. Do you believe that additional statutory authorities are necessary? What are the expected budgetary impacts of continued deep water royalty relief?

Answer. MMS believes it has adequate statutory authorities with respect to royalty relief for deepwater areas to effectively lease and regulate offshore properties. The Deep Water Royalty Relief Act (DWRRA) expanded the Department's authority to offer royalty relief to promote increased production in certain areas of the Gulf of Mexico, and provided various levels of relief by water depth categories for a period of 5 years (1996-2000). In 2001, MMS issued regulations for both a new deepwater leasing program and for a discretionary royalty relief program in continued recognition of the greater costs and economic risks involved in operating at these depths. This new deepwater program replaced the one implemented under the DWRRA.

The FY 2006 Budget assumes that of total production, about 10% of oil and 9.4% of gas will be subject to deep water royalty relief with the actual amounts dependent on whether oil and/or gas price thresholds are exceeded. MMS currently has a study under way to examine what impacts deep water royalty relief has had on exploration and development of our oil and gas resources on the OCS as well as revenue production (bonuses, rents and royalty) to the American public for those resources. Once the study is completed, MMS will provide the information to the Committee.

Question 26. Please describe the types of royalty relief already available on the OCS. Are additional statutory authorities necessary?

Answer. The Department has broad existing authority under the Outer Continental Shelf Lands Act to offer certain categories of royalty relief to promote increased production through reduction or elimination of any royalty set forth in the lease. In 1995, those authorities were expanded for areas of the Gulf of Mexico with the passage of The Deep Water Royalty Relief Act of 1995 (DWRRA). The Department believes these authorities should be expanded to cover existing leases in Alaska.

Following the 2000 sunset on the DWRRA mandatory relief, the Department set discretionary royalty suspension volumes starting in March 2001 for oil production from leases in water depths of at least 200 meters. We have continued to offer these deep water suspension volumes for subsequent lease sales in the Gulf, adding the 400-800 meter water depth category to the set in 2002. This post-DWRRA program, which is governed in part by oil and gas price thresholds above which royalty relief is suspended, has provided the appropriate balance between the financial incentive for lessees and the national benefits of promoting development in deep water. In 2004, for example, both oil and gas price thresholds were exceeded by actual market prices of those products. Thus, in the case of deepwater leases issued in all but 2 years since 1996, no deepwater royalty relief was provided in 2004, when the market prices for oil and gas were high by historical standards.

In addition, in 2001, under existing authority, MMS began offering deep gas royalty relief for new shallow water leases in Central and Western Gulf GOM Lease Sales. This relief was designed to promote increased drilling for natural gas. The lease terms encouraged industry interest by suspending royalties for deep gas production in reservoirs 15,000 feet or greater, subsea, and providing a "royalty suspension supplement" for certain unsuccessful deep wells. In 2004, the deep gas program in a somewhat modified form was extended to active leases issued prior to 2001.

MMS also has an end of life royalty relief program and special royalty relief program. A lessee may submit an application on a case-by-case basis under either of those programs if their lease is eligible for consideration. Most leases not covered by the deep gas or deepwater programs are eligible for these other programs.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

Question 27. Current authority to collect the Abandoned Mine Land fee expires on June 30, 2005. I think it is extremely important that Congress act to extend this authority. I note that the President's Budget proposes reauthorization of the fee collection at the current rate.

Does it make sense to lower the fee at this time?

Answer. Any cut in the fee would be tied to reauthorization of the collection authority under SMCRA. We estimate that an extension of the fee at the current rate,

without any other changes, would mean that we would need to collect AML fees for another 23 years just to address the existing high priority health and safety related coal problems. Such a reauthorization would not even consider the billions of dollars of lower priority work outstanding. The rate of the AML fee has little, if any, consequence on the competition among coal producers so long as the fee is applied in a uniform manner across the Nation. In most cases, coal producers embed the AML fee in the contract price for coal and therefore any savings realized from manipulation of the AML fee are passed on to the consumer of the coal produced. As annual collections have historically exceeded appropriations, any reduction in the AML fee would only serve to extend the period of time collections need to be continued in order to collect sufficient funds to finish the job of reclaiming AML sites.

The President's budget supports the Administration's vision of reauthorizing the AML fee collection authority and bringing reform to the AML program that expedites the elimination of high priority health and safety abandoned coal mines as well as providing for the expedited payment of unappropriated balances to certified States and Tribes, within the President's mandatory and discretionary spending limits.

Question 28. I understand that the President's fiscal year 2006 Budget proposes that the AML program be reformed to expedite reclamation of high priority sites and payment of unappropriated balances to the states and tribes. Can you please elaborate?

- Does this mean that you think more of the funding should be directed to eastern states where more the abandoned sites are located?

Answer. We believe that the primary focus of the AML program is to address the health and safety hazards attributable to past coal mining practices wherever they exist. To that end, we support legislation that would focus efforts on reclaiming the high priority sites faster, getting more people out of danger from those sites sooner, regardless of where those problems are located.

- Am I correct in understanding that the Budget does not assume any spending that is not subject to appropriation for purposes of paying unappropriated balances to states and tribes?

The budget does not assume any spending that is not subject to appropriation.

Question 29. The OSM 2006 budget request includes $58 million in the Abandoned Mine Land grants to certified states and tribes.

Please provide a list of which states and tribes are certified and will receive payment and how much will be paid to each.

Answer. As previously stated, we have requested an additional $58 million in FY 2006 for grants to support legislation to accomplish our goals of extending the AML fee collection authority, increasing the percentage of appropriations used for reclamation of high priority coal problems and returning the unappropriated balance of State Share collections to the States and Tribes. Of this additional $58 million, $37 million would be granted to non-certified States to address high priority coal problems and $21 million would go to certified States. This $21 million is in addition to the $37 million that certified States would receive under the normal grant distribution—an amount which also totals $58 million. Should appropriate legislation be enacted, the $58 million for certified states would serve as the first installment on a multi-year payment of their unappropriated State Share balances. The following are the multi-year payments that would result from such a proposal:

[Figures in millions of dollars.]

State	Estimated Unappropriated State/Tribal Share Balances	2005 Grant (Current Law)	Proposed Estimated Annual Grant Under Administration's Plan
Louisiana	1.5	.1	.1
Montana	47.7	3.3	4.8
Texas	20.5	1.4	2.1
Wyoming	45.8	29.9	46.0
Hopi	5.5	.4	.6
Navajo	32.0	2.1	3.3
Crow[1]	8.1	.5	.8

[1] Based upon the AML inventory and the level of grants going to the Tribe annually, the Crow Tribe could be expected to certify within the next five years.

Question 30. Will the Administration transmit a legislative proposal to extend the AML fee collection authority and to make other changes in the AML program, as described in the Budget documents? If so, when?

Answer. The President's 2006 budget supports the Administration's vision of reauthorizing the AML fee collection authority. The Administration continues to work and deliberate with Congress and other stakeholders on developing a mutually acceptable bill that implements the Administration's vision without polarizing individual stakeholders.

This vision includes:

- A fee extension for a period sufficient to collect funds to address the current inventory of health and safety coal-related problems.
- Expedited payment of the current unappropriated balances to certified states and tribes.
- Change in the allocation of future collections to focus on reclamation of high priority coal-related health and safety problems.

Question 31. Please provide greater detail regarding the proposed downsizing of the OSM workforce, as generally described in the budget documents.

Answer. OSM is not proposing to downsize its workforce. OSM's budget document requests 580 FTE which is the same as that for FY 2005. OSM has developed a workforce plan that analyzes, identifies and determines the human capital competencies required to meet its mission. Through that process, we are scrutinizing every vacancy that occurs within OSM to make sure that we only backfill those positions that we need, that we transfer those vacancies to the locations where we need them, and that we fill vacancies with individuals who have the skills necessary to meet the emerging challenges of our mission goals.

Question 32. Does the Administration support allowing Tribes to have primacy under the same standards as apply to States for purposes of administering the regulatory program under Title V of SMCRA?

Answer. Section 710 of SMCRA directed the Secretary to study the regulation of surface coal mining operations on Indian lands and develop legislation designed to allow Tribes to assume full regulatory authority over the administration and enforcement of the regulation of surface coal mining on Indian lands. The Secretary completed and submitted the required report to Congress in 1984. In 1987, Congress granted authority to the Navajo Nation and the Hopi and Crow tribes to obtain approval of AML reclamation plans, but it took no action on authority for regulatory programs. The Energy Policy Act of 1992 required that OSM make grants to the Navajo Nation and the Hopi, Crow, and Northern Cheyenne tribes to assist the tribes in developing regulatory programs.

In 1995, OSM initiated an effort with the Tribes to develop a consensus legislative package. While the effort has resulted in the development of several draft legislative proposals, the Tribes have not been able to achieve consensus. Therefore, no proposal has been forwarded to Congress. We continue to work with the Tribes to resolve the outstanding issues, and with Congress should any legislation be introduced.

BUREAU OF LAND MANAGEMENT

Question 33. The Bureau of Land Management has published information concerning the sale of BLM lands in and around Las Vegas, Nevada, under the authority of the Southern Nevada Public Lands Management Act. Under that law, lands are sold at public auction, which by definition, is market value. According to the BLM, approximately 80 percent of the lands have been sold for a price that exceeded the Department's appraised value, with the average sale price almost double the appraised value. Are you concerned that the reforms in appraisal procedures you instituted following the failed land exchange with the State of Utah are not achieving their desired results since it appears that departmental appraisals are still substantially undervaluing public lands?

Answer. You are correct in pointing out that the auction prices resulting from the SNPLMA sales have been considerably higher than the appraised values of the lands offered for sale. However, we do not believe that this discrepancy indicates a failure in the appraisal reform procedures instituted by the Department. Appraised values are based on historic data and have effective dates many months prior to the auction date. In rapidly expanding markets, this may cause a significant difference in appraised value and sale price at the time of auction. The Las Vegas real estate market is unique in that there is a very strong demand for, and limited supply of, developable land which has put upward pressure on lands prices. The adjustment for market conditions used in some of the appraisals of Las Vegas properties auctioned at the February 2, 2005, sale ranged from roughly 20% to 90% ap-

preciation compounded annually. In this light, it is not surprising that knowledgeable buyers would be willing to pay a price higher than the appraised value on the day of the auction.

As you know, land parcels offered for sale at the SNPLMA auctions are nominated by local government agencies on behalf of individuals. The nominated parcels typically have been targeted by developers or entrepreneurs as desirable acquisitions. Potential buyers often own adjacent lands, or have a specific use in mind for a site, and are not willing to accept substitute properties. In this situation, sale prices can be influenced by the buyer's need for a particular piece of land incorporating not only the perceived economic value of the property for its intended use, but also the value of that property in the buyer's larger enterprise.

ENERGY AND MINERALS

Question 34. Why did the White House Task Force on Energy Project Streamlining stop operations as of January 20, 2005? Is there a need to continue the Task Force?

Answer. The White House Task Force on Energy Project Streamlining was established by Executive Order 13212, signed by President Bush in May 2001. The Executive Order has no sunset date, and is still in effect. The Task Force is chaired by the Chairman of the Council on Environmental Quality (CEQ) and comprises policy-level representatives of the Cabinet agencies involved in federal energy-related projects across the U.S. On January 20, 2005, the Charter that established an interagency staff supporting the efforts of the Task Force did sunset and the career staff returned to their respective agencies. The continuing responsibilities of the Task Force are currently being managed at CEQ.

Question 35. At the Committee's recent Conference on Natural Gas several witnesses suggested that adequate resources are essential to the timely processing of oil and gas leases and applications for permits to drill. I have long supported efforts to ensure that BLM is funding adequately. In addition, the witnesses suggested that both the Forest Service and the Fish and Wildlife Service need additional funding to support timely action on oil and gas applications. Do you agree?

Answer. The funding level for the BLM in the FY 2006 President's Budget Request, when combined with the amounts we expect to collect through cost recovery, provides adequate funding to accomplish oversight of oil and gas operations on Federal lands as well as for oversight of oil and gas operations on split estate lands. The Fish and Wildlife Service manages oil and gas operations occurring in the National Wildlife Refuge System (NWRS) through its general appropriation. As a consequence, funding for these activities competes with many other priorities, including law enforcement and invasive species management. Issues relating to oil and gas operations in the NWRS, including availability of resources and lack of guidance or consistent training, were addressed by the Government Accountability Office in its 2003 report, *National Wildlife Refuges: Opportunities to Improve the Management and Oversight of Oil and Gas Activities on Federal Lands*. The Fish and Wildlife Service is working to address these issues, and is in the final stages of developing a comprehensive handbook to provide personnel with the technical, administrative, and legal information needed to consistently manage oil and gas activities throughout the Refuge System and ensure protection of trust resources. The Fish and Wildlife Service is also in the process of developing a training course that will mirror the handbook and provide an opportunity for staff to receive instruction in properly managing oil and gas activities in the NWRS.

Question 36. On January 11, 2005, several of my colleagues on the Committee and I sent a letter to Director Bolten seeking increased funding for BLM oil and gas activities. Unfortunately, I am disappointed by the President's FY 2006 Budget in this regard. The Budget proposes a $2.1 million decrease in funding for energy and minerals with a proposal for new user fees.

Please describe these proposed user fees. Will they be enacted through a formal rulemaking with an opportunity for public comment? What is the time frame for putting these user fees in place?

Answer. The Administration has been systematically reviewing for program efficiency approximately 20 percent of its programs each year, through the Program Assessment Rating Tool (PART). The Energy and Minerals programs were reviewed in 2004. One of the major recommendations was to implement energy and minerals cost recovery in order to improve program efficiencies. Past Inspector General (IG) reviews have made similar recommendations.

BLM believes that cost recovery will allow the BLM offices to respond to demand more efficiently, in an environment where both appropriations and industry demand are subject to fluctuations. Funds collected through cost recovery will be spent by

the offices processing the documents and only within the energy and minerals programs in those offices.

The BLM expects to publish a proposed cost recovery regulation shortly. We will request comments from the public and then publish a final regulation by Fall 2005. The regulation, to be implemented in FY 2006, will provide funding to allow the BLM to more effectively meet increased customer demand.

Below is a detailed listing of existing fees. We have not yet determined the specific fee levels for various activities for the new regulation.

EXISTING FEE

[Paperwork Processing]

OIL AND GAS (3100)	
Competitive lease offer	$75
Competitive Lease high bid	75
Assignment and transfer	25
Overriding royalty transfer, payment out of production	25
Lease renewals and exchanges	75
Lease reinstatement, Class 1	25
Leasing under right-of-way	75
GEOTHERMAL (3200)	
Noncompetitive Lease	75
Application Assignment and transfer	50
COAL (3400)	
Exploration license application	250
Lease or least interest transfer	50
Non-energy Leasable (3500)	
Lease renewals	25
Propsecting Permit application	25
Mining Law Administration (3800)	
Notice of Location	10
Amendment to location	5
Transfer of Interest	5
Affidavit of Assessment Work	5

Question 37. What assumptions does the FY06 Budget make with respect to leasing in the Arctic National Wildlife Refuge? Please provide the specific information and data supporting the assumption contained in the Budget that the first lease sale to be held in 2007 and will generate an estimated $2.4 billion in bonus bid revenues. Did you look at comparable lease sales? If so, please provide that specific information. What assumptions does the Budget make regarding the timing and magnitude of oil production?

Answer. The calculation was made by 1) analyzing geology and geophysical information to determine geology parameters; 2) conducting an engineering analysis of the exploration, development, production, and reclamation phases for the potential range of sources; and 3) running an economic analysis of 1) and 2) under projected market conditions. As we have stated a number of times, this estimate has been used for several years and does not reflect the recent sharp increases in the price of oil. The estimate included an assumption regarding oil prices in the year 2001 of $30. It assumed a 50/50 split of revenues with the State of Alaska, a royalty rate of 12½%, and that almost all tracts would be available for nomination in each sale. The model used for the analysis was a Monte Carlo Discounted Cash Flow model. In addition, natural gas was assumed at the time of the analysis to be uneconomic and was thus ignored in the valuation.

The budget assumes a lease sale in 2007 and in 2009. Because production is not expected during the five year period covered by the budget, specific production assumptions were not directly made.

Question 38. If the Coastal Plain of the Arctic National Wildlife is opened to oil and gas exploration and development as proposed by the Administration, what will be the effect on the 92,000 acres of subsurface lands owned by Alaska Native Corporations? Does the Administration intend that those lands be available for oil and gas exploration and development? If development is limited to a 2,000-acre footprint, as has been proposed previously, would the Native-owned lands be included within that limitation?

Answer. It is up to Congress how the Native-owned acreage is treated. The legislative provisions passed by the House in 2001 and 2003 define the term "Coastal Plain" in such a way as to lead one to assume the Native-owned subsurface is in-

cluded in that definition. Since the 2000 acre limitation applies to the Coastal Plain, it appears it would apply to the Native lands. The Administration has always supported including a repeal of section 1003 in any legislation opening the Arctic National Wildlife Refuge, thus clearing the way for the Arctic Slope Regional Corporation to explore and develop its holdings on the Coastal Plain.

Question 39. What is the total amount of funding for the oil and gas I&E program included in the request for FY06? Please provide a table showing the funding for this program (both requested and enacted) for the previous 10 fiscal years.

Answer. Inspection and Enforcement (I&E) are integral and key components of BLM's management of onshore oil and gas operations. BLM has committed considerable resources in recent years to ensure that we have an effective I&E program. Over the past four years, the BLM recognized the need to strengthen its I&E program as the number of APDs approved and drilled increased. The BLM has documented its need for additional inspectors and funding increases were enacted in FY2002, 2003 and 2004. Those funds have been used to hire additional inspectors in priority locations and are retained in the 2006 request.

INSPECTION AND ENFORCEMENT FUNDING

[$000]

Fiscal Year	Request	Enacted
1996	14,850	14,850
1997	14,850	14,850
1998	14,850	14,850
1999	14,850	14,850
2000	15,365	15,365
2001	20,042	20,042
2002	22,673	22,673
2003	24,000	24,000
2004	26,000	26,000
2005	26,000	26,000
2006	26,000	

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

Answer. In FY 2002, the Farmington Field Office (FFO) had 11 I&E program staff. There were 10 petroleum engineering (I&E) inspectors and auditors, and one technician. No additional positions were hired with new funding.

In FY 2003, an additional seven I&E inspectors were brought on board in the FFO (four under the new funding authority, three through filling vacancies and reassigning employees). An additional I&E coordinator from the BLM State Office provides onsite oversight and coaching, including a seven month detail as a supervisor.

In FY 2004, there were no new inspectors hired by FFO as the new hires completed their certification training.

