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<tr>
<th>Industry</th>
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<td>George</td>
<td>Banino</td>
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<td>Hardiman</td>
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<td>Offshore Support Industry</td>
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<td>Kelly</td>
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### 24 State Members

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<tr>
<th>State</th>
<th>Member</th>
<th>Name</th>
<th>Title</th>
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<tbody>
<tr>
<td>Alabama</td>
<td>Donald</td>
<td>Oltz</td>
<td>Director, Geological Survey of Alabama</td>
</tr>
<tr>
<td>Alaska</td>
<td>Patrick</td>
<td>Galvin</td>
<td>Director, Division of Governmental Coordination, Alaska</td>
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<tr>
<td>California</td>
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<tr>
<td>Connecticut</td>
<td>Arthur</td>
<td>Rocque</td>
<td>Commissioner, Department of Environmental Protection</td>
</tr>
<tr>
<td>Delaware</td>
<td>Robert</td>
<td>Jordan</td>
<td>State Geologist and Director, Delaware Geological Survey</td>
</tr>
<tr>
<td>Florida</td>
<td>Lisa</td>
<td>Edgar</td>
<td>Deputy Secretary, Florida Department of Environmental Protection</td>
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<tr>
<td>Georgia</td>
<td>William</td>
<td>McLemore</td>
<td>State Geologist, Georgia Geologic</td>
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<td>State</td>
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<tr>
<td>Hawaii</td>
<td>Seiji Naya</td>
<td>Survey Director, Department of Business, Economic Development &amp; Tourism</td>
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<tr>
<td>Louisiana</td>
<td>Jack Caldwell</td>
<td>Secretary, Department of Natural Resources</td>
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<tr>
<td>Maine</td>
<td>Julie Hashem</td>
<td>Policy Development Specialist, Maine State Planning Office</td>
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<tr>
<td>Maryland</td>
<td>Emery Cleaves</td>
<td>Director and State Geologist, Maryland Geological Survey</td>
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<tr>
<td>Massachusetts</td>
<td>Susan Snow-Cotter</td>
<td>Assistant Director, Massachusetts Coastal Zone Management Office</td>
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<tr>
<td>Mississippi</td>
<td>Charles Chisolm</td>
<td>Executive Director, Environmental Quality, Mississippi</td>
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<tr>
<td>New Hampshire</td>
<td>David Hartman</td>
<td>Manager, New Hampshire Coastal Program</td>
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<tr>
<td>New Jersey</td>
<td>Larry Schmidt</td>
<td>Director, Office of Program Coordination, New Jersey Environment Protection Office</td>
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<tr>
<td>New York</td>
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<tr>
<td>North Carolina</td>
<td>Donna Moffitt</td>
<td>Director, Coastal Management, Environment and Natural Resources</td>
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<tr>
<td>Oregon</td>
<td>Nan Evans</td>
<td>Acting Manager, Coastal Ocean Program, Land and Conservation Development</td>
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<td>Pennsylvania</td>
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<tr>
<td>Rhode Island</td>
<td>Samuel Reid</td>
<td>Policy Advisor, Rhode Island State House</td>
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 Obtained and made public by the Natural Resources Defense Council, March/April 2002
South Carolina, Victor Burrell, Director Emeritus, Marine Resources Research Institute
Texas, John Sneed, Deputy Commissioner, Intergovernmental Relations and Policy, Texas Land Office
Virginia, Vacant
Washington, Therese Swanson, Senior Coastal Policy Analyst, Coastal/Shorelands Section, Washington Shorelands & Environmental Assistance Program

OCS Policy Committee Federal Members

<table>
<thead>
<tr>
<th>Agency</th>
<th>Member</th>
<th>Name</th>
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<tr>
<td>DOE</td>
<td>Mitchell</td>
<td>Baer</td>
<td>Office of Policy</td>
</tr>
<tr>
<td>DOI</td>
<td>Pict</td>
<td>DeWitt</td>
<td>Acting Assistant Secretary, Land Minerals Management</td>
</tr>
<tr>
<td>DOI</td>
<td>Joseph</td>
<td>Dodridge</td>
<td>Acting Assistant Secretary, Fish and Wildlife and Parks</td>
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<tr>
<td>DOC</td>
<td>Ramona</td>
<td>Schreiber</td>
<td>Environmental Protection Coordination, Office of Policy and Strategic Planning</td>
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<td>Navy</td>
<td>Duncan</td>
<td>Holaday</td>
<td>Deputy Assistant Secretary, Installation and Facilities</td>
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<tr>
<td>DOI</td>
<td>Carolita</td>
<td>Kallaur</td>
<td>Associate Director, Minerals Management Service</td>
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<tr>
<td>DOI</td>
<td>Thomas</td>
<td>Kitsos</td>
<td>Acting Director, Minerals Management Service</td>
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<tr>
<td>EPA</td>
<td>Anne</td>
<td>Miller</td>
<td>Acting Director, Office</td>
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Obtained and made public by the Natural Resources Defense Council, March/April 2002
Coast Guard
Paul Pluta of Federal Activities
Assistant
Commandant, Marine
Safety and
Environmental
Protection
Chief, Office of Ocean
Affairs

State
Maureen Walker

Royalty Policy Committee

12 State and Indian Members

<table>
<thead>
<tr>
<th>State/Tribe/Organization</th>
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<tbody>
<tr>
<td>Southern Ute Indian Tribe (1 year term)</td>
<td>Karen</td>
<td>Anderson</td>
</tr>
<tr>
<td>State of Louisiana</td>
<td>Jack</td>
<td>Caldwell</td>
</tr>
<tr>
<td>Western Governor's Association</td>
<td>Ronald</td>
<td>Cattany</td>
</tr>
<tr>
<td>Council of Energy Resource Tribes</td>
<td>David</td>
<td>Harrison</td>
</tr>
<tr>
<td>Oklahoma Indian Mineral Owners Assoc.</td>
<td>Eddie</td>
<td>Jacobs</td>
</tr>
<tr>
<td>State of Wyoming</td>
<td>Stephen</td>
<td>Reynolds</td>
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<tr>
<td>Ute Tribe</td>
<td>Tom</td>
<td>Shippes</td>
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<tr>
<td>Navajo Nation</td>
<td>Perry</td>
<td>Shirley</td>
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<tr>
<td>Western States Land Commissioners Association</td>
<td>Pary</td>
<td>Shofer</td>
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<tr>
<td>Jicarilla Apache Tribe and</td>
<td>Brad</td>
<td>Simpson</td>
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<tr>
<td>Shii Shi Keyah Allottee Assoc.</td>
<td>Alan</td>
<td>Taradash</td>
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Vacancy- Renomination Received from Western States
Land Commissioners Association

9 Minerals Industry Members

<table>
<thead>
<tr>
<th>Industry</th>
<th>Member</th>
<th>Name</th>
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<tbody>
<tr>
<td>Council of Petroleum Accountant Societies</td>
<td>John</td>
<td>Clark</td>
</tr>
<tr>
<td>Chairperson, API Royalty Management Task Force</td>
<td>Wendy</td>
<td>Daboval</td>
</tr>
<tr>
<td>National Mining Association</td>
<td>William</td>
<td>Hartzler</td>
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<tr>
<td>National Mining Association</td>
<td>David</td>
<td>Landry</td>
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<tr>
<td>Independent Petroleum Association of America</td>
<td>Tammy</td>
<td>Naron</td>
</tr>
<tr>
<td>Oklahoma Independent Petroleum Association</td>
<td>Robert</td>
<td>Price</td>
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<tr>
<td>Welborn Sullivan Mech &amp; Tooley, PC</td>
<td>Hugh</td>
<td>Schaefer</td>
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<tr>
<td>Senior Council Enron Oil and Gas Co.</td>
<td>Steven</td>
<td>Williams</td>
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</table>
4 Discretionary Members

Attorney
State Geologist, Oklahoma

Sandy Lee Charles Blackstone Helfrich Mankin

Federal Members

Agency

DOI, Bureau of Indian Affairs
DOI, Bureau of Land Management
Department of Treasury
DOI, Minerals Management Service
DOE
DOI, Minerals Management Service

Member

Name

Don Aubertin
Pete Culp
Cynthia Johnson
Tom Kitsos
John Pydol
Lucy Querques-Denett

Vacancy

OCS Scientific Committee

15 Academic and Industry Members

Member

Name

Organization

Dr. Stan Albrecht
Robert Carney
Dr. James Coleman
Dr. Cortis Cooper
Dr. Eric Crecelius
George Forristall
Duane Gill
Oliver Goldsmith
Dr. J. Frederick Grassle
Dr. Steven Murray
Dr. Henry Niebauer
Edella Schlager

