DOI SPENDING AND THE PRESIDENT'S FISCAL YEAR 2012 BUDGET PROPOSAL

OVERSIGHT HEARING

BEFORE THE

COMMITTEE ON NATURAL RESOURCES
U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

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OVERSIGHT HEARING TITLED "DEPARTMENT OF THE INTERIOR SPENDING AND THE PRESIDENT'S FISCAL YEAR 2012 BUDGET PROPOSAL."

Thursday, March 3, 2011
U.S. House of Representatives
Committee on Natural Resources
Washington, D.C.

The Committee met, pursuant to call, at 10:00 a.m. in Room 1324, Longworth House Office Building, Hon. Doc Hastings [Chairman of the Committee] presiding.

Present: Representatives Hastings, Duncan of Tennessee, Bishop, Lamborn, Wittman, Broun, Fleming, Coffman, McClintock, Thompson, Denham, Benishek, Rivera, Duncan of South Carolina, Tipton, Gosar, Labrador, Noem, Southerland, Flores, Landry, Fleischmann, Runyan, Johnson, Markey, Kildee, DeFazio, Faleomavaega, Napolitano, Holt, Grijalva, Costa, Sablan, Heinrich, Luján, Christensen, Sarbanes, Sutton, Tsongas, Garamendi, and Hanabusa.

STATEMENT OF HON. DOC HASTINGS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON

The CHAIRMAN. The Committee will come to order. The Chair notes the presence of a quorum. The Committee on Natural Resources is meeting today to hear testimony on the Department of the Interior Spending and the President's Fiscal Year 2012 Budget Proposal. Under Committee Rule 4[f], opening statements are limited to the Chairman and the Ranking Member of the Committee so that we can hear from our witnesses, or hear as long as we can from our witnesses; however, I ask unanimous consent to include any Member that would like to have an opening statement in the record. Without objection, so ordered. Let us get started right away. The Chair wants to mention, the Secretary has been generous with his time. He is going to be with us until 1:00 and we want to utilize all the time that we possibly can, so I am going to be very, very strict on the five-minute rule and I will advise you of that, and when we get close, we all know how the lights work, and so I just want to remind people we are going to be as strict as we possibly can.

Thank you, Secretary Salazar, for being here today. While the Committee did not, unfortunately, get a chance to hear from you on the last two of President Obama's budgets, we are very pleased for you to be here today when there is certainly a need to control Federal spending. The purpose of today's hearing is to examine the spending programs of the Department of the Interior and the President's proposed Fiscal Year 2012 budget. As everyone is aware, our country is currently facing a $14 trillion debt. This debt is threatening our economy, our nation's ability to remain competitive and the future security of our children and our grandchildren. It is long past time to get serious about cutting spending and addressing this debt head on. This requires setting priorities and making tough choices on how best to direct scarce taxpayer dollars.

When it comes to highlighting spending, the taxpayers simply cannot afford it. I must bring attention, Mr. Secretary, to the $900 million in the President's budget request for the Land and Water Conservation Fund which is primarily used to purchase Federal land. This represents a $553 million increase over the 2008 levels. I say this because the Department of the Interior has a maintenance backlog on public lands that is in the billions of dollars. I believe the government has the responsibility to maintain and care for existing lands before spending money that we don't have on more, and more and more land. In addition to spending, we will examine how several Interior Department policies are directly costing American jobs.

This includes the regulatory drought in California to the San Joaquin Valley where the government has withheld valuable water from communities, prioritizing the needs of a three-inch fish over thousands of American workers and their families, and the Department's Office of Surface Mining Reclamation and Enforcement's pursuit of sweeping changes to stream regulations that, by their own admission, will cost thousands of Americans' jobs. Finally, no discussion about jobs is complete without mentioning the President's de facto moratorium on the Gulf of Mexico that has left thousands of workers without jobs. Gasoline prices have risen nearly 20 cents last week. Higher gasoline prices not only mean increased costs at the pump, but families must pay more for groceries, and farmers' and small businesses' costs will go up.

Higher gasoline prices have a substantial impact on every American and every part of our fragile economy, but instead of focusing on ways to produce our own American energy, this Administration is deepening America's dependence on unstable and hostile foreign countries. The de facto drilling moratorium in the Gulf is simply the latest example of this. The official moratorium on deepwater drilling was lifted over four months ago, yet the Administration just this week, and I am glad they did, issued their first permit. The people of the Gulf need more than just one token permit. One permit will not put thousands of workers back to work. I also hope to hear further details on today's $358 million budget request for the Bureau of Ocean Energy and Management, Regulation and Enforcement. This is a $119 million increase above the Fiscal Year 2010 levels.

We all share the desire to make offshore drilling safe, but we need to make certain that this money will be used to actually improve and resume offshore drilling. I believe we can agree that bigger government does not equate into better government. The goal should be to make this agency better and faster, not bigger and slower. In light of the current fiscal crisis, it is important to remember that American energy production offshore and on public lands generates billions of dollars of revenue to the government. Not only do we create jobs by producing energy, but we help lower the debt and our deficit and our dependence on foreign countries. So I just have to simply say in closing, Mr. Secretary, that your budget has a $60 billion tax increase on American energy, and I do not believe that is what Americans need at this point and we would like to pursue that with you also. So, with that, I will yield back what time I do not have and I will recognize the Ranking Member for his opening statement.

[The prepared statement of Chairman Hastings follows:]

Statement of The Honorable Doc Hastings, Chairman, Committee on Natural Resources

Thank you Secretary Salazar for being here today. While the Committee didn't get a chance to hear from you on President Obama's last two budgets, we're pleased to have you here this year at a time when there is a great need to control spending.

The purpose of today's hearing is to examine the spending and programs of the Department of the Interior and the President's proposed Fiscal Year 2012 budget. As everyone is aware, our country is currently facing a $14 trillion debt. This debt is threatening our economy, our nation's ability to remain competitive, and the future security of our children and grandchildren. It's long past time to get serious about cutting spending and addressing this debt head-on. That will require setting priorities and making tough choices on how best to direct scarce taxpayer dollars.

When it comes to highlighting spending that taxpayers simply cannot afford, I must bring attention to the $900 million in the President's budget for the Land and Water Conservation Fund, which is primarily used to purchase more federal land. This represents a $553 million increase above Fiscal Year 2008 levels.

The Department of the Interior has a maintenance backlog on public lands that measures in the billions of dollars.

I believe the government has a responsibility to maintain and care for our existing lands before spending money we don't have to acquire more and more and more land.

In addition to spending, we will also examine how several Interior Department policies are directly costing American jobs.

This includes the regulatory drought in California's San Joaquin Valley where the government has withheld valuable water from communities, prioritizing the needs of a three-inch fish over thousands of workers and their families.

And the Department's Office of Surface Mining Reclamation and Enforcement's pursuit of sweeping changes to stream regulations that by their own admission will cost thousands of American jobs.

Finally, no discussion about jobs is complete without mentioning the President's de facto drilling moratorium in the Gulf of Mexico that has left thousands of Americans out of work.

Gasoline prices have risen 20 cents in the last week. Higher gasoline prices not only mean increased costs at the pump, but that families will pay more for groceries, farmers will pay more for farm, and small businesses will pay more to operate. Higher gasoline prices have a substantial impact on every American and every aspect of our already fragile economy.

But instead of focusing on ways to produce our own American energy, the Administration is deepening America's dependence on unstable, hostile foreign countries.

The de facto drilling moratorium in the Gulf is simply the latest example of the Administration blocking access to our nation's energy resources.

The official moratorium on deepwater drilling was lifted over four months ago, yet the Administration just this week issued the first permit. The people in the Gulf need more than just one token permit. One permit will not put thousands of people back to work. We need to see real progress and the immediate issuance of additional permits.

I also hope to hear further details today on the $358.4 million budget request for the Bureau of Ocean Energy Management, Regulation and Enforcement. This is $119.3 million above Fiscal Year 2010 levels. We all share the goal of wanting to make U.S. offshore drilling the safest in the world, and I don't doubt that additional funds will be needed to hire more inspectors. But we need to make certain that this money will be used to actually improve safety and resume offshore drilling.

I believe most of us can agree that bigger government does not generally equate to better government. This Committee is specifically interested in how increased funding and staffing will improve the process and foster increased American energy production. The goal should be take make this agency better and faster, not bigger and slower.

In light of the current fiscal crisis, it's important to remember that American energy production offshore and on public lands generates billions of dollars in revenue. Not only do we create jobs by producing energy in the U.S., but we help lower the debt and deficit, and we prevent our energy dollars from being sent overseas to foreign countries.

But instead of increasing production and thereby reducing the deficit, the Administration has proposed to increase the cost of producing American energy by raising a multitude of taxes. The President's budget includes over $60 billion in higher taxes and fees on American energy production. This will lead to less energy, higher costs and fewer American jobs.

If you increase the cost of producing gasoline, you raise the price of gasoline at the pump. The last thing families and businesses need right now is for gasoline prices to climb even higher.

These are just a few of the issues I hope to further discuss at today's hearing and I look forward to hearing from the Secretary.

STATEMENT OF HON. EDWARD MARKEY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MASSACHUSETTS

Mr. MARKEY. Thank you, Mr. Chairman, very much, and thank you, Mr. Secretary, for being here. I am struck by two facts from your testimony, Mr. Secretary. First, Interior reports that the programs and activities of the Department support more than 1.3 million jobs and $370 million in economic activity annually. Second, Interior is unique in that the Department generates more revenue for the U.S. Treasury than its annual appropriation. While our Federal deficit is in the red, your Department is in the black. Given these tough economic times and the enormous profits made by using public resources, I welcome your proposal that the oil and gas industry should pay a larger share of the government's costs for inspections and permits following years of lax oversight. Even, I think, the Members in the majority recognized in their spending bill that more money should be diverted to robust inspections.

Some have criticized the slow pace of oil and gas leasing. Of course, what the critics fail to mention is that oil production last year on Federal lands was higher than in the last year of the Bush Administration, and they do not disclose that oil companies are not even producing on many of the leases that they currently hold. While 80 million acres are presently under lease, the oil and gas industry is only producing on about 19.5 million of those acres. Last year the Bureau of Land Management issued 4,090 permits to drill but operations began on only 1,480 of those permits. It is as if the oil and gas industry first asked for dessert, then ate one-fourth of their dinner, and then complained to the manager about the service. On top of that, they want to stiff you on the tip.

These charges are especially absurd considering this week that the Interior Department approved the deepwater drilling permit in the Gulf of Mexico. The permitted company was the first to demonstrate that it had the resources and capability to respond to an accident as part of their drilling request. For those who say that this post-bill process has been political, I think the irony of BP holding the largest stake in the well for the permit you approved left everyone that was questioning you on the question of whether or not you were being political, that instead you have played it very straight, and BP won that first lease. Mr. Secretary, I particularly appreciate your commitment to renewable energy. When you took office, there had been little effort in this area. Now you have a goal of permitting 10,000 megawatts by 2012.

These efforts recognize that we can't just drill our way out of our dependence on foreign oil. We need to develop clean energy alternatives that create American jobs. The United States uses 25 percent of the world's oil, yet we have just two percent of the world's oil reserves. The world price is set by OPEC and increases in oil production in the United States over the last five years still cannot impact the price of oil. On climate change and endangered species, there are those who prefer to deny reality and ignore the warning signs of melting polar ice, crop killing droughts and deadly floods, but I am glad to see that Interior attempts to deal with climate change before our iconic species become but a memory. Mr. Secretary, I also welcome your proposal for full funding of the Land and Water Conservation Fund. This fund is based on the simple premise that as we deplete one resource, we should preserve other natural resources. We thank you for your leadership and visionary stewardship of the agency since you have been sworn in. We welcome you here today.

[The prepared statement of Mr. Markey follows:]

Statement of The Honorable Edward J. Markey, Ranking Member, Committee on Natural Resources

Mr. Secretary, I appreciate your presence here today.

I am struck by two facts from your testimony. First, Interior reports that the programs and activities of the Department support more than 1.3 million jobs and $370 million in economic activity annually. Second, Interior is unique in that the Department generates more revenue for the U.S. Treasury than its annual appropriation. While our federal deficit is in the red, your Department is in the black.

Given these tough economic times and the enormous profits made by using public resources, I welcome your proposal that the oil and gas industry should pay a larger share of the government's costs for inspections and permits following years of lax oversight. Even my Republican friends recognized in their spending bill that more money should be diverted to robust inspections.

Some have criticized the slow pace of oil and gas leasing. Of course, what the critics fail to mention is that oil production last year on federal lands was higher than in the last year of the Bush Administration. And they won't disclose that oil companies are not even producing on many of the leases they currently hold. While 80 million acres are presently under lease, the oil and gas industry is only producing on 19.5 million of those acres. Last year, the Bureau of Land Management issued 4,090 permits to drill, but operations began on only 1,480 of those permits.