At the start of FY 2005, a total of 18 I&E FFO inspectors (PET) were on staff at the FFO: 14 PETs, three PET leads, and one supervisory PET. One PET working as an Natural Resource Specialist focusing on environmental surface compliance, and one PET position which actually funds two SCEP students to train as PETs are also on I&E staff (totaling 21 staff). The I&E staff is also supported by three Production Accountability Technician (PAT) auditors. In addition, the 21 FFO inspectors and three PAT auditors, are provided support by two PETs assigned to the Federal Indian Mineral Office for trust responsibilities on Navajo allotted leases, and five Tribal I&E inspectors working under cooperative agreements with the Navajo. Total staff count contributing directly to I&E is 32 (includes the onsite State Office coordinator). No new additional staff has been hired in FY 2005.

Also, in FY 2005, in addition to the 32 I&E staff in FFO, 2 I&E PET inspectors, one supervisory PET, and three Tribal I&E inspectors were reassigned by consolidation to the FFO from the BLM's Cuba, NM, office. The Cuba office inspects and audits federal and Jicarilla Indian reservation lease activities.

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

Answer. Due to sustained record global prices, BLM is faced with unprecedented demand for leases and permits to develop oil and gas. BLM approved 6,452 Applications for Permit to Drill (APDs) in FY 2004, a record number. This will lead to an

increase in the number of inspections BLM needs to conduct in FY 2005 and FY 2006. The FY 2006 President's Budget Request maintains past increases in funding for the I&E program. These increases, together with adjustments that may be needed within the oil and gas program, will ensure that BLM meets its commitment to ensure that higher priority inspections are completed in FY 2006.

In preparation for the FY 2007 budget request, BLM is updating its estimated long-term requirement for certified inspectors to reflect this recent increase in oil and gas activity. This state-by-state analysis will include estimates of inspections needed for coalbed methane activities.

Question 40. What is the total amount of requested funding for oil and gas NEPA compliance for FY06? Please provide a table showing the funding for NEPA compliance (both requested and enacted) for the previous 10 years.

Answer. The BLM's FY 2006 Budget Request does not specify a funding amount for NEPA compliance within the Oil and Gas Management program. The costs of NEPA compliance are not individually tracked within the BLM's oil and gas financial management system. They are aggregated across various portions of the BLM's oil and gas budget, such as APD processing and inspection and enforcement. Because of changes in the BLM's cost management system, the BLM does not have the ability to accurately estimate NEPA costs prior to 1999.

The following is a table which estimates the BLM's NEPA compliance costs in the Oil and Gas program over the last six years. NEPA compliance costs have increased as the number of leases and permits processed have increased.

ESTIMATED NEPA COMPLIANCE COSTS

[Oil and Gas Program]

Fiscal Year	Funding Requested
1999	$9,000,000
2000	9,500,000
2001	9,600,000
2002	10,040,000
2003	10,500,000
2004	11,750,000

Question 41. Is the BLM capable of completing NEPA compliance in all cases within 10 days of the receipt of a complete application for permit to drill?

Answer. No. In all but exceptional cases, it would be impractical for the BLM to complete NEPA compliance within 10 days of receipt of a complete APD. In many cases, an onsite inspection is necessary and would require more time to arrange and conduct. There are often internal technical reviews that need to take place, and it is not realistic to expect that these could be finished within this timeframe.

Question 42. I understand that according to BLM, "parcel pre-lease protests" have increased from 666 being filed during the period 1997-2000 to 4425 being filed during the period 2001-2004. What do you think are the reasons for this?

Answer. In the past few years, oil and gas—and specifically, coalbed methane—leasing activity has markedly increased and, with it, there has been an increase in interest by the public in the BLM's oil and gas leasing program and other programs. During the same time frame, the population in the West has grown at an accelerated rate, a trend which is continuing. Population growth has led to an increase in the demand for competing uses of the public lands. Increased demand from competing user groups has resulted in the marked increase in protests filed.

- Please provide this data by State.

The information below is for calendar years 1997 through 2000. The information was collected from the information in the BLM's computerized database, the Case Recordation System. The database indicates that parcels were protested in three states, Colorado, Montana and Wyoming. The remaining states have only a minimal number of protests. This is the best data available for 1997 through 2000.

NUMBER OF PARCELS PROTESTED

	1997	1998	1999	2000
Colorado	0	28	20	3
Montana	0	1	0	0
Wyoming	0	2	0	612

The BLM gathered the information concerning FY 2001 to 2004 by requesting that each State Office review paper files and the computerized record keeping system. Colorado, Montana, New Mexico, Utah and Wyoming have the most oil and gas activity as shown in the charts below. The remaining states have a minimal number of protests.

OIL AND GAS LEASE PROTESTS FROM FY 2001 TO 2004

	FY 2001	FY 2002	FY 2003	FY 2004
Colorado				
Offered	721	345	280	344
Protested	29	43	68	291
% Protested	4	12	24	85
Montana				
Offered	632	326	407	546
Protested	0	27	2	408
% Protested	0	8	0	75
New Mexico				
Offered	312	361	460	291
Protested	0	27	157	200
% Protested	0	7	34	69
Utah				
Offered	216	149	242	481
Protested	145	104	100	405
% Protested	67	70	41	84
Wyoming				
Offered	1,023	804	615	670
Protested	778	464	216	286
% Protested	76	58	35	43
Total BLM, including states not listed above				
Offered	4,453	2,684	2,697	3,814
Protested	952	856	544	2,073
% Protested	21	32	20	54

- How many of these protests involved lands that were formerly in wilderness inventory areas or citizen proposed wilderness areas?

Answer. This information is not readily available. However, the BLM has deferred leasing on numerous acres nominated by industry, due to concerns with endangered species and historic and cultural sites, to conduct additional environmental analysis, and to revise or amend land use plans. For example, in FY 2004, the BLM deferred leasing on 2.7 million acres nominated by industry.

- In how many instances were the protested tracts not offered for lease?

Answer. As described more fully below, when a protest is filed on a lease parcel, the BLM has the choice of not offering the parcel for sale until after the protest is resolved, or offering the parcel for sale, but delaying any issuance of the lease until the protest is resolved in favor of the lease issuance.

The BLM does not have readily available data, by State, on the number of protests that resulted in leases not being offered for sale. For parcels that are offered for lease, on which protests have been filed, the vast majority of protests are eventually denied and the leases are then issued.

- Please describe the "parcel pre-lease protest" process.

Answer. The BLM holds lease sales at least quarterly if lands are available for competitive leasing. A Notice of Competitive Lease (Notice) sale, which lists lease parcels to be offered at the auction, is posted at each BLM State Office for at least 45 days before the auction is held. A protest of inclusion in the Notice of a sale for a specific parcel may be filed with the BLM up until the lease sale. The BLM may

offer the parcel, notifying potential bidders that the parcel is subject to a protest, and that the lease will be conveyed only upon successful resolution of the protest. Alternatively, the BLM may suspend the offering of a specific parcel while considering a protest.

• How many of these pre-lease protests have resulted in appeals or litigation?

Answer. From calendar year 1997 to 2000, the BLM received 366 appeals, and from FY 2001 to 2004, the BLM received 925 appeals. The BLM does not track the relationship between protests and court cases because one court case could cover multiple protests. The Government Accountability Office recently recommended that the BLM implement a system to track public challenge data for oil and gas leasing decisions and other decisions. The BLM is implementing that recommendation.

Question 43. What is the total backlog of APD's? Please provide a table showing the backlog over the last ten years and the number of APD's received and processed during each of the last ten years. Please display this information on a State-by-State basis.

Answer. At the end of FY 2004, BLM had 2,868 APDs pending, of which 2,214 were pending for more than 60 days. The tables below show APDs pending at the end of each fiscal year.

BUREAU-WIDE

Fiscal Year	Total APDs Pending at Beginning of Fiscal Year	APDs Received During Fiscal Year	Total APDs Processed During Fiscal Year	Increase or Decrease in Number of Pending APDs at End of Fiscal Year	Total APDs Pending at End of Fiscal Year
1994	4,033	1,171	2,216	−1,045	2,988
1995	2,988	1,172	1,964	−792	2,196
1996	2,196	1,409	2,129	−720	1,476
1997	1,476	2,645	2,867	−222	1,254
1998	1,254	3,144	2,670	474	1,728
1999	1,728	4,505	2,306	2,199	3,927
2000	3,927	3,977	3,892	85	4,012
2001	4,012	4,819	4,266	553	4,565
2002	4,565	4,585	5,830	−1,245	3,320
2003	3,320	5,063	5,143	−80	3,240
2004	3,240	6,979	7,351	−372	2,868

ALASKA

Fiscal Year	Total APDs Pending at Beginning of Fiscal Year	APDs Received During Fiscal Year	Total APDs Processed During Fiscal Year	Increase or Decrease in Number of Pending APDs at End of Fiscal Year	Total APDs Pending at End of Fiscal Year
1994	14	0	1	−1	13
1995	13	1	3	−2	11
1996	11	0	5	−5	6
1997	6	1	1	0	6
1998	6	2	3	−1	5
1999	5	14	7	7	12
2000	12	11	9	2	14
2001	14	23	13	10	24
2002	24	12	33	−21	3
2003	3	6	9	−3	0
2004	0	18	15	3	3

CALIFORNIA

Fiscal Year	Total APDs Pending at Beginning of Fiscal Year	APDs Received During Fiscal Year	Total APDs Processed During Fiscal Year	Increase or Decrease in Number of Pending APDs at End of Fiscal Year	Total APDs Pending at End of Fiscal Year
1994	90	148	174	−26	64
1995	64	146	137	9	73
1996	73	206	218	−12	61
1997	61	356	347	9	70
1998	70	395	430	−35	35
1999	35	219	193	26	61
2000	61	121	143	−22	39
2001	39	70	96	−26	13
2002	13	118	120	−2	11
2003	11	69	77	−8	3
2004	3	116	114	2	5

COLORADO

Fiscal Year	Total APDs Pending at Beginning of Fiscal Year	APDs Received During Fiscal Year	Total APDs Processed During Fiscal Year	Increase or Decrease in Number of Pending APDs at End of Fiscal Year	Total APDs Pending at End of Fiscal Year
1994	113	82	184	−102	11
1995	11	75	54	21	32
1996	32	70	86	−16	16
1997	16	107	109	−2	14
1998	14	122	106	16	30
1999	30	184	169	15	45
2000	45	254	238	16	61
2001	61	299	255	44	105
2002	105	265	259	6	111
2003	111	323	325	−2	109
2004	109	502	424	78	187

EASTERN STATES

Fiscal Year	Total APDs Pending at Beginning of Fiscal Year	APDs Received During Fiscal Year	Total APDs Processed During Fiscal Year	Increase or Decrease in Number of Pending APDs at End of Fiscal Year	Total APDs Pending at End of Fiscal Year
1994	153	13	44	−31	122
1995	122	25	62	−37	85
1996	85	4	46	−42	43
1997	43	29	54	−25	18
1998	18	28	43	−15	3
1999	3	37	16	21	24
2000	24	39	26	13	37
2001	37	23	33	−10	27
2002	27	14	18	−4	23
2003	23	73	64	9	32
2004	32	70	76	−6	26

MONTANA

Fiscal Year	Total APDs Pending at Beginning of Fiscal Year	APDs Received During Fiscal Year	Total APDs Processed During Fiscal Year	Increase or Decrease in Number of Pending APDs at End of Fiscal Year	Total APDs Pending at End of Fiscal Year
1994	278	4	71	−67	211
1995	211	8	88	−80	131
1996	131	8	95	−87	44
1997	44	180	191	−11	33
1998	33	183	110	73	106
1999	106	89	124	−35	71
2000	71	271	186	85	156
2001	156	213	186	27	183
2002	183	221	261	−40	143
2003	143	325	358	−33	110
2004	110	421	292	129	239

NEVADA

Fiscal Year	Total APDs Pending at Beginning of Fiscal Year	APDs Received During Fiscal Year	Total APDs Processed During Fiscal Year	Increase or Decrease in Number of Pending APDs at End of Fiscal Year	Total APDs Pending at End of Fiscal Year
1994	110	0	25	−25	85
1995	85	1	29	−28	57
1996	57	0	23	−23	34
1997	34	2	34	−32	2
1998	2	7	8	−1	1
1999	1	0	1	−1	0
2000	0	0	0	0	0
2001	0	1	0	1	1
2002	1	7	6	1	2
2003	2	4	3	1	3
2004	3	15	10	5	8

NEW MEXICO

Fiscal Year	Total APDs Pending at Beginning of Fiscal Year	APDs Received During Fiscal Year	Total APDs Processed During Fiscal Year	Increase or Decrease in Number of Pending APDs at End of Fiscal Year	Total APDs Pending at End of Fiscal Year
1994	1485	709	1031	−322	1163
1995	1163	606	871	−265	898
1996	898	745	949	−204	694
1997	694	926	980	−54	640
1998	640	1034	845	189	829
1999	829	832	907	−75	754
2000	754	1,280	1,056	224	978
2001	978	1,351	1,240	111	1,089
2002	1,089	1,087	1,373	−286	803
2003	803	1,385	1,590	−205	598
2004	598	1,668	1,657	11	609

UTAH

Fiscal Year	Total APDs Pending at Beginning of Fiscal Year	APDs Received During Fiscal Year	Total APDs Processed During Fiscal Year	Increase or Decrease in Number of Pending APDs at End of Fiscal Year	Total APDs Pending at End of Fiscal Year
1994	123	157	135	22	145
1995	145	219	237	−18	127
1996	127	228	203	25	152
1997	152	388	359	29	181
1998	181	389	302	87	268
1999	268	271	204	67	335
2000	335	394	367	27	362
2001	362	680	539	141	503
2002	503	496	547	−51	452
2003	452	639	557	82	534
2004	534	792	855	−63	471

WYOMING

Fiscal Year	Total APDs Pending at Beginning of Fiscal Year	APDs Received During Fiscal Year	Total APDs Processed During Fiscal Year	Increase or Decrease in Number of Pending APDs at End of Fiscal Year	Total APDs Pending at End of Fiscal Year
1994	1667	58	551	−493	1174
1995	1174	91	483	−392	782
1996	782	148	504	−356	426
1997	426	656	792	−136	290
1998	290	984	823	161	451
1999	451	2,859	685	2,174	2,625
2000	2,625	1,607	1,867	−260	2,365
2001	2,365	2,159	1,904	255	2,620
2002	2,620	2,365	3,213	−848	1,772
2003	1,772	2,239	2,160	79	1,851
2004	1,851	3,377	3,908	−531	1,320

Question 44. How many acres have you put under oil and gas lease during each of the past ten fiscal years? Please display this on a State-by-State basis.

Answer. The following table provides this information on a state-by-state basis.

NUMBER OF ACRES LEASED DURING THE YEAR

Geographic State	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999
Alabama	9,135	6,319	0	684	80	0
Alaska	0	0	0	0	0	861,318
Arizona	51,578	3,420	0	0	55,921	0
Arkansas	22,610	9,784	928	39,602	48,011	74,442
California	301	10,338	0	27,120	39,638	38,430
Colorado	255,328	373,799	217,896	230,242	336,590	242,911
Florida	3,851	0	0	0	0	0
Idaho	3,753	0	0	0	0	0
Illinois	19,566	0	0	0	0	0
Indiana						
Kansas	2,436	2,252	0	80	958	2,354
Kentucky	1,482	1,606	0	0	1,264	0
Louisiana	5,709	50,399	42,900	5,687	25,442	12,333
Maryland	0	0	0	0	320	0
Massachusetts						
Michigan	380	987	0	20,810	0	18,650
Minnesota	0	0	0	0	0	0
Mississippi	20,985	55,049	24,945	71,009	78,586	8,524
Montana	156,123	256,581	299,376	241,346	363,402	289,719
Nebraska	640	0	320	0	760	80
Nevada	606,755	244,376	178,372	293,760	181,938	69,534

NUMBER OF ACRES LEASED DURING THE YEAR—Continued

Geographic State	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999
New Mexico	256,619	207,811	195,623	329,896	213,957	130,552
New York						
North Dakota	35,074	80,469	38,139	188,650	67,110	28,705
Ohio	1,092	5,693	8,324	285	337	193
Oklahoma	5,106	37,231	56,163	11,815	13,155	12,432
Oregon	8,553	14,318	14,100	837	11,948	
Pennsylvania	0	0	0	0	0	0
South Dakota	2,921	61,091	60,059	74,693	8,200	0
Tennessee	0	0	0	0	0	0
Texas	16,439	22,396	38,384	35,576	5,784	31,781
Utah	485,119	393,573	316,989	444,385	278,702	217,934
Virginia	0	4	0	0	0	870
Washington	0	11,218	1,243	11,485	663	32,899
West Virginia	4,657	2,528	0	0	0	0
Wisconsin	0	0	0	0	0	0
Wyoming	1,837,810	2,030,090	1,029,579	1,426,795	1,880,476	1,516,941
Total	3,805,469	3,875,567	2,523,558	3,468,020	3,602,131	3,602,550

NUMBER OF ACRES LEASED DURING THE YEAR

Geographic State	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Alabama	7,855	4,486	4,185	8,990	5,077
Alaska	0	0	567,769	11,500	1,403,561
Arizona	0	35,584	6,983	3,040	1,224
Arkansas	21,573	178,785	71,247	95,792	182,158
California	34,811	25,290	29,079	60,520	34,343
Colorado	299,978	594,369	448,029	252,004	241,188
Florida	2,018	0	0	3,368	
Idaho	40	0	5,798	671	
Illinois	0	0	112	0	
Indiana					
Kansas	1,154	599	2,378	5,764	1,240
Kentucky	1,143	0	2,103	0	4,968
Louisiana	322	606	3,033	511	1,366
Maryland	0	0	0	0	
Massachusetts					
Michigan	2,337	0	3,939	4,050	
Minnesota	0	0	0	0	
Mississippi	25,920	19,826	54,755	15,741	41,205
Montana	380,273	551,660	293,461	172,874	221,740
Nebraska	503	7,126	0	1,880	
Nevada	235,348	746,400	259,920	116,292	638,632
New Mexico	190,598	130,193	192,124	239,979	214,756
New York	172				
North Dakota	21,944	52,858	39,354	6,099	82,527
Ohio	1,870	268	121	0	5,676
Oklahoma	8,732	8,619	6,018	12,389	3,827
Oregon	12,605	4,272	5,006	160	
Pennsylvania	7	0	835	0	
South Dakota	62,235	91,880	2,760	548	10,862
Tennessee	0	0	0	0	
Texas	13,396	60,972	38,156	43,877	19,509
Utah	247,126	284,928	222,070	240,527	118,878
Virginia	5,805	0	0	0	
Washington	33,891	16,297	11,544	210,188	192,979
West Virginia	34,358	0	0	9,830	8,974
Wisconsin	0	0	0	0	
Wyoming	1,004,479	1,182,253	541,827	547,695	722,431
Total	2,650,493	3,997,271	2,812,606	2,064,289	4,157,121

Question 45. How many acres of lands administered by the Forest Service and the BLM in States west of the one hundredth meridian are currently under oil and gas lease? Please display by state and agency.