Executive VP and Provost, Utah State University
Associate Professor, Coastal Ecology Institute
Boyd Professor, Coastal Studies Institute
Senior Staff Scientist, Chevron Petroleum Technology Company
Technical group Leader, Marine Sciences Laboratory
Research Advisory, Shell Global Solutions, U.S.
Professor of Sociology, Anthropology, and Social Work, Mississippi State University
Professor of Economics, University of Alaska
Director, Institute of Marine and Coastal Sciences, Rutgers, The State University of New Jersey
Professor, Department of Biological Science, California State University of Fullerton
Senior Scientist, Department of Atmospheric and Ocean Sciences, University of Wisconsin
Associate Professor, School of Public Administration and Policy, University of Arizona
Dr. William Schroeder  Professor and Coordinator, Marine Science Program, University of Alabama
Lynda Shapiro  Professor of Biology, Director, Institute of Marine Biology, University of Oregon
Dr. Douglas Wartzok  Associate Vice Chancellor for Research, Dean of the Graduate School, University of Missouri

Federal Members
Carolita Kallaur  Associate Director, Offshore Minerals Management, MMS
Robert LaBelle  Chief, Environmental Division, MMS
Dr. Ken Turgeon  Chief Scientist, MMS

Question 53(j): Do you intend to revisit the moratorium on oil and gas exploration in the Georges Bank, as the Natural Gas Subcommittee has recommended? Do you intend to authorize any further studies, reports, or other evaluations of drilling in the Georges Bank? If so, what would be the purpose of such studies, reports or other examinations be?

Answer: The Administration supports the current moratoria and there are no plans under consideration for exploration and development in the Georges Bank area.

The OCS Policy Committee amended the Natural Gas Subcommittee recommendations and adopted a resolution to forward its amended recommendations to the Secretary of the Interior. On June 7, 2001, I received a letter from the Policy Committee forwarding a resolution to transmit 12 recommendations “to encourage increasing natural gas production from the OCS.” I plan to take all 12 recommendations under advisement.

Question 53(k): According to press reports, in a May 9, 2001 interview, Energy Secretary Spencer Abraham stated that he was “not aware of any changes to any of the moratoria” and that “I don’t think that’s been at all under consideration, to my knowledge.” Your testimony, on the other hand, seems to indicate that the Administration is trying to obtain information that would form the basis for making such changes.

Answer: My testimony was not intended to indicate any lack of support of current OCS moratoria. The Administration supports current...
presidential withdrawals and congressional moratoria.

Question 53(i): During the Committee's hearing, you indicated that the Administration would comply with the existing Congressionally imposed moratoria on drilling in the OCS. However, President Clinton also issued an executive order extending the current moratoria until 2012. Does the Bush Administration intend to keep this executive order in place?

Answer: We appreciate the longstanding history, context, and concerns associated with OCS moratoria and presidential withdrawals. The Administration has no plans to undo this framework.

Question 53(m): Is the Administration also "re-examining" whether or not to retain the existing executive OCS order or repealing, shortening, or narrowing its scope? If so, what options are you considering?

Answer: We intend to comply with existing moratoria/executive withdrawals.

**COOGER Leases**

Question 54: Secretary Norton, the Administration's Energy Task Force Report recommended a reexamination of the currently suspended offshore leases near California. If you include these leases in your review and your Department decides not to allow drilling in offshore California, then will you allow these stakeholders to recover their offshore California investments for use in future lease sales in the Gulf of Mexico or elsewhere?

Since your Administration seems to be fixated on giving up the production side of the equation, what guarantee would you give these leaseholders that they have not wasted their money in vain and can use their money for other sales? What mechanism would you propose to allow them to recover their costs?

Answer: The Administration's Energy Task Force Report does not recommend a review of the currently suspended California offshore leases. The operators of these leases are submitting plans for the exploration and development of their leases this year, with a number pursuing delineation of reservoirs in order to craft development plans to maximize recovery with a minimum of environmental
disruption. Thorough analyses of the environmental effects of exploration and development are being performed on the proposals under the National Environmental Policy Act and the Coastal Zone Management Act.

**Ultra-Deepwater Drilling**

**Question 55(a):** It is my understanding that there is a great deal of natural gas beneath the ultra-deepwater portion of the Gulf of Mexico. The problem seems to be that it is very expensive and technically challenging to develop natural gas from great water depth. Has the Interior Department conducted an analysis of the oil and gas deposit values in the ultra-deepwater region of the Gulf of Mexico?

**Answer:** Sediments beneath the ultra-deepwater of the Gulf of Mexico are believed to contain significant quantities of natural gas, as well as oil resources. To date, the deep water has been more of an oil province with primarily associated natural gas. Although there are numerous high profile discoveries in this region; e.g. Crazy Horse, North Crazy Horse, Mensa and Mad Dog, actual production has occurred in only a single field, Mensa. Reserve estimates are very speculative for fields at this early stage of exploration and delineation, but current estimates total 3.7 billion barrels of oil (Bbo) and 6.8 trillion cubic feet of gas (Tcf). In its most recent assessment of undiscovered hydrocarbon resources in the Gulf of Mexico, MMS estimated that, at the mean level, 16.1 Bbo and 62.6 Tcf may exist in the portion of the region available for exploration and development.

No attempt was made to develop an estimate of the value of the hydrocarbon in either the individual or aggregate field discoveries. MMS, however, did develop estimates of the quantities of undiscovered resources in ultra-deepwater with water depth greater than 1800 meters that would be economically recoverable under two different price scenarios. In the base case scenario ($18/bbl and $2.11/mcf) 4.7 Bbo and 14.5 Tcf are estimated to be economically recoverable. In the high case scenario ($30/bbl and $3.52/mcf) 10.9 Bbo and 34.8 Tcf are economic. These estimates respectively represent 27 and 63 percent of the assessed volumes of undiscovered hydrocarbon resources in the area.
Question 55(b): What has the Department done to expedite development of this region when there are so many pipe dreams of drilling in ANWR. Does the Department have a contingency plan if Congress doesn't open up ANWR to drilling?

Answer: As for expediting ultra-deepwater development, we have increased resources (mainly through additional staff) to review and act on deepwater plans and permits. We have also changed our plans and permitting process, including use of conceptual Deep Water Operations Plans, for all deepwater applications. These changes give us access to information at as early a stage as possible to hopefully improve cycle time in the application review process.

Question 55(c): Could the ultra-deepwater region of the Gulf help meet domestic oil and gas demand in light of the inevitable failure to open up ANWR?

Answer: Even though only a single field (Mensa) is currently producing, the recent announcements of numerous significant field development projects in this region (e.g., Crazy Horse, North Crazy Horse, Mad Dog, and Nakika) assure that the area will be a significant source of domestic hydrocarbon production for years to come. With respect to natural gas, there is still a concern that the OCS will not be able to meet the increases required to meet the expected increased in natural gas consumption by 2012.

Question 55(d): Should we be accelerating the development of the ultra-deepwater no matter what the fate of ANWR?

Answer: The U.S. currently imports nearly 60 percent of its crude oil consumption and is projected to face significant challenges in the next two decades in meeting forecasts of natural gas demand. It, therefore, makes sense to encourage production in those areas where it can occur in an environmentally safe manner. The ultra-deepwater region of the Gulf of Mexico is one such area. Virtually all of the unleased deepwater area of the central and western Gulf of Mexico is offered. Additional deepwater tracts are proposed to be offered later this year in the eastern Gulf of Mexico area as well.

Question 55(e): When exploring the ultra-deepwater region, has the Department made a determination of the necessary technological capabilities to enhance production capabilities in this area while protecting the environment?
The MMS has assessed and continues to track the evolution of technological capabilities that will enable and enhance the development of hydrocarbon fields in water depths exceeding 5000 feet (i.e., the ultra-deepwater). A concentrated effort was initiated in the mid-1990’s to investigate the development of deepwater hydrocarbon reserves. A multi-task strategy was formulated with the goal of ensuring deepwater development activities were consistent with the Agency’s environmental, safety, conservation mandates. The Deepwater Strategy is a proactive approach to managing operations, ensuring appropriate environmental and technical reviews, and focusing studies and research efforts related to deepwater activities. Part of this effort was the identification of over 100 new technologies, techniques, and systems that are in use or necessary for deepwater development. MMS continues to gather information about these technologies. A database is used to track the status of the individual deepwater technologies.

The MMS evaluation of new technologies and alternative compliance measures (procedures and equipment) can be complex, involving risk assessment, comparative analyses, and a review of hazard analyses conducted by the operator in support of the departure (or alternative compliance). MMS reviews have resulted in some denials of requests to use new technology as untested and unproven. MMS has launched a series of initiatives, including an aggressive technical research effort, joint funding with industry projects, linkages to major universities, and joint research with foreign governments to address mutual questions. Some of the issues being addressed include well control, oil spills, production flow assurance, and risk assessment of new production systems. MMS has also conducted and cosponsored workshops to address issues of immediate concern. MMS uses these workshops to identify issues and to gather information for evaluations and decisions.