It's as if the oil and gas industry first asked for dessert, then ate 1/4th of their dinner, and then complained to the manager about the service. On top of that, they want to stiff you on the tip.

These charges are especially absurd considering that this week the Interior Department approved a deepwater drilling permit in the Gulf of Mexico. The permitted company was the first to demonstrate that it had the resources and capability to respond to an accident as part of their drilling request.

And for those who say this post-spill process has been political, I think the irony of BP holding the largest stake in the well for the permit you approved tells everyone you are not playing politics, you are playing it straight.

Mr. Secretary, I particularly appreciate your commitment to renewable energy. When you took office there had been little effort in this area. Now, you have a goal of permitting 10,000 megawatts by 2012.

These efforts recognize that we can't just drill our way out of our dependence on foreign oil. We need to develop clean energy alternatives that create American jobs.

The United States uses 25 percent of the world's oil, yet we have just 2 percent of the world's reserves. The world price is still set by OPEC. And increases in oil production in the United States over the past five years have done nothing to reduce the price of oil.

On climate change and endangered species there are those who prefer to stick their head in the sand and ignore the warning signs of melting polar ice, crop-killing droughts and deadly floods. I am glad to see Interior attempt to deal with climate change before our iconic species become but a memory.

Mr. Secretary, I also welcome your proposal for full funding of the Land and Water Conservation Fund. This fund is based on the simple premise that as we deplete one resource, we should preserve other natural resources.

Mr. Secretary, I thank you again for your presence here today and I look forward to your testimony.

The CHAIRMAN. I thank the Ranking Member, and I thank very much his looking at the time, like I did not, so I thank him for that. We are now ready to hear from our only witness today, The Honorable Ken Salazar, the Secretary of the Interior. Mr. Secretary, thank you very much for being here. I would just remind you, like all witnesses, your written statement will appear in the record. I would like you to obviously observe that five-minute timeframe as much as you possibly can. The clerk will start the timer, and, as you know, the green light goes for four minutes, yellow light for one and the red light, your time is up. If you could adhere to that, I would certainly appreciate that. So, Mr. Secretary, thank you very, very much for being here, and you may begin.

STATEMENT OF HON. KEN SALAZAR, SECRETARY, U.S. DEPARTMENT OF THE INTERIOR; ACCOMPANIED BY HON. DAVID J. HAYES, DEPUTY SECRETARY, U.S. DEPARTMENT OF THE INTERIOR; AND PAMELA K. HAZE, DEPUTY ASSISTANT SECRETARY, BUDGET, FINANCE, PERFORMANCE, AND ACQUISITION, U.S. DEPARTMENT OF THE INTERIOR

Secretary SALAZAR. Thank you very much, Chairman Hastings and Ranking Member Markey and the distinguished members of this Committee. It is an honor and a privilege to serve this nation and to serve all of you as the Secretary of the Interior and to be part of President Obama's cabinet. With me today is David Hayes who is the Deputy Secretary of the Interior and Pam Haze who is a Budget Director at Interior so that they are available to answer questions as well. Let me start by saying that the mission of the Department of the Interior is a mission which is extraordinarily important to each and every one of you and to this nation. It is a mission which makes the Secretary of the Interior the custodian of America's natural resources and the custodian of America's history. It is a mission which I very much enjoy working on.

For those of you who are not as familiar as others with the Department of the Interior, we manage 20 percent of the land mass of the United States of America, 553 national wildlife refuges and almost 400 national parks throughout the United States of America. We also manage 1.75 million acres of the Outer Continental Shelf where much of our oil and gas production takes place and have important responsibilities, trust responsibilities, for the Native Americans and the reservations in our country. As we see the Department of the Interior, and I think both the Chairman and the Ranking Member got it right where they talked about some of the work that we do in terms of job production, we see our efforts at the Department of the Interior as being an economic generator for our economy, and certainly the numbers that we have in terms of the creation of millions of jobs from the outdoor industry, as well as from energy production is something that we are very proud of.

The budget that the President presented to the Congress for 2012 is a freeze budget. It is a budget that cuts $1.1 billion, I think, in these times of fiscal austerity, and where everyone in the country is saying that we need to be fiscally tough, it is a budget that represents some tough choices. We have cut $1.1 billion, including looking at administrative savings which are important, such as travel, where we are cutting $42 million from the budget, information technology $36 million, procurement reform efforts that we have undertaken to make government work better where we are saving $53 million, so overall, cuts of $1.1 billion that are accounted for in the budget that we have presented in front of you.

I want to briefly spend some time speaking about energy, both conventional and renewable, because I know that is important to the members of this Committee, the conservation work, which includes the Land and Water Conversation Fund which you raised in your opening statements, a brief comment about water, and finally, a comment about youth and the efforts that we have underway. First, with respect to energy, we recognize the role that we play at the Department of the Interior in terms of powering our economy through the energy that is produced in America, and that is both conventional as well as renewable energy. Our goal is simply to have a robust oil and gas program for the United States in both America's oceans and on America's lands. With respect to our goal in terms of having that kind of program underway, we need to keep in mind the protection of people and the protection of the environment.

Certainly for some it may seem like a distant memory, for others it is not, and that is the blowup of the Macondo well and the *Deepwater Horizon* last year on April 20 should remind us all that that was an area where over 30 years of neglect resulted in the kind of catastrophe that poured nearly five million barrels of oil out into the ocean in the Gulf of Mexico, and so how we move forward with safe production that protects people and the environment is of the highest order, and that is why in front of you there is a request to beef up significantly the funding that is available for the Bureau of Ocean Energy Management and Regulation. That money will go into inspections and to improve permitting and a number of other things that will help us get the job done.

With respect to onshore oil and gas production, we continue to lease oil and gas throughout the United States on BLM lands and lands that we manage on behalf of the Forest Service as well and have issued over 5,000 permits in 2010. We will issue about 7,000 permits in 2011 and have a robust program to move forward with conventional energy. On the renewable energy side, to Ranking Member Markey's point on renewable energy, I am proud of the fact that the Department of the Interior over the last two years has permitted over 3,700 megawatts of renewable energy. It is a huge amount of energy which includes the largest solar scale facilities in the world, as well as capturing the power of the wind, and geothermal and other renewable energies in places like Congressman Bishop's district, in Milford, Utah, where I have been on different occasions to look at some of the renewable energy efforts that are underway in Utah, especially there, in Milford, Utah.

We expect in the 2012 budget that on the renewable energy front we will be able to get to a level of 10,000 megawatts of power from renewable energy. On conservation, just to make a few points on conservation and what is included in the budget, again, I think it is important for all of us, especially those from the West, to recognize the importance of what tourism and job creation occurs when we have places, such as my Colorado colleagues here know, from Rocky Mountain National Park and so many of the other places there, or whether it is in places like the Everglades where you have a huge number of people who actually come to our states because of the great tourism opportunities that are there. Your state, Chairman Hastings, is no exception to that, where we see ourselves as being a huge economic generator because of the fact that people come there to hunt, and fish, and bike, and hike and enjoy the outdoors of your great state.

Indeed, the Outdoor Recreation Industry Foundation estimates that there are 6.5 million jobs that are created every year through these outdoor activities that occur here in our country. Mr. Chairman, I know my time is up, but I would respectfully request two more minutes to finish my statement.

The CHAIRMAN. Go right ahead, Mr. Secretary.

Secretary SALAZAR. Thank you, Mr. Chairman. So as we move forward with the America's Great Outdoors Initiative which the President announced, it is an effort to keep alive the conservation legacy which was started by a great Republican President, Abraham Lincoln, when he set aside Yosemite during the midst of the Civil War, the conservation legacy of Teddy Roosevelt and what he did at the beginning of the last century and Franklin Roosevelt continuing that effort during the most difficult times of The Depression and standing up the country for World War II. The investments that we look to make in terms of conservation do include full funding of the Land and Water Conservation Fund.

When that program was created in the 1960s, it was thought that the resources that we would be taking from our oceans would provide a funding stream for conservation for the long term. Sadly, over the last 50 years, that has not happened, and instead, because of the appropriations mechanisms, only about half of the money that should have gone to conservation has actually gone to conservation. So the ups and downs really have meant that the Land and Water Conservation Fund has not been fully funded. This is an historic effort on the part of the President to fund it in the context of making sure that we are standing up the economy and looking ahead at the future in the same way that President Teddy Roosevelt did 102, 103 years ago.

Finally, let me just make a quick comment about water. For many of you, especially from arid states in the West, you know the importance of water. We have a WaterSMART program which we have started since I became Secretary of the Interior. This last year alone, in 2010, through the funding of 37 projects we were able to conserve 490,000 acre-feet of water through these conservation programs. When we look at those of you who share from the seven states of the Colorado River Basin, we are looking at 20 percent declines of water in the Colorado River Basin. We are doing the same thing in looking at some declines in terms of water availability in many other parts of the country, so it is important that we continue to invest in these kinds of water conservation programs.

Finally, with respect to youth and the opportunities that we create for young people of America and we address the jobs issues of this country, we have in the Department of the Interior hired about 21,000 people just in 2010. We hope to continue to be able to do that because these are young people who come and work in the Department of the Interior. (1) They help us do the work that is necessary for our mission; and (2) we provide training to young people who will become the conservation leaders of our country in the future and the workers of the Department of the Interior. In conclusion, Mr. Chairman, I look forward to working, with you with Ranking Member Markey, with members of this Committee on so many issues that are important to the United States of America.

[The prepared statement of Secretary Salazar follows:]

Statement of The Honorable Ken Salazar, Secretary, U.S. Department of the Interior

Mr. Chairman and members of the Committee, I am pleased to be here today to present the details of the 2012 budget request for the Department of the Interior. I want to thank the members of this Committee for your support and interest in our Department.

The 2012 budget builds on that strong foundation with $12.2 billion requested for the Department of the Interior. This is a freeze at the 2010 level, including significant reductions and savings totaling $1.1 billion, while funding key priorities. The budget demonstrates that we can responsibly cut the deficit, while investing to win the future and sustain the national recovery. Our budget promotes the actions and programs that America told us are important in 50 listening sessions across the Country. With that inspiration we developed a new 21st Century conservation vision—America's Great Outdoors. The budget continues to advance efforts that you have facilitated in renewable energy and sustainable water conservation, cooperative landscape conservation, youth in the outdoors, and reforms in our conventional energy programs.

Introduction

Interior's mission is simple but profound—to protect America's resources and cultural heritage and honor the Nation's trust responsibilities to American Indians and Alaska Natives. Interior's people and programs impact all Americans.

The Department is the steward of 20 percent of the Nation's lands including national parks, national wildlife refuges, and the public lands. Interior manages public lands and the Outer Continental Shelf—providing access for renewable and conventional energy development and overseeing the protection and restoration of surface-mined lands. The Department of the Interior is also the largest supplier and manager of water in the 17 western States and provides hydropower resources used to power much of the country. Interior is responsible for migratory wildlife and endangered species conservation as well as the preservation of the Nation's historic and cultural resources. The Department supports cutting edge research in the earth sciences—geology, hydrology, and biology—to inform resource management decisions at Interior and improve scientific understanding worldwide. The Department of the Interior also fulfills the Nation's unique trust responsibilities to American Indians and Alaska Natives, and provides financial and technical assistance for the insular areas.

The Department makes significant contributions to the Nation measured in economic terms. The Interior Department supports over 1.3 million jobs and over $370 billion in economic activity each year. Parks, refuges, and monuments generate over $24 billion in economic activity from recreation and tourism. Conventional and renewable energy produced on Interior lands and waters results in about $295 billion in economic benefits and the water managed by Interior supports over $25 billion in agriculture. The American outdoor industry estimates 6.5 million jobs are created every year from outdoor activities.

In measures that cannot be translated into dollars and cents, the Department protects the Nation's monuments and priceless landscapes, conserves wildlife and fisheries, offers unparalleled recreational opportunities, protects and interprets the cultural collections that tell America's history, and manages resources that help to fulfill the Nation's demands for energy, minerals, and water. Through its trust responsibilities on behalf of American Indians and Alaska Natives, Interior supports tribal self-governance and the strengthening of Indian communities. For affiliated island communities, the Department fulfills important commitments providing much needed technical and financial assistance.