Answer. The following is a table listing the acreage under oil and gas leases on BLM and FS-managed lands in states west of the hundredth meridian. (Note: These figures do not include Federally-owned mineral estate under privately-owned surface lands.)

State	BLM		Forest Service	
	Number of Leases	Number of Acres	Number of Leases	Number of Acres
Alaska	193	1,446,990	0	0
Arizona	62	105,020	0	0
California	654	304,876	22	6,403
Colorado	4,867	3,897,708	513	498,077
Idaho	7	8,768	1	1,495
Kansas	67	23,913	298	65,281
Montana	3,420	2,968,337	689	1,324,975
Nebraska	3	560	0	0
Nevada	1,112	1,940,371	8	18,950
New Mexico	8,833	5,199,557	287	235,309
North Dakota	303	107,350	1,201	643,745
Oklahoma	829	100,138	223	97,708
Oregon	19	29,355	10	32,480
South Dakota	143	121,913	44	30,396
Texas	10	2,528	494	388,986
Utah	3,252	3,211,172	307	576,225
Washington	227	347,325	0	0
Wyoming	20,869	14,904,462	854	574,360
Total	44,870	34,720,343	4,951	4,494,390

• How much acreage is under lease but not producing?

Answer. Approximately 23.8 million acres

• What are the reasons for this?

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

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

Question 46. What is the status of BLM's work on the study required under the EPCA? What areas are currently being evaluated? When will this work be completed? Will your analysis provide information on both the technically recoverable and economically recoverable resources?

Answer. Phase I of the inventory required by the Energy Policy & Conservation Act (EPCA) was released in January 2003 and covered five major basins within the Interior West: the San Juan/Paradox, Uinta-Piceance, Greater Green River, and Powder River Basins, and the Montana Thrust Belt. Collectively these basins contain 50 percent of the oil and 78 percent of the natural gas underlying the onshore Federal lands of the United States outside of Alaska. The inventory found that of the 59.4 million Federal acres, 39 percent were available for leasing under standard lease terms, 25 percent were available for leasing with constraints beyond standard lease terms, and 36 percent were not available for leasing.

The BLM, as lead agency, is working closely with the Department of Energy (DOE), U.S. Forest Service, and U.S. Geological Service to continue the inventory required by EPCA. The Phase II inventory for six more basins was begun in 2004. The basins covered in the Phase II inventory include Northern Alaska (NPRA and ANWR 1002 only), the Wyoming Thrust Belt, the Denver, Black Warrior and Appalachian Basins, and the Florida Peninsula. The Phase II inventory is scheduled for release in the third quarter of FY 2005.

In FY 2005, BLM plans to continue EPCA inventories beyond the basins that were analyzed in the first two EPCA phases. This continuation of the EPCA studies will cover the remaining basins that have not been covered in previous reports and will include an analysis of conditions of approvals of Applications for Permit to Drill (APDs). The Phase I basins will be updated as a part of this effort as several Resource Management Plans and Forest Plans have been amended or revised since the initial inventory was released.

Question 47. The budget document indicates that BLM proposes to offset the reduction in the oil and gas leasing program request with a cost recovery offset from lessees.

Please describe the time frame for implementing these user fees, as well as providing a detailed listing of the amount of the fees and the proposed payors.

Answer. The Administration has been systematically reviewing for program efficiency approximately 20 percent of its programs each year, through the Program Assessment Rating Tool (PART). The Energy and Minerals programs were reviewed in 2004. One of the major recommendations was to implement energy and minerals cost recovery in order to improve program efficiencies. Past Inspector General (IG) reviews have made similar recommendations.

BLM believes that cost recovery will allow the BLM offices to respond to demand more efficiently, in an environment where both appropriations and industry demand are subject to fluctuations. Funds collected through cost recovery will be spent by the offices processing the documents and only within the energy and minerals programs in those offices.

The BLM expects to publish a proposed cost recovery regulation shortly. We will request comments from the public and aim to publish a final regulation by Fall 2005. The regulation, to be implemented in FY 2006, will provide funding to allow the BLM to more effectively meet increased customer demand.

Below is a detailed listing of existing fees. We have not yet determined the specific fee levels for various activities for the new regulation.

EXISTING FEE

[Paperwork Processing]

OIL AND GAS (3100)	
Noncompetitive Lease offer	$75
Competitive Lease high bid	75
Assignment and transfer	25
Overriding royalty transfer, payment out of production	25
Lease renewals and exchanges	75
Lease reinstatement, Class 1	25
Leasing under right-of-way	75
GEOTHERMAL (3200)	
Noncompetitive Lease	75
Application Assignment and transfer	50
COAL (3400)	
Exploration license application	250
Lease or least interest transfer	50
Non-energy Leasable (3500)	
Lease renewals	25
Propsecting Permit application	25
Mining Law Administration (3800)	
Notice of Location	10
Amendment to location	5
Transfer of Interest	5
Affidavit of Assessment Work	5

Question 48. What is the current level of funding and what level is proposed for fiscal year 2006 for the administration of renewable energy development on public lands? Please provide allocation by energy type.

Answer. Renewable energy projects involving wind and solar energy are authorized through the granting of rights-of-way, which are administered by the Land and Realty Management program. In FY 2005, the Land and Realty Management program received an increase in funding of $250,000 for renewable energy development on the public lands. Total funding for rights-of-way for renewable energy projects in FY 2005 is approximately $815,000.

In FY 2006, the appropriated funding for rights-of-way for renewable energy development will be similar. Additional funding will be available through cost recovery. We anticipate publishing a final regulation in the Spring of 2005 that will update the cost recovery regulations for the rights-of-way program. As a result, we anticipate recovering additional costs, which will be used to process additional rights-of-way applications.

In addition to the funding for rights-of-way for renewable energy projects, the BLM will spend approximately $600,000 to complete a Final Programmatic Environmental Impact Statement (FEIS) analyzing wind energy development in the Western United States. This FEIS will expedite the approval of rights-of-way applications for wind energy projects.

In addition to funding for rights-of-way and the FEIS for wind energy, the BLM funds geothermal development on the public lands through the Energy and Minerals program budget. In FY 2005, the BLM will spend approximately $1.2 million in the geothermal energy program. Please see the answer to question number 60 for a description of that program.

Question 49. Please provide a table displaying the level of funding requested and enacted for each of the past 10 fiscal years for the Energy and Minerals program.

Answer.

ENERGY AND MINERALS FUNDING

Fiscal Year	Funding Requested	Funding Enacted
1994	$71,126,000	$70,876,000
1995	68,479,000	68,121,000
1996	66,694,000	67,049,000
1997	67,493,000	67,493,000
1998	68,263,000	70,363,000
1999	69,834,000	69,944,000
2000	72,230,000	74,010,000
2001	79,889,000	79,419,000
2002	91,488,000	95,393,000
2003	104,841,000	105,898,000
2004	106,565,000	108,519,000
2005	109,063,000	108,181,000
2006	117,572,000	

Funding in 2004 to 2006 includes fees retained to fund agency processing costs.

Question 50. I am interested in learning more about the type of NEPA compliance undertaken with respect to the issuance of APD's. In what percentage of the cases are APD's issued based on: (1) categorical exclusion; (2) environmental assessment/finding of no significant impact; and (3) environmental impact statements relating to the specific APD? Typically, how long does it take to prepare each of the above, how is the NEPA compliance handled (in-house or using a consultant), and what are the expenses incurred to the applicant in completing the NEPA compliance work?

Answer. Applications for Permit to Drill (APDs) are authorized after an environmental assessment (EA) and/or an environmental impact statement (EIS). APDs rarely qualify for categorical exclusions to the National Environmental Policy Act (NEPA).

Typically, a large-scale EIS is done for land use plans that addresses, among other things, the cumulative impact of oil and gas leasing and development. EISs for land use plans are paid for by Congressionally-appropriated funds and may be completed solely by the BLM or with the assistance of contractors or consultants.

Frequently, the BLM prepares additional EISs analyzing oil and gas development in many of the new and expanding oil and gas fields in the western states. The costs for these development EISs are generally borne by the operators who will benefit from the anticipated development. The time frame for preparation of these EISs varies; 24 months for completion is typical.

Individual APDs would then be authorized after analysis in a subsequent EA. These are usually prepared by the BLM staff in the field offices. However, at times companies pay for cultural or biological surveys and sometimes hire contractors to prepare EAs, as a means to facilitate the NEPA process. The timeframes for completion of EAs vary from less than 30 days to several months, depending upon the complexity of the project.

Approximately three-fourths of the APDs authorized in FY 2004 were covered by an EIS that tiered to a land use plan EIS and analyzed development of an oil and gas field. Most of these APDs, and all other APDs authorized in FY 2004, were further analyzed by an EA that analyzed individual wells or small groups of wells.

The cost for operator-supplied NEPA documents varies widely. A relatively simple EA for a single well could cost under $3,000, while a typical EIS analyzing oil and gas development for a field may cost from $750,000 to $1.5 million.

- I understand that BLM is reviewing NEPA compliance requirements and may institute the additional use of categorical exclusions. What changes are you considering in general? What proposals are you considering for extending the use of categorical exclusions? Will the proposals be subject to public review and comment?

Answer. The BLM is tentatively looking at options for instituting additional categorical exclusions. If the BLM does propose additional categorical exclusions, they will be published in the Federal Register and will be open for full public review and comment.

Question 51. What is the current status of BLM's implementation of best management practices under the onshore oil and gas leasing program? Please describe the best management practices. Does BLM require these BMPs to be used by lessees?

Answer. It is BLM policy that all Field Offices incorporate environmental best management practices (BMPs) into proposed Applications for Permit to Drill (APDs) and associated rights-of-way after appropriate National Environmental Policy Act (NEPA) evaluation. BLM Field Offices are encouraged to work with affected oil and gas operators early, to explain how BMPs may fit into their development proposals. The operator may voluntarily incorporate BMPs into their APD. BMPs not incorporated into the APD by the operator may be incorporated into the approved APD by the BLM after appropriate environmental review.

BMPs are innovative, dynamic, and economically feasible mitigation measures applied on a site-specific basis to reduce, prevent, or avoid adverse environmental or social impacts. BMPs that are to be considered for use in nearly all oil and gas development circumstances include: interim reclamation of well locations and access roads soon after the well is put into production; painting all facilities a color which best allows the facility to blend into the background; designing and constructing new roads to a safe and appropriate standard "no higher than necessary" to accommodate their intended use; and, final reclamation recontouring of all disturbed areas, including access roads, to the original contour and revegetating the areas to reestablish native vegetation and wildlife habitat. A menu of potential BMPs for consideration in energy development can be found at: *www.blm.gov/bmp.*

Question 52. What is the current statewide acreage limitation for the onshore oil and gas leasing program? In how many instances are lessees approaching this limit? Does BLM support modification of this statewide acreage limitation?

Answer. The maximum amount of acreage that may be held or controlled by an individual or entity is 246,080 acres in any one state, other than Alaska. The acreage that can be held in Alaska is limited to 300,000 acres in the northern district and 300,000 acres in the southern district. In recent years six companies have exceeded their acreage limitations, largely as the result of mergers and acquisitions. They subsequently divested the excess acreage. BLM is looking at the issue of whether modifying these acreage limitations might benefit production of the resource and protection of surface natural resources.

Question 53. Has BLM conducted an inventory of abandoned, orphaned and idled oil and gas wells on lands administered by BLM? If so, please describe. How many of each category of well (abandoned, orphaned, or idled) is located on BLM administered lands? Please provide the information by state.

Answer. An abandoned well is a well whose well bore is secured and is no longer in use. An idle well is a well that has been inactive for over one year. An orphaned well is a well for which there is no responsible party to assume the liability for the well. Idle and orphan well inventories are conducted semiannually. Data listed below were queried from BLM's Automated Fluid Mineral Support System database on March 11, 2005:

The current inventory of abandoned wells is:

Alaska	76
Arizona	17
Arkansas	13
California	2,217
Colorado	616
Kansas	26
Kentucky	1
Louisiana	76
Mississippi	15
Montana	570
Nebraska	3
Nevada	32
New Mexico	2,654
North Dakota	105
Ohio	72
Oklahoma	693
Pennsylvania	16
South Dakota	14
Tennessee	6
Texas	37
Virginia	1
West Virginia	4
Wyoming	3,594

The current inventory of orphaned wells administered by the BLM is:

California	23
Utah	16
New Mexico	1
Oklahoma	17

The current inventory of idle wells is:

Alaska	67
Arkansas	11
Arizona	14
California	1,940
Colorado	595
Kansas	25
Kentucky	1
Louisiana	57
Mississippi	13
Montana	438
Nebraska	2
Nevada	29
New Mexico	2,326
North Dakota	94
Ohio	53
Oklahoma	681
Pennsylvania	16
South Dakota	12
Tennessee	6
Texas	33
Virginia	1
West Virginia	4
Wyoming	2,896

Question 54. Does the Department support legislation to permit the Secretary to issue separate leases for the extraction of tar sand and the exploration and development of oil and gas where an area contains a combination of tar sand and oil or gas? If so, why is such legislation necessary? Would this have revenue implications?

Answer. The Department of the Interior supports legislation that would permit the Secretary to issue separate leases for the extraction of tar sand and the exploration and development of oil and gas where an area contains a combination of tar sand and oil/gas.

Such legislation would enable an operator to obtain only an oil and gas lease when the operator has no interest in extracting tar sands. This change should stim-

ulate additional leasing for oil and gas in the Combined Hydrocarbon Leasing Act areas and ultimately result in increased Federal revenue.

Question 55. Do you think the royalty rates for geothermal leases need to be revised? If so, please describe and provide the analytical basis for your conclusions. How can we ensure a fair return to the public for the use of geothermal resources? What budget impacts would you anticipate from such a modification?

Answer. The President's National Energy Policy did not call for a revision of the royalty rates for geothermal leases. See the answer to the following question, number 56, for a discussion of the process the Department is currently conducting in an effort to simplify the methodology for calculating geothermal royalties.

Question 56. Has the Department considered simplifying the methodology for calculating geothermal royalties? Has the Department considered a gross proceeds methodology? If so, please provide the analysis and conclusions reached by the Department. Could a gross proceeds methodology be imposed in a way that would be revenue neutral?

Answer. The Department believes it would be beneficial to both the government and industry to simplify the methodology for calculating geothermal royalties. To that end, the Royalty Policy Committee (RPC), an advisory council to the Secretary, formed a Geothermal Subcommittee in October 2004 to address the Minerals Management Service's geothermal royalty valuation regulations in an effort to simplify the language and reduce the administrative costs to the geothermal industry. The Assistant Secretary for Land and Minerals Management recommended that the Subcommittee complete a report that recommends changes that can be accomplished immediately within the current regulatory and legislative framework as well as those that will require regulatory and legislative changes. The Subcommittee is looking at recommending changes to geothermal royalty valuation methods to make royalty valuations more efficient and effective for the government while ensuring that the government receives fair market value and not discouraging geothermal development, including direct use, on Federal lands. The members of the Subcommittee include representatives from the Geothermal Energy Association, industry, states, public and local governments. The Subcommittee is expected to finish their work and forward a report on their recommendations to the full RPC in May 2005.

Question 57. What role do you see BLM-administered lands playing in providing geothermal energy over the next five years?

Answer. Fully 90 percent of the geothermal resources in the United States occur on Federal lands. In addition, many states are enacting energy portfolios that require a greater share of their energy needs to be met with renewable resources such as geothermal. BLM-administered lands can be expected to play a major role in geothermal energy production over the next 5 years and beyond. Industry has expressed great interest in Glass Mountain and Truckhaven in California, Fish Lake and Salt Wells in Nevada, Lightning Dock and Radium Springs in New Mexico, Klamath Falls and Clump in Oregon, Roosevelt Hot Springs and Thermo Hot Springs in Utah and the Mt. Adams and Mt. Baker areas of Washington State, among others.

Question 58. Has BLM compared its current geothermal leasing system with that of the states or local governments? If so, what are the similarities and differences regarding how lands are selected for leasing and how royalties or other payments for the use of the resource are assessed? Please provide a copy of any such analysis.

Answer. The BLM has been bound to the same leasing system since enactment of the Geothermal Steam Act of 1970. While we have followed State activities with great interest, we have never conducted a formal review or comparison of State leasing procedures.

Question 59. Do you think there need to be other changes to the geothermal leasing program? If so, please describe. Should the KGRA determination be eliminated? If so, how should existing applications be treated? Will there be revenue impacts?

Answer. The Department supports an all-competitive leasing system and the elimination of Known Geothermal Resource Areas (KGRAs). An all-competitive leasing system, properly designed and administered, would better reflect true competitive interest and insure that the public receives fair market value for the resources. This will lead to more timely and efficient development of the resources. We believe that the revenue impacts will be positive.

Question 60. Does BLM have adequate resources to administer the geothermal leasing program? Please provide a chart indicating the level of funding for this program for the last 10 fiscal years.

Answer. BLM has a 30-year history of managing geothermal resources on Federal lands. During this time, the resources devoted to the geothermal program have varied widely depending on the cost and availability of conventional energy as well as

administration priorities. In the mid-1980s, BLM had a budget of more than $4 million to manage nearly 2000 competitive and noncompetitive leases with the equivalent of nearly 50 full time employees. During the 1990s, conventional energy was cheap and interest in geothermal energy waned. The geothermal budget was nearly zeroed-out as emphasis was placed on oil and gas and coal resources. In FY 2002, the budget was increased to $300,000 and increased to $700,000 in FY 2003. In FY 2004, the funding level was $1.2 million, and the BLM managed more than 400 geothermal leases, with approximately 9 full-time positions. Since FY 2001, the BLM issued 200 geothermal permits, compared to 20 in the previous four years. The FY 2005 funding is adequate for current leasing levels.

Question 61. What are the total revenues resulting from the Federal geothermal leasing program administered by BLM to the Federal, State and local governments during each of the past 10 years? Please list this information by State and local government entity.