The near-term implications of MMS’ efforts are being realized. Development intentions for 3 fields in water depths greater than 7000 feet are currently being reviewed; there are 20 hydrocarbon fields in the development stage in water depths exceeding 5000 feet that will be in production before 2004. The baseline work to address new, enabling technologies are directly beneficial to the MMS review of these projects.

Pipeline and Electricity Transmission

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DOE024-0369

Obtained and made public by the Natural Resources Defense Council, March/April 2002
Question 56: In your opening statement, you said that the Department was going to streamline the process through which it considers and approves requests to allow the construction of electric transmission lines and natural gas pipelines. What specific options is the Department going to consider?

Answer: The BLM, in collaboration with the Forest Service and interested stakeholders, has been streamlining the processes used to receive, review and analyze applications for electrical and natural gas transmission lines. For example, the BLM has developed procedures to allow oil and gas developers to apply for Right-of-Ways concurrently with the applications for permit to drill. The BLM has also developed procedures that allow for payment of Right-of-Way processing fees (which must be paid in advance before application processing can proceed) with “call in” credit card information. In the future, the BLM will be expanding its use of electronic commerce by exploring ways to accomplish pre-application “meetings,” application data review, and data submission using the internet. The BLM is also exploring ways to have all the required application processing fees paid electronically.

Question 57: Can you assure the Committee that the measures you are considering will not result in any diminution in the Department’s critical responsibilities to protect and management sensitive public lands, and will not curtail a full and thorough assessment of the environmental impact of any proposed new powerlines or natural gas pipelines?

Answer: Yes, BLM strongly encourages the use of private sector environmental contracting companies to prepare applications and the required environmental reports. This allows BLM to concentrate its workforce on application review, analysis, and decision making. The BLM and the FS are leading the way in refining procedures related to establishing “Lead Agency” and “Lead Office” responsibilities when processing applications that cross lands administered by both agencies. When a lead agency and office are designated, single points of contact are established and the application review and decision processes are coordinated out of one office. This saves time and resources for both the applicant and the federal agencies. The BLM is also working to finalize regulations that will modernize its cost recovery procedures. When implemented these regulations will allow the BLM to direct more resources to the offices processing applications. The regulation will
also allow the BLM in certain situations to enter into agreement with companies’ to meld its administrative practices with the companies business practices.

Question 58: **How will the Department’s plans to streamline this process affect the opportunities for public comment and public participation in the decision-making process regarding siting of new pipelines and electrical transmission lines?**

Answer: The Department is fully committed to involving the public in its decision-making process for pipelines, electrical transmission lines, and other transportation support needs. The BLM will complete all necessary land use plan amendments or revisions, and their associated environmental analysis in accordance with procedures for public involvement. This includes notifying the public of the upcoming planning and environmental process and providing notification of opportunities for the public to review and comment. BLM’s planning process also includes provisions for affected parties to raise objections to the BLM Director. The planning and right-of-way granting processes will be completed with one document, rather than sequentially, to decrease the amount of time required. None of the measures being considered will diminish the Interior’s critical responsibility to protect and manage the public lands. The measures will increase our ability to protect and manage our public lands because they are designed to reduce the routine administrative procedures associated with application review and to focus the Interior’s activity on critical analysis and decision making elements of application review. One example is contracting private sector environmental firms to prepare applications and environmental reports. This frees BLM personnel to concentrate on the analysis of the data and on making the required decisions.

**Oil and Gas Production on Public Lands**

Question 59: **The American public will judge how “environmentally-sensitive” new production on public lands might be according to how “environmentally-sensitive” we have already been. In this regard, I would like to know what steps you are taking to impose enforceable obligations on developers when they are granted oil and gas leases on public lands. Certainly mitigating the damage done by the routine operation of oil and gas exploration and production on the scale of Prudhoe Bay, for example, would be a vast, expensive undertaking. The industry**
plans to expand into pristine, environmentally sensitive areas on lands belonging to the public. Will the mess ever be cleaned up?

Requirements for Cleanup: What conditions regarding cleanup and environmental restoration of a drilling or production site are currently contained in federal leases on federal lands such as the NPR-A? Please provide the actual language from such leases. Please provide a discussion of the method used, if any, to set the standards of cleanup and to hold the leaseholder accountable if it fails to meet the requirements of the lease.

Answer: Many of the following requirements are created and implemented to prevent or minimize damages which might otherwise require cleanup upon completion of specific activities.

The standard lease stipulations were created by the BLM’s Washington Office staff with considerable input from the BLM field staff and review by the Solicitor’s Office to assure that any standard conditions which might be encountered in the field are covered. Special stipulations are created based on environmental research and public input which occurs during the environmental review process as required by the National Environmental Protection Act (NEPA). Additional site-specific requirements are added by the BLM’s authorized officer (AO) when reviewing the lessee’s or operator’s plan of development and site-specific Applications for Permit to Drill (APDs). A copy of the NPR-A requirements is attached.

BONDING: Bonding doesn’t relieve a lessee or operator from its cleanup and resource protection requirements and responsibilities, but is nevertheless an integral part of the “cleanup” package. It is required by the BLM in every case ($10,000.00 minimum per lease; $25,000.00 minimum statewide; $150,000.00 minimum nationwide) before any on-the-ground activity is allowed to take place, and also for geophysical exploration ($5,000.00 minimum per exploration; $25,000.00 minimum statewide; $50,000.00 minimum nationwide). For the NPR-A, the BLM also requires bonding, but at these different amounts: individual lease ($100,000.00 minimum); NPR-A-wide bonding ($300,000.00 minimum). NPR-A bonds must be filed and approved before we will issue a lease or leases to a lessee. Further, individual states have differing bonding requirements in addition to the BLM-required bonding. For example, the State of
Alaska's Oil and Gas Conservation Commission requires a $100,000.00 bond for each well drilled on federal, state or private lands, or "... not less than $200,000 for a blanket bond covering all of the operator's wells in the state, except that the commission will allow an amount less than $100,000 to cover a single well if the operator demonstrates to the commission's satisfaction in the application for a Permit to Drill (Form 10-401) that the cost of well abandonment and location clearance will be less than $100,000."

SPECIAL SITE-SPECIFIC RESTRICTIONS: The unique particulars of site-specific cleanup and environmental restoration are established by the BLM's AO, as noted above, and set out as specific terms and conditions in the NEPA-review/approval process for each individual Application for Permit to Drill (APD) or drilling and development plan. This allows them to be tailored to the most currently available environmental data, technological advances, and other changing issues which arise over a period of time.

Standardized requirements are contained in the lease forms and in the Record of Decision for the pre-sale NEPA study. In the case of the NPR-A, these general stipulations, as well as five special stipulations applicable to only certain leases, were also contained in the Detailed Statement of Sale.

See attached Appendix A for the standard protections in lease language.

Question 60: **Ensuring the Availability of Cleanup and Restoration Funds:**

The huge cost of dismantling, removal and restoration occurs once the wells have stopped producing. Therefore, the oil and gas industry cannot expect to have the resources necessary to do the job unless it sets the funds aside while the wells are still producing. What guarantees exists to ensure that sufficient financial resources will be available to complete the required activities at the appropriate time? Are funds being held in escrow? If not, why not? Please provide the actual language from leases regarding such requirements.

Answer: All oil and gas lessees are responsible for cleanup and restoration of damaged lands resulting from their operations. It is a requirement on all Federal oil and gas leases as well as current operating regulations contained in 43 CFR 3160. In addition, there are an
number of other Federal laws that also require clean up and restoration of contaminated lands. The BLM assures enforcement of these requirements through the use of lease bonds as well as enforcement provisions of the oil and gas operating regulations (Re: 43 CFR 3104 Bonding and 43 CFR 3163 Noncompliance). Lease bonds are a form of escrow held by the surety company and payable to the BLM. Actual lease language is as follows:

"4.(a) The Undersigned certifies that...(6) Offeror is in compliance with reclamation requirements for all Federal oil and gas lease holdings as required by sec. 17(g) of the Mineral Leasing Act..."

Question 61: Examples: Please provide three good examples of successful implementation of cleanup requirements implemented by the holder of an oil or gas lease on public lands following major production, pursuant to the requirements of the lease.