2010—A Year of Challenge and Success

At the start of the Administration in 2009, I set Interior on a course to create a comprehensive strategy to advance a new energy frontier; tackle the impacts of a changing landscape; improve the sustainable use of water; engage youth in the outdoors; and improve the safety of Indian communities. These priority goals integrate the strengths of the Department's diverse bureaus and offices to address key challenges of importance to the American public. Interior has been making progress in these areas, including:

- Approving 12 renewable energy projects on public lands that when built, will produce almost 4,000 megawatts of energy, enough energy to power close to one million American homes, and create thousands of construction and operational jobs.
- Designating more than 5,000 miles of transmission corridors on public lands to facilitate siting and permitting of transmission lines and processing more than 30 applications for major transmission corridor rights-of-way.
- Establishing three of eight planned regional Climate Science Centers and nine of 21 Landscape Conservation Cooperatives.
- Issuing grants to water districts and other water delivery authorities resulting in the conservation of 150,000 acre-feet of water.
- Increasing the number of youth employed in conservation through Interior or its partners increased by 45 percent over 2009 levels.
- Reducing overall crime in four Indian communities as a result of a concerted effort to increase deployed law enforcement officers, and conduct training in community policing techniques, and engage the communities in law enforcement efforts.

The tragic events resulting from the explosion and sinking of the Deepwater Horizon drilling rig in April of last year drew the attention of the world to the Gulf of Mexico. Much of the focus of Interior's bureaus and offices in 2010 was on oil spill response, Gulf Coast restoration, strengthening safety and environmental standards for offshore energy production, and re-organizing and reforming the former Minerals Management Service (MMS). Nonetheless, the Department advanced other key priorities and strategic goals that will improve the conservation and management of natural and cultural resources into the future:

- Interior, along with the Department of Agriculture, the Environmental Protection Agency, and the Council on Environmental Quality, participated in the White House Conference on America's Great Outdoors and held 50 public listening sessions across the Country that have helped shape a conservation vision and strategy for the 21st Century. We have released a report, *America's Great Outdoors: A Promise to Future Generations,* that lays out a partnership agenda for 21st century conservation and recreation.
- In the spirit of America's Great Outdoors, we welcomed new national wildlife refuges in Kansas and Colorado and proposed a new conservation area in Florida at the headwaters to the Everglades. These refuges mark a new era of conservation for the Department, one that is community-driven, science-based, and takes into account entire ecosystems and working landscapes.
- The Department worked with others to develop an action plan to bring relief for the drought-stricken California Bay-Delta area, invested over $500 million in major water projects over the past two years, and moved forward on long-standing water availability issues in the Colorado River Basin.
- In December, I issued my recommendation to Congress to undertake an additional 5.5 miles of bridging on the Tamiami Trail in the Everglades above and beyond the 1-mile bridge now under construction. When combined with other planned work in the Everglades Agricultural Area and water conservation areas, this project should restore 100 percent of historic water quantity and flow to Everglades National Park.
- With the help of Congress, we brought about resolution of the *Cobell* v. *Salazar* settlement and resolved four long-standing Indian water rights issues through enactment of the Claims Resolution Act of 2010. We also completed

negotiation of a new Compact of Free Association with the island of Palau which awaits Congressional approval.

- In December of last year, the President hosted the second White House Tribal Nations Conference bringing together tribal leaders from across the United States; we are improving the Nation-to-Nation relationship with 565 Tribes.

Interior's Budget In Context

In his State of the Union address in January, President Obama spoke of what it will take to "win the future." He challenged the Nation to encourage American innovation, educate young people, rebuild America, and shrink the burden of mounting debt. Interior's 2012 budget request responds to this challenge. The investments proposed in this budget are balanced by reductions in other programs—recognizing the Nation's need to live within its means to ensure a legacy of economic strength.

Taking Fiscal Responsibility – Interior's 2012 budget must be viewed in context of the difficult fiscal times facing the Nation and the President's freeze on discretionary funding. The 2012 budget reflects many difficult budget choices, cutting worthy programs and advancing efforts to shrink Federal spending. The budget contains reductions totaling $1.1 billion or 8.9 percent of the 2010 Enacted/2011 CR level. Staffing reductions are anticipated in some program areas, which will be achieved through attrition, outplacement, and buy-outs to minimize the need to conduct reductions in force to the greatest extent possible. These reductions are a necessary component of maintaining overall fiscal restraint while allowing us to invest additional resources in core agency priorities.

This budget is responsible. The $12.2 billion budget funds important investments by eliminating and reducing lower priority programs, deferring projects, reducing redundancy, streamlining management, and capturing administrative and efficiency savings. It maintains funding levels for core functions that are vital to uphold stewardship responsibilities and sustain key initiatives. The 2012 request includes $11.2 billion for programs funded by the Interior, Environment, and Related Agencies appropriation. This is $69.2 million, or less than one percent, above the 2010 enacted level and $87.6 million above the 2011 annualized CR level. The 2012 request for the Bureau of Reclamation and the Central Utah Project Completion Act, funded in the Energy and Water Development Appropriations Act, is $1.1 billion in current appropriations, $88.3 million or eight percent below the 2010 enacted level and $78.3 million or seven percent below the 2011 CR level.

Permanent funding that becomes available as a result of existing legislation without further action by the Congress results in an additional $5.6 billion, for $17.8 billion in total budget authority for Interior in 2012.

Program Reductions and Terminations—Interior's $12.2 billion budget proposal includes $913.6 million in program terminations and program reductions of which $188.0 million are featured in the President's list of terminations and reductions. This also includes the elimination of $47.6 million in congressional earmarks not related to land acquisition or construction.

These cuts were identified as part of a top to bottom review that considered mission criticality, the ability of partners to support the function, duplication or overlap, relevance to key initiatives, program performance, the relevance of timing and if the activity could be deferred, and short- and long-term strategic goals.

Examples of the tough decisions made in 2012 include terminating the $7.0 million Rural Fire Assistance program which is duplicative of other fire assistance grant programs managed by the Department of Homeland Security and Department of Agriculture. The National Park Service's Save America's Treasures and Preserve America programs are eliminated in 2012 to focus NPS resources on the highest priority park requirements. The NPS Heritage Partnership Programs are reduced by half to encourage self-sufficiency among well-established National Heritage Areas while continuing support for newer areas. In the Bureau of Indian Affairs, the Indian Guaranteed Loan Program is reduced 63 percent in 2012 pending an evaluation of the program's effectiveness and alternatives to improve program performance.

Program reductions are proposed in every bureau and office in the Department. One area that is reduced Interior-wide is construction. The budget includes $178.8 million for the Bureau of Land Management, Fish and Wildlife Service, and National Park Service construction programs; in total this is a reduction of $100.2 million or 36 percent from the 2010 enacted/2011 CR level. To achieve these reductions, the Department has frozen construction of new facilities in 2012 and deferred construction of replacement facilities. Interior's 2012 request for construction focuses on the highest priority health and safety and mission critical projects and defers lower priorities. The Department is committed to the repair and rehabilitation of current assets and funding for facility maintenance is held nearly level. The 2012 budget also slows the construction of major water management programs, including the Central Utah Completion Act. The 2012 budget request for CUPCA is $33.0 million, a reduction of $9.0 million.

Administrative Savings – The budget includes $99.4 million in reductions reflecting administrative cost savings as part of the Administration's Accountable Government Initiative. These reductions will be generated by efficiencies throughout Interior, changing how the Department manages travel, employee relocation, acquisition of supplies and printing services, and the use of advisory services. These reductions are in addition to $62.0 million in travel, information technology, and strategic sourcing savings identified as part of the President's 2011 request. These reductions are sustained in the 2012 request along with bureau-specific efficiencies.

- The Department will achieve $42 million in savings in travel and relocation through improved management at the program level and re-examination of Departmental policies.
- An estimated $53 million in savings will be achieved through acquisition improvement initiatives including shared contracts to use Interior-wide for the acquisition of commodities, supplies, and services. In 2011, Interior is implementing Department-wide strategic sourcing initiatives for office supplies and copier-based multifunctional devices. Savings from expanded strategic sourcing is one component of a comprehensive plan to improve acquisition practices throughout Interior.
- Efficiency savings from expanded strategic sourcing is one component of a comprehensive plan to improve acquisition practices throughout Interior. Another component to reduce advisory services spending will achieve an approximate $15 million in savings.
- Through careful planning, strategic investments, and unprecedented cooperation, significant opportunity exists to realize efficiencies in the Department's IT infrastructure of an estimated $36 million, including energy and cost savings. The Department has identified five primary focus areas: risk-based information security services, infrastructure consolidation, unified messaging, workstation ratio reduction, and radio site consolidation.
- The Department's 2012 budget reflects a freeze on Federal salaries for 2011 and 2012 and requirements to address fixed cost increases are limited to anticipated changes in the Federal contributions to health benefits, GSA rent increases, changes in workers and unemployment compensation costs, and specific contract requirements for P.L. 93–638 agreements.

Cost Recovery – The budget proposes to increase cost recovery to offset the cost of some resource development activities that provide clear benefits to customers.

The budget proposes to increase fees for offshore oil and gas inspections from $10.0 million in the 2010 enacted budget to $65.0 million in 2012. These fee collections incorporate a more robust inspection program and expand the scope of offshore inspection fees to include offshore drilling rigs, given the need for greater scrutiny of drilling operations as a core component of deepwater oil and gas development. This is consistent with the National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling. The report states that the oil and gas industry should be "required to pay for its regulators" so that the costs of regulation "would no longer be funded by taxpayers but instead by the industry that is permitted to have access to a publicly owned resource."

Similarly, the budget proposes to collect $38.0 million for onshore oil and gas inspection activities conducted by BLM. The budget also proposes new fees totaling $4.4 million for coal and other minerals inspections conducted by BLM to recover the costs of inspecting these operations.

Likewise, the budget proposes to decrease OSM grants to state programs that regulate the coal industry, to encourage those states to increase cost recovery fees for coal mine permit processing.

Investments for the Future

America's Great Outdoors–Last year, the Administration initiated a national dialogue at the White House Conference on America's Great Outdoors. In 50 listening sessions held across the Country, the public communicated their conservation and recreation priorities, and the result is a report to the President, *America's Great Outdoors: A Promise to Future Generations.* The report outlines how the Federal Government can support a renewed and refreshed conservation vision by working in collaboration with communities, farmers and ranchers, businesses, conservationists, youth and others who are working to protect the places that matter to them and by engaging people across the country in conservation and recreation.

The report calls for the government and its partners to help conserve and recreate on the lands and places that Americans care about most. To this end, the report recommends expanding access to green spaces for recreation, restoring and connecting open spaces and rural landscapes to power economic revitalization and species conservation,, and increasing our investment of revenue from oil and gas development in the protection of open spaces. The report calls for the revision of government policies to improve program effectiveness and alignment, and leverage local, community driven efforts and asks the Federal government to be a better partner with States, Tribes, landowners, local communities, the private sector and others to meet shared conservation goals.

The 2012 President's budget identifies resources that are targeted on these outcomes with $5.5 billion for programs included in the America's Great Outdoors initiative, an increase of $363.0 million over the FY 2010 level. The components of this budget request include land management operations, programs funded through the Land and Water Conservation Fund, and grant programs focused on partnerships that conserve natural resources, restore, rivers and trails, and preserve the Nation's historic assets.

The 2012 budget for America's Great Outdoors includes $4.6 billion for core operations, an increase of $13.5 million, in the land and resource management bureaus—BLM, FWS, and NPS. Increases in Interior's land management bureaus will enhance cultural and interpretative programs throughout our network of national parks, refuges and public lands. This funding will also support day–to-day operations, improve the condition of facilities, and address natural resource management needs. More than 285 million Americans and foreign tourists visited the Nation's national parks in 2009, nearly 11 million more than in 2008, a 3.9 percent increase. This was the fifth busiest year for the national park system, just missing the all-time visitation record set in 1987. The increased visitation to the national parks reinforces the importance and value Americans place on their treasured landscapes.

The initiative also includes $675.0 million for programs funded from the Land and Water Conservation Fund. The components of this request are: $375.0 million for Federal land acquisition, $200.0 million for an expanded LWCF State grants program including competitive grants, and $100.0 million for Cooperative Endangered Species Conservation Grants.

The 2012 budget for Interior and the U.S. Forest Service includes full funding, $900 million, for the Land and Water Conservation Fund. This funding is drawn from revenue generated each year from oil and gas development. This fulfills the vision for the LWCF, with a dedicated source of funding generated from the depletion of resources to be used annually to advance resource conservation and recreational opportunities. For the 2012 budget, the Department coordinates Interior bureaus' and the Forest Service's land acquisition priorities and presents a joint conservation strategy that maximizes conservation outcomes in key geographic focal areas.

The 2012 budget also includes $150.0 million for fish and wildlife conservation grants, an increase of $7.0 million, including $50.0 million for the North American Wetlands Conservation Fund, $95.0 million for State and Tribal Wildlife Grants, and $5.0 million for Neotropical Migratory Bird Conservation Grants. An additional $72.4 million is proposed for NPS partnership programs, including $62.4 million for historic preservation grants to States and Tribes, an increase of $6.5 million and $10.0 million for the Rivers, Trails and Conservation Assistance program, an increase of $1.1 million.