Answer. MMS distributes geothermal leasing revenues directly to the States and the States are responsible for any further distributions. The following chart provides Federal geothermal reported royalty revenue for Calendar Years 1994-2003. The State receives 50 percent of this amount:

FEDERAL GEOTHERMAL REPORTED ROYALTY REVENUE FOR CYS 1994-2003

State	1994	1995	1996	1997	1998
California	$19,451,423	$16,853,748	$19,828,959	$20,359,360	$13,828,169
Nevada	4,455,959	4,766,017	5,381,015	5,295,883	4,247,267
New Mexico ..	1,555	1,103	787	759	578
Utah	167,257	163,848	228,786	182,453	175,169
Totals	$24,076,194	$21,784,716	$25,439,547	$25,838,455	$18,251,183

State	1999	2000	2001	2002	2003
California	$8,932,594	$14,373,308	$13,405,680	$9,387,093	$6,632,374
Nevada	889,052	1,493,879	1,767,858	4,267,832	3,220,344
New Mexico ..	1,049	1,273	129	893	374
Utah	192,432	206,909	198,807	236,390	174,546
Totals	$10,015,127	$16,075,369	$15,372,474	$13,892,208	$10,027,638

[1] Source: 1994-2000, Minerals Revenue 2001-2003, Interim Solution tool

Question 62. In July of last year, the Government Accountability Office completed a report that I had requested relating to the venting and flaring of natural gas (GAO-04-809). I am concerned about this issue from an energy perspective and also due to the environmental impact of flaring and venting. The GAO recommended that you direct BLM and MMS to consider the cost and benefit of certain actions and also work with DOE regarding information collection.

- What is the status of these efforts?

Answer. Work is underway to complete the cost and benefit analysis of GAO's recommendations regarding: 1) flaring of natural gas, whenever possible, when flaring or venting is necessary; and, 2) the use of flaring and venting meters to improve oversight. The BLM and MMS expect to have completed this analysis by September 30, 2005.

U.S. GEOLOGICAL SURVEY

Question 63. The Administration has placed a strong emphasis on the use of sound science at the Department of the Interior. However, the USGS budget request reflects an overall net decrease from 2005 enacted levels. Please provide a listing of these funding reductions.

Answer. Due to the constraints of funding limitations and high priority objectives, the Administration had to choose among many programs to fund the objectives that are most important. In the case of USGS, the 2006 budget maintains and adds funding for the highest priority programs, while reducing 2005 increases not requested by the Administration and lower priority programs such as the Minerals Resources Program.

USGS reductions include $28.5 million in mineral resource assessments, $6.4 million to eliminate the water resource research institutes as they should generally be able to support themselves through outside contributions; $500,000 in carbon sequestration studies; $1.3 million in the National coastal program; and $100,000 in lower priority general decreases. The budget also includes $11.8 million in reductions of unrequested Congressional earmarks; a table listing the earmarks is attached. The budget also proposes $3.7 million in administrative savings, which focus on better management of travel, space and motor vehicle fleet costs.

The following is a compilation of proposed earmark reductions for the USGS.

2006 PROPOSED EARMARK REDUCTION FOR USGS

[Dollars in Thousands]

	Amount
North Carolina Flood Mapping	−986
Global Dust Monitoring Study	−247
Alaska Mineral Resource Assessment Program	−1,134
Geological Minerals Center in Alaska	−99
Collaborative Study with the University of Oklahoma	−1,460
Toxic Substances Hydrology Program	−227
Study of extremophillic life in Berkeley Pit, w/ MT Tech	−195
Potomac River Ground Water Study	−296
Spokane Valley/Rathdrum Prairie Aquifer Study	−493
Chesapeake Bay Program	−247
Hood Canal Fish Mortality Research	−345
Requirements of the San Pedro Partnership	−247
Lake Champlain Basin Toxic Materials	−291
Monitoring Water Resources in Hawaii	−437
Coalbed Methane Study of Tongue River Watershed	−877
Mark Twain National Forest Mining Study	−731
Molecular Biology at Leetown Science Center	−779
Pallid Sturgeon Research	−296
Diamondback Terrapins Study	−195
DNA Bear Sampling Study in Montana	−974
Multidisciplinary Water Resources Study at Leetown Science Center	−292
Manatee Research in support of FWS	−493
Delaware River Basin Ecologically Sustainable Water Management Project	−247
CRU at the University of Nebraska	−395
Total, 2006 Proposed Earmark Reductions	−11,983

Question 64. The budget proposes a substantial cut ($28 million) in geologic resource assessments relating to basic geologic, geochemical, geophysical and mineral deposit data, mineral resource assessments of critical minerals, data collection on mineral commodities outside the United States, and the Mineral Resources External Research Grant Program. Please provide the specific justification for cutting each of these activities. How will this information be provided in the future? How do you expect the research to be undertaken in the absence of funding?

Answer. As explained in the answer to the prior questions, the Administration had to choose among many programs to fund the objectives that are most important. In the case of USGS, the 2006 budget maintains and adds funding for the highest priority programs, while reducing 2005 increases not requested by the Administration and lower priority programs such as the Minerals Resources Program.

The main beneficiaries of the work being eliminated are States and private industry. If there is a true need for the work to be continued, the Administration believes that this work will continue in partnership in the non-Federal sector, as there is expertise to conduct this work in various State geological surveys and universities throughout the Nation.

- The budget documents state that "funding is reduced for studies and information gathering for regional and local activities that are more oriented to the interests of State, local governments, and universities . . ." Why does the Budget target these users of information?

Answer. This change in program is designed to focus USGS on those areas that are most critical to Federal government needs, which involves Federal land management agencies. The expertise to take on this work exists at various universities and State geological surveys across the Nation, and they might be willing to perform or fund some functions that the USGS currently performs. The National Science Foundation also supports some work in this area.

Question 65. Why is funding being cut for USGS research on carbon sequestration?

Answer. Although the USGS provides important contributions to carbon sequestration research, this research does not address the highest priority science needs of the USGS and the Administration. The Administration has had to make very difficult choices among all Federal programs to reduce Federal spending to ensure the Nation meets the objective of reducing the Federal deficit by 50 percent by 2009. The President's FY 2006 Budget does preserve significant carbon sequestration research related to wetlands in the USGS budget.

Question 66. What is the time frame for enhancing the tsunami warning system in the Pacific and adding new tsunami warning systems in the Atlantic, Caribbean, and the Gulf of Mexico?

Answer. The primary responsibility for tsunami warning lies with the National Oceanographic and Atmospheric Administration (NOAA) of the Department of Commerce. The U.S. Geological Survey (USGS) passes to NOAA the seismic monitoring data that underlie NOAA tsunami warnings. As proposed by the President, the Department of the Interior will contribute to improved tsunami warning by making needed enhancements to the seismic monitoring and earthquake reporting capabilities of the USGS. The USGS is currently in the process of upgrading satellite telemetry systems in the Pacific region to more modern equipment. USGS plans to continue this process elsewhere in its seismic network as lower cost, more efficient telemetry systems become available.

• Please describe these enhanced and new systems.

Answer. The proposed enhancements to USGS seismic monitoring efforts include: expanding of real-time communications to the stations of the Global Seismographic Network (GSN) and improving station maintenance; adding up to nine new stations to the GSN in the Caribbean basin and upgrading up to four existing GSN stations in Central America and northern South America; and upgrading the USGS National Earthquake Information Center (NEIC), which will be staffed by NEIC scientists 24 hours a day, 7 days a week.

The proposed enhancements to the GSN involve adding real-time data communication to the remaining 20 percent of the stations in the network that do not have real-time communications to the USGS National Earthquake Information Center and the NOAA Tsunami Warning Centers. Under the Administration's proposal, satellite Internet communications will be added to all remaining USGS-operated stations where it would be practical to do so.

• What is the current capability in each of these areas?

Answer. The Global Seismographic Network is funded and managed as a partnership between the USGS and the National Science Foundation. USGS operates about two-thirds of the current 137 stations in the GSN. Currently about 80 percent of stations of the network have real-time telemetry. Data availability from those stations is about 90 percent for the USGS-operated portion of the network. In the Caribbean, there is currently one station in Puerto Rico, two in South America, and two in Central America.

Question 67. The USGS budget proposes a $400,000 initiative to begin a broad, multi-state assessment of groundwater depletion. I view this as potentially a very important initiative.

In what region or specific aquifer(s) will the resources for this program be focused? How will State water resource agencies be integrated into the assessment process?

Answer. The proposed new funding would allow the USGS to extend the Great Lakes Basin groundwater assessment pilot effort to part of the western United States by developing a web-based system to display and analyze existing information on long-term changes in ground water reserves. The exact basin or area in the West has not been determined yet. The USGS will work closely with the State water resource agencies to conduct this assessment, just as we do in our periodic analysis of depletion of ground water in the High Plains Aquifer. The USGS and the States all have very substantial holdings of long-term water level records from the major aquifers of the West. We will utilize all of this information and seek collaboration and review from the water agencies in these States. The USGS regularly attends the meetings of the Western States Water Council and will use that group as a forum to share work plans and obtain State input to the process.

Question 68. The USGS budget cuts over $28 million from geologic resource assessments, including a $500,000 cut to USGS carbon sequestration studies. The budget states that "[t]he proposed funding reduction in FY 2006 will stop research associated with the geologic sequestration of CO_2 project, and will preclude the de-

velopment of a consistent, scientifically robust CO_2 sequestration assessment methodology and the efforts to test this assessment methodology on geologic sites."

This is important research. Why is the Administration proposing to eliminate it? The USGS is uniquely qualified to add to the nation's scientific knowledge of geologic carbon sequestration potential. Does the Administration not view this research as important? If it does, shouldn't USGS have a role in the Administration's overall approach to addressing carbon sequestration potential?

Answer. As we stated above, although the USGS provides important contributions to carbon sequestration research, the Administration has had to make very difficult choices among all Federal programs to reduced Federal spending to ensure the Nation meets the objective of reducing the Federal deficit by 50 percent by 2009. The USGS Energy and Environment Program will sustain efforts in carbon sequestration by serving in an advisory role to other Federal, State, and international groups. The President's FY 2006 Budget also preserves significant carbon sequestration research related to wetlands in the USGS budget.

INDIAN AFFAIRS

Question 69. The Department has been reticent to participate in the *Navajo-San Juan* and the *Aamodt* water rights settlements. Now, the budget proposes cutting $4.4 million (20%-25%) from the two BIA accounts that help Indian tribes develop their water rights claims and negotiating positions (water planning & pre-development and water rights negotiation and litigation).

Given the increasing need to address water needs on Indian reservations where many of the residents still haul water, and the desire of the States to resolve these claims so that water resources can be better managed, what is the Department's rationale for proposing these cuts? If the programs have been deemed non-effective, what is the criteria for making that assessment? Has that criteria been reviewed by the stakeholders (i.e. Indian tribes) who benefit from the programs through a consultation process?

Answer. The BIA has for many years assisted tribes in defining and establishing water rights and settling claims through litigation and/or negotiations. Program dollars support both the BIA and tribal work associated with this effort. At the requested level of funding for 2006, the BIA will continue to conduct technical research and studies related to the preparation and defense of tribal water rights claims. BIA will fund an estimated 100 projects related to establish water rights associated with some 40 tribes.

The BIA will also continue to provide grants to tribes to conduct water management and planning projects for the purpose of managing and conserving Indian water resources. The requested level of funding for 2006 maintains funding levels for grants at the 2005 level. Tribes typically use these grants to determine the quantity and quality of ground and surface water or to work with partners at the Federal, state and local governments to manage water resources. The reduced 2006 funding level reflects the elimination of the water resource technical training program, which will serve 45 tribal youth in 2005.

In formulating its budget request, the Administration focused on programs that are a higher priority on a nationwide basis.

Question 70. Are there any resources in the budget to assist Indian tribes in developing renewable energy resources on their lands? If so, how much, and where are those resources being focused?

Answer. The Department is committed to carrying out the President's energy development goals and encouraging sustainable energy production and economic self-sufficiency in Indian Country. The BIA budget includes a total of $8.3 million for the minerals and mining program. Approximately $5.7 million of this amount is available for grants to Tribes to support energy development projects. In addition, there is approximately $135,000 in the 2006 budget for an energy grants program managed by the Deputy Assistant Secretary Indian Affairs-Policy and Economic Development's office. The Energy Grants are available directly to Tribes for funding of feasibility studies, economic analyses, and business plans for energy projects that will help foster economic development on tribal lands.

Much of this funding is directed towards non-renewable energy resources, since these resources are historically underdeveloped on Indian lands. However, BIA staff has been working with tribal wind advocates to develop an Environmental Impact Statement "template" that will hasten NEPA approvals for tribal wind energy projects in the Plains States.

Question 71. The BIA budget requests only $12.8 million dollars of construction money for the Navajo Indian Irrigation project (NIIP).

Is this enough money to do any new construction on NIIP—i.e. blocks 9-11? If not, please explain in detail how is this money being expended? Is there any plan to rehabilitate blocks 1-8 of the project? If so, is that plan being implemented? How much money would it take to complete construction of the project (i.e. the remaining blocks)? Over what time period? How much does OM&R on the project currently cost on an annual basis? Is it completely covered by the $3.75 million request made in the budget? What are the projections for annual OM&R costs for the full project (blocks 1-11)?

Answer. The FY 2006 request provides funding for activities in the following areas:

- Continue rehabilitation of the main canal system and the correction of other transfer facilities.
- Continue construction of Block 9 pumping plants and laterals.
- Continue construction of 34.5kV and 13.8kV overhead power lines to serve project-pumping plants along with associated supervisory control equipment.
- Ongoing Endangered Species Act work as required by a U.S. Fish and Wildlife Services (FWS) biological opinion. This work must continue to meet BIA's commitments to FWS and the Secretary in the Recovery Implementation Program with other Federal, State, and Tribal entities. Also other environmental research studies.
- Office of Inspector General mandated deficiency correction work must be continued to ensure the stable delivery of water to the crops. (Cost is related to Facilities Transfer Correction.)
- Payment for miscellaneous minor contracts and for contract modifications.
- Payment for claim settlement cost related to the Gallegos Pumping Plant completion contract.
- Payment to Western Area Power Administration for project power cost.
- Payment to Reclamation for providing construction management and designs for future work.

In addition to the activities listed above, funds may be used for the relocation of Navajo Indian families from project lands and for compensation for grazing rights and structures; to continue environment-related studies on the project; and to provide technical assistance to the Navajo Agricultural Products Industry (NAPI). These funds may also be used to perform maintenance on completed segments of the facilities as necessary to ensure reliable and efficient delivery of available water.

The BIA is still negotiating with the Navajo Nation to establish a Memorandum of Understanding (MOU) identifying activities and addressing responsibilities to initiate the turnover of completed blocks to the Navajo Nation and identify the date of project completion. Construction of additional facilities is being deferred until the MOU is finalized and signed. At the end of FY 2005, NIIP will remain at 67 percent complete. Completion of NIIP is projected in the year 2040 or beyond at the current funding level.

The latest estimate for the current annual OM&R costs is over $5 million. At the current funding level of $3.75 million, the backlog of maintenance on constructed facilities and infrastructure is increasing and will be factored into the total cost to complete the project. The latest estimate for OM&R costs for the full project is approximately $7.4 million.

Question 72. The BIA budget requests $1.9 million to "fulfill requirements associated with water management within the Middle Rio Grande Conservancy District (MRGCD)." Presumably, this funding would be used to address OM&R costs associated with the irrigation works of the 6 Middle Rio Grande Pueblos.

- What requirements are currently in place with respect to water management within the Middle Rio Grande Conservancy District?

Answer. The State of New Mexico's 1927 Conservancy Act authorized conservation, irrigation, drainage, and flood control works in the State, including the operation and maintenance of an irrigation system to deliver water to lands within the Middle Rio Grande Valley. Because of the interspersed nature of Pueblo and non-Indian lands in the Valley, Congress passed legislation in 1928 that authorized the Secretary of the Interior to enter into an agreement with the Middle Rio Grande Conservancy District (MRGCD) to incorporate and serve the Pueblos' lands within MRGCD's boundaries as part of its irrigation and drainage system, (Act of March 13, 1928; 45 Stat. 312) (1928 Act). The 1928 Act specified that the agreement would recognize and protect the Pueblos' "prior and paramount"(senior) water rights for lands then being irrigated; provide for the future irrigation of the "newly reclaimed lands"; and exempt the Pueblos' prior and paramount lands from being subject to a pro rata share of MRGCD's operation, maintenance and betterment costs. Subsequent legislation in 1935 both authorized the Secretary to enter into an agreement

with MRGCD in order to pay MRGCD for operation and maintenance charges assessable against the Pueblos' irrigable newly reclaimed lands and established a formula to determine appropriate charges, (Act of August 27, 1935; 49 Stat. 887) (1935 Act). The Secretary has entered into agreements with MRGCD pursuant to these statutes. In addition, the Bureau of Indian Affairs (BIA), Bureau of Reclamation (BOR), and the Pueblos entered into a 1981 Agreement specifically regarding Pueblo water requirements. The 1981 Agreement defined roles for BOR, BIA, the Pueblos, and MRGCD regarding storage and release of water for the Pueblos and established "Annual Computation Procedures" to calculate the estimated storage required to satisfy the Pueblos' prior and paramount water needs each year. No formal adjudication of water rights has ever been initiated or completed for the Middle Rio Grande.

- Is there a current contract in place between the BIA and MRGCD to ensure that adequate OM&R is being performed on the facilities delivering water to Pueblo lands?

Answer. In accordance with the provisions of the 1928 and 1935 Acts, as amended, the Secretary of the Interior, through the Bureau of Indian Affairs, and MRGCD executed a new agreement in September 2004 regarding the payment of operation, maintenance and betterment charges for the newly reclaimed lands of the six Middle Rio Grande Pueblos (Pueblos). The agreement also addresses Annual Work Plans which are developed by the parties in coordination with the Pueblos and identify, for each year, the necessary operation, maintenance and betterment work and other projects to be performed by MRGCD in order to receive payment under the agreement.

- How will the $1.9 million be expended?

Answer. The BIA's budget request stems primarily from calculations made under section X of the new agreement, which follows the operation and maintenance payment formula prescribed in the 1935 Act. The Annual Work Plan will prioritize and determine specific operation, maintenance and betterment work projects each year, and annual funding will be used to pay for those projects. Funding will also be used in part to cover BIA program needs, including salaries and administrative costs, system operators and water masters, and the functions of the Secretary's Designated Engineer (established pursuant to the 1928 Act).

- Will there be any significant rehabilitation of the water supply infrastructure on Pueblo lands? (BIA)

Answer. The new agreement specifies that operation, maintenance, and betterment include actions involving the rehabilitation of existing irrigation structures and facilities. The extent to which calculations made under the 1935 Act's payment formula, incorporated in section X of the agreement, and available appropriations to make these payments will allow for "significant rehabilitation" of the infrastructure supplying Pueblo lands remains unclear. The new agreement provides a vehicle by which any additional funds could be provided to MRGCD to perform "Special Projects" that exceeded the general operation, maintenance and betterment work to be performed annually. MRGCD also received approximately $3 million under the Department's Water 2025 initiative for water conservation and infrastructure improvements, which could be used to the benefit of the structures serving Pueblo lands.