Answer:

The BLM routinely approves hundreds of well abandonments each year. On all of these sites the well is plugged according to approved BLM specifications, the well location is re-contoured and the entire disturbed area is re-vegetated. The BLM does not release the final lease bond obligation until field inspectors have verified the location is fully reclaimed. These are the standards for all Federal onshore oil and gas wells. The following are three examples of successful implementation of cleanup requirements following oil or gas production:

1. The Sheep Mountain Mineral Showcase in Colorado is a 5,400-acre federal unit developed by ARCO Oil and Gas Company for the production of carbon dioxide to be used for recovery of otherwise unavailable oil from the aging west Texas fields. Development first began in the area in the 1980’s. Several environmental conflicts faced ARCO, Bureau of Land Management, Colorado Division of Wildlife, and local citizens. The conflicts were a critical elk calving area, very high scenic value of the site, and steep unstable slopes. Because of visual and wildlife concerns, ARCO began in the planning stage by using helicopter geophysical activities requiring no road construction or exploratory drill holes. ARCO rehabilitated the disturbed areas as they developed well pads and pipeline facilities. They made use of terracing, tree buffers, revegetating with native species, and seasonal road closures to protect sensitive wildlife activities (elk migration and calving).
Innovative siting, construction, and reclamation of all facilities by ARCO resulted in awards from local BLM followed by one of BLM’s first national level “Partners in Public Spirit” awards. The Sheep Mountain Mineral Showcase is an excellent example of how cooperative efforts between industry government, and citizens can result in producing a needed mineral resource in an environmentally sound manner.

2. In 1994 the Utah State Office started the reclamation project for the Virgin Oil Field. The abandoned oil field, originally drilled in 1906 and sporadic thereafter, is located in Southwest Utah approximately 30 miles Northeast of St. George, Utah and along a corridor to Zions National Park. BLM aggressively pursued the plugging of wells and site restoration of public lands. When completed, the project had successfully plugged 24 wells and removed other ancillary facilities such as building materials and junk from the area. With the plugging of the wells, BLM has eliminated the potential for underground contamination and potential surface hazards. Also the visual intrusion has been reduced to dry hole markers which identify the plugged and abandoned well sites. BLM spent approximately $85,000.00 on the project. Because of our efforts, the State of Utah Division of Oil Gas and Mining also initiated clean-up of private and state wells in the area.

3. The Hogback Dakota Field is an oil field which was discovered in the late 1920’s, but developed beginning in the 1950’s. The Field is located just northwest of Farmington New Mexico in the San Juan Basin. Several dozen wells were drilled to completely develop the Field. The northern part of the Field was depleted by the early 1990’s. The operator at the time, Duncan Oil Company, plugged 24 wells on three of the oil and gas leases in 1995. Reclamation consisted of grading and reseeding the locations. The three leases were then terminated. The southern part of the Hogback Field continues to produce under a successor operator to Duncan Oil Company.

(GILCHREST)

Question 62: Does the Secretary support continuation of the offshore oil and gas moratorium for the Atlantic Coast?

Answer: The Administration supports the existing moratoria/executive withdrawals.
Question 63: How many national wildlife refuges currently host extractive activities (oil, gas, coal, other minerals)?

Answer: 42 refuges host oil and gas extractive activities; 0 refuges host coal extractive activities; 1 refuge hosts hardrock extraction; 29 refuges host sand and gravel extractive activities; and 2 refuges host extractive activities of other minerals.

Question 64: How many extractive use leases have yet to be acted upon in national wildlife refuges, and how many refuges does this effect?

Answer: From the regions that were able to respond, only 634 potential extractive use leases were identified coming from 3 regions and affecting 19 refuge units. 632 of these leases were from 7 refuges in Alaska.

Question 65: How many refuges have potential oil, gas, coal, and other energy resources, that have yet to be capitalized upon?

Answer: 45 refuges reported potential oil, gas, coal, and other energy resources that have yet to be capitalized on. One region was unable to obtain the information in the time allotted. Several of the others only provided best guesses.

Question 66: The Secretary described in her testimony, actions that the Department has taken to improve energy efficiency and to diversify energy sources it draws upon. What are some of the best examples of energy efficiency and diversification within the Department of the Interior? How much biofuel does the Department use annually? How many fuel cells are in operation? Solar panels? Other non-fossil fuel sources?

Answer: General: Over the past two decades, Interior has done much to reduce energy use and embrace energy efficient technologies. This legacy of accomplishment has resulted in numerous successful energy and water conservation and renewable energy projects around the country. In response to the National Energy Policy and Secretary Norton's energy mandates, Interior bureaus have renewed their emphasis on energy efficiency, energy conservation and the use of energy-saving technologies. By partnering with the Department of Energy (DOE) and its national energy laboratories, other Federal agencies, state and local governments, and nongovernmental organizations, Interior will continue to implement energy conservation practices and techniques, and introduce new technologies to increase energy efficiency and reduce energy consumption.

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DOE024-0376
**Best Examples of Energy Efficiency and Diversification Within the Department of the Interior:**

The following fourteen energy and water conservation showcase facilities have been recognized by the DOE and offer some of Interior’s best examples of energy efficiency and diversification:

- **National Park Service (NPS)**
  - Golden Gate National Recreation Area,
  - Joshua Tree NP,
  - Sleeping Bear Dunes National Lakeshore,
  - Whitman Mission National Historic Site, and
  - Zion National Park (NP)

- **Bureau of Reclamation**
  - Centennial Job Corps Center,
  - Denver Federal Center-Building 67,
  - Davis Dam, and
  - Glen Canyon Dam

- **Fish and Wildlife Service (FWS)**
  - John Heinz NWR,
  - National Conservation Training Center,
  - Neal Smith National Wildlife Refuge (NWR), and
  - Wichita Mountains Wildlife Refuge

- **U.S. Geological Survey**
  - Central Region - EROS Data Center

These and other Interior facilities, have incorporated energy-saving concepts into building design including automated energy management control systems; energy-efficient heating, ventilation, and air conditioning systems; energy-efficient lighting; insulation, passive solar energy design; ground-source geothermal heat pumps; use of recycled materials in building construction; and power generation from renewable energy sources.

**Biofuel Use Annually:** During FY 2000, Interior’s motor vehicle and marine fleets used over 70,000 gasoline-equivalent gallons of biofuels produced from renewable domestic feedstocks such as forage grasses and oil seeds. With greater production and improved distribution, Interior will be able to significantly increase biofuel usage. Many Interior facilities are partnering with public and private sector organizations to improve the availability of biofuels. With the assistance of the Defense Energy Support Center, DOE and industry, Interior plans to greatly expand its use of biofuels through bulk purchasing for facilities in the Mid-
Atlantic, Northwest and Southwest beginning in FY 2001. A few facilities plan to begin use of biofuels in their diesel generators.

**Fuel Cells in Operation:** The high cost of fuel cells has been the obstacle to greater use of this technology. Currently, Interior has a fuel cell operating at Golden Gate National Recreation Area with another one planned to be installed at Yellowstone NP during the summer. Both of these systems were financed through cost-sharing partnerships. Other Interior facilities are actively seeking to acquire fuel cells to replace diesel generators and supplement energy currently supplied through the electric grid. They are looking to partnerships to help finance the acquisition of these systems.

**Solar panels in Operation:** Interior is a government leader in the use of solar-powered energy generating systems with nearly 600 solar photovoltaic (PV) facilities and an estimated 40 solar hot water systems primarily located at NPS, Bureau of Land Management and FWS facilities. The Bureau of Indian Affairs (BIA) is also working with Native Americans to deploy solar powered generating systems on Indian lands. Our installations are notable for the fact that they are not just demonstrations — they are cost-effective power sources that were the best choice for the application. These systems conservatively represent about 600 kiloWatts (kW) of capacity, and generate over 1 million kW hours of electricity annually. Each system is made up of multiple panels, which vary from roughly 50 to 100 Watts each. With total capacity at 600 kW, that would represent between 6,000 and 12,000 panels.

**Other Non-Fossil Fuel Sources:** As resources allow, Interior facilities are using other non-fossil fuel sources such as from off-grid wind turbine, geothermal, and hybrid systems (combining two energy sources) and green power from renewable sources available on the grid to meet energy needs. Highlights include:

- FWS and NPS are using ground source geothermal systems to both heat and cool the buildings at seven facilities.
- BIA is incorporating the use of geothermal systems in the design for some of its Native American school replacement and renovation projects.
- FWS is using wind energy at five refuges.
- Several bureaus facilities in Denver, Colorado will purchase a portion of their monthly electric power from wind-generated electricity.
• Channel Islands NP is in the process of installing an innovative hybrid wind/PV system on Santa Rosa Island, reducing the island's annual diesel fuel consumption for power generation by 94 per cent.

• The Office of Surface Mining and the Minerals Management Service are working with the General Services Administration to incorporate the use of non-fossil renewable fuel sources where possible, into their building lease agreements.