The 2012 America's Great Outdoors initiative focuses on investments that will lead to healthy lands, waters and resources while stimulating the economy—goals that are complementary. Through strategic partnerships, Interior will support and protect historic uses of lands, restore lands and resources, protect and interpret historic and cultural resources, and expand outdoor recreation opportunities. All of these activities have significant economic benefits in rural and urban communities. An economic impact analysis completed by the Department in December 2009 estimates that in 2008 more than 400 million visits to the Nation's parks, refuges, and public lands generated nearly $25 billion and over 300,000 jobs in recreation and tourism, contributing significantly to the economic vitality of many communities.

New Energy Frontier—The 2012 budget continues the Department's New Energy Frontier initiative to create jobs, reduce the Nation's dependence on fossil fuels and oil imports, and reduce carbon impacts. Facilitating renewable energy development is a major component of this strategy along with effective management of conventional energy programs.

The Department has made significant advances in its priority goal to increase approved capacity for renewable energy production on Interior lands by at least 10,000 megawatts by the end of 2012, while ensuring full environmental review. To date, BLM has approved projects that, when built, will generate approximately 4,000 megawatts of energy. The budget requests $72.9 million for renewable energy programs in 2012, an increase of $13.9 million above the 2010 enacted/2011 CR level.

While we work to develop renewable energy sources, domestic oil and gas production remain critical to our nation's energy supply and to reducing our dependence on foreign oil. As was underscored by the tragic explosion of the Deepwater Horizon and the oil spill that followed, we must take immediate steps to make production safer and more environmentally responsible. The recently-released report from the National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling concludes that neither industry nor the government were adequately prepared to respond to a blowout in deepwater. We have been aggressively pursuing reforms to raise the bar on safety standards for offshore drilling—including new standards for how well they are drilled and for the safety systems to prevent blowouts, as well as requiring operators to demonstrate that they are able to respond promptly and effectively to a loss of well control in deepwater. We are also making fundamental changes to improve the effectiveness of government safety oversight and environmental protection.

The Commission's recommendations are, in many ways, a strong validation of the reforms that we at the Department of the Interior have been undertaking to promote safety and science in offshore oil and gas operations. Moreover, the Commission's findings and recommendations bolster the case for Interior's comprehensive reforms and the reorganization of offshore oil and gas oversight that will remedy conflicted missions, stand up a stronger regulatory framework, create an internal review unit to investigate problems in a timely manner, improve agency and industry management of safety and environmental protection, and expand the team of inspectors, engineers and other safety personnel. Many reforms have already been accomplished including:

- Implementation of strong new safety and environmental standards including: a safety rule that raises standards for everything from drilling equipment and well design to casing and cementing; a requirement that companies establish comprehensive risk management programs; a requirement that operators demonstrate capability to deal with a catastrophic blowout; limiting the use of categorical exclusions so that proposed lease sales and drilling projects go through rigorous environmental reviews under the National Environmental Policy Act (NEPA); and requiring companies to put their signature on the line to state that their rigs comply with safety and environmental laws and regulations.
- Termination of the controversial royalty-in-kind program, which accepted oil and natural gas from producers in lieu of cash royalty payments, in favor of a more transparent and accountable royalty collection system.
- Dissolution of the Minerals Management Service with the transfer of minerals revenue management to the Office of Natural Resources Revenue in the Office of the Secretary and creation of the Bureau of Ocean Energy Management, Regulation and Enforcement as an interim organization while further structural changes are made.
- Formulation of a plan for reorganization of the former MMS that will separate the offshore resource management and the safety and environmental enforcement programs into two independent organizations—the Bureau of Ocean Energy Management and the Bureau of Safety and Environmental Enforcement.
- Development and implementation of regulations and guidance to operators to heighten standards for drilling safety, including requiring operators to demonstrate the ability to respond to a deepwater blowout.
- Continuing to pursue changes responsive to the recommendations of the Safety Oversight Board, the National Academy of Engineering, and the National Commission on the BP Deepwater Horizon oil Spill.
- Completion of a review of ethics issues related to the Department's management of the OCS program and creation of the Investigations and Review Unit.
- Implementation of a recruitment strategy for BOEMRE to expand the field of inspectors and engineers including recruitment tours of petroleum engineering programs at universities across the country.
- Establishment of the Offshore Energy Safety Advisory Committee to advise BOEMRE on issues related to offshore energy safety, including drilling and workplace safety, well intervention and containment, and oil spill response.

The 2012 budget includes $506.3 million for the components of the former Minerals Management Service to continue our efforts at reorganization and reform of both offshore energy development activities and mineral revenue collection. This includes a total program of $358.4 million for the Bureau of Ocean Energy Management, Regulation and Enforcement, an increase of $119.3 million, or 50 percent, over the 2010 enacted level, after adjusting for the transfer of mineral revenue collections to the new Office of Natural Resources Revenue. The budget proposes to offset BOEMRE program funding with $160.2 million in offsetting rental receipts and cost recoveries and $65.0 million from oil and gas inspection fees.

The budget makes investments to increase capacity for leasing and environmental review, safety and environmental enforcement, and oil spill research. This request will enable Interior to hire over 100 inspectors, engineers, and other safety and enforcement staff by the end of 2012. The 2012 budget includes funding for the Investigations and Review Unit to respond to allegations or evidence of misconduct and unethical behavior; oversee and coordinate internal auditing, regulatory oversight and enforcement systems and programs; and ensure the organization's ability to respond to emerging issues and crises, including spills and accidents. Funding is also included to support the use of sound science in all of the Department's offshore energy activities.

The 2012 budget request also includes $147.9 million for the Office of Natural Resources Revenue located in the Office of the Secretary. The proposed $38.7 million increase over the 2010 enacted level will allow us to strengthen auditing and compliance efforts for royalty revenue collections and to complete the transition of the royalty-in-kind (RIK) program to royalty-in-value collections.

Youth in the Great Outdoors—Furthering the youth and conservation goals of the America's Great Outdoors initiative, the 2012 budget proposes to continue engaging youth by employing and educating young people from all backgrounds. The 2012 budget includes $46.8 million for youth programs, an increase of $7.6 million above the 2010 enacted/2011 CR level.

Interior is uniquely qualified to engage and educate young people in the outdoors and has programs that establish connections for youth ages 18 to 25 with natural and cultural resource conservation. These programs help address unemployment in young adults and address health issues by encouraging exercise and outdoor activities. For example, Interior is taking part in the First Lady's *Let's Move* initiative to combat the problem of childhood obesity. The Bureau of Land Management, National Park Service and Fish and Wildlife Service have *Let's Move Outside* programs to promote physical activity for children and families on the Nation's public lands. Interior has long-standing partnerships with organizations such as the 4–H, the Boy Scouts, the Girl Scouts, the Youth Conservation Corps, and the Student Conservation Association. These programs leverage Federal investments to put young people to work and build a conservation ethic.

In 2010, Interior met its high priority performance goal to employ 15,900 in conservation-related careers through the Department or its partners. This is a 45 percent increase from 2009. The 2012 goal is to increase this youth employment by 60 percent.

Cooperative Landscape Conservation—The 2012 budget realigns programs and funding to better equip land and resource managers with the tools they need to effectively conserve resources in a rapidly changing environment. Significant changes in water availability, longer and more intense fire seasons, invasive species and disease outbreaks are creating challenges for resource managers and impacting the sustainability of resources on public lands. These changes result in bark beetle infestations, deteriorated range conditions, and water shortages that negatively impact grazing, forestry, farming, as well as the status of wildlife and the condition of their habitats. Many of these problems are caused by or exacerbated by climate change.

The 2012 Budget includes $175.0 million for cooperative landscape conservation, an increase of $43.8 million. The budget funds the completion of the Climate Science Centers and Landscape Conservation Cooperatives, the organizing framework for the Department's efforts to work collaboratively with others to understand and manage these changes. These efforts will allow the Department to meet its priority goal to identify resources vulnerable to climate change and implement coordinated adaptation response actions for 50 percent of the Nation by the end of 2012.

The request for USGS climate variability science is $73 million, which includes $14.3 million for carbon sequestration research. USGS is conducting cutting edge research in biological and geological carbon sequestration, to investigate the potential of removing carbon dioxide from the atmosphere for storage in vegetation, soils, sediments, oil and gas reservoirs and saline geologic formations. The 2012 budget will advance USGS research to assess rates and potential capacity for carbon storage in ecosystems, and evaluate the Nation's potential resources for geological storage.

Water Challenges—Interior is working to address the 21st Century pressures on the Nation's water supplies. Population growth, aging water infrastructure, changing climate, rising energy demands, impaired water quality and environmental needs are among the challenges. Water shortage and water use conflicts have become more commonplace in many areas of the United States, even in normal water years. As competition for water resources grows, the need for information and tools to aid water resource managers also grows. Water issues and challenges are increasing across the Nation, but particularly in the West and Southeast due to prolonged drought. Traditional water management approaches no longer meet today's needs.

Reclamation proposes to fund WaterSMART at $58.9 million, $11.0 million below 2011 levels. The three ongoing WaterSMART programs include: the WaterSMART Grant program funded at $18.5 million; Basin Studies funded at $6.0 million; and the Title XVI Water Reclamation and Reuse program funded at $29.0 million. Two programs are being added to WaterSMART in 2012, the continuing Water Conservation Field Services program, funded at $5.1 million, and participation by Reclamation in the Cooperative Watershed Management program, funded at $250,000. This is a joint effort with the USGS. The USGS will use $10.9 million, an increase of $9.0 million, for a multi-year, nationwide water availability and use assessment program. Other significant programs and highlights include:

In 2010, I issued a Secretarial Order establishing a new water sustainability strategy to coordinate Interior's water sustainability efforts, create a clearinghouse for water conservation best practices, implement a water footprint reduction program to reduce consumption of potable water by 26 percent by 2020. We are in dialogue with Mexico on the management of the Colorado River and we are actively pursuing workable solutions to regional issues such as in the California Bay-Delta.

The Bay-Delta is a source of drinking water for 25 million Californians and sustains about $400 billion in annual economic activity, including a $28 billion agricultural industry and up until recently supported a thriving commercial and recreational fishing industry. Our efforts in the Bay-Delta are focused on co-leading an inter-agency effort with the Council on Environmental Quality (CEQ) to implement the December 2009 Interim Federal Action Plan for the California Bay-Delta Conservation Plan. In coordination with five other Federal agencies, we are leveraging our activities to address California water issues, promote water efficiency and conservation, expand voluntary water transfers in the Central Valley, fund drought relief projects, and make investments in water infrastructure. Over the past two years, we have invested over $500 million in water projects in California. We have also, in close coordination with NOAA and the state of California, worked on the California Bay-Delta Conservation Plan, a long-term plan aimed at restoring both reliable water supplies and a healthy Bay-Delta ecosystem.

On February 18 we announced the initial 2011 Water Supply Allocation for Central Valley Project water users. We were pleased to report that some of the CVP contractors and waters users will receive a 100 percent allocation due to the precipitation and snowpack in the Sierra Nevada Mountains and improved carryover reservoir storage. Agricultural water service contractors South-of-Delta have an initial allocation of 50 percent but this is an improvement on the 46 percent initial allocation they've averaged over the past 20 years. These allocations represent good news given recent years, but many challenges remain. We will continue to work with our Federal, State and local partners to improve water supply reliability while addressing significant ecological issues.

Our 2012 budget for the Bureau of Reclamation includes $53.1 million for the Central Valley Project Restoration Fund that is offset by collections estimated at $52.8 million. The 2012 budget for Reclamation includes $39.7 million for the California Bay-Delta Restoration account and $35.1 million for San Joaquin River restoration. An additional $6.9 million is included in the budget for the FWS and USGS activities in support of Bay-Delta ecosystem restoration.

Strengthening Tribal Nations—The 2012 Budget for Indian programs is $2.5 billion, a decrease of $118.9 million. The reduction includes completion of a one-time $50.0 million forward funding payment to tribal colleges, completion of $47 million in public safety projects normally funded by the Department of Justice, and $ 14.5 million for completed water settlements.

The BIA budget includes reductions that are tougher choices, including reductions of $27.0 million in Trust Real Estate Services, $14.2 million in central oversight programs, and $5.1 million in the Indian Guaranteed Loan Program.

The 2012 budget provides $89.6 million in increases including: $42.3 million for programs that advance the Nation-to-Nation relationship; $20.0 million to enhance public safety and justice programs; $18.4 million to improve trust land management; and $8.9 million for education programs. The 2012 budget includes an increase of $29.5 million for contract support and the Indian Self-Determination Fund—this was the highest priority of the Indian Tribes. These funds will enable Tribes to fulfill administrative requirements associated with operating programs.

The 2012 budget supports achievement of a priority goal to reduce violent crime by at least five percent within 24 months on targeted tribal reservations through a comprehensive and coordinated strategy. The budget includes $354.7 million, an increase of $20.0 million, for law enforcement operations, detention center operations and maintenance, tribal courts, and conservation law enforcement officers.