ISLAND ISSUES

Question 73a. Compact accountability: Improving accountability in the use of U.S. funding was a guiding principle in the negotiations and enactment of P.L. 108-188, the law which approved a 20-year extension of the Compacts of Free Association with the Marshall Islands and Micronesia.

Would you please generally describe how the new accountability mechanisms are working?

Answer. The amended Compact's new accountability mechanisms are in place. While all problems have not been immediately eliminated, we have a much greater ability to identify and correct problems. Compact grants are managed with new tools: (1) prior approval of the use of grant funds by joint management committees, (2) required quarterly financial and performance reports, (3) increased oversight by Department of the Interior personnel, and (4) the ability to withhold grant funds.

Aided by a new financial management system and its unitary government, the Republic of the Marshall Islands has made the transition to the new system without much difficulty. The Federated States of Micronesia (FSM), partially because it has four diverse states, has had more difficulty in coordinating budgeting, performance, and financial reporting. The Department is engaging the FSM national government

on a variety of fronts to provide more oversight of the sector grants. In this regard, Office of Insular Affairs (OIA) is working cooperatively with the governments to define additional tools and reports needed to monitor sectoral performance and the appropriate use of grant funds. For example, in order to emphasize the purpose behind the capacity building grant, we are working with the FSM government to remove recurring costs from that grant. OIA also withholds funds to guarantee compliance with grant terms and conditions. We have already had to withhold grant funds from the FSM on two occasions to address compliance issues. For example, we recently suspended funds to Chuuk State's school feeding program when OIA was unable to verify that food purchases actually reached students.

OIA is now in the process of applying special mid-year grant conditions to two of FSM's sector grants. With regard to the health sector, we are requiring the FSM national government and Chuuk State to develop a plan with OIA to promptly address deficiencies found in the Chuuk health dispensary program. At a minimum, quick progress is expected to address (1) drug restocking issues, (2) the continued payment of wages to health assistants who have abandoned their jobs, and (3) the closure of non-functioning dispensaries. Similarly, we are imposing similar conditions to improve the delivery of educational programs to the children of Chuuk. The list of areas identified as needing immediate improvement includes, but is not limited to, eliminating opportunities for waste, fraud and abuse in payroll and procurement practices; ensuring classrooms are equipped with textbooks and other basic instructional materials; and addressing administrative, teacher, and student attendance issues. These actions have come as a result of a series of consultations with the FSM national government and Chuuk State. If adequate progress is not achieved by August 2005, Joint Economic Management Committee is poised to consider withholding, suspension, or redirection of funds in its allocation of fiscal year 2006 sector grants.

Question 73b. One of the new accountability requirements, section 104(h), is that the President shall report annually to Congress regarding conditions in the Freely Associated States (FAS) and on the use of U.S. assistance. The first such report was due last December 31st. When do you expect the report will be transmitted to the Congress?

Answer. We apologize for the delay. The report is in the review process, and we expect that it will be sent to the Congress in two to four weeks.

Question 73c. One issue during approval of the Compact was whether U.S. oversight should be provided by DOI officials resident in the FAS, or by officials sent from an oversight office in Hawaii—the approach favored by the Administration and agreed to by Congress. Would you generally describe how this arrangement has worked and provide specific information on the number of trips, and "employee-days" spent on the ground conducting oversight, in: Majuro, Kwajalein/Ebeye, Kosrea, Pohnpei, Chuuk and Yap, during FY04?

Answer. The Department of the Interior's (DOI) oversight of the Compact also includes in-country personnel stationed in Pohnpei and Majuro. This allows for constant coverage of Pohnpei State and the FSM National Government, as well as the government of the RMI.

The Hawaii-based approach has worked well. Hawaii's position midway between the FAS and the United States' mainland has allowed for easy communication and coordination in either direction. DOI has been able to recruit, and expects to retain, qualified personnel with experience in the FAS in relevant professional fields. Basing personnel in Hawaii allows for efficient use of personnel and has created a consistent team approach that we expected in dealing with Compact issues.

In Fiscal Year 2004, DOI employees spent many days in the field. The days reported on the following page do not include travel days to and from Honolulu, only days on site. The location designated as "Regional" includes grant-related meetings held in Guam or the CNMI.

Question 74a. Compact Trust Funds: One essential element of the new Compacts is the establishment of Trust Funds for each of the two FAS. The U.S. and other nations' contributions to these funds are to be invested so that compounded earnings over the next 20 years will provide an alternate source of revenue after the term of U.S. annual assistance expires in 2023.

Although the law was signed in December of 2003, I understand that the investment accounts have not yet been established. Why has the Department taken so long to implement a policy that could have been easily anticipated?

Answer. The governments of the United States, the Republic of the Marshall Islands (RMI) and the Federate State of Micronesia (FSM) have acted expeditiously with regard to the trust funds.

While the Compact of Free Association Amendments Act of 2003 became public law in December of 2003, the U.S. Congress added requirements that then had to

be ratified by both the RMI and FSM. The Department of the Interior initiated the incorporation process through draft articles of incorporation to the respective presidents of the RMI and FSM on April 9, 2004.

RMI Trust Fund

The Trust Fund for the People of the Republic of the Marshall Islands (RMI Trust Fund) was incorporated in the District of Columbia on April 28, 2004. Both the drafting of articles and incorporation occurred before the exchange of diplomatic notes establishing May 1, 2004 as the date of implementation of the Compact amendments relating to the RMI.

The diplomatic notes stated that the RMI would deposit its $25 million on May 14, 2004, and that the United States would deposit its $7 million two days later.

Records show that the RMI deposit of $25 million arrived at the RMI Trust Fund's bank on June 1, 2004, and the Department of the Interior deposited the United States' contribution $7 million on time on June 3, 2004. Additionally, the United States made its Fiscal Year 2005 contribution of $7,588,500 on October 5, 2004. This last contribution was actually made early.

FSM Trust Fund

The FSM considered the changes in the Compact amendments imposed by the United States Congress and ratified the Compact amendments on May 26, 2004. The FSM and the United States established June 25, 2004 as the effective date for implementation of the Compact of Free Association Amendments for the FSM. Compact language, agreed to by both parties, called for the FSM to make its first contribution to the FSM Trust Fund by September 30, 2004.

The FSM Trust Fund was incorporated on August 17, 2004. The FSM contributed its $30 million on schedule on September 30, 2004. The Department of the Interior, on behalf of the United States deposited its Fiscal Year 2004 contribution of $16 million on October 5, 2004, and its Fiscal Year 2005 contribution of $16,188,000 also on October 5, 2004.

Investment Advisor and Trustee

It is expected that the Trust Fund Committee will rely to a great extent on the advice of its Investment Advisor in allocating of assets among a range of investment vehicles. Intending to speed the selection process for the trust funds, the Department of the Interior, prior to incorporation of the trusts, issued a request for information to determine the range of possible candidates for the positions of Investment Advisor and Trustee.

Once incorporated, the RMI Trust Fund Committee embarked on a full competitive process for selecting an Investment Advisor and Trustee. The Trust Fund Committee determined that a full competitive process, although time consuming, was appropriate to ensure that the right choices be made for these very important functions. In order to conserve trust fund assets, the Department of the Interior gave a grant to the RMI to hire a law firm to issue requests for proposals and receive responses on behalf of the RMI Trust Fund. Sixteen responses were received for Investment Advisor and seven responses were received for Trustee. The responses were analyzed by a financial advisory firm from New York. A subcommittee of the RMI Trust Fund Committee then spent a day interviewing the top four candidates for Investment Advisor. Based on advice and interviews, the RMI Trust Fund Committee has selected its Investment Advisor and Trustee. The RMI Trust Fund Committee expects to begin shifting assets to investments that pay a higher rate of return within the next two months.

The FSM Trust Fund is embarking on its selection process for Investment Advisor and Trustee, which, it is anticipated, will be as thorough as that for the RMI Trust Fund. OIA has again offered a technical assistance grant to help fund this process.

Question 74b. Would you please estimate the lost value to these Trust Funds which has resulted, so far, from these delays?

Answer. The Department of the Interior views the incorporation process and initial deposits as being on time.

Question 75a. Impact of American Job Creation Act of 2004 on the Insular Areas: Would you please provide the Administration's best estimate of the impact of the American Jobs Creation Act provisions regarding residency and income sourcing on the government revenues of the USVI, American Samoa, Guam, and the CNMI?

Answer. Because the territories administer their own internal revenue departments, the Treasury Department does not have access to the tax data necessary to determine the revenue impact of AJCA on the territories. To the extent that the tax base of each territory depends upon the definition of "bona fide residency," the Act may result in a net transfer of tax revenue from the territories to the Federal government. Lacking in-depth studies, it is difficult to estimate the effect of the legisla-

tion on the territories, although the USVI is likely to experience the greatest impact because of its proximity to the United States.

Question 75b. Would you tell me what steps the Department believes are appropriate to respond to this impact, and what steps are being taken, if any, by the Administration.

Answer. We are concerned that delays in issuing implementing regulations might cause some businesses to leave the territories. We therefore support the Department of the Treasury's efforts to issue proposed implementing regulations expeditiously. The Department of the Interior is working with Treasury so that the regulations attempt to avoid unintended consequences for the territories As for any long-term impacts, the Department is making a sustained commitment to assist the islands to market their competitive advantages to private sector investors. We believe that such a sustained effort is crucial to the long-term wellbeing of the territories.

Question 76a. Impact of the phase-out of garment quotas on the CNMI: Would you please provide the Administration's best estimate of the impact of the phase-out of garment import quotas on the revenues of the government of the CNMI economy?

Answer. The World Trade Organization (WTO) garment quotas were phased out as of Jan. 1, 2005. The world-wide impact is still uncertain but large. In the CNMI, smaller factories are expected to close. No estimate of the impact on government revenues has been made.

It is important to note that from the beginning of this Administration, we focused efforts on private-sector led economic development. Part of this effort was focused on increasing interest in the islands within the business community of the 50 states. To this end, we hosted two conferences. We hosted the Secretary's Investment Development Conference in Washington, D.C. in 2003 with 550 participants from 50 states and the islands, and the Secretary's Business Opportunities Conference in Los Angeles in 2004 with over 1,000 participants.

In May, we will launch the first-ever DOI-led Business Opportunities Mission to Guam, Saipan, and Palau. Many of the companies interested in the Mission are pursuing business opportunities that they first learned about at the conferences. Other missions to our other insular areas are also being planned. Additionally, we have provided technical assistance to territorial economic development agencies and other local business, trade, and tourism development organizations.

The Administration's commitment to encourage private sector development on the islands is unprecedented, and we plan to continue our efforts to grow business opportunities for the islands.

Question 76b. Does the Department support the proposal of the Government of the CNMI to reduce the local content requirement of General Note 3(a) of the Tariff Schedules from 50 percent to 30 percent?

Answer. We are not aware of any legislative proposal to reduce the local content requirement of General Note 3(a)(iv), and as such, the Administration has not taken a position on this issue.

Question 77a. CNMI Cover over: The Commonwealth of the Northern Mariana Islands maintains that the U.S. owes the Commonwealth proceeds of taxes, fees, and other collections derived from the Commonwealth—the so-called "cover over"—as required by Section 703(b) of the Covenant.

Do you agree that the U.S. currently owes some cover over, and if so, what is your best estimate, or your best estimate for a range, of the amount owed by the U.S.?

Answer. It appears that funds are owed by the United States to the CNMI. Section 703(b) of the Covenant requires that "the proceeds of all customs duties and Federal income taxes derived from the Northern Mariana Islands " and "the proceeds of any other taxes which may be levied by the Congress on the inhabitants of the Northern Mariana Islands" be paid to the CNMI treasury. Section 7654 of the Internal Revenue Code of 1954, applicable with respect to the CNMI pursuant to section 601 of the Covenant, provides detailed rules regarding the cover over of income taxes. Section 7654 generally requires both the U.S. Treasury and CNMI treasury to cover over to one another the taxes they collect with respect to income from the other jurisdiction.

In 1990, the IRS suspended payments to the CNMI due to concerns about whether taxpayer information provided to the CNMI as a necessary part of the cover over process was adequately protected from disclosure as required by Federal law. This problem was resolved in 2003, and the Department of the Treasury is working with the CNMI to determine what is owed.

Question 77b. Is there disagreement between the U.S. and the CNMI on what the amount owed is, and generally, what are the reasons for the disagreement on the amount?

Answer. The Department of the Treasury has not yet completed its review of what is owed. The CNMI asserts that the amount owed by the United States under Cov-

enant section 703(b) is $110,505,859. The United States Department of the Treasury has not been able to confirm this amount because of the difficulty in locating records.

Question 77c. Conceptually, do you have any objection to the enactment of legislation that would require clarify congressional intent regarding any questions regarding the interpretation of the Covenant, and calling for negotiations between the U.S. and the CNMI with the object of reaching a settlement within a reasonable period of time on a cover over amount that would fulfill the United States' obligations under Section 703(b)?

Answer. We have no objection to the concept of Congress clarifying its intent on this matter and calling for reasonable steps to implement that intention.

QUESTIONS FROM SENATOR AKAKA

IMPACT ON AMERICAN SAMOA OF THE LOSS OF FEDERAL INVESTMENT INCENTIVES

I understand that well over half of the government revenue of American Samoa is attributable to the Possessions Tax Credit, a Federal tax credit designed to promote private investment in the territories. However, the credit is scheduled to phase out at the end of this year.

Question 1a. What steps has the Department taken to either avoid or anticipate this loss of revenue?

Answer. The credit will terminate at the end of calendar year 2005. However, the American Samoa Delegate has introduced legislation that would extend its applicability to American Samoa. The Department is studying the impact of the credit and possible alternatives to it. In addition, we have provided a technical assistance grant to the American Samoa Government to study alternative ways of preserving the canning industry in American Samoa.

Ultimately, American Samoa has no alternative but to promote more aggressively private sector investment and to diversify its economy. The Department recognizes that this is the most important priority facing American Samoa and the other insular areas and is making a sustained commitment to help the islands market themselves to private sector investors. The Department sponsored major conferences in 2003 and 2004 to allow island leaders to market the insular areas to U.S. businesses. We are following up with business opportunities missions to the islands. We believe that a sustained commitment to private sector development will pay off and recognize that the alternative is perpetual dependence on the Federal government.

Question 1b. If an alternate investment incentive is not recommended by the Administration and enacted by Congress this year, is the Department prepared to increase American Samoa's Operations subsidy to help offset the very substantial revenue loss? If not, what assistance are you prepared to offer Samoa?

Answer. As noted, the Department is studying the possible impact and alternatives. We are not contemplating any changes in the operating subsidy.

NATIONAL PARK SERVICE BUDGET

Question 2a. I am pleased that you have included a small increase for Park Operations, although most of the increase is targeted for repair and rehabilitation of historic buildings. With such a small and targeted increase on one hand, and growing visitorship and almost annual increases in the number of Park Service Units on the other, how do you intend to maintain the Park Service's long-standing excellence in conserving natural resources, historic and cultural sites, and public education?

Answer. As noted, the National Park Service 2006 request includes an increase of over $50 million in its operating account. Included within this increase are funds to fully cover a 2.3 percent pay increase for government employees and a series of targeted increases in selected areas such as preservation of cultural resources, natural resource inventory and monitoring, information technology, and partnership program oversight. These critical increases, taken in conjunction with the significant boost provided for park operations in 2005, will allow the NPS to sustain visitor services and provide effective stewardship of resources. The NPS is concurrently undergoing a series of management improvements and reforms which will also better enable them to deliver the kind of service to the public that it expects. By using innovative approaches to management and budgeting, the NPS will be able to continue its long tradition of excellence.

Question 2b. As you know, I remain concerned about the ability of the Park Service to implement the National Parks Air Tour Management Act, enacted in 2000, under current funding scenarios. Comments by witnesses at the oversight hearing in July 2004 indicate that the Park Service is underfunding the soundscape program and related activities to work with the Federal Aviation Administration (FAA). In

FY 2006, it appears that there is a nearly $4 million decrease in the "Reduce Natural Resources Preservation Program" (NRPP), which includes the soundscape program. However, the proposed budget does not include a line item or indicate exactly the funding and staff for the program activities that contribute to the NPS work with the Federal Aviation Administration in developing the management plans for air tours over National Parks.

Please provide for the record the funding and staff levels for the proposed budget for FY 2006, and enacted levels for FY 2000 through 2005.

Answer. The reduction to NRPP project funding will not affect the Natural Sounds Program. The Natural Sounds Program is listed separately under "Other Servicewide Programs" in the Park and Program Summary at the end of the Operation of the National Park System appropriation section in the NPS Budget Justifications; prior to 2004 it was listed as the Overflight Management Program. In 2004, project funding has been supplemented for the program by Recreational Fee Demonstration (20%) funding. Decisions are pending on whether the projects are still eligible to receive such funding under the changes outlined in the Federal Lands Recreation Enhancement Act of 2004 (FLREA).

[$000]

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Natural Sounds Program funding (ONPS)	1,000	1,003	949	931	921	909	920
Project funding	960	0	0	0	683	*300	*749
FTE	2	2	4	6	5	5	5

* Pending decision whether project scope is eligible under FLREA

Question 2c. I want to compliment the Park Service for their fine research on Japanese Americans in World War II, the theme study, and particularly the overview of WWII Japanese-American relocation sites, entitled "Confinement and Ethnicity." I appreciate the work that the Park Service is doing on individual sites, and look forward to working with you to improve and expand this program.

For the record, please provide detailed funding information, by site, for the period of FY 2000 to 2006. Please include staff levels for the sites and related Park Service efforts that support the initiative such as historical, archaeological, or other studies underway. Thank you.

Answer. The National Park Service administers two sites that commemorate the internment of Japanese Americans during World War II: Manzanar National Historic Site, in California, and Minedoka Internment National Monument, in Idaho. Funding levels and staff (expressed in terms of full-time-equivalent positions, or FTEs) for the two sites are as follows. FTEs are not available beyond FY 2004.

Fiscal Year	Manzanar National Historical Site	Minedoka Internment National Monument
2000	$483,000—2 FTE	0
2001	$486,000—3 FTE	0
2002	$642,000—6 FTE	$180,000—1 FTE
2003	$925,000—8 FTE	$180,000—3 FTE
2004	$916,000—11 FTE	$178,000—3 FTE
2005 (est.)	$943,000	$183,000
2006 (request)	$965,000	$187,000

Although the National Park Service does not have an official program devoted to the Japanese-American experience during World War II, the NPS in engaged in several activities that relate to that experience:

- The NPS is preparing for transmittal to Congress a National Historic Landmark theme study that identifies more than 40 sites significant to the Japanese-American experience during World War II. Two of the sites, the internment camps of Tule Lake in California and Grenada in Colorado, are scheduled to be considered for recommendation for National Historic Landmark designation by the Landmarks Committee of the National Park Service Advisory Board in April.