• With DOE's design assistance, the National Business Center is planning to create an energy efficient "green" roof for the Main Interior Building consisting of liner, insulation, gravel and topsoil, and moss, plants or grasses as well as a small PV system.

(ORTIZ)

Question 67: Madam Secretary, it is my understanding the Department is moving forward with development of a new 5-Year program for Outer Continental Shelf leasing for 2002-2007. What is the current status of this plan?

Answer: In December 2000, in accordance with section 18 of the OCS Lands Act, the MMS published a request for information with a 45-day comment period in order to begin preparing a new 5-Year OCS Program for 2002-2007. The current 5-Year Program expires in June 2002. The 5-Year Program indicates the size, timing and location of leasing activity determined to best meet national energy needs. In preparing a new 5-Year Program, we seek comments from constituents including States, local government, industry, interest groups, and individual citizens. Based on an analysis of these comments, the 5-Year Program must balance the potential for environmental damage, the discovery of oil and gas, and the adverse impact on the coastal zone.

We have now completed the initial information gathering phase, and we are currently evaluating a number of options in light of the information we have received, our own analysis, and the Administration's developing energy policy. Our objective is to develop a 5-Year OCS leasing program, which meets the mandates of the OCS Lands Act and advances the nation toward its energy goals.

We plan to publish an initial Draft Proposed Program for 2002-2007, this summer. Subsequent steps in developing a new 5-Year Program after receiving comments on the Draft Proposed Program are: publishing a Proposed Program and draft EIS with an appropriate comment period; and publishing a Proposed Final Program with a final EIS. We hope to have the next 5-Year Program in place before June 2002.
Question 68: Considering the status quo of limiting offshore exploration and production to the Central and Western Gulf of Mexico and Alaska, what consideration is being given to the "equitable sharing" of the production and distribution of offshore energy resources?

Answer: Section 18 of the OCS Lands Act requires that every new 5-year program for OCS oil and gas leasing be prepared in a manner consistent with four main principles: (1) consideration of economic, social, and environmental values and the potential impact on marine, coastal, and human environments; (2) a proper balance among potential for environmental damage, discovery of oil and gas, and adverse impact on the coastal zone; (3) assurance of receiving fair market value; and (4) consideration of eight factors. The equitable sharing of developmental benefits and environmental risks is one of these eight factors. Among the others are existing information on geographical, geological, and ecological characteristics of regions; location of regions with respect to needs of energy markets; location of regions with respect to other uses of the sea and seabed; interest of potential oil and gas producers; and laws, goals, and policies of affected States.

The current program, you have noted, includes proposed lease sales only in the Gulf of Mexico and the Alaska OCS, the result of a greater weight given to the laws, goals, and policies of affected States and the location of regions with respect to other uses of the sea and seabed. As we develop a new program to succeed the current one, I will give full consideration to the geographic distribution of proposed OCS lease sales and the benefits and risks that would result from those sales. However, I will have to temper this consideration with the understanding that both the Atlantic and the Pacific OCS and all but a small portion of the Eastern Gulf of Mexico, under presidential authority, have been withdrawn from disposition by leasing until after June 30, 2012.

As the President pledged during the campaign, the Department will work with the various affected parties to try to craft agreement as to what kind of program would best serve the Nation by providing energy—especially natural gas—and employment while protecting other valued resources.

Question 69: In developing your plan, will your Department consider the costs of eliminating large areas from consideration under the 5-year plan? While I support reserving areas of important resource and cultural benefit, I am concerned that we do not understand the costs of removing large areas from consideration, not only in terms of economics and jobs, but equally, in terms of national security.

Answer: As directed by the OCS Lands Act, MMS has begun its analysis for the new 5-year program by examining all planning areas eligible for leasing consideration. This
initial analysis includes a ranking of these planning areas by the potential net economic value and by the potential net social benefits of leasing all of each area. Areas under Presidential and congressional moratoria are not considered for leasing and are not included in the economic analysis. The information provided by MMS allows me to gauge the effect on total value to the Nation of any options eliminating areas from consideration or reducing the eligible portion of a planning area.

The environmentally sound development of the Nation's OCS resources, through a reliable lease sale schedule that is consistent with other uses of the OCS sea and seabed and with State and local government priorities, can help further the achievement of each of the goals set out in the OCS Lands Act. Investments in and production of OCS oil and gas generate billions of dollars annually in bonuses, royalties, and taxes and create thousands of well-paying jobs throughout the American economy. Production of offshore resources under proper environmental safeguards poses less risk of major oil spills than does importing foreign oil in tankers. Expanded use of natural gas, including that produced on the OCS, has substantial environmental benefits over other fossil fuels.

Most production resulting from lease sales held under the new 5-year program is likely to begin over the next decade and continue well into the first half of this century. Just as important, the program decisions and the way they are made will have a lasting effect on the relationship between the Federal Government and other interested parties and the ability to develop and implement future programs in a way that best meets the Nation's energy needs while protecting the values reflected in competing Federal, State, and local priorities.

(FLAKE)

Question 70: Natural gas appears to be a cleaner alternative to energy production because it does not release soot, chemical toxins, or mercury. It emits half as much smog producing nitrogen oxide and 30 percent less carbon dioxide, a green house gas believed to worsen global warming. How can the Committee address this and encourage sources of natural gas to be tapped and used?

Answer: The NEPD Group recognized the critical importance of boosting production to meet anticipated demand, and ensuring that the natural gas pipeline network is expanded to the extent necessary. To that end, the NEPD recommended that my agency should examine land status and lease stipulation impediments to federal gas leasing, economic incentives for environmentally sound off-shore development, and opportunities for royalty reductions in specific instances and where warranted. It is also recommended that we expedite discussion on a right-of-way for a gas pipeline for North Slope natural gas if and when an application is received.

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DOE024-0381
Question 71: It was assumed in the 70's that many of the nation's older, higher emitting power plants would soon go off line and thus were exempted by the Clean Air Act. The Act specified that improvement beyond routine maintenance--including measures to prolong the life of these plants--would make the entire plant subject to the newer, more stringent, rules. Some say these plants continue to run, evading compliance by calling major expansions "routine maintenance." What will be the Department's approach to enforcement of these situations.

Answer: While I am sensitive to the importance and complexity of this question, I believe that it would not be appropriate for me to comment on this issue which is under the regulatory jurisdiction of EPA.

Question 72: President Bush has called for reducing and expediting federal regulations, such as those protecting public lands and air quality, in order to stimulate oil drilling and power generation. How can we encourage this to occur and get the market rolling?

Answer: At Interior, we will be reviewing our regulations to identify opportunities for streamlining. We are also focusing attention on expediting decisions within existing regulations.

Question 73: When encouraging development of power resource production and generation, the issue of eminent domain arises and the fact that rather than use or harm public lands, privately held property is sometimes "taken." There appears to be a conflict when the federal government has the ability to name National Monuments and private property becomes the remaining vehicle by which energy can be developed. Can you comment on how we might ensure that this does not create a conflict of interest for the federal government? (Article 1, Section 8, Clause 17).

Answer: There is a potential for such conflict, and we will want to weigh that in the balance as Federal land use decisions are made. In any given case, there may be important public land values that need protection from a utility corridor such as an electric transmission line, but we also need to take into account that forcing a right-of-way off public lands may have major economic impacts due to extensive and longer rerouting, but also land use impacts on the lands to which the right-of-way is rerouted. It is not clear that this was always taken into account in developing the boundaries for new National Monuments.

Question 74: Only 17% of Arizona is privately owned land. Given the recommendation that legislation be developed to grant authority to obtain rights of way for electricity transmission lines and our Committee's interest in federal lands,
how do you see privately owned lands being addressed versus those that are publicly owned?

Answer: The Bureau of Land Management (BLM) currently has authority to grant rights-of-way across public lands for oil and gas pipelines under the Mineral Leasing Act of 1920 (MLA) and for other rights-of-way, including electric transmission lines and facilities, under the Federal Land Policy and Management Act of 1976 (FLPMA). In practice, BLM processes over 1,200 pipeline and electric system rights-of-way authorizations annually and, based on increasing demand for energy, BLM expects this number to increase by 15 - 20 percent over the next five years. At present, BLM estimates that some 90 percent of all oil and gas pipeline and electric transmission rights-of-way in the western U.S. are dependent to some extent on rights-of-way authorizations on Federal lands. Given the increased demand for rights-of-way, their obvious importance, and the growing complexity of some applications, the BLM issued a proposed rule in June of 1999 to update its cost recovery program in order to better meet the increasing demands of the rights-of-way program.

With regard to acquisition of rights-of-way on private lands for electrical transmission lines or facilities, industry must acquire such lands independent of any right-of-way application related to public lands. The Department of the Interior does not play a role in the acquisition of rights-of-way on such lands.