Indian Land and Water Settlements – The 2012 budget includes $84.3 million in the Bureau of Reclamation and Bureau of Indian Affairs to implement land and water settlements.

The Bureau of Reclamation's budget includes $51.5 million, an increase of $26.7 million, for the initial implementation of four settlements authorized in the Claims Resolution Act of 2010. The legislation included water settlements for the Taos Pueblo of New Mexico and Pueblos of New Mexico named in the Aamodt case, the Crow Tribe of Montana, and the White Mountain Apache Tribe of Arizona.

The Claims Resolution Act of 2010 establishes trust funds for Tribes to manage water systems and settlement funds to develop infrastructure. The primary responsibility for constructing these water systems was given to the Bureau of Reclamation, while the Bureau of Indian Affairs is responsible for the majority of the trust funds, which includes $207.2 million in mandatory funding in 2011.

These settlements will deliver clean water to the Taos Pueblo and the Pueblos of Nambe, Pojoaque, San Ildefonso, and Tesuque in New Mexico, the Crow Tribe of Montana, and the White Mountain Apache Tribe of Arizona. In addition to funding for the initial implementation of these four settlements, Reclamation's budget includes $24.8 million for the Navajo-Gallup Water Supply project. In the 2012 budget, Reclamation is establishing an Indian Water Rights Settlements account to assure continuity in the construction of the authorized projects and to highlight and enhance transparency.

The Bureau of Indian Affairs 2012 budget includes $32.9 million for ongoing Indian land and water settlements, a reduction of $12.9 million, reflecting completion of the Pueblo of Isleta, Puget Sound Regional Shellfish, and Soboba Band of Luiseno Indians settlements.

Land Remote Sensing – For forty years, Landsat satellites have recorded the global landscape, creating an archive of both natural and man-made changes. This imagery generates $935 million in value for the U.S. economy by driving innovation in the agricultural, water management, and disaster response sectors. For example, foresters around the country use Landsat imagery to remotely map and monitor the status of woodlands in near real-time. This allows them to track the devastation caused by the pine bark beetle in the Rocky Mountains and monitor drought and fire-prone areas.

Landsat fills an essential need for data that is refreshed on a time scale and with a level of resolution and granular detail that is otherwise not available. Commercial data is not available that fill a void that could be created in the absence of continuous Landsat coverage.

The 2012 budget for the U.S. Geological Survey includes $48.0 million to begin planning activities with the National Aeronautics and Space Administration for an operational Landsat program. Consistent with the Administration's National Space Policy, the 2012 budget enables the USGS to assume management responsibility for a new operational Landsat program that will ensure continuity of Landsat data in the future. USGS will provide data requirements and funding, while NASA, drawing on its historic expertise, will build the Landsat satellites on a reimbursable basis for the USGS. This new operating structure is consistent with the approach used for NOAA's JPSS weather satellites, and will ensure sufficient oversight while avoiding duplication.

The 2012 budget will enable USGS to gather and prioritize Federal user community requirements for land image data, conduct trade studies on key design alternatives related to the development of the imaging device, initiate the procurement process through NASA for the Landsat 9 and 10 instruments and spacecrafts, and establish a science advisory team, in order to launch Landsat 9 in FY 2019 and Landsat 10 in FY 2024.

Also included within a new separate account for National Land Imaging is an increase of $13.4 million to complete the retooling of the ground receiving stations to be able to receive data from the new instruments on Landsat 8, expected to be launched in December of 2012.

Mandatory Proposals

Interior continues to generate more revenue for the U.S. Treasury than its annual discretionary appropriation. In 2012, Interior will generate revenue of approximately $14.1 billion and propose mandatory legislation estimated to generate another $3 billion in revenue and savings over ten years. The budget assumes the enactment of legislative proposals that we plan to submit to Congress in the coming weeks. These proposals will reform abandoned mine reclamation and hardrock mining on Federal lands, and collect a fair return to the American taxpayer for the development of Federal resources.

Reform Abandoned Mine Land Reclamation–The Administration proposes to reform the Abandoned Mine Lands program to reduce unnecessary spending and ensure that the Nation's highest priority abandoned coal and hardrock sites are reclaimed. First, the budget proposes to terminate the unrestricted payments to States and Tribes that have been certified for completing their coal reclamation work as these payments are no longer needed for reclamation of abandoned coal mine lands. Second, the budget proposes to reform the distribution process for the remaining reclamation funding to competitively allocate available resources to the highest priority coal abandoned mine lands sites. Through a competitive grant program, a new Abandoned Mine Lands Advisory Council will review and rank the abandoned mine lands sites, so that the Office of Surface Mining can distribute grants to reclaim the highest priority coal sites each year.

Third, to address the legacy of abandoned hardrock mines across the U.S., Interior will create a parallel Abandoned Mine Lands program for abandoned hardrock sites. Like the coal program, hardrock reclamation would be financed by a new abandoned mine lands fee on the production of hardrock minerals on both public and private lands displaced after January 2012. The BLM would distribute the funds through a competitive grant program to reclaim the highest priority hardrock abandoned sites on Federal, State, tribal, and private lands.

Altogether, this proposal will save $1.3 billion over the next ten years, focus available coal fees on the Nation's most dangerous abandoned coal mines, and hold the hardrock mining industry responsible for cleaning up the hazards left by their predecessors.

Reform Hardrock Mining on Federal Lands – The budget proposes to provide a fair return to the taxpayer from hardrock production on Federal lands. The proposal would institute a leasing program under the Mineral Leasing Act of 1920 for certain hardrock minerals including gold, silver, lead, zinc, copper, uranium, and molybdenum, currently covered by the General Mining Law of 1872.

After enactment, mining for these metals on Federal lands would be governed by the new leasing process and subject to annual rental payments and a royalty of not less than five percent of gross proceeds. Half of the receipts would be distributed to the States in which the leases are located and the remaining half would be deposited in the Treasury. Existing mining claims would be exempt from the change to a leasing system, but would be subject to increases in the annual maintenance fees under the General Mining Law of 1872. The Office of Natural Resources Revenue will collect, account for, and disburse the hardrock royalty receipts. This proposal would generate an estimated $100 million in revenue over ten years.

Fee on Non-producing Oil and Gas Leases – The Administration will submit a legislative proposal to encourage energy production on lands and waters leased for development. A $4.00 per acre fee on non-producing Federal leases both onshore and offshore would provide a financial incentive for oil and gas companies to either get their leases into production or relinquish them so that the tracts can be leased to and developed by new parties. The proposed $4.00 per acre fee would apply to all new leases and would be indexed annually. In October 2008, the Government Accountability Office issued a report critical of past efforts by Interior to ensure that companies diligently develop their Federal leases. Although the report focused on administrative actions that the Department could undertake, this proposal requires legislative action. This proposal is similar to other non-producing fee proposals considered by the Congress in the last several years. The fee is projected to generate revenues to the U.S. Treasury of $25 million in 2012 and $874 million over ten years.

Net Receipts Sharing for Energy Minerals – The Administration proposes to make permanent the current arrangement for sharing the cost to administer energy and minerals receipts, beginning in 2013. Under current law, States receiving significant payments from mineral revenue development on Federal lands also share in the costs of administering the Federal mineral leases from which the revenue is generated. In 2012, this net receipts sharing deduction from mineral revenue payments to States would be implemented as an offset to the Interior Appropriations Act, consistent with the provision included in 2010 and continued under the 2011 CR. Permanent implementation of net receipts sharing is expected to result in savings of $44 million in 2013 and $441 million over ten years.

Repeal Oil and Gas Fee Prohibition and Mandatory Permit Funds – The Administration proposes to repeal portions of Section 365 of the Energy Policy Act, beginning in 2013. Section 365 diverted mineral leasing receipts from the U.S.

Treasury to a BLM Permit Processing Improvement Fund and also prohibited BLM from establishing cost recovery fees for processing applications for oil and gas permits to drill. Congress has implemented permit fees through appropriations language for the last several years and the 2012 budget proposes to continue this practice. Starting in 2013, upon elimination of the fee prohibition, BLM will promulgate regulations to administratively establish fees for applications for permits to drill. In combination with normal discretionary appropriations, these cost recovery fees will then replace the permit fees set annually through appropriations language and the mandatory permit fund, which would also be repealed starting in 2013. Savings from terminating this mandatory funding are estimated at $20 million in 2013 and $57 million over three years.

Geothermal Energy Receipts – The Administration proposes to repeal Section 224(b) of the Energy Policy Act of 2005. Prior to passage of this legislation, geothermal revenues were split between the Federal government and States, with 50 percent directed to States, and 50 percent to the Treasury. The Energy Policy Act of 2005 changed this distribution beginning in 2006 to direct 50 percent to States, 25 percent to counties, and for a period of five years, 25 percent to a new BLM Geothermal Steam Act Implementation Fund. The allocations to the new BLM geothermal fund were discontinued a year early through a provision in the 2010 Interior Appropriations Act. The repeal of Section 224(b) will permanently discontinue payments to counties and restore the disposition of Federal geothermal leasing revenues to the historical formula of 50 percent to the States and 50 percent to the Treasury. This results in savings of $6.5 million in 2012 and $74 million over ten years.

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

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

Federal Land Transaction Facilitation Act – The Administration proposes to reauthorize this Act, eliminating the 2011 sunset date and allowing lands identified as suitable for disposal in recent land use plans to be sold using the Act's authority. The Act's sales revenues would continue to be used to fund the acquisition of environmentally sensitive lands and the administrative costs associated with conducting sales.

Federal Migratory Bird Hunting and Conservation Stamps – Federal Migratory Bird Hunting and Conservation Stamps, commonly known as Duck Stamps, were originally created in 1934 as the annual Federal license required for hunting migratory waterfowl. Today, 98 percent of the receipts generated from the sale of these $15.00 stamps are used to acquire important migratory bird areas for migration, breeding, and wintering. The price of the Duck Stamp has not increased since 1991, while the cost of land and water has increased significantly. The Administration proposes to increase these fees to $25.00 per stamp per year, beginning in 2012. Increasing the price of Duck Stamps will bring the estimate for the Migratory Bird Conservation account to approximately $58 million. With these increased receipts, the Department anticipates additional acquisition of approximately 7,000 acres in fee and approximately 10,000 acres in conservation easement in 2012. Total acres acquired for 2012 would then be approximately 28,000 acres in fee title and 47,000 acres in perpetual conservation easements.

Compact of Free Association – On September 3, 2010, the U.S. and the Republic of Palau successfully concluded the review of the Compact of Free Association and signed a 15-year agreement that includes a package of assistance through 2024. Under the agreement, Palau committed to undertake economic, legislative, financial, and management reforms. The conclusion of the agreement reaffirms the close partnership between the U.S. and the Republic of Palau. Permanent and indefinite funding for the compact expired at the end of 2010. The 2012 budget seeks to authorize permanent funding for the Compact as it strengthens the foundations for economic development by developing public infrastructure, and improving health care and education. Compact funding will also undertake one or more infrastructure projects designed to support Palau's economic development efforts. The Republic of Palau has a strong track record of supporting the U.S. and its location is strategically linked to Guam and U.S. operations in Kwajalein Atoll. The cost for this proposal for 2012–2021 is $188.5 million.

Extend Service First Authority – The budget includes legislative language to extend authority for the Service First program. The laws creating Service First give Interior and Agriculture the authority to establish pilot programs that leverage joint resources. Service First allows certain land management agencies to conduct activities jointly or on behalf of one another; collocate in Federal offices or leased facilities; make reciprocal delegations of respective authorities, duties, and responsibilities; and transfer funds and provide reimbursements on an annual basis, including transfers and reimbursements for multi-year projects. This authority is currently set to expire at the end of 2011. The extension included in the budget will make the Service First authority permanent to continue these arrangements that have saved costs and improved effectiveness.

Conclusion

Thank you for the opportunity to testify on the President's 2012 budget request for the Department of the Interior. We have a tremendous opportunity to improve the future for our children and grandchildren with smart investments. This budget has fiscal discipline and restraint, but it includes forward looking investments. For America to be at its best and win the future, we need lands that are healthy, waters that are clean, and an expanded range of energy options to power our economy. I look forward to working with you to implement this budget. This concludes my written statement. I am happy to answer any questions that you may have.

The CHAIRMAN. Thank you very much, Mr. Secretary, and thank you for your testimony. We will now begin the questioning process and I will recognize myself for five minutes. Mr. Secretary, as we all know, gasoline prices are climbing and Americans could be paying an average of $4 per gallon very soon and maybe even higher. Back in 2008 when gas prices did reach $4 a gallon, the American people responded by asking Congress and the President to lift the OCS moratoria and open new areas to drilling and that happened at the end of 2008. Since President Obama has taken office, your Department and this Administration has systematically, in my view, reclosed these areas to possible energy production. Onshore lease sales have been canceled in the West, no progress has been made in advancing new production in Alaska. In the Gulf of Mexico, the de facto moratorium imposed by this Administration has further hindered our domestic energy production and increased our reliance on foreign oil.