- The NPS is also near completion of a special resource study of Bainbridge Island, Washington, the first location from which Japanese Americans were forcibly removed from their homes to be sent to internment camps during World War II.
- One of the NPS's web-based "Teaching with Historic Places" lesson plans is on the War Relocation Camps of World War II.

Each of these activities has drawn from information compiled in the 1999 publication entitled "Confinement and Ethnicity, An Overview of World War II Japanese American Relocation Sites," which was prepared by the NPS's Western Archeological and Conservation Center.

QUESTIONS FROM SENATOR LANDRIEU

Question 1. The President's Budget proposes to eliminate the National Center for Preservation Technology and Training, a National Park Service office located on the campus of Northwestern State University in Natchitoches, Louisiana. While the National Parks Service Budget Justifications for 2006 calls for its elimination "in order to support higher priorities that are a federal responsibility," the Center was actually created within the Department of Interior by the 1992 Amendments to National Historic Preservation Act and has functioned since as an Interior program since its founding in 1994. How do you explain an apparent lack of awareness of your own Department's programs, particularly one that has been providing cutting edge research, technology and training opportunities to the NPS and its partners for over a decade?

Answer. The proposal is not to eliminate the center but to eliminate direct Federal funding for the center. NPS recognizes that the NCPTT has provided a valuable service. However, the NCPTT could become self sufficient by charging user fees to the entities that directly benefit from the services. In an effort to ensure that NPS resources are aimed at the programs that most directly serve the parks, the NPS proposes to eliminate funding for the NCPTT. In the past, none of these grants have been used to directly benefit NPS park units. The NPS will continue to rely on the Historic Preservation Center in Frederick, Maryland, for training park staff on preservation work on historic buildings, which does provide direct assistance to parks.

Question 2. During President Bush's first term in office, the Administration's management agenda emphasized technology transfer as a way to improve productivity, reduce government and increase public-private partnerships. Given this emphasis, why would you seek to eliminate a program which has proven to be a low cost, highly popular, cost effective model of public-private partnership and technology transfer?

Answer. The proposal is not to eliminate the center but to capitalize on the popularity of the NCPTT to operate through user-based fees.

Question 3. In November of 2004, the Department of Interior released its 2004 LWCF report on the state assistance program. In the introduction, the report states, "we have much to celebrate—40 years and 40,000 projects—an unparalleled national portfolio of state and local parks and recreation areas, safe and accessible places of health and inspiration for all Americans." What changed between November of last year and February of this year to lead the Administration to zero out a program it apparently considered to be successful just three months ago?

Answer. Nearly 40,000 grants, valued at approximately $3.6 billion, have been awarded since the program was established. The LWCF State assistance grants support State and local parks that have alternative sources of funding through State revenues and bonds.

The Administration is systematically assessing every government program using the Program Assessment Rating Tool (PART). As the Administration strives to reduce the Federal deficit, focusing on high-priority direct Federal responsibilities is imperative. The reduction in State Conservation grants funding will allow NPS to focus on park activities that align with agency priorities.

A PART review in 2003 found that the program could not adequately measure performance or demonstrate results.

QUESTIONS FROM SENATOR FEINSTEIN

DON EDWARDS NATIONAL WILDLIFE REFUGE

Question 1. In 2002, I worked to bring together a group of State and private parties to acquire the former Cargill Salt Flat Ponds—potentially spectacular wildlife habitat right on San Francisco Bay.

It is my understanding that in order to restore and manage the approximately 9,600 newly acquired acres for the Don Edwards National Wildlife Refuge, the Fish and Wildlife Service will require an increase of $540,000 in its operations and maintenance funding.

I am very concerned that the President's budget proposes to remove the $532,000 FY 2005 appropriation for conservation work on the refuge. Given that over 90% of San Francisco Bay's wetlands have been lost, do you believe that is important to restore these lands in Don Edwards Refuge? How much funding will you allocate to the Fish and Wildlife Service for this effort in the FY 2006 budget?

Answer. The Department of the Interior greatly appreciates your efforts in securing protection for the former Cargill Salt Ponds in San Francisco Bay. As you are aware, this property is now part of the Don Edwards San Francisco Bay National Wildlife Refuge, the first urban National Wildlife Refuge established in the United States, which is dedicated to preserving and enhancing wildlife habitat, protecting migratory birds, protecting threatened and endangered species, and providing opportunities for wildlife-oriented recreation and nature study for the surrounding communities. We concur that the Cargill Salt Ponds property has the potential to become spectacular wildlife habitat and it is important to restore this area to tidal marsh.

Habitat restoration funding for the National Wildlife Refuge System is allocated on a priority basis using the Refuge Operating Needs System (RONS). RONS is a database used to identify funding and staffing needs for the National Wildlife Refuge System. The projects contained in RONS are used in budget justifications presented to the Department, OMB, and Congress. Several RONS projects for Don Edwards SF Bay National Wildlife Refuge to maintain and operate 9,650 acres of salt ponds for wildlife habitat were funded in the 2004 President's Budget Request.

Currently, there are 35 other projects in RONS at Don Edwards National Wildlife Refuge, but because they are not currently the top priorities in the System, they received no funding in the proposed FY 2006 budget. However, the U.S. Fish and Wildlife Service, which manages the National Wildlife Refuge System, has been active in forming public/private partnerships to continue its work restoring the Cargill Salt Pond property. For example, approximately $5 million in private funding was used to begin interim management and restoration of the ponds. We are happy to report that wildlife populations are responding favorably. The Service also continues to work with many Federal, State, and local agencies as well as private organizations and individuals to develop a long-term restoration plan for the salt ponds.

Finally, in FY 2004, $460,000 was appropriated to assist with operation and maintenance of the salt ponds. That funding was included in the Refuge's base allocation, was continued in FY 2005, and will continue in FY 2006.

Question 2. I also understand that two important sources of FY 2005 funding for the United States Geological Service (USGS) assistance to the refuge totaling approximately $900,000 will no longer be available in Fiscal Year 2006. Do you agree with me that Geological Service studies regarding refuge restoration are important, and how you propose to fund them?

Answer. The USGS has been conducting salt pond studies at Don Edwards NWR over the last three years, in a partnership effort with the California Coastal Conservancy.

Over the last two years, the California Coastal Conservancy has been able to fund a total of $1.5 million for USGS to conduct research at Don Edwards NWR. We understand that the Coastal Conservancy funds are not anticipated to be available beginning in 2006.

The USGS contribution to this partnership has been $545,000 a year for the past three years, including:

- $195,000 from the USGS Priority Ecosystems Program. This program is funded at $12.0 million in 2005 and 2006. In 2006, the project may be eligible for funding if the allocation criteria are met and weighed against other Survey-wide priorities.
- $350,000 as part of a three-year award from the USGS Quick Response Program. While the Quick Response Program is funded in total at $350,000 in 2006, this particular project would have to meet the Quick Response Program criteria and weighed against other Survey-wide priorities.

CALFED

Question 3. I know the Committee has scheduled a water symposium this coming April. As we think about solutions for drought and water shortages in the West, I believe that the CALFED legislation that the Chairman and ranking member helped to pass last year is a model for solving Western water problems. We brought

all the stakeholders together and found a way to improve our water supply while restoring water quality and the environment. Madam Secretary, I want to thank you for your help on this bill, and I would be interested to know: do you agree that CALFED is a model for solving Western water problems?

Answer. CALFED is a comprehensive long-term solution to the complex and interrelated problems in the Bay-Delta, the watersheds that feed it, and the areas served by waters diverted out of it. A consortium of Federal and State agencies fund and participate in the CALFED program, focusing on the health of the ecosystem and improving water management and supplies. In addition, CALFED addresses the issues of water supply reliability, aging levees, and threatened water quality.

On October 25, 2004, the President signed the CALFED Bay-Delta Authorization Act (the Act), providing federal authorization from FY 2005 through FY 2010 for implementation of the CALFED Program. The newly authorized activities include the Environmental Water Account, Conveyance, and Levee Stability programs, as well as for CALFED Program oversight and coordination. The Act authorized up to $389 million to be appropriated for these activities, and it has a number of reporting requirements.

The 2006 budget request includes $35 million for Reclamation including:

- $10 million for the Environmental Water Account;
- $10 million for the Storage Program;
- $3 million for Conveyance;
- $4 million for Water Use Efficiency;
- $4 million for Ecosystem Restoration; and
- $4 million for Planning and Management activities.

COLORADO RIVER

All seven Colorado River Basin states—Colorado, New Mexico, Wyoming, Utah, Arizona, Nevada and California—have written you with an urgent request to fund Lower Colorado River regulatory storage projects. Specifically, the seven states are interested in an up to 10,000 acre-foot reservoir near the All-American Canal, and dredging sediments that have accumulated behind Laguna Dam.

Question 4a. The seven states say that these proposals, and I quote, "would be of great benefit to the Colorado River Basin states, . . . providing opportunities for water conservation, storage, and conjunctive use programs, and setting the stage for new cooperative water supply and water quality management endeavors with Mexico." Do you agree?

Answer. The Department evaluates the merits of such proposals on an individual basis for their benefits to the nation, in accordance with the Economic and Environmental Principles and Guidelines for Water and Related Land Resources Implementation Studies.

Question 4b. How much funding could the Bureau of Reclamation productively put to use for these projects in fiscal year 2006?

Answer. In the President's 2006 Budget, there are two proposals: $700,000 for preliminary All-American Canal regulating storage reservoir work and $2.6 million for sediment dredging above Imperial Dam.

RECYCLING

Question 5. The President's budget provides less and less funding for Title XVI recycling projects every year, even though these projects reduce dependence on the Colorado River in an environmentally sensitive manner. Do you believe there is a need for federal assistance to recycling projects, and if so, what form should the federal assistance take?

Answer. Over the past 11 years, more than $289 million has been provided to local water agencies to plan, design and construct 19 authorized Title XVI projects. Several projects have been completed; however, most projects are still under construction. Nevertheless, many of these ongoing projects are partially complete and also delivering reclaimed water. The Title XVI water reclamation and reuse program has proven to be a successful and popular program, especially in the urban areas of the West. The Department believes that the program has met its primary mission of demonstrating that recycling and reuse can expand and augment existing water supplies. Reclamation intends to continue to support the completion of those ongoing projects included in the President's budget request in prior years. The President's request for Title XVI funding has been in the $11.5 million to $12.5 million range for the past 3 years. Although there is interest in Federal funding to promote water recycling, relative to the other needs and priorities associated with Reclamation's core mission to deliver water and power, the optimal level of funding for

FY 2006 is the $10,229,000 requested in the President's budget to continue work on ongoing projects.

JAY MOON

Last year's omnibus appropriations bill required that the Mojave National Preserve grant a temporary grazing permit to the permittee for Clark Mountain allotment lands, Jay Moon.

Question 6a. Given that the vast majority of the Preserve has already been set aside for conservation and recreation purposes, I strongly believe that the National Park Service should make every effort to allow any remaining ranchers who wish to do so to continue to graze within the Preserve consistent with applicable laws and regulations. Do you agree?

Answer. Continued grazing in the Preserve is consistent with the General Management Plan for the area.

Question 6b. Given the aridity of the Preserve, offering a grazing permit but withholding water facilities is largely an empty gesture. Will you commit to allow the return of the previous water facilities under this temporary grazing permit?

Answer. The remaining ranchers within the Preserve will have access to a supply of water.

HEADWATERS

Question 7. I understand that the Bureau of Land Management's California Office believes about $1 million annually for the next five years is needed to implement the Headwaters Forest Reserve Resource Management Plan. Do you agree that full implementation of the Headwaters plan is important? How much is in the FY 2006 budget on this issue?

Answer. The Department believes that full implementation of the Headwaters plan is important, just as we believe full implementation of all National Landscape Conservation System (NLCS) and other resource management plans is an important goal, given available funding. We anticipate that it will take 5 years to meet the BLM's implementation goals for the Headwaters Plan, pending the outcome of future appropriations. For FY 2006, BLM has targeted $1.2 million for implementation of the Headwaters plan.

HAZARDOUS FUEL REDUCTION

Question 8. The Bureau of Land Management's hazardous fuel reduction program is important for California. In particular, we rely on the approximately $2 million in annual grants for local FireSafe Councils to implement community protection measures. Do you plan to continue these grants, which are needed to protect the hundreds of thousands of people at risk in Southern California?

Answer. The Department supports the excellent work of the California FireSafe Councils in protecting their communities from the damage of catastrophic wildfires. We have enjoyed very positive collaboration with them and will continue to cooperate with them and support their efforts in the future with financial support.

LAKE BERRYESSA

Question 9. I understand that Napa County is having problems with the recreational facilities at Lake Berryessa, which is currently managed by the Bureau of Reclamation. What is the time frame to get a final Environmental Impact Statement completed on a new Visitors Services Plan?

Answer. Reclamation has reopened the public review and comment period for the draft EIS for the Visitor Service Plan for Lake Berryessa for 45 days from February 16, 2005 through April 4, 2005. The purpose of reopening the comment period is to consider additional economic information needed to determine the preferred alternative.

REPROGRAMMING OF LAND AND WATER CONSERVATION FUNDS

Question 10. Last year's Omnibus included a provision which required the BLM to reclaim $10 million in unobligated Land and Water Conservation Funds (LWCF) in order to finance current year projects. It is my understanding that the Department of Interior has been evaluating land acquisition projects nationwide which have yet to expend previously appropriated dollars in order to determine from which it will collect this $10 million, including the roughly $13 million in unobligated funds for California projects.

Rep. Bono and I wrote to you about this issue several weeks ago to ask that the approximately $2.9 million in unobligated funding for a Riverside County project

(Portero Canyon) be reprogrammed for an adjacent project (the Cathton Property), which is contiguous with a BLM fringe-toed lizard preserve and Joshua Tree National Park. This reprogramming had the support of both the original sponsor, Rep. Calvert and California BLM Director Mike Pool several months before the Omnibus even passed, and consequently, this funding is potentially in jeopardy only because no action was taken on their request within the Department in these intervening months. Can you tell me what the status of this issue is?

Answer. In the 2005 Interior Appropriation Act, Congress earmarked $16.85 million for specific, itemized land purchases and directed that $10 million worth of land acquisitions be carried out using BLM's unobligated land acquisition balances. We undertook a lengthy review of all BLM currently funded projects and worked closely with the House and Senate Appropriations Committee to identify the specific balances to be redirected. The $2.9 million in unobligated funds for the Potrero Creek project has been identified for this purpose. The Potrero Creek project was identified because there were no willing sellers.

NATIONAL PARKS BUDGET

Question 11. The National Parks Operations budget currently operates at a substantial annual deficit.

The $50.5 million increase in the President's budget request for Park Operations is almost entirely for fixed costs including pay and benefit costs to cover current Park Service employees. While I'm pleased these fixed costs have now been budgeted for, when they have not been in the past, the President's request includes no programmatic increases for Operations. These programmatic increases are necessary to meet the visitor service and resource projection needs of the parks.

How is the President's request addressing the programmatic needs associated with the estimated annual operational deficit?

Answer. The Department and the National Park Service do not anticipate an operational deficit in 2006 and fully expect that, by sustaining the robust programmatic base increases provided in the 2005 appropriation, visitor services and resource protection needs of parks will adequately be addressed and there will not be an operational deficit. The Fiscal Year 2006 President's request boosts operational funding for the National Park Service bringing total funding for this account to a record level of $1.734 billion.

Within the Operation of the National Park System account, base funding for the National Park System is also at an all-time high. In 2005, $1.047 billion in base funding was appropriated and every park in the National Park System received a base increase. The 2006 base funding request builds off of the record funding in 2005 and provides an additional $21.9 million for a total of $1.069 billion. This would provide an increase in base funding for every park in the National Park System for a second year in a row and would sustain the enhancements to visitor and other services provided in 2005.

Question 12. The Kings Canyon-Sequoia National Park in California has been struggling with the problem of illegal marijuana cultivation within the park grounds. I understand that other National Parks are facing this issue as well. How is the National Park Service working to address this problem?

Answer. A special agent has been assigned to Sequoia-Kings Canyon devoted exclusively to combating marijuana cultivation in the park. Two seasonal rangers have also been assigned to address this problem. In addition, almost all law enforcement rangers in the park have received tactical military training, including detailed instruction on conducting covert operations, reconnaissance/surveillance missions, and tactical raids to assist with this problem.

Sequoia-Kings Canyon NP is partnering with the Drug Enforcement Agency (DEA) to eliminate marijuana cultivation in the park, and is also collaboratively working with the County Sheriff's Office and the Immigration and Customs Enforcement Agency, which has provided helicopter support and reconnaissance to the park. The park also anticipates that it will receive High Intensity Drug Trafficking Area (HIDA) funding from the Office of National Drug Control Policy for reimbursement for travel and overtime to combat marijuana cultivation, as this area has recently been designated a HIDA for marijuana.

Across the National Park System park managers are increasing the efforts to counteract illegal drug trafficking by enhancing law enforcement cooperation and coordination with Federal, State and local law enforcement authorities; engaging in proactive patrols; and employing the use of surveillance systems. Rangers also participate in drug education programs and are active in Drug Abuse Resistance Education (DARE) programs in schools across the country.

QUESTIONS FROM SENATOR CANTWELL

Question 1. In order to address recurring drought conditions, accommodate agricultural expansions, promote water and fish and wildlife conservation, and provide water for over half a million new residents in the Yakima River basin, Congress passed legislation in 1994 authorizing the Yakima River Basin Water Enhancement Program. Despite these efforts, the Yakima River Basin suffers acute water supply problems in drought years. A dry winter in 2000-2001 and a lack of storage capacity led to catastrophic drought in the summer of 2001. That year, holders of junior water rights received as little as 40 percent of their allocations and farmers lost an estimated $250 million in crops, which had a $750 million negative impact on the regional economy. The drought also put a severe strain on the hydropower system and contributed to the western energy crisis. Unfortunately, my State seems to be headed towards another abnormally dry year with snow packs in the Cascade Mountain Range forecasted at levels far below average. For these reasons, the Yakima Basin Water Enhancement Project is a high priority for Central Washington. That is why I was very disappointed to see that funding for the Yakima Basin Water Enhancement Project was reduced.

Please explain why the Department of Interior chose to reduce funding in fiscal year 2006 for this critical program?