Question 75: It was originally thought that with our country’s shift to the service sector that energy consumption would decrease, however, with the onset of computerized business, we now have less conservation and more use of peak hour energy consumption. How has this factored into the National Energy Policy?

Answer: Changes in our society have led to changes in our projections about future supply and demand of crucial energy resources. President Bush recognized the need to incorporate an analysis of these trends into a comprehensive National Energy Strategy. Energy intensity, or the energy required to produce a dollar’s worth of gross domestic product will continue to decline, due to improved energy efficiency, as well as to structural changes in the economy. The NEPD Group offered a number of suggestions that address energy conservation and energy efficiency.

Question 76: The President has stated that there are no short term fixes, but is he considering, or will he consider short term bailouts in case there are extreme shortages this summer, such as tapping into the Strategic Petroleum Reserve?

I am certain that the President is concerned about the potential impacts of energy shortages this summer. He has directed us to expedite permits for new power
production and to work as good partners to reduce our electricity at federal facilities, especially during the peak periods this summer. We have not had discussions about tapping into the Strategic Petroleum Reserve.

(PALLONE)

Question 77: According to chart 6-2 that you provided to the Committee, between 1978 and 1983 consumption of oil in the United States dropped from nearly 19 million barrels per day to just over 15 million barrels per day. Then between 1983 and 1998, oil consumption increased to once again meet the 1978 level of approximately 19 billion barrels per day. Clearly in the late 1970's through conservation efforts and innovative solutions, this country reduced the need to use billions of barrels of oil. Twenty years later, in 1998 consumption levels were equal to those in 1978.

Additionally, the USGS has calculated that at today's high oil prices, only 2.6 billion barrels of oil - equal to 140 days of current U.S. consumption - in the Refuge are "economically recoverable."

As the proprietor of our country's natural resources, to what extent will you promote conservation efforts, supported by historical figures, prior to supporting development of oil and gas production in our country's most sensitive areas?

Answer: We are committed to promoting conservation efforts and alternative fuels. Interior bureaus have renewed their emphasis on energy efficiency, energy conservation and the use of energy-saving technologies. Interior facilities have incorporated energy-saving concepts into building design including automated energy management control systems; energy-efficient heating, ventilation, and air conditioning systems; energy-efficient lighting; insulation, passive solar energy design; ground-source geothermal heat pumps; use of recycled materials in building construction; and power generation from renewable energy sources. In addition, the Bureau of Land Management (BLM) is reviewing the opportunities for expanded siting of solar and wind electrical generating facilities on public lands. The BLM is also working with the Forest Service to identify sites for biomass development.

Question 78: In regard to the Alaska National Wildlife Refuge, in your testimony you state, "...because of advances in technology...we are now able to proceed with exploratory work with very little long-term effect". Further you identify regulations that Department of Interior intends to put in place on production in the Arctic Refuge and conclude with "we believe that new technologies..."
enable us to conduct environmentally safe oil and gas exploration and production.”

Just days before you visited Prudhoe Bay, state inspectors found that almost a third of the safety shutoff valves tested at one drilling platform failed to close. Additionally, on the North Slope, 92,400 gallons of saltwater and crude oil leaked from a pipeline at the Kuparuk oil field on April 15; this was the fourth major spill on the North Slope in the winter of 2000. Given these recent environmentally disastrous incidences, I am deeply concerned about your use and the Administration’s frequent use of the term environmentally friendly technology.

Question 79a: First, please explain to me what you believe is “environmentally safe oil and gas exploration and production”?

Answer: Environmentally safe oil and gas exploration and production in the context of the North Slope is activity where “state of the art” environmentally friendly technology and procedures are employed such as low impact exploratory approaches that include ice roads and extended reach directional drilling. It includes developing contingency plans and procedures to deal with incidents and potential environmental impacts. Planning, training, equipment, federal and state regulation and supervision all play a part. Finally, it includes operating under a strong environmental standard that overlays all activities conducted in the area.

Question 79b: Second, please explain how you determine what are long-term effects and the scientific insight you have to determine these effects?

Answer: We are monitoring the ongoing development in the Naval Petroleum Reserve-Alaska (NPRA) under the stipulations we developed prior to leasing. Funding for additional studies covering issues such as ice road location is included in the President’s 2002 Budget.

Question 79c: Third, how will the cost of the regulations you intend to put in place in the Arctic National Wildlife Refuge affect oil and gas production rates and the overall cost benefit analysis of economically recoverable resources?

Answer: The National Energy Policy states that Congress should require the use of the best available technology and should require that activities will result in no significant adverse impact to the surrounding environment. This standard will be our position despite any additional costs that could arise.

Question 80: Will the Administration seek to overturn the Presidential moratorium in place until 2012 to develop oil and gas production in the OCS?
Answer: We appreciate the longstanding history, context, and concerns associated with OCS moratoria and presidential withdrawals. The Administration has no plans for undoing this framework.

Question 81a: Earlier this morning I met with tribal leaders from the Crow, Comanche, Blackfeet, and Standing Rock Sioux about a sacred area known as Weatherman’s Draw. Aside from the fact that I find it outrageous we would be drilling in an environmentally sensitive area, I find it unacceptable that the tribal nations were not adequately consulted about the proposed drilling in the area. This Canyon has religious and spiritual significance and is found to contain some of the most impressive rock drawings and petroglyphs in the West. How do you explain the fact that local American Indians were essentially left out of consultation process?

Answer: There is a long history of tribal consultation associated with this area.

Geographically, the nearest tribes to BLM’s Billings Field Office are the Crow and Northern Cheyenne in Montana, and the Eastern Shoshone and Northern Arapaho in Wyoming. Initial contacts were made with all four of these local tribal governments within several days after the applications for permits (APDS) to drill came in to our Billings office late in 1993. An initial visit to the Weatherman Draw sites was conducted by BLM in March 1994, with representatives of all four tribes in attendance. Other tribes in Montana more distant from the Billings area were contacted by phone, including the Blackfeet and Assiniboine Sioux, however these additional tribes deferred to the Crow and the other local tribes.

Since the initial site tour for the tribes in 1994, the Bureau has met with tribal government representatives from each of the four local tribes on numerous occasions in the BLM office and in tribal administration offices. Tours of the Weatherman sites were conducted twice with government representatives of the Crow and the Northern Cheyenne Tribes. BLM sought comments repeatedly from all four groups and have kept them informed of the project status. BLM had numerous letters and faxes that were sent to the tribes informing them of the project and asking for comments and involvement. We have written comments on file from the tribal governments of the Northern Cheyenne and the Crow. We have verbal comments from the Eastern Shoshone government and the Northern Arapaho government.

The comment period on the final EA for the Weatherman Draw APD closed December 1, 2000. After the comment period closed several environmental groups requested a meeting on Weatherman Draw. The meeting was held January 17, 2001, in Billings and Dr. Lawrence Loendorf presented evidence indicating possible links with prehistoric Apachean peoples, all of whom reside now in New Mexico, Arizona, Oklahoma, and Alberta. We also had a number of comments on the EA...
suggested by an ecological survey that more distant tribes should be involved in consultation. We looked at the range of tribes with possible prehistoric ties to the Billings area and contacted those groups. In addition, we were contacted by other groups who wish to consult, but who are not well documented as ancient residents of the area. In total, we have spoken with, written to, and provided materials to 26 tribes, including almost all the tribal governments on the North American Plains.

Question 81b: Given your authority and ability to stop this proposal and knowing now of its disturbing history, do you have any plans to stop the exploratory drilling from proceeding?

Answer: On February 5, 2001, the Bureau of Land Management concluded an environmental study that began in 1993 and issued a decision to allow drilling of a single exploratory well. Several groups requested a review of that decision. The review was signed on May 21, 2001, and upheld the decision to allow the exploratory well. However, the review can be appealed to the Interior Board of Land Appeals, and the BLM will not allow any drilling activity to take place until the 30-day appeal period has expired June 23. The Board has the discretion to issue a stay of drilling activity until it renders a decision. I will, of course, continue to monitor this issue.

Question 82: Question 6. Under the 1992 Energy Policy Act, the Secretary of the Interior is authorized to request funding for American Indian Renewable Energy Projects. Given the potential for renewable, clean energy production by tribes, will you seek funding for the American Indian Renewable Energy Project? What is the Department of Interior’s plan to help tribes develop their renewable resources?

Answer: Funding for American Indian Renewable Energy Projects will be considered within the overall evaluation of economic viability using present and developing technology. Where feasible, these energy sources can contribute in environmentally attractive ways. In addition, for Indian tribes, renewable energy might provide energy locally more cost effective than by conventional grid service.