In fact, as part of the interim safety report issued by BLM last October, the Interior Department stated, and I quote out of this manual, your manual, "There is sufficient spare capacity in OPEC to offset a decrease in Gulf of Mexico deepwater production that could occur as a result of this rule. This rule came from Interior." The Administration is not only admitting, but seems complacent to the fact that they are deepening Americans' dependence on OPEC and foreign countries for our energy. The American people understand that we cannot, and should not, rely on OPEC for energy security. The responsibility to produce America's energy resources, as you alluded to just a moment ago, rests squarely with the Department of the Interior. It has the authority over America's vast energy resources, yet America energy production, both onshore and offshore, is declining. So, Mr. Secretary, I have to ask you very pointedly, what responsibility does the President, and you, as Secretary of the Interior, take for these rising gas prices?

Secretary SALAZAR. Chairman Hastings, we are very well aware of what is happening in the world relative to rising fuel prices and very well aware of our responsibility here in the United States and we are watching the situation very carefully. I would respectfully, Chairman Hastings, disagree with your characterization of what we have done in this Administration with respect to our energy portfolio. We are strongly supportive of a comprehensive energy portfolio that does include, yes, clean energy and renewable energy, but at the same time, oil and gas. I think if you will take a frank and honest look, and I would ask both Republicans and Democrats on this Committee to take an honest look at what we have done over the last two years, you would find the fact that we have done some things that I think are moving us in the right direction where there is agreement. Let me just point out, if I may, two or three facts.

Since 2008, our oil and natural gas production has increased while imports of foreign oil have decreased. That may be surprising to you, but we have taken our imports from 60 percent in the 2004, 2008 time period to 50 percent in 2010. That is a significant reduction in the importing of foreign oil. We have increased more than a third the number of barrels of oil that are being produced from the Outer Continental Shelf to 600 million barrels of oil. Oil production on the onshore, and I know many of you from the West are concerned about the onshore, has increased five percent during that same timeframe. We have expanded, Chairman Hastings, the amount of public land and Federal waters that are available for oil and gas production. Just in 2010, and I know there is criticism about what we have done in 2010, but the BLM held 29 oil and gas lease sales for public lands, and, as a result of that, we have 41 million acres of public lands that are leased for oil and gas development.

The CHAIRMAN. Mr. Secretary, I only have a minute here and I do want to follow-up, and while those figures are there, and, frankly, I think they are basis for dispute, but nevertheless, I appreciate your answer, let me be more very, very specific then. What specific actions would the Administration take if gasoline gets to $4 or $5 a gallon? What specific actions would the Administration take?

Secretary SALAZAR. We are looking at a number of different things and there are no options that have been ruled out. In terms of enhancing production from our domestic resources, we have moved forward in the Gulf of Mexico, notwithstanding the fact that we had to deal with the *Deepwater Horizon* tragedy, and have permitted 37 wells in the shallow waters of the Gulf of Mexico. Production in the Gulf of Mexico has remained robust throughout the last year, even after the *Deepwater Horizon*, and just on Monday of this week we permitted the first of the deepwater wells, which is a very deep well, and there are more of those to come.

The CHAIRMAN. Thank you very much. Listen, I just want to say in conclusion that we believe, I certainly believe, more production is part of the answer to that, and to the extent that you are willing, the Administration is willing to do that, you will find an ally with us. I respectfully disagree, and we can discuss this in the future, that that has been the action. So my time has expired and I recognize the distinguished Ranking Member.

Mr. MARKEY. I thank you so much. The most immediate thing that can be done is to deploy the strategic petroleum reserve. We have more than 700 million barrels of oil in the strategic petroleum reserve. It has been used in the past, we know it is very effective, and I think when we do reach that crisis point, I think it should be a weapon which we use in order to make sure that this uprising in the Middle East does not have a catastrophic impact on our own economy. We have enough to protect us against those kind of impacts. Mr. Secretary, you are requesting a budget of $12.2 billion for the coming fiscal year, but you are proposing to return $14.1 billion in revenue to the United States Treasury during that same time, and you have requested legislative changes that if enacted would generate an additional $2.5 billion for American taxpayers, so if the Congress simply did what you have proposed in your budget, your agency would actually generate nearly $4.5 billion in a surplus next year that could be used to reduce the deficit.

Now, one of your proposed reforms is the establishment of a fee on nonproducing oil and gas leases in order to encourage energy companies to produce more oil and gas and increase the revenue reflected by the Federal government. Today, Representative Holt and I will be introducing legislation to establish just such an escalating fee on the tens of millions of acres of public land that oil companies have under lease but on which they are not producing. Would you support congressional action to establish a fee on nonproducing oil and gas leases?

Secretary SALAZAR. The answer to that is yes, Congressman Markey, and it is part of the President's budget. Onshore acreage, we have 41.2 million acres of land that we have leased for oil and gas production, but we only have 12.2 million that is currently producing. Offshore acreage, 38 million acres that we have subjected to leases which are leased, only 6.3 million acres of those are producing. So we would be happy to work with you on the specifics of the legislation knowing that when we talk about diligence it is going to be important that it just not be a direct requirement, but that we recognize that there are companies that are out there diligently attempting to develop their leases and that has to be recognized.

Mr. MARKEY. Thank you. Earlier this week The New York Times reported that wastewater from hydraulically fractured wells in Pennsylvania and West Virginia have been sent to sewage plants that are not able to remove the radioactive radium from it even though these levels could be as high as 2,000 times the EPA's drinking water standards. The radioactive water was then released into waterways at times within a mile of drinking water intake locations. Are you examining the manner in which drilling wastes are being managed on Federal lands and ensuring that similar problems do not exist there?

Secretary SALAZAR. Yes, and Deputy Secretary David Hayes pulled together a forum on hydraulic fracturing, so if I could have him answer that just for a minute. Thank you, Committee Member Markey.

Mr. MARKEY. Yes.

Mr. HAYES. Congressman Markey, we are working with EPA. EPA, of course, has the primary jurisdiction over water quality.

They have a study that they have under way. We are talking with the industry about the Federal lands. As you know, the Federal estate in terms of gas shale is a small percentage of the overall resource, perhaps 15 percent, but we are looking to make sure that the operators on public lands are not using hydraulic fracturing in a way that is harmful to the environment.

Mr. MARKEY. I think that is very important. I think the public really wants this to be resolved in a way in which the water which people are drinking is not contaminated by those processes. By the way, I want to congratulate you on the announcement that you made here about the 10,000 megawatts of new permitting for renewable energy resources on public lands. I think that is a huge step forward, building upon what you have already done in the past. In the last Administration there were no solar permits granted on public lands and only four permits for wind energy on public lands. I just think we have to open this thing up very broadly. It is a vast expanse, as you were saying, 20 percent of the land mass of our country, and just tremendous potential, especially off of our coastlines as well. The GAO issued a report earlier this week which concluded that the American people may not be getting a fair return on Federal oil and gas resources, oil companies are drilling for free on public land in the Gulf of Mexico. What reforms are you putting in place to ensure that American taxpayers receive the billions of dollars which they are owed by the oil industry?

The CHAIRMAN. Fifteen seconds, Mr. Secretary. We are over time here.

Secretary SALAZAR. Representative Markey, we are working very hard in implementing the recommendations from the GAO. Many of those have already been implemented and we actually have a study underway in BLM to understand how it is that we might be able to better improve to make sure that the American taxpayer gets a fair return on the property that is being leased to oil and gas companies.

Mr. MARKEY. Thank you for your service, Mr. Secretary.

The CHAIRMAN. The time of the gentleman has expired. The gentleman from Tennessee, Mr. Duncan, is recognized for five minutes.

Mr. DUNCAN OF TENNESSEE. Thank you very much, Mr. Chairman. I first want to say that I second everything that you have said in your opening statement, especially about land purchases. The Federal government now owns or controls 30 percent of the land in this country and state and local governments and quasi governmental agencies own another or control another 20 percent, so you have already got half the land in some type of public ownership, and USA Today reported about three or four years ago on its front page one day that land trusts and conservancies, and there are over 2,000 of them, are purchasing land equivalent to half the size of the State of New Jersey every year. We are very rapidly doing away with private property in this country, making it much more expensive and harder for young families to buy homes.

I am concerned also about the San Joaquin Valley even though I live in Tennessee because I have read that unemployment reached 40 percent there and it was helping drive up food prices all across the country. Then another USA Today story last week said that gas prices were going to go to $5 a gallon or higher. We have seen some evidence of sort of a recovery, but if we let gas prices go to $5 or $6 a gallon, it is going to really stop this recovery and maybe even throw us back into another recession and it is going to hurt a lot of poor and lower income and working people. It has been said many times we can't drill our way out of the problem, but I can tell you that if we would just start producing a little bit more, these other countries wouldn't be able to keep raising their prices as fast as they do.

I have sat on this Committee for many years and I keep hearing about Teddy Roosevelt. Well, I can tell you, Teddy Roosevelt, the government at all levels didn't own nearly as much as high a percentage of the property as they do now and we didn't have nearly as many people, and so it is a little bit ridiculous to keep talking about Teddy Roosevelt because I think he would be shocked at how much government land is owned today. Mr. Secretary, I want to ask you this. You heard the Chairman say that your budget would result in a $60 billion tax increase on the gas and oil industry. Assuming, or guessing, that you might disagree with that, what figure would you put on that as increased costs for the gas and oil industry? Because some of us are concerned that those will have to passed on to the consumer.

Secretary SALAZAR. Congressman Duncan, that number is not one that I am aware of. Indeed, when you look at the entire budget of the Department of the Interior, that vastly exceeds a number of the budget. We are proposing in the President's budget is that industry pay its weight in terms of inspection and regulation, both offshore as well as onshore, and that is reflected in the requests that we have made with respect to the Bureau of Ocean Energy Management and Enforcement. If I may, wanted just to address two of the points you raised, one on conservation. I would like for all the members of the Committee to recognize that what we are attempting to do here is to move forward with a conservation agenda that is appropriate for the 21st Century.

We are not living in the days of Teddy Roosevelt, and we all recognize that, but if you look at one example where we have worked with Kansas and the government of Kansas, but also the Kansas Livestock Association, the Kansas Farm Bureau and so many others to preserve the 1.1 million acres of the last remaining tall grass prairie ecosystem through a national conservation effort which we announced about two months ago, that is an effort which will preserve the working landscapes and the ranches of the Flint Hills area for generations to come. Fourth, and fifth and sixth generation ranchers will be able to stay on those ranches. So we are not buying those places for government ownership. Those are conservation areas where through easements and management programs we will be able to manage that 1.1 million acres and then you and those for conservation. That is what you will see embedded in the way that we want to move forward. I could give you lots of other examples.

Mr. DUNCAN OF TENNESSEE. Well, I am about to run out of time but I will say we are causing a problem for state and local governments that when we take so much land off of the tax rolls at the same time the schools and the police are coming to us wanting more money, and I am concerned, also, as the Chairman said, about the fact that we have, that your Department keeps telling us they have such a huge, multibillion dollar maintenance backlog, and I think most of us on this side feel you should do more to take care of the property you have instead of buying additional properties. Thank you, Mr. Chairman.

The CHAIRMAN. Time of the gentleman has expired. Chair recognizes the gentleman from Michigan, Mr. Kildee.

Mr. KILDEE. Thank you, Mr. Chairman. Mr. Secretary, your proposal includes focusing on seven initiatives for Fiscal Year 2012. One of those areas is strengthening tribal nations. This is a follow-up on President Obama's commitment to Native Americans and Alaska Natives. Can you speak a little more about the importance of this initiative?

Secretary SALAZAR. Congressman Kildee, we take the trust responsibility that we have for the United States in connection with the 564 tribes in the United States very seriously. Fulfilling that trust responsibility means paying attention to the issues that are being faced in reservations around the country, including addressing rampant violence and law and order issues on those reservations. So we have a robust program moving forward to deal with public safety on the reservations, we have a robust program moving forward to create educational opportunity for Native American children who live on those reservations through the more than 130 schools that we oversee, we are working with tribes to help them develop their economic ability, including the development of their natural resources in oil and gas and renewable energy resources on tribal reservations, so many of those things that are priorities to the President, to tribal nations and to the Department of the Interior are included in this budget.

Mr. KILDEE. I stood behind the President when he signed a bill to help reduce the violence on the Indian lands and saw his own sensitivity to the woman who spoke of how she had been treated violently. It was very touching because it came from his head, but from his heart, too. He really was concerned about that violence. I am glad that you and the President are working on that and that Congress passed some good legislation on that. Are you working on something to respond to the Carcieri decision of the U.S. Supreme Court?