Answer. Although funding has been reduced slightly from the FY 2005 enacted level, the funding requested in the Fiscal Year 2006 appropriations request is adequate to continue all aspects of this important program. The funds requested will allow funding for two irrigation districts to continue studies to determine the feasibility of specific measures identified in the districts' water conservation plans, as well as funding to two districts for continued implementation of conservation measures provided by their respective feasibility studies and to monitor the effects on river diversions of those specific conservation measures. The funding will also allow for other activities to continue on this important project.

Question 2. The Yakima Basin Storage Study has received $4 million in federal funds over the last three fiscal years. These funds matched dollar for dollar $4 million in contributions from the State of Washington. Again, given the low water forecast for Washington state, finding long term solutions to water storage is critical. The federal government should engage the residents of the Yakima Basin in its study of potential solutions to water storage problems.

Will you describe the public process you will use to engage Yakima Basin residents and also detail which criteria will be considered as you assess whether or not to complete all aspects of the Yakima Basin Storage Study.

Answer. Throughout the spring and summer of 2005, Reclamation along with the State of Washington will host public involvement meetings to explain and answer questions about the Black Rock Alternative report. Public meetings will also be conducted throughout the Yakima Basin and elsewhere to further engage the public in the Storage Study and seek their input into alternative development, refinement, and screening. The format of the public involvement sessions will be both facilitated (information sharing, question and answer) and open house. We also provide opportunities for public involvement via our Internet site, where the public can submit questions, suggestions, and subscribe to our mailing list. Periodic status updates and fact sheets will be disseminated both through the Internet site and via the mail.

Public involvement will continue for the duration of the study, however once we move into the Environmental Impact Statement (EIS) phase of the study, the public involvement process will become more formal and public scoping meetings (recorded and transcribed) will be conducted. General public involvement meetings will also continue during the EIS phase of the study.

Reclamation expects to complete all aspects of the Yakima Basin Storage Study; however some alternatives may be dropped from further consideration for technical, economic, environmental, or other reasons. Consultation with cost-sharing study partners and public acceptability of alternatives also may influence which alternatives will be carried forward into the next phase of the study. As authorized by Congress, Reclamation will compare alternatives based on their capability to provide benefits to endangered and threatened fish, irrigated agriculture, and municipal water supply. As part of this process, all the project alternatives are compared against the criteria established by the Economic and Environmental Principles and Guidelines for Water and Related Land Resources Implementation Studies.

Question 3. On February 16, 2005, I joined nine other Senators, including a number of members of this Committee, in writing you to express our concerns about proposed rulemaking relating to the hydrorelicensing process. This proposed policy is set out in a Notice of Proposed Rulemaking entitled "Procedures for Review of Mandatory Conditions and Prescriptions in FERC Hydropower Licenses" published in

the Federal Register on September 9, 2004. Prominent among our concerns is the proposed appeals process. As you know, the Department of the Interior has the statutory duty under sections 4(e) and 18 of the Federal Power Act to issue mandatory conditions and fishway prescriptions to protect fish, wildlife, and Federal and tribal lands, impacted by hydroelectric facilities. The regulation would give a license applicant the right to appeal a license condition or fishway prescription if the applicant is not in agreement with the Department's actions. However, the proposed rule grants no such right of appeal to Tribes, States, or other interested parties.

These issues are critical to my state and I would like to know when I can expect your response?

Answer. The Department received numerous comments reflecting various perspectives on this issue during the 60-day comment period on the proposed rule. Those comments are now being reviewed. The Department expects to publish a final rule in late spring.

Question 4. I want to thank you for supporting our successful establishment of the Lewis and Clark National and State Historical Park. I was very pleased to see the President's FY 2006 budget request included $1.6 million for land acquisition for this effort.

Can you please detail for me how these funds, if appropriated, would be used? How does this funding fit into the total funding needs and timeline to complete establishment of this park? Will these areas be ready in time for Pacific Northwest celebrations of the Lewis and Clark bicentennial in November of 2005?

Answer. The NPS projects that $3.75 million is needed to complete the land acquisition for the Lewis and Clark National Historical Park in Oregon and Washington. The President's request of $1.6 million would be used to purchase approximately 180 acres from the Cathlamet Timber Company, a willing seller. This would complete the new Dismal Nitch Unit in Washington. The remaining $2.15 million is the estimate for the acquisition of land at other park sites in Oregon and Washington, including the new Station Camp Unit in Washington.

Question 5. I remain concerned about competitive sourcing plans within the National Park Service.

Can you provide me an update on this Administration priority? Please detail specifically all jobs that have been considered, or future plans, for outsourcing for National Parks within Washington state. How much has the Department spent on competitive outsourcing studies to date? How do these numbers compare with competitive outsourcing in other National Parks?

Answer. The Department has successfully completed the third full year of competitive reviews under the competitive sourcing initiative. We believe that competitive sourcing reviews improve the quality, efficiency and effectiveness of the services we deliver to the American people. We have learned a lot about this initiative since we began in March 2002. One of the most significant lessons learned has been the importance of adequate planning prior to formal announcement of a review. We have completed reviews on approximately 3,000 Full Time Equivalent (FTE) under formal studies and currently have approximately 2,000 FTE undergoing preliminary planning efforts. To date, only one permanent Interior employee has been involuntarily separated as a result of the competitive sourcing initiative.

With regard to competitive sourcing for NPS in the state of Washington, a total of 4 FTE were converted from government positions to contractor positions during 2002 and 2003. These conversions occurred prior to the policy established in May 2003 that requires agencies to first conduct a competitive sourcing study. In FY 2008, NPS plans to begin a preliminary planning effort to determine if 83.5 FTE at Mount Rainier National Park should be the subject of a competitive sourcing review. In comparison, a competitive sourcing study of Southeast Archeological Center in Florida had at a one time cost of $129,000 with projected savings over 5 years of $4.2 million. Forty-three FTE were studied with the government bid prevailing. A competitive sourcing study of Natchez Trace Parkway maintenance cost of $192,000 with projected savings over 5 years of $1.105 million. Seventy-four FTE were studied with the government bid prevailing.

Question 6. I understand that a number of Habitat Conservation Plan (HCP) applications in Washington state have been delayed due lack of available Fish and Wildlife Service personnel. This has resulted in increased costs for applicants who are forced to hire outside consultants to navigate through the complicated application process. In addition, current HCPs are not being properly monitored to ensure compliance.

Please explain what you plan to do to ensure that HCPs are permitted within an acceptable time frame and to ensure quality monitoring of HCPs.

Answer. The Habitat Conservation Plan (HCP) workload in the state of Washington remains large. Statewide, approximately 24 HCPs currently are being devel-

oped, and 11 HCPs have been approved and are being implemented and monitored. Many of these HCPs are complex, involving multiple stakeholders, multiple species, and multiple land and water uses. Larger scale HCPs (covering hundreds of thousands to millions of acres) require extensive staffing and can take several years or longer to complete, depending on funding, scope, complexity, and level of public interest.

Staffing levels to support HCP work in the state of Washington have been reduced by approximately 2 FTEs since 2001. The Fish and Wildlife Service uses workforce planning and prioritization to focus our efforts on (1) completion of regional HCPs that provide the greatest conservation benefit for our efforts, such as the statewide Forests and Fish HCP under preparation by the Washington Department of Natural Resources, and (2) implementation and monitoring of completed HCPs.

In addition, the Fish and Wildlife Service is planning to streamline the HCP application process based on ideas generated at a November 2004 national streamlining workshop. Streamlining solutions under consideration include: (1) eliminating layers of review by delegation of permit authority to Field Supervisors for permits having minimal effects to the human environment; (2) combining decision documents and eliminating duplicative text; (3) providing template or standard language for certain documents; (4) providing additional training to staff in collaboration, negotiation, and problem solving skills; and (5) increasing the use of project management tools that clearly define roles, responsibilities, schedules, and processes for issue resolution. National and regional teams are working to implement streamlining actions.

The Fish and Wildlife Service also provides Endangered Species Act section 6 planning assistance grants to states to develop HCPs. This funding can be used by states, or can be passed by states to third parties, to hire consultants to prepare documents, conduct outreach, and complete biological surveys and inventories. These activities can expedite the HCP approval process while facilitating economic development and species conservation. Approximately $6.8 million in HCP planning assistance grants have been awarded to the State of Washington since 2001:

- 2004—5 HCPs, $2.3 million
- 2003—5 HCPs, $1.7 million
- 2002—1 HCP, $1 million
- 2001—7 HCPs, $1.8 million

Nationwide, the Fish and Wildlife Service receives $2 million annually for HCP implementation and monitoring, a portion of which is allocated to the state of Washington. The Fish and Wildlife Service and NOAA-Fisheries currently are joint parties to several large HCPs on over 2 million acres in western Washington and expect more HCPs to be completed statewide in the coming year. Our field offices in Washington currently are able to dedicate 1.5 FTEs statewide to HCP compliance monitoring. We coordinate with NOAA-Fisheries, permittees, Tribes, and others to monitor HCP compliance and effectiveness, and properly implement completed HCPs in the state. For example, the Fish and Wildlife Service and NOAA-Fisheries review periodic and annual reports prepared by permittees and respond to compliance issues raised by third party monitors. In addition, the Fish and Wildlife Service also operates under a joint compliance monitoring program with NOAA-Fisheries for HCPs in the state of Washington. Collectively, we selectively monitor a small portion of HCP implementation activities each year by conducting site-level assessments. We focus on aspects of HCPs not monitored by our partners, targeted at resources and issues where there is scientific uncertainty. Results to date indicate a strong desire by permittees to excel in performance under their HCPs.

Question 7. The Department's FY 2006 detailed budget justifications were delivered to Congress only intermittently over a period of three weeks after the Presidents released his full budget. This contrasts to the Department of Energy which was able to deliver its entire budget to the Senate, with accompanying electronic versions, in a complete package within a few days of the President's budget request.

What accounts for these unacceptable delays? Should the Senate assume that the Department of Interior does not believe Congress needs these materials to conduct its Congressional oversight responsibilities? Will you commit to improving this issue in future years?

Answer. To answer this question it is important to note the distinction between the Department of the Interior's budget and the Department of Energy's budget. The Department of the Interior's budget is comprised of 16 volumes and 6,001 pages. The budget for the Department of Energy is comprised of 7 volumes and 3,910 pages.

The Department delivered its detailed summary of the 2006 budget on January 7, the day the President's budget was released. This document was followed by the

delivery of the detailed budget justifications, most (70%) within the week following the release of the President's budget. These budget justifications were delivered on the dates listed below:

Budget Justification	Delivery Date
Bureau of Reclamation	February 7
Central Utah Project Completion Act	February 7
Minerals Management Service	February 7
Office of Surface Mining	February 7
Office of the Special Trustee	February 14
U.S. Geological Survey	February 14
National Park Service	February 14
Office of Inspector General	February 14
Office of Insular Affairs	February 16
Fish and Wildlife Service	February 18
Bureau of Indian Affairs—Book 1	February 18
Bureau of Land Management	February 23
Bureau of Indian Affairs—Book 2	February 23
Natural Resource Damage Assessment	February 23
Departmental Management	February 28
Office of the Solicitor	March 7

It is also important to note that the Department has one of the most complex budgets, with over 180 separate treasury accounts. This compares to the Department of Energy's 50 treasury accounts. The Department will continue to try to expedite the delivery of the budget justifications.

Question 8. I was very disappointed to see a 12 percent cut back to the Payment in Lieu of Taxes program, a critical program throughout the Western United States.

Does the Department of Interior not agree with Congress that this is a vital program for counties with large portions of federal land? Please detail specifically what these cuts will mean for each county within Washington state.

Answer. The most recent payments to counties were the 2004 payment, in which the counties in Washington received a total of $5.9 million. PILT's payment formula requires the Secretary to base annual payments on a number of variable factors, including revenues paid to States, acreage, and population so it is not possible to predict with accuracy what the payment level will be to counties in Washington in 2006.

Question 9. Secretary Norton, on January 31, 2005 I introduced the bipartisan Ice Age Floods National Geologic Trail Designation Act of 2005. As you may know, this bill would empower the National Park Service to create a national geologic interpretive trail from western Montana, through Northern Idaho and Eastern Washington, and terminating on the Oregon Coast and is based on the recommendation of a February 2001 the National Park Service special resources study.

Could you please state for the record that the Department supports this bill and will work with Congress to ensure its timely passage?

Answer. We recognize the importance of interpreting resources related to the story of the Ice Age Floods. However, since no hearings have been held, the Department has not yet taken a formal position on this bill.

Question 10. Secretary Norton, the Department's budget requests assumes that oil drilling and production in Alaska's Arctic National Wildlife Refuge would generate $2.4 billion in bonus bid revenues for the federal treasury. I realize oil prices have increased recently, but I am concerned that this estimates may be unrealistic. The Department of Interior has indicated that 400,000 to 600,000 acres within the refuge would be leased in a first lease sale. Thus, to generate $4 billion, companies would have to lease the area at $6,667 to $10,000 an acre—even though recent lease bonus payments in northern Alaska average $50 an acre and drilling advocates insist the industry will only develop a 2000 acre "footprint" within the refuge. Please explain this discrepancy.

Answer. Bonus bids received for recent lease sales in Alaska have been lower because of lower expectations regarding the potential size of resources on the lands being offered. As the U.S. Geological Survey notes in its 2002 assessment of the petroleum resources of the National Petroleum Reserve-Alaska (NPR-A), most oil accumulations in NPR-A are expected to be of moderate size, on the order of 30 to 250 million barrels each, but large accumulations like Prudhoe Bay are not expected to occur.

Similarly, the amount of oil as compared to the area of land in which it is contained can be a factor. The U.S. Geological Survey's 2002 assessment for the NPR-

A showed the mean of technically recoverable oil resources contained in the 24.2 million acre NPR-A assessment area to be 10.6 billion barrels, while the mean value of technically recoverable, oil resources for the 1.9 million acres of ANWR's assessment Area is 7.7 billion barrels of oil.

Finally, if the $50 an acre figure refers to the information contained in the report prepared by Richard Fineberg, it is important to note that Mr. Fineberg's information on bonus payments is presented in nominal dollars and has not been updated to 2005 dollars.

Question 11. In addition, the costs of operations for oil development in Alaska are the highest in the world.

How has the Department factored the higher costs associated with the construction of air strips, housing, food, waste disposal facilities, drilling facilities, pipelines, and pump stations in its estimates of how attractive oil drilling and production in this remote area will be to oil companies?

Answer. The model used by the Bureau of Land Management as a part of its development of revenue estimates considered the costs of operating on the North Slope of Alaska as compared to operations in the Lower 48.

Question 12. Moreover, the recent Arctic Climate Impact Assessment, which was commissioned by the Arctic Council, reports that global warming will result in a shorter oil drilling season in Alaska. A shorter drilling season would affect the amount and costs of oil recovery in the Arctic Refuge's coastal plain.

How has the Department accounted for the likelihood of a shorter drilling season in its budget revenue estimate?

Answer. The Department's analysis was completed prior to the issuance of the Arctic Climate Impact Assessment. As such, the Department's analysis does not take the assessment findings into account.

Question 13. Finally, you may be aware that British Petroleum and ConocoPhillips have announced that they are cutting back their plans to explore for oil in Alaska. British Petroleum, for example, recently shut down its oil well, which is the closest oil well to the Arctic National Wildlife Refuge. British Petroleum has also stated that it will not conduct any more "frontier" development in Alaska but instead will focus on getting more oil from already developed fields in Alaska. The company is focusing on new exploration in Venezuela and China, where the price of production is much lower. ConocoPhillips joined British Petroleum in pulling out of Arctic Power, a lobbying group that advocates drilling in the Refuge, and has stated that drilling in the Arctic Refuge is no longer a priority for the company. ConocoPhillips has stated that it will instead focus investments on getting more oil out of Prudhoe Bay and other developed fields and on exploring and developing the National Petroleum Reserve-Alaska.

How do these recent developments impact the Department's estimation of revenue generation from drilling in the Arctic National Wildlife Refuge?

Answer. The Department does not believe these actions impact the revenue estimate.

Question 14. Secretary Norton, I was pleased that my legislation to authorize a much needed expansion of Mount Rainier National Park was signed by the President on October 10, 2004. I am very disappointed, however, that the Department's FY 2006 request failed to include any funding to continue acquisition of these expansion lands.

Does the Department not agree with the Mount Rainier General Management Plan that this is a priority need? Please detail how much funding will be needed to complete this expansion. What is the status of the Carbon River Road and how did recent flooding impact visitor access to the Northwest portion of the Park?

Answer. The Department agrees that acquiring the land for Mount Rainier National Park that is needed for replacement recreational facilities for the area that has been regularly flooded by the Carbon River is an important goal. However, budget limitations prevented the Department from including in the FY 2006 budget proposal funds for every project that we believe is important.

Land acquisition costs for the approximately 800 acres that were authorized for the expansion are estimated at about $6 million. $1 million was appropriation for FY 2005. In addition to land expansion costs, the construction of site development (campground, picnic sites, ranger contact station, utilities, roads, and minimal seasonal housing) is estimated to cost $5.2 million.

The Carbon River Road was closed due to flooding on January 17, 2005. The flooding damaged about half a mile of the six and a half mile road. Repairs were made by the Mount Rainier road crew and were completed on March 5. The road reopened on March 14.

Question 15. Secretary Norton, I understand that Bureau of Indian Affairs and the Veterans Administration signed a Memorandum of Understanding to better coordinate services to Indian veterans.

Could you please provide me with a description of that MOU and update me on the progress towards meeting the stated goals and objectives outlined in this document? I would appreciate specific examples of progress within Washington state.

Answer. The Bureau of Indian Affairs does not have a Memorandum of Understanding with the Veterans Administration. In a discussion with the Indian Health Service within the Department of Health and Human Services, we understand that they are working with the Veterans Administration to better coordinate services to Indian veterans. You may wish to contact the Director of the Indian Health Service, Dr. Charles Grimm, at 301-443-1083, for the information.

Question 16. Secretary Norton, the Upper Columbia United Tribes (UCUT) organization was formed in the early 1980's as a voluntary consortium of the Coeur d'Alene, Kalispel, Kootenai, and Spokane Tribes. In now includes the Colville Tribe. Through UCUT, these Tribes build on shared histories and cultural ties and collaboratively address challenges in management of natural resources. In the late 1980's, the Tribes obtained a small grant and eventually persuaded Congress to establish a BIA line item appropriation. Unfortunately, despite a clear record of success at managing reservation and aboriginal territory wildlife habitats, and the proven ability to leverage multiple funding sources for the benefit of numerous tribal and public lands, the President has consistently refused to allocate funding for the UCUT program in his annual appropriations request.