As a Department, we are considering how to best develop a plan to help tribes with all energy resources on Indian lands including renewable resources.

(KIND)

Question 83: Drilling and producing methane gas from coal beds results in vast quantities of water being pumped to the surface. For instance, there are proposals to
drill up to 70,000 such gas wells in the state of Wyoming alone. These wells would result in more than one billion gallons of water being pumped to the surface everyday. Pumping such quantities of water to the surface can impact the water table, contaminate drinking water supplies, cause flooding, etc. In addition, the water sometimes has a high salt content that has an adverse impact on plants and animals. Has a comprehensive analysis of the impacts of pumping such vast quantities of water to the surface been performed. If not, is one planned? Does the Department have a strategy for mitigating possible impacts?

Answer: All of these issues are part of the EISs and EAs being conducted in Wyoming and Montana. Specifically, the impact of water production, disposal, and use has been analyzed in substantial detail. An EIS is in preparation on this area and these issues. The final EIS is expected to be completed mid-year 2002. In addition, all Coal Bed Methane (CBM) wells on Federal leases must have an approved water management plan prior to approval of the drilling permits. The BLM also requires State Department of Environmental Quality approvals under the Clean Water Act for any disposal of produced water.

Question 84: Directional drilling is one of the technologies being touted as a means of reducing the infrastructure footprint associated with oil and gas drilling, particularly in regard to drilling in Alaska. However, in some cases industry has resisted using this technology for drilling on federal lands in the lower 48 states. Rather than using directional drilling, the industry is lobbying to increase the density of oil and gas wells allowed on federal lands. Do you believe the allowable density of oil and gas wells on federal lands should be increased, or do you think the industry should be encouraged or required to pursue technologies such as directional drilling that minimize the industrial footprint and associated environmental impacts?

Answer: The technology for a “small footprint” is applicable in many situations, both in Alaska and the lower 48 states. I support this technology where needed to minimize environmental impact and where it can be done technically and with reasonable economics.

Question 85: There are a number of lease stipulations regarding drilling and production on federal lands that are designed to minimize the impacts on animal wildlife. For instance, in some cases there are prohibitions on production activities during sensitive animal breeding or migration periods. There are industry proposals that call for relaxing or eliminating such protective measures in the name of increasing production. Do you support relaxing or eliminating these protective measures that are designed to protect animal wildlife?
Answer: Most of the prohibitions to reduce impacts to wildlife populations are applied only to drilling operations when most of the human influence is present. Production restrictions are uncommon. I support continued use of all necessary prohibitions, whether on drilling or production if they are supported by sound science and provide for the continued existence of viable wildlife populations while allowing for development of our energy resources.

Question 86: Approximately 95% of the land managed by the Bureau of Land Management within the Rocky Mountain States of Colorado, Montana, Wyoming, Utah, and New Mexico are already open to oil and gas leasing and there are extensive ongoing exploration and development activities on these lands already. Can you provide an estimate of the size of oil and gas reserves on the remaining five percent of Federal lands not currently available for leasing? How does the size of these projected reserves compare to US total reserves of oil and gas?

Answer: The USGS does not have information about energy resources under Federal lands that are not currently available for leasing. The Energy Act of 2000 requires the Secretary of the Interior to conduct an inventory of energy resources under Federal lands and the restrictions and impediments to their development. The first five priority regions will be completed by November 2002, and estimate of resources under land available for leasing will be available at that time.

(T. UDALL)

Question 87: Reflecting on the horrible pipeline explosion near Carlsbad, New Mexico last August that killed 12 people and the Bellingham, Washington gas pipeline tragedy, I want to further ensure that our existing and future gas pipelines across the U.S. are safe. With that in mind, the Administration and Congress must strengthen our current oversight program for pipelines in order to enhance safety and reliability.

As the Secretary of the Interior, please explain how you will take the lead in the administration and work with Secretaries Abraham and Mineta to provide ideas to Congress ideas on how to provide maximum safety?

Answer: The Department of the Interior is strongly committed to working with the other Departments to maximize the safety of all pipelines but especially those placed on public and federal lands. In order to better explain the role of pipeline safety to both government and private industry pipeline managers, the Office of Pipeline Safety (OPS) actively participated in the inter-agency/International Right of Way Association, Pipeline Committee, Pipeline Systems Course. It is becoming increasingly common where pipeline safety is a concern in the application review process to have OPS personnel conduct "on site" public land reviews.
Question 88: I do not see how the BLM can effectively implement its resource management program in the lower 48 states with the proposed President's budget. The President's BLM budget for FY2001 was $2.1 billion and dropped to $1.8 billion for FY2002. Although the administration intends to increase that BLM's energy and mineral program by $15 million, a large portion of that will be going toward exploration on Alaska's North Slope and completion of the BLM's land management planning process. That doesn't leave much money for the BLM to manage its other programs, and the programs will suffer tremendously because of the budget cuts.

Can you provide a breakdown of all the BLM's programs funding levels between FY2001 and the President's budget for FY2002, nationally and in New Mexico?

Answer: The attached table (appendix B) provides funding changes by account. It is accurate that the BLM President’s budget shows an overall decrease from FY 2001. However, BLM's two main operating accounts include an increase from FY 2001. Also, a major portion of the proposed decreases in the budget are one-time or emergency costs that were provided in FY 2001 and not continued in FY 2002. For example, $226 million in reductions reflect the elimination of a fire emergency contingency fund [$199.6 million] as well as one-time fire equipment purchases and a targeted research project [$26.8 million]. Other similar reductions include $17 million in one-time emergency funding for Great Basin restoration and Grasshopper and Mormon cricket control.

We do not yet have a detailed breakdown of FY 2002 funding for New Mexico or other BLM states. It is expected that New Mexico would share in the requested energy increases as specified in BLM's FY 2002 budget justifications. For example, of the requested increase for land use planning, $217,000 would be directed to New Mexico for five high priority land use plans. A portion of the $11.7 million requested increase for oil and gas activities would be directed to high priority areas in New Mexico such as the San Juan Basin to process additional Applications for Permit to Drill and for implementation of the Energy Policy and Conservation Act. $670,000 of the $1.5 million increase requested for processing additional right-of-ways would be directed to New Mexico. Approximately $7.6 million would also be used in New Mexico for land acquisition in four critical, specially-designated areas, as well as sufficient resources to prepare for and address wildland fires.

Question 89: Even at the FY2001 budget levels, staffing levels if BLM field offices such a Farmington, New Mexico appear severely deficient to manage and implement its resources objectives as well as its public relations program.
How do you intend to maintain or ramp-up the appropriate staffing levels for these program areas, especially with fire management and suppression given the proposed budget cuts?

Answer: The BLM Full Time Equivalency [FTE] request for FY 2002 is 10,771 FTE, the same as FY 2001. This level represents an increase of 833 FTE [8%] over the FTE actually used in FY 2000. The FY 2002 budget request also presents several internal adjustments in FTE levels to address the highest priorities. For example, an additional 40 FTE will be directed to priority energy activities, 17 FTE will be used to make more progress in land use planning and 11 FTE will help process additional right-of-ways.

A significant number of these positions will also help BLM to ensure a full readiness capability for wildland fire management. The BLM is moving toward increasing staffing in the wildland fire program in FY 2001 by 656 FTE to continue progress in implementing the National Fire Plan prepared after the FY 2000 fire season.

The FY 2002 budget request for wildland fire management is more than double historical funding levels. At the proposed level, emphasis will continue on full implementation of the National Fire Plan, including building capacity in preparedness, ensuring a responsive operations program, and sustaining support for rural fire districts.

(INSLEE)

Question 90: Will the Administration withhold funding of the Hanford Reach National Monument in order to attempt to drill for natural gas on the monument, or change the boundaries of the monument?

Answer: I have not indicated an intention to open Monuments to energy exploration or drilling, nor have I recommended withholding funds to do so. On March 28th, letters were sent to elected officials in Washington State requesting their (and their constituents') ideas about how they would like to see their National Monuments managed and for what uses. Responses to those letters will be collected and analyzed and determinations will be made as to recommended changes.

(M. Udall) Withdrawn Areas

Question 91: The Cheney task force recommended that the President direct you, as Secretary of the Interior, to review public lands that are now withdrawn from oil and gas leasing, and to "consider modifications where appropriate." Will you be doing that?
Question 92: As I understand it, right now about 16 million acres of BLM lands in Colorado are open to oil and gas leasing, while about 600,000 acres - that is, about 3.5% of the total - are withdrawn from leasing. Are those numbers about right?

Answer: The BLM Colorado administers 12.6 million subsurface acres that are open to oil and gas leasing. About one million acres are withdrawn from leasing, including 145,000 acres of wilderness and 615,000 acres of wilderness study areas.