Secretary SALAZAR. Congressman Kildee, we are indeed, and David Hayes who has had the lead both on Cobell as well as Carcieri, I am going to have him quickly respond to that question.

Mr. HAYES. Congressman, we continue to urge the Congress to pass a clean Carcieri fix to ensure that all tribes have the right to have land in trust. The President's budget explicitly requests that the Congress act in that regard.

Mr. KILDEE. I am glad to hear that. The House passed legislation last year, but that did not clear the Senate. Was that language basically in the right direction, the language that we used last year?

Mr. HAYES. Yes, Congressman, and thank you for your leadership in that regard.

Mr. KILDEE. Thank you very much. I am encouraged by the fact that the Chairman has done a good job in trying to bring that to our attention again this year. We appreciate your cooperation over there. You have a special obligation to the Native Americans. When

I talk to Native Americans, especially young ones, I tell them that I, for example, and you, too, Mr. Chairman, we have two types of citizenship. I am a citizen of the sovereign State of Michigan and I am a citizen of the United States. Those Native Americans I speak to I say you have a third citizenship based upon your sovereignty. You are a citizen of the Navajo Tribe, the Sault Ste Marie Tribe, and that is a very important citizenship. We have to be careful. I know you, under your leadership, Mr. Secretary, have done a very good job to make sure we don't slice away at that sovereignty. We will probably never come with a meat axe and try to do anything, but we have to be careful not to slice away a bit at their sovereignty. You have been very sensitive on that and I personally appreciate it. I yield back the balance of my time, Mr. Chairman.

The CHAIRMAN. I thank the gentleman very much for yielding back. The Chair recognizes the gentleman from Utah, Mr. Bishop.

Mr. BISHOP. Secretary, thank you for coming here. This is an infrequent opportunity that we get to speak to you and I appreciate your willingness to do that. I have three quick questions for you. I will try and go through the first two as quickly as possible to give you maximum amount of time for the third one, if that is it. First question is, is there a line item in your proposed budget for the Wildlands Initiative? Just Yes or No. We couldn't find one.

Secretary SALAZAR. No.

Mr. BISHOP. OK. That is smart thinking. Second one, on the RMP process, resource management plans, that were done in the State of Utah obviously averaged between six to eight years in doing so. They did the coordination mandated in FLPMA, which was not done for the wildland policy, in which talked to locally elected officials, as well as having public hearings. They spent two years specifically on wilderness studies for those public lands and the decision was 2.8 million acres in Utah that had some characteristics, 2.4 million did not have enough characteristics, but 400,000 did, to be managed for their wilderness characteristics. Your wildlands proposal overturns that, so unless you want to interpret that the professionals on the ground were wrong, which I would highly doubt, or that the process, which was correct, and the analysis was done by experts, what specifically about those RMP proposals is wrong in their answer? Their answer was 400,000. What was wrong in that answer? I want a specific, and very brief one, if you could.

Secretary SALAZAR. If I may, Congressman Bishop, because I know you have a major concern on the wildlands policy and I think it is good, because of Utah being a great example to talk about this, I am going to have David Hayes who spent time in Vernal, Utah, and a number of different times, as have I, talk about how it applies to Utah.

Mr. BISHOP. Got to be specific for me. Mr. Hayes, specifically.

Mr. HAYES. The issue, Congressman, is that the 2.4 million acres that have wilderness characteristics in Utah, the RMP process provided no guidance whatsoever to BLM, to industry or any party as to——

Mr. BISHOP. Mr. Hayes, let me go to the question.

Mr. HAYES. Yes.

Mr. BISHOP. I am not talking about process. The process was done.

Mr. HAYES. Yes.

Mr. BISHOP. What specifically about the answer was wrong? What was wrong with their answer?

Mr. HAYES. There is no clarity in the RMPs about how to manage the 2.4 million acres that have wilderness characteristics. We are proposing to simply go back to that process and ask and answer that question through the RMP amendment process.

Mr. BISHOP. So what was wrong with their decision by the professionals on the field in what you called a rush to judgment?

Mr. HAYES. The inventory was excellent.

Mr. BISHOP. OK.

Mr. HAYES. It identified 2.4 million acres of wilderness characteristics and it provided no guidance to industry, to BLM folks or anyone as to how those lands could be——

Mr. BISHOP. So the answers of 2.4 without enough characteristics, that was accurate?

Mr. HAYES. We think the inventory was good, was well done.

Mr. BISHOP. The 2.4 was the accurate answer?

Mr. HAYES. The problem is that there was no guidance in the RMP for how those lands should be managed.

Mr. BISHOP. We are still only looking at 400,000 that potentially be guided as wilderness, managed as wilderness. You are not changing that.

Mr. HAYES. No.

Mr. BISHOP. All right. Fine. Then there is no need for going through the process. Let me then go to the real one, Mr. Secretary.

Mr. HAYES. No. No.

Mr. BISHOP. Thank you. You answered it. Let me try the real one, Mr. Secretary. You have received a great deal of congratulations for the management style of the Department of the Interior, often by people who aren't really impacted by it. I mean, the Ranking Member is a great person, but to be honest, he has to go on a road trip to find BLM land close to his home town. We have others that really still think of the West as their personal playground or as a nice backdrop for John Wayne movies. Mr. Grijalva once jokingly said that he wished his state had as much public land as my state. I agreed with him, but for different reasons. So it is true of all the public land that is owned and managed by the Department of the Interior, 93 percent is found west of Denver, correct?

Secretary SALAZAR. I am not sure of the number, but in general.

Mr. BISHOP. I am close. Four percent is found east of Denver. So the question I have to have, sir, especially after the wildlands proposal which has no statutory requirement to do it, nor, as we found out two days ago in our hearing, has a statutory authority to do so, then here is the question. These are the letters from the locally affected, locally elected officials in our state. Why is the overwhelming majority of locally elected officials, why is the overwhelming majority of elected Governors in the western states, which has 93 percent, and I am having to tell you the elected officials who are in Congress are not that crazy, too, why are they opposed to what you are trying to do? Why are the people directly impacted by these decisions are the ones who are complaining time and time again about your decisions? That is why I wanted to give you enough time to do that one.

Secretary SALAZAR. Well, with 19 seconds left let me just say, Congressman Bishop, that I think there is a misunderstanding on your part and the part of many others with respect to the wildlands policy, and so we will communicate with the citizens of Utah, as well as with others, about the specific consequence of the BLM wildlands policy.

Mr. BISHOP. Mr. Secretary, that is a perfect thing to say and I appreciate you doing it. I just wish you had done it before you made the announcement.

Secretary SALAZAR. Let me finish. First, it is very important for you to recognize that this is a requirement of the law. In fact, the Circuit Court of Appeals have recognized that this is a mandamus responsibility that we have in the Department of the Interior. Second of all, there is no acre that has been made or designated as wildlands, and we recognize that wilderness designation is ultimately an authority of the Congress. Third, that as we move forward with the RMP process and moving forward with how we manage public lands——

The CHAIRMAN. Mr. Secretary?

Secretary SALAZAR.—we will seek the local input of people to provide us guidance on how we move forward.

The CHAIRMAN. Mr. Secretary and my friend from Utah, we are going to have more hearings on this. As was alluded to when we had the hearing earlier, we will pursue this. Thank you very much. Next I would recognize my colleague from Oregon, Mr. DeFazio.

Mr. DEFAZIO. Thank you, Mr. Chairman. Thank you for being here, Mr. Secretary. I guess I would strike a little different tone and say that, you know, in my state, particularly with the problem that has been prevalent for more than 20 years through both, starting with the first Bush Administration, the Clinton Administration, the Bush Administration, and then extending into your tenure, we have been deadlocked on the management of some unique forest lands, the O&C lands in Oregon. I want to thank you for the individual attention that you have put into trying to help break that deadlock and I want to encourage you and your Department, and Mr. Hayes and others who are knowledgeable and working on this, to continue to move forward thoughtfully on these pilot projects where we can look at getting into our forests again, making them more healthy and removing a viable commercial product where appropriate.

I just really want to thank you for that. I know it is tough budgetary times but if we break this gridlock there will be revenue for the government, revenue for my counties, there will be jobs, we will have healthier forests. I think these pilot projects for the first time in four administrations hold some promise of giving us a path forward. So I just, I wanted to set a little different tone because there are others who, you know, get different concerns that they want to raise with you. So thank you, and I, you know, really need to respond to that. You are doing a great job. I would like to go back to something the Chairman raised about Land and Water Conservation Funds. Now, my understanding is that there are no general fund dollars in the Land and Water Conservation Fund, is that correct? These are dedicated revenue sources that are channeled into LWCF.

Secretary SALAZAR. That is correct.

Mr. DEFAZIO. Yes. And right now under law those are required to be spent in a very limited way in terms of the acquisition of land to mitigate for other impacts elsewhere, depletion of resources elsewhere, or things that are desirable in terms of, you know, communities and Federal priorities, is that correct?

Secretary SALAZAR. It is correct. The Land and Water Conservation Fund statute when it was written back in the 1960s provided guidance to where that money should go, but it ultimately, when you look at the United States of America, there have been land and water conservation projects in every single state of America. What I would say about that as well is that I think it is a kind of incentivization that has brought about much of the conservation legacy that we have today here in this country. I think, as you well know, Congressman DeFazio, it is a broken promise. Stewart Udall and Robert Kennedy, Henry Dime and others who worked on that back in the 1960s really felt that it would be fully funded, and yet 50 years and it has never been fully funded because although the money is credited in the Treasury to go into Land and Water Conservation Fund, only about half of the money has ever gone into Land and Water Conservation Fund. The rest has never reached the goal.

Mr. DEFAZIO. Right. It is used as a phony deficit offset since the money can't legally be spent on general fund government activities, but we make, we on the books say, well, gee, there is $450 million less deficit because we didn't spend those on what is legally authorized. I am not familiar with, and I don't know if the Department keeps, but I know in my state we have a backlog of projects with willing sellers and community support, often county commissioners, city councils and others, hoping for land, water conservation acquisitions. Is there any sort of national list that you maintain? Because I imagine that most Members here aren't aware that they have communities or projects in their districts or their states where there is tremendous support where we just haven't made the money available because we are using it as a phony offset to make the deficit look smaller.

Secretary SALAZAR. The answer to that is that these projects exist in every one of the states of the country and they are local and state projects, as well as some projects from our agencies. The National Park Service alone has about $2 billion in terms of acquisitions, and some of them are expensive. Grand Teton. There are in holdings in the Grand Teton where we worked with the State of Wyoming to try to figure out how we could buy out some of those in holdings to preserve the Grand Tetons for the future, but the needs are huge. They are in the multi billions of dollars.

Mr. DEFAZIO. So we could productively, with community and state support and tremendous consensus, spend these funds for their lawfully authorized purpose if we stopped using them as a phony budget offset, and that is what you are proposing this year.

Secretary SALAZAR. Indeed, and I would offer this, too. If you want to put it into a historical context, in 1999 the House of Representatives actually passed what would have been a $3.2 billion package that essentially would have funded most of the components of Land and Water Conservation Fund, and so coming in and looking at a $900 million request, which is the current authorized level, I think, in my view, is a humble and modest request given the need that is out there.

Mr. DEFAZIO. Thank you. Thank you, Mr. Secretary. Thank you, Mr. Chairman.

The CHAIRMAN. Time of the gentleman has expired. The Chair recognizes the gentleman from Colorado, Mr. Lamborn.

Mr. LAMBORN. Thank you, Mr. Chairman, and thank you for being here today, Mr. Salazar. Mr. Secretary, as you know, a number of environmental groups in Colorado and elsewhere have pressured you to cancel oil and gas leases that were signed and issued to the successful high bidders following BLM public auctions. You were asked about this issue during an interview you gave with the editorial board of the Grand Junction Daily Sentinel in August of 2009. You were quoted as saying that you would not withdraw, could not withdraw the Roan Plateau leases in Colorado because once these leases were signed, they provided the buyers with a property right that you and your agency were bound to protect. Since I have a short period of time, I would appreciate it if you could answer the following few questions with a yes or no. Do you still stand by this statement that you have made to the Grand Junction Daily Sentinel in 2009?

Secretary SALAZAR. That statement was accurate then. It would be accurate today if those leases were, in fact, issued and signed.

Mr. LAMBORN. OK.

Secretary SALAZAR. There is litigation on the Roan Plateau, Congressman Lamborn, and efforts to try to create a program forward that will allow the development of oil and gas on the Roan Plateau, but to do it with the best practices available from the oil and gas industry. Those have been part of the negotiations that have been underway.

Mr. LAMBORN. OK. And then, as Secretary of the Interior, do you and your agency, and I am assuming the answer is yes, but just to verify that you intend to protect the private property rights of companies that are holding Federal oil and gas leases that have been signed and issued.