Does the BIA not support the efforts of UCUT? Please explain why funding is allocated to similar tribal fisheries management programs like CRITFC and NWIFC, but not to UCUT. If competing funding priorities were not an issue, what is the ideal amount of funding BIA would request for UCUT efforts?

Answer. The BIA supports all efforts that contribute to the goal of improving the quality of life and economic vitality in Indian communities. We agree that UCUT provides high quality services to its member tribes. However, BIA funding for CRITFC and NWIFC stems from two landmark court cases within the tribes' respective treaty area. See *United States* v. *Washington*, 384 F. Supp. 312 (W.D.Wash. 1974), *affirmed sub nom.*, *Washington* v. *Washington Passenger Vessel Association*, 443 U.S. 658 (1979), and subsequent decisions; *United States* v. *Oregon*, 302 F. Supp. 899 (D.Or. 1969), affirmed, 529 F.2d 570 (9th Cir. 1976), and subsequent decisions. There is no similar requirement to provide BIA funding to UCUT. As a result, continued funding for UCUT is not being sought in the 2006 Budget in order to focus BIA resources on higher priorities to tribes on a nationwide basis.

Question 17. Lake Roosevelt Management funds enable both the Colville Tribes and the Spokane Tribe to carry out their governmental responsibilities under a five party Cooperative Management Agreement executed in 1990 between the two tribes, the Bureau of Reclamation, the National Park Service, and the BIA. The Agreement divides Lake Roosevelt into management zones and charges the five governmental parties to the Agreement with management responsibility for a given zone. Congress has appropriated Lake Roosevelt Management funds to the BIA every year since 1990, and it has remained $630,000 for the past five year. Unfortunately I understand that the President's request does include funding for this successful program.

Is the Department not supportive of this effort? Please explain why the President's budget request does not provide funding for this long-term, successful program.

Answer. The Department believes that the Colville Tribes' and the Spokane Tribe's participation in the efforts associated with the Cooperative Management Agreement for Lake Roosevelt is important and agree that those efforts have been successful. The funds were eliminated in 2006 because we believe it is the general procedure across the Administration to discontinue earmarked funding for unrequested projects.

Question 18. Secretary Norton, the Snoqualmie Indian Tribe has applied for initial reservation for gaming on a 56-acre parcel of land located within the Urban Growth Boundary of the City of Snoqualmie in the State of Washington. As you may know, this application is widely supported by the local community and the Tribe has taken extraordinary steps to accommodate the process and to involve the local community in the planning for the eventuality of Casino Snoqualmie and of the Tribe's rightful presence in its historic homeland. In February of 2004, the Bureau of Indian Affairs issued a Finding of No Significant Impact (FONSI) that was signed and issued by Regional Director Stan Speaks.

Based on this widespread support, including from the Department, why has there been such a frustratingly long delay in publishing the Determination to Place Land Into Trust since all of the regulatory requirements have been met? Please provide

me with an update on this situation and a specific timeline for when the Snoqualmie Tribe will be able to complete this vital step towards tribal self-sufficiency. If there are specific barriers to resolving this issue, please explain them and how Congress can best resolve these issues.

Answer. A Finding of No Significant Impact (FONSI) was signed by the Bureau of Indian Affairs Regional Director, Northwest Region. However, upon review by the Director of the Office of Indian Gaming, it was determined that the Environmental Assessment (EA) for this proposed project should have had substantial revisions before a FONSI was issued. Therefore, it was resubmitted to the Regional Director on November 23, 2004. The Department is waiting for the Snoqualmie Tribe to modify the EA as requested before continuing its review of the Tribe's application. We realize that the proposed project has the support of the local community, but we believe that it is essential that a FONSI not be issued for an EA unless we are satisfied that the EA will withstand scrutiny.

QUESTIONS FROM SENATOR CORZINE

LAND AND WATER CONSERVATION FUND STATESIDE GRANTS

Question 1. Madam Secretary, as you are well aware, this year's budget eliminates funding for the Land and Water Conservation Fund's (LWCF) Stateside grant program.

According to Interior's budget request, this program has been targeted for elimination because it duplicates state and local programs, and because it was unable to demonstrate results. Let me make it clear—this program is a partnership, it is not redundant and it has certainly produced results.

Many eastern states—New Jersey in particular—do not enjoy the benefits of the large inventory of federal lands that the western states enjoy. From its beginning, the LWCF has been a vital part of the partnership to address this inequity. For the last 44 years, our State government has been willing to step up and fill this void, but we would not have had the success without the financial and technical assistance provided by the stateside program according to the New Jersey Department of Environmental Protection.

Since the program's inception, the partnership between the LWCF and the State of New Jersey's Green Acres program has protected more than 72,500 acres of open space and precious water sources in my State.

In one instance, New Jersey utilized LWCF funding to preserve a sole source aquifer from imminent development. There is a lengthy list of other New Jersey natural treasures and crucial resources that have benefited from the LWCF-State partnership—among them are the Delaware and Raritan Canal, an important water source for Central New Jersey, and large tracts of the New Jersey Pinelands, a unique and precious ecosystem.

It is truly a partnership—the State has used the seed money from the LWCF to leverage nearly $6 million in additional funding from local governments and conservation organizations over the last four years alone.

Madam Secretary, with shrinking federal support for states' conservation efforts, how does the Department suggest that states like New Jersey—which are densely populated and lose precious open space and water resources to sprawl daily—secure funding to protect these treasures?

Answer. As the Administration strives to reduce the Federal deficit, focusing on high-priority direct Federal responsibilities is imperative. The President's FY 2006 operating budget includes $50.3 million for National Park units wholly or partly in the state of New Jersey. All of these Federal sites in New Jersey rely on Federal funding, whereas State and local parks have alternative sources of funding through State revenues or bonds.

The budget includes over $380 million for our cooperative conservation programs, including $44.8 million for the traditional and conservation Challenge Cost Share programs; $80.0 million for the FWS Coastal Program, Migratory Bird Joint Ventures, and Partners for Fish and Wildlife; and $50.0 million for Landowner Incentive and Private Stewardship grants.

CONSERVATION OF THE NEW JERSEY HIGHLANDS

Question 2. On November 30, 2004, President Bush signed the Highlands Conservation Act into law. I sponsored the Senate version of this legislation, which requires the Secretary of the Interior, in consultation with the Secretary of Agriculture, to submit to Congress a list of the land conservation partnership projects submitted by the Governors of the four Highlands States that are eligible to receive financial assistance—New York, New Jersey, Pennsylvania and Connecticut.

What steps has the Department of Interior taken to prepare the required list of projects to Congress? Has the Department contacted appropriate officials in the Highlands States? Has the Department established a procedure for the submission of requests? Have representatives of the Department met with officials from all of the Highlands states? If no meetings have occurred, why not? Are there any remaining questions from the Highlands States that need to be answered?

Are you aware of reasons why the Highlands was not mentioned in the President's FY 06 budget? Does the Department expect to submit FY 06 requests in a supplement to Congress? If so, when can this be expected? If not, why not?

Answer. The new Act (P.L. 108-421) calls upon the governors of the four states, after input from local governments and the public, to compile annually the list of land conservation partnership projects for submission to the Secretary of the Interior. We have not, to date, received any submissions from the states. We would not expect to receive submissions from Connecticut or Pennsylvania until after the U.S. Forest Service completes the updated study to identify eligible lands of high conservation value as required by the Act.

The Department is in the process of contacting and meeting with representatives of the states. For example, on February 4, 2005, Congresswoman Sue Kelly hosted a forum in Highland Falls, NY to discuss implementation of the Highlands Conservation Act. National Park Service and U.S. Forest Service staff participated in the meeting. We are also developing efficient procedures for administering the land conservation partnership projects in a manner that does not depart from previous state experience with applications for the Land and Water Conservation Fund. While we have not yet had the opportunity to meet with all of the states, we will be doing so in the near future. We believe the meetings will be most productive when we are able to discuss the procedures that will be employed.

We are not aware of any remaining questions from the states, but are prepared to respond to any that may be asked as the implementation of the Act unfolds.

OFFSHORE DRILLING

Madam Secretary, as you are aware, I am an active opponent of drilling off the mid-Atlantic coast. A few years ago, we corresponded regarding the Minerals Management Service's request for proposals (RFP) to conduct a study of the impact of drilling off the coast of New Jersey, and elsewhere along the Atlantic seaboard. I was pleased with our conversation, and glad to see that our discussions resulted in Interior's rescission of the RFP.

As you are well aware, Congress has ritually debated this matter in the context of an inventory of oil and gas reserves on the Outer Continental Shelf (OCS). Today, drilling comes before this committee in the form of the Administration's proposal to allow drilling inside the Arctic National Wildlife Refuge.

Madam Secretary, what worries me is that over the past year it has been reported by Roll Call that several policymakers believe that the importance of opening up the Arctic Refuge to drilling lies in the precedent that it will set about drilling in sensitive areas, such off the New Jersey shore. Other policymakers argue that we should open up the Arctic Refuge to increase domestic oil supply.

Yet, despite these varying arguments, proponents of drilling in the Refuge are now using a parliamentary process designed to protect in order to force open the Arctic Refuge to drilling.

By doing so, is the Department arguing that we must open up the Arctic Refuge to drilling simply for the revenue? If that is not the case—and I assume it is not—why is the budget process being used in order to legislate on this matter?

Answer. The Budget estimates that revenues from the first lease sale in the 1002 Area of the Arctic National Wildlife Refuge will be approximately $2.4 billion, with half of that expected to go to the State of Alaska. CBO estimates this total to be $4 billion. Either way, this is a significant amount of revenue. The purpose of the budget reconciliation process is to allow Congress to enact legislation to support the budget in an expeditious and coordinated manner. Given that the President's budget assumes these revenues, it is reasonable to include them in the budget resolution.

Question 4. Furthermore, what kind of precedent do you believe drilling in the Arctic Refuge sets when it comes to oil and gas exploration in other environmentally or economically sensitive areas?

Answer. Drilling in the 1002 Area of ANWR is a unique situation. In 1980, Congress, in section 1002 of the Alaska National Interest Land Conservation Act set aside the Coastal Plain of ANWR for study for its potential for oil and gas development. The 1002 Area is not designated as wilderness. In addition, the people of the State of Alaska strongly favor development of the area. Finally, the legislative provi-

sions under consideration for authorizing an oil and gas program are among the most environmentally protective ever considered by the Congress.

QUESTIONS FROM SENATOR SALAZAR

PILT

Question 1. With so much of Colorado's land owned by the Federal Government, the Payment in Lieu of Taxes (PILT) Program is important to our local communities. As I traveled the state last week, I heard time and time again how important PILT funds are and how concerned people are over their reduction in the 2006 budget. Our association of Colorado counties (Colorado Counties Incorporated) has written me about the important role PILT plays in our rural and mountain counties. I am amazed that the Administration is cutting these funds by 12% to $200 million when there is strong bipartisan support for funding this program at a minimum of $255 million. Would you please explain the reasons for these cuts?

Answer. The 2006 budget for the Department makes difficult choices as part of the President's efforts to reduce the budget deficit by half over five years. The budget includes funding to compensate counties for lost revenue, providing a total of $200 million for the Payment In Lieu of Taxes program. Although a reduction from the funding level appropriated by Congress, the 2006 budget is 76 percent above the funding level ten years ago. By comparison the Department's discretionary budget is 52 percent above the 1996 funding level.

LWCF

Question 2. Secretary, as you know, in 1992 Colorado voters established Great Outdoors Colorado (GOCO). GOCO permanently provides Colorado's matching funds for LWCF stateside grants. From 1965-2004, LWCF funded 1,000 projects in Colorado in 59 of 64 counties for a total of $56 million. These projects have included preserving open space, wildlife habitat, and in establishing the Great Sand Dunes National Park. Many of these types of projects do not have funding streams other than the statewide grants, and that stateside grant money is used effectively and efficiently. This issue is very important to Colorado and our quality of life. Can you explain the decision to cut the stateside grant program?

Answer. As the Administration strives to reduce the Federal deficit, focusing on high-priority direct Federal responsibilities is imperative. The reduction in State Conservation grants funding will allow NPS to focus on park activities that align with agency priorities. The President's FY 2006 operating budget includes $39.5 million for National Park units in the state of Colorado. All of these Federal sites in Colorado rely on Federal funding, whereas State and local parks have alternative sources of funding through State revenues or bonds.

The Administration is systematically assessing every government program using the Program Assessment Rating Tool (PART). A PART review in 2003 found that the program could not adequately measure performance or demonstrate results.

Question 3. Would you please identify the programs that the Department considers more effective than the LWCF stateside grants?

Answer. The President's FY 2006 Budget identifies two factors underlying a shift in strategies for achieving the goals of the LWCF. First, Federal and State managers are balancing the workload and funding requirements for operation and maintenance of lands already under their management with the effects of adding more lands to their land management portfolios. Second, tools other than land acquisition continue to demonstrate significant recreation and conservation benefits. Specifically, partnerships and cooperative conservation leverage funding, help build a Nation of citizen stewards, and improve results for the American public by addressing cross-jurisdictional issues and needs.

BLM/OIL & GAS

As you are aware, Secretary Norton, Colorado and the BLM is experiencing a boom in the number of drilling permits (APDs) applied for and the resulting boom in wells actually being drilled on our public lands. I am concerned that while the BLM is emphasizing and funding the personnel needed to process APDs in a timely fashion, it is not funding the needed inspectors to enforce the stipulations and conditions under which those APDs are approved. We need to increase, the number of inspectors and inspections taking place in our growing production areas, and this budget does not appear to provide for that.

Question 4. The President's budget calls for maintaining funding for Oil & Gas Management programs at 2005 levels by increasing user fees for processing APDs, what is the outlook for this fee being implemented?

Answer. The BLM expects to publish a proposed cost recovery regulation shortly. We will request comments from the public and then anticipates publishing a final regulation by fall 2005. The regulation, to be implemented in FY 2006, will provide funding to allow the BLM to more effectively meet increased customer demand.

Question 5. The increase in drilling activity in Colorado demands an increase in the number of inspectors and inspections in Colorado to insure it is done properly. Can you please tell us what the Department's priorities are in regards to Oil & Gas Management in terms of inspectors and inspections and how those priorities are reflected in the BLM budget justification? Will more funds be provided to the BLM in the Rocky Mountain West for more inspectors?

Answer. Inspection and Enforcement (I&E) are integral and key components of Departmental management of both onshore and offshore oil and gas operations. In fact, I&E activities are identified as a high priority in the Department's Strategic Plan. The Department has committed considerable resources in recent years to ensure that we have an effective I&E program. Over the past four years, the BLM recognized the need to strengthen it's I&E program as the number of APDs approved and wells drilled increased. The BLM has been successful in documenting, through its budget justifications, its need for additional inspectors and obtain additional funding. Those funds have been used to hire additional inspectors in priority Rocky Mountain locations, including in the Piceance Basin of Colorado.

The FY 2006 President's Budget Request maintains the past level of funding for the I&E program for oil and gas, coal, and other minerals. The BLM is committed to ensuring that priority inspections are completed even if adjustments within the oil and gas program are needed to keep pace with industry demand.

R.S. 2477

Question 6a. Secretary Norton, as you know, R.S. 2477 is a controversial issue in Colorado.

Can you update me and my fellow committee members on any upcoming plans to implement the disclaimer rule?

Answer. Sections 315 and 316 of the Federal Land Policy and Management Act of 1976 (FLPMA) authorizes the BLM to issue recordable disclaimers of interest in land, to remove errors and inconsistencies in land records, and help remove clouds on the titles of lands or interests in lands that are the subject of disclaimer applications. Regulations to implement this authority were issued in September 1984.

The disclaimer regulations allow a party who is an owner of land, or claims an interest in land managed by the Federal government, to petition the BLM to issue a determination that the United States does not have any property interests in conflict with the claimed lands or interests in lands, or that the Federal government's purported interest in the land managed by the Federal government has terminated by operation of law or is otherwise invalid. For example, a party may request a disclaimer to clear up uncertainty as to whether the United States retained a mineral interest before transferring a certain parcel of land to a private party. The disclaimer regulations are content-neutral in that they do not specifically address R.S. 2477 right-of-way disputes, boundary disputes, or any other type of dispute over Federal ownership interests.

On January 6, 2003, the BLM issued final regulations which amended the 1984 regulations. The amended regulations broaden the class of applicants who can use the regulations, by allowing any party who has any interest in a parcel of land, not only record owners of land as under the 1984 regulations, to petition the BLM for a disclaimer. The amended regulations also eliminate the application deadline as it applies to States, in light of changes in the Quiet Title Act (which had been amended by Congress after the BLM issued its 1984 regulations). The amended regulations allow non-BLM Federal land managers to object to the issuance of a disclaimer by BLM, and also define the term "State."

Question 6b. Secretary Norton, would you support legislation concerning R.S. 2477, potentially setting a deadline for states and counties to assert R.S. 2477 highway claims?

Answer. In the Memorandum of Understanding Between the State of Utah and the Department of the Interior on State and County Road Acknowledgment (MOU) of April 9, 2003, we set up a process for resolving R.S. 2477 claims in Utah. The MOU set out several key principles, for example, that the State would apply for a disclaimer of interest only for roads that were and continue to be public and capable of accommodating automobiles or trucks with four wheels; and that neither the State nor any Utah counties would seek a disclaimer for any roads that lie within a unit of the National Park System or a unit of the National Wildlife Refuge System, or within Congressionally-designated Wilderness Areas or Wilderness Study

Areas designated on or before October 21, 1993, under Section 603 of FLPMA. We believe this is a practical, collaborative approach to resolving a long-disputed issue.

DEPARTMENT OPERATIONS

Question 7. Recent media reports have uncovered that the Department of Education was paying media figures to promote the No Child Left Behind law. Can you assure us that no contracts of a similar nature have been provided by DOI? Will you direct your IG to conduct a full review in order to prove a full accounting of the contracts, especially to so-called "personal service contracts," entered into by your office? Will you submit those findings to this committee?

Answer. GovWorks is a Federal acquisition center within the Department of the Interior created pursuant to franchise fund authority provided by Congress in the Government Management Reform Act of 1994. GovWorks provides a variety of procurement, cooperative agreement, and grant agreement services to other Federal agencies on a service-for-fee basis.

While GovWorks has entered into four public relations contracts, it has not awarded or administered such contracts using paid media figures and does not enter into "personal service contracts". We are developing procedures for future public relations contracts to include language prohibiting the use of paid media figures unless explicitly authorized by public law.

We have worked closely with our Inspector General over the past several years to review GovWorks and its practices. As a result of the Inspector General's (IG) reviews, we have made numerous changes to how GovWorks operates. Our IG is continuing to review GovWorks fee-for-service activities. We would be happy to share the results of that review with you.

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