Question 93: Will you be reviewing lands in Colorado that BLM is now managing as wilderness study areas? If so, which ones?

Answer: We will be reviewing all lands BLM manages in priority oil and gas basins under the EPCA section 604 process. However, until Congress determines otherwise, wilderness study areas will be managed according to the Wilderness Act of 1964, which states in part "...so as not to impair the suitability of such areas for preservation as wilderness, subject, however, to the continuation of existing mining and grazing uses and mineral leasing."

Question 94: In addition to the formal wilderness study areas, there are a number of areas in Colorado that BLM has been re-inventorying to see if they might have wilderness potential. How will the energy plan affect those areas?

Answer: In 1997 and 1998 the BLM Colorado conducted in-depth roadless reviews in six western slope areas. After consultation with field offices, on-the-ground tours, and review of hundreds of public comments, 167,000 acres in the Vermillion, South Shale Ridge, and Bings Canyon areas were identified as containing wilderness values; land use plan amendments were prepared. When funding is available, BLM will proceed with a land use classifications. In addition we expect the result of the EPCA review to be factored into the land use planning process. To the extent that land use planning recommendation could result in additional restrictions on land use development, they will be evaluated pursuant to Executive Order 13211- "Actions Concerning Regulations That Significantly Affect Energy Supply, Distribution or Use."

Question 95: What other Colorado withdrawals will you be reviewing?

Answer: The only withdrawn land that is closed to oil and gas leasing is the U.S. Air Force Academy. The BLM is currently reviewing about 200,000 acres of Bureau of Reclamation withdrawn lands and opening those lands no longer needed for water
project purposes. However, these lands have always been open to oil and gas leasing.

**Question 96:** How will you decide what modifications to these withdrawals would be “appropriate”?

**Answer:** As noted in question #5 above, the only withdrawn lands in Colorado closed to oil and gas leasing are withdrawn to benefit the U.S. Air Force Academy. When withdrawn lands are returned to management by the BLM, land use plans are amended to address resource issues, concerns and future management direction.

**Question 97:** How will you go about consulting with people in Colorado about this?

**Answer:** Land use planning and compliance with NEPA are public processes. The BLM routinely notifies and solicits participation by our public through Federal Register notices, press releases, letters to interested citizens, and open houses or meetings.

**Question 98:** What modifications can you make administratively, and which would require legislation?

**Answer:** In general, withdrawn by legislation and proclamation (e.g., National Conservation Area’s, National Monuments, Military and power site withdrawals, Wilderness, Wilderness Study Areas and Wild Rivers) from oil and gas leasing would require legislation to allow leasing. Any withdrawals executed through land use planning can be modified through a new or amended land use plan.

**Question 99:** Am I right in understanding that relaxing restrictions on leasing in wilderness study areas can only be done through legislation?

**Answer:** Yes. Mineral leasing on the overwhelming majority (98%) of BLM wilderness study areas is restricted by Act of Congress. To change that restriction requires legislation.

These are a small number of WSA’s (2%) that were identified by BLM through the land use planning process. The Secretary has the discretion to reconsider these section 202 WSA’s. Release of these WSA’s would require a land use plan amendment and associated NEPA analysis.

**Question 100:** Wilderness Study Areas - Just before he left office, the first President Bush sent Congress a final report on possible BLM wilderness. It named 54 Colorado wilderness study areas and recommended that more than 346,000 acres in Colorado be designated as wilderness. Congress dealt with some areas in the 1993 Colorado wilderness bill and later legislation. But the others are still wilderness study areas, and other areas have been proposed as well. I understand the task force considered urging the Administration to encourage
Congress to decide which BLM and Forest Service wilderness study areas should be protected as wilderness. That evidently is not in the final report. But don’t you think that it would be good to get this resolved, at least in Colorado, by passing a BLM wilderness bill?

Answer: The final decision as to whether or not a wilderness study area becomes a designated "Wilderness Area" under the authority of the Wilderness Act of 1964 is made by Congress. I support Congress resolving these issues in Colorado and throughout the West.

Leasing Stipulations

Question 101: The task force also recommended that the President direct you, as Secretary, to review the stipulations on existing oil and gas leases, and to modify them as appropriate. Will you be doing that?

Answer: Yes. The review is proceeding. The EPCA study and the related Green River Basin study include a component where existing lease stipulations are analyzed.

Question 102: Will you be doing this in a generic way, or on a case-by-case basis?

Answer: BLM may make some generic changes, but case specific stipulations will still be applied were warranted.

Question 103: What kinds of modifications might be considered?

Answer: Duration of seasonal stipulations might be amended; size of others might be reduced; and terms of prohibited activities might be modified. BLM anticipates the EPCA study to provide valuable information on both the effectiveness of new and existing stipulations as well as a review of the impact of the stipulations on energy and mineral development. It will provide a baseline for monitoring effectiveness of the stipulations.

Question 104: Do you know if any Colorado leases are likely to be modified?

Answer: It is unknown at this time whether any Colorado leases are likely to be modified.

Question 105: How will you go about consulting with people in Colorado about this?

Answer: We have pledged to include public notification and consultation in the modification of lease stipulations. The National Energy Policy recommends that the President direct the Secretary of the Interior to "review public land withdrawals

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and lease stipulations, with full public consultation, especially with the people in the region, to consider modifications where appropriate.”

**Canyons of the Ancients Monument**

**Question 106:** Will you be considering any changes to the boundaries or the management of the new Canyon of the Ancients National Monument?

**Answer:** On March 28th, letters were sent to elected officials in Washington State requesting their (and their constituents’) ideas about how they would like to see their National Monuments managed and for what uses. Responses to those letters will be collected and analyzed and determinations will be made as to recommended changes.

*(HOLT)*

**Question 107:** It appears the R&D funding for renewable energy and funding for land conservation proposed in the Administration’s energy plan all rely on revenues generated from the oil and gas leases in the Arctic Refuge. In the event that Congress does not allow drilling in the 1002 Area, what contingencies does the Administration propose for making up for these lost funds?

**Answer:** The research and development funding from ANWR leasing was projected to occur in 2004, and our understanding is that discretionary funds are also proposed in the President’s Budget for renewable research and development, independent of ANWR royalties. However, the research and development of renewable energy is a Department of Energy program, so the Department of Energy may be able to provide a more complete answer about funding these programs.

The proposal to fund land conservation from royalties collected on ANWR production is part of a recommendation in the National Energy Policy, but is not part of the budget request for 2002. We are proceeding with planning efforts for implementing the National Energy Policy recommendations and hope to be able to provide more detail in the future.

The Department and the Administration remain optimistic about the potential of ANWR to provide for our nation’s future energy needs. The proposal in the 2002 budget, and any proposals in future budgets, will take several years to come to fruition.

**Question 108:** The President recently renewed his commitment to maintaining a moratorium on offshore oil drilling off the coast of California. In the recent hearing...
before the Resources Committee, the Secretary stated she would abide by the existing moratoria. Is the Secretary willing to abide with the moratorium on offshore drilling off the coast of New Jersey?

Answer: We appreciate the longstanding history, context, and concerns associated with OCS moratoria and presidential withdrawals. The Administration has no plans to undo this framework.

Question 109: The plan proposes providing additional economic incentives for companies to develop reserves in frontier areas and using deep gas production. First, does this imply that these reserves would not be developed without these incentives? Second, every industry assumes much of their own risk, especially when reporting record profits. Why are we proposing that the taxpayers reduce or eliminate the risk of this exploration?

Answer: The President’s National Energy Policy calls for the Secretary to consider economic incentives for environmentally sound offshore oil and gas development where warranted by specific circumstances which includes exploring opportunities for royalty reduction consistent with ensuring a fair return to the public where warranted. We estimate that about one billion additional barrels of oil equivalent could be developed from the unleased resource base due to royalty relief. Absent this relief, these resources would not be developed at prices expected to prevail over the next 10 years. In addition, some fields that would be developed, but at a later time without royalty relief, will be developed sooner in the presence of relief from royalties.

Taxpayers stand to gain considerably by the increased production, in the form of less vulnerability to oil supply disruptions, greater domestic natural gas reserves, and lower domestic oil and gas prices. In short, for commodities such as oil and gas, the value to the Nation of each unit produced domestically is worth more than its market price. Few products generated in other industries can make this same claim. So, reducing the risk of exploration to oil and gas companies benefits all the citizens of the Nation, especially when the result is additional domestic oil production that replaces insecure supplies of foreign oil, and additional domestic gas production that lowers domestic gas prices. Further, our royalty relief program is not open-ended. Royalty relief is granted only when prices are below the thresholds specified in the leases. If prices exceed the threshold values, producers pay royalties and the production applies against their royalty suspension volume.

(SOLIS)