Secretary SALAZAR. The answer is we will protect private property rights and follow the law in terms of what the law requires us to do.

Mr. LAMBORN. OK. And are you aware that the Mineral Leasing Act requires the BLM to issue oil and gas leases within 60 days following payment by the successful high bidder of the remainder of the bonus bid, if any is owed, and the first year's annual rental?

Secretary SALAZAR. I believe that there is language in the statutes that make those requirements, but I will also tell you, Congressman Lamborn, that most of the leases that have been issued frankly have been protested and gone into litigation, which essentially is what has caused, if you will, the backlog of much of the activity, and much of it happened because of the rush to judgment to lease everything, everywhere without approaching it in the way that we are approaching it, which is to be smart from the start. Once you are into litigation, you can point the specific statute out to me as many times as you can but you are not going to get a lease essentially that is going to get into production——

Mr. LAMBORN. I understand the Courts may interfere, as you point out, and tell you to do something. Yes. I am talking about activity by your Department separate from whatever a Court might say pursuant to litigation. So here is what I am concluding with. A local forest supervisor in Wyoming recently signed a record of decision in which she decided that the government should cancel oil and gas leases that have already been issued. Now, since BLM leases out Federal oil and gas resources underlying national forests, how and when do you intend to notify the Forest Service that the Department of the Interior cannot, and will not, cancel Federal oil and gas leases that have been issued for Forest Service parcels?

Secretary SALAZAR. Congressman Lamborn, we will follow the law, but I think the results speak for themselves. I think in 2010, the fact that we issued 5,200 leases in 2010, that we project that in 2011 we will issue 7,200 leases in the onshore, the fact that we have 41 million acres have already been leased out to oil and gas development, I think those statistics speak for themselves.

Mr. LAMBORN. Those are good statistics but in this instance we see a possibility that according to what one local forest supervisor in Wyoming would like to do, the result would be the cancellation of existing leases that have been issued. You told the Grand Junction Sentinel in another case, in the Roan Plateau case, that would be a violation of private property rights. Wouldn't that also apply here?

Secretary SALAZAR. Congressman Lamborn, I would be happy to take a look at the specific case that you are referencing here and get back to you on the specifics. I don't have the information in front of me with respect to the specific case you speak about.

Mr. LAMBORN. Do you agree that that would be a violation of, apart from whatever a Court might say, that is a violation of private property rights?

Secretary SALAZAR. I don't know. I will look into the case that you raise if you get that information to my staff and we will get back to you with the specifics of the particular case. I am not going to speculate based on this conversation and your questions here.

Mr. LAMBORN. OK. Thank you.

The CHAIRMAN. Time of the gentleman has expired. I would ask, too, Mr. Secretary, because I know this will come up, other Members will have questions, and if you could respond in a very timely manner to those questions, that would be very, very helpful to us. I know that request has been made of you in the past. Chair recognizes the gentleman from American Samoa, Mr. Faleomavaega.

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman. I want to offer my personal congratulations for your attainment of the Chairmanship, Mr. Chairman, and also our Ranking Member of the Committee. Welcome to the Committee, Mr. Secretary. As the President's point man to care for our country's natural resources, I do want to commend you for your leadership and services to our nation. Mr. Secretary, on the eve of the current crisis in the Middle East, especially with oil producing countries like Libya, and I believe the Chairman has touched on this issue, the fear among the American consumers is that the price of gas may be going up as high as $5 a gallon by this summer. Is the Administration currently making contingency plans in anticipation of something as critical as this in terms of lessening the price of gas in the coming months?

Secretary SALAZAR. Congressman, everything is on the table and everything is being looked at in terms of potential actions. The President has made it clear and many Members of Congress have made it clear that obviously working on the economy and standing this economy up is of highest priority for the American people, and obviously the price of fuel is one of those factors, and so every option will be looked at.

Mr. FALEOMAVAEGA. Mr. Secretary, you perhaps more than anyone in the Administration has had a more in-depth understanding of the oil spill caused by the British Petroleum Company. Can I ask what was the total damage as a result of this oil spill? Because it has been months now. I don't know what the bottom line is in the cause of the oil spill. What is the total damage that was caused by the oil spill by British Petroleum, may I ask?

Secretary SALAZAR. Congressman, those issues are still being evaluated. There is a natural resource damage assessment program which is underway which involves the five states of the Gulf Coast and the Department of the Interior, and the Department of Commerce and the Department of Justice, there are other issues that we are looking at, but it will be some time before there is a more exact calculation of the total amount of damage that was caused from the BP oil spill.

Mr. FALEOMAVAEGA. All right. How is it that a foreign company, like British Petroleum, and I don't know if the media reports have been accurate of this, British Petroleum was found in violation of so many of the regulatory regulations, and yet ironically most of all our major American oil companies were in compliance with the oil spill, you know, standards, how is it that a foreign company, like British Petroleum, got away with all this?

Secretary SALAZAR. My own view of that, Congressman, is that there was a complacency that included the U.S. Congress, Republican and Democratic Presidents and Secretaries of the Interior for a long time. The consequence of that was a lack of keeping up with the technology that was going into the deeper and deeper waters in the Gulf, and the consequence of that today, and the responsibility and duty, which I believe we all share both as an Administration and as a Congress, is to make sure that if our policy of the United States is to promote oil and gas development in the Outer Continental Shelf, which is a policy of this President and I am implementing that in the Department of the Interior, that we do it in a safe way that protects the environment and protects the people. That is why the budget that is in front of you that would fund the Bureau of Ocean Energy Management and Regulation is such an important component of our energy future for the country.

Mr. FALEOMAVAEGA. In your opinion, has British Petroleum properly compensated the many small businesses, the people that were affected negatively by the oil spill?

Secretary SALAZAR. Congressman, that process is underway. There is a claims process which is being executed and it is still far from being complete.

Mr. FALEOMAVAEGA. I do want to commend my good friend from Michigan, as well as members of our Native American Congressional Caucus, for your successful negotiations not only of the Cobell issue, as well as the Carcieri. We are going to continue following this. I think my time is about up, Mr. Chairman. Thank you, Mr. Secretary.

Secretary SALAZAR. Thank you, Congressman.

The CHAIRMAN. Thank the gentleman. Had some time to yield back and I appreciate that. The gentleman from Virginia, Mr. Wittman, is recognized for five minutes.

Mr. WITTMAN. Thank you, Mr. Chairman. Thank you, Mr. Salazar, Secretary Salazar, for joining us today. We appreciate this opportunity. Want to begin by letting you know my concerns about the Fiscal Year 2012 budget as it relates to domestic energy production. I think we need to do more there. I appreciate the efforts that are being put forth to promote wind energy in the mid-Atlantic, I think that is a critical part of this, but I also want to offer that I hope that you re-examine the cancellation of leases off of Virginia for oil and gas. I think those are critical and I know Virginia stands ready, willing and able to assist in making sure that we do all we can to get that energy production going off of our coast. Want to talk a little bit about the Chesapeake Bay Executive Order. As you know, the President signed that last year and that is an effort to restore habitat within the Chesapeake Bay.

I wanted to ask you a couple of questions there. One is where is the Department of the Interior currently in implementing that particular Executive Order? Can you talk about the critical programs in your Fiscal Year 2012 budget recommendation that that would enhance the implementation of the President's Executive Order. I want to piggyback a little bit on that talking about the North American Wetlands Conservation Act funding. As you know, that is also a critical element of preserving habitat for migratory bird populations, and that does have a specific economic impact. Those wildlife-related recreation in those areas generates about $120 billion a year and about 4,000 jobs, many of those in rural areas.

In my district and throughout the State of Virginia, those are critical elements of what we are dealing with. As an avid water fowl hunter and a member of the Migratory Bird Conservation Commission, we all know how important those dollars are. I wanted to get you to comment about why these North American Wetlands Conservation Act funding dollars are important, and how is the funding there at that level leveraged with private dollars in order to set some of these lands aside and preserve these critical habitats both through purchase, but also more predominantly these days with conservation easement purchases.

Secretary SALAZAR. Congressman, wait a minute. Let me first thank you for your service on the commission along with Senator Thad Cochran, and now Senator prior, and others who serve on that commission from the states, as well as the Department of the Interior. Let me say first on the Chesapeake Bay, there is a significant amount of money, I think $33.6 million, that is proposed in the President's budget for the Chesapeake. We do view as an Administration the Chesapeake Bay as being one of those landscapes of national significance for the country. We know there is a lot of work that needs to be done there. The National Park Service and the U.S. Fish and Wildlife Service are working closely with Virginia, with local communities, to try to identify how we can be helpful in terms of the restoration of the Chesapeake. It will remain a high priority for us.

Finally, what I would just say to you I think in terms of the North American Wetlands Conservation Act funding, I think it is a great example of the kind of conservation effort that we need to embark upon, and it underlies the America's Great Outdoors and underpins the Land and Water Conservation Fund. Sitting with me in those committees over the last two years, often you have seen how much it is that we are able to leverage for wetlands, which are totally supported by the hunters and anglers of America and conservationists because there is a shortage of money, and so when we are able to put out a little bit of money through NAWCA funding, we are able to triple or quadruple the amount of money that comes in from Ducks Unlimited, and Trout Unlimited and state governments and so many others to really do a lot for conservation. So I think it is a good template.

Mr. WITTMAN. Thank you. I think that is a great example of how we can take that source of income there and, as you said, leverage it in some pretty powerful ways and with partners who not only by themselves promote those efforts, but in conjunction with the government are out there making sure that we are preserving those critical habitats. Let me ask a little bit about the Land and Water Conservation Fund. The Fiscal Year 2012 budget request obviously enhances some of that, but I wanted to get your thoughts on how those efforts are going to provide continued outdoor recreational activity access to folks, and specifically in districts like mine, where those activities are a critical part of the economies of many areas here in the United States. I just want to get your thoughts about how those dollars are there to promote and to enhance those activities.

Secretary SALAZAR. Congressman Wittman, what we will do is to work very closely obviously with the states and with local governments and nongovernmental organizations to identify those places that are the economic generators of our communities in terms of outdoor recreations, whether those are urban parks in communities in Virginia, or whether it is the protection and restoration of wetlands which are important for hunters and for anglers, but that is where that money would go. The amount really that is needed for doing what would be an appropriate job for Land and Water Conservation Fund is in the billions of dollars, and indeed, I think some estimates are somewhere between $5 billion and $10 billion, and so the amount that we have requested here, the $900 million, which is essentially what is authorized under the law, I think is a good investment relative to moving the economics around. As I said earlier, when we think about it, it is, you know, 6.5 million jobs that are just created through the outdoor recreational activities, and this is according to the Outdoor Recreation Foundation.

The CHAIRMAN. Time of the gentleman has expired. The gentleman from California, Mr. Costa.

Mr. COSTA. Thank you very much, Mr. Chairman, for holding this important hearing. Thank you, Mr. Secretary, for the good job that you are doing on a host of issues. You see me and of course you see water in California. Obviously, that is where I am going to focus my comments and questions. The Bay Delta Conservation Plan and the efforts that you folks are putting together are critical. If it is going to have any success and if the locals are going to continue to support it and participate financially, and the state, the consolidation and the efforts and the Federal participation is critical, and there has to be an end to the process. We have been processed to death on these issues for over a decade, and so I want to reiterate and get your quick response to the commitment on that Bay Delta Conservation Plan.

Secretary SALAZAR. Congressman Costa, let me commit to you that we will continue to focus like a laser beam on the issues in the California Bay Delta. We appreciate your leadership and that of Congresswoman Napolitano and so many others who have helped on that effort. I want David Hayes, because he is leading this effort on the BDCP, to quickly give you a quick update on what we are doing on the Bay Delta Conservation Plan.

Mr. COSTA. Quickly, because I want to get back to the San Joaquin River and water allocations this year. Quickly, David.

Mr. HAYES. I will be very quick, Congressman. We are working very closely with the new Administration in California. This is a state driven process. We are full partners with the new resources secretary, John Laird, and Jerry Merrill, who is in charge of this for the Governor, and we will look forward to working with you and other members of the California Delegation as we move forward.

Mr. COSTA. Mr. Secretary, I provided you a letter on February 18 and actually hand delivered it as well when I saw you in the Valley last week. Thank you again for your participation at that historic dedication. In the letter we talked about a number of issues with regards to interim projects. Give credit where credit is due. We had difficulty two years ago on getting administrative flexibility in the operation of the project south of the Delta. Last year you came forward and did so. As a result, we got a 50 percent water allocation, we got $54 million in local projects, we got the construction of the Intertie Project that had been delayed for almost two decades. It is under construction, it will mean 35,000 acre-feet of additional yield, so I want to credit you on those points.

Today we have a situation where a number of districts are at 100 percent of their allocation, and I commend that we did an early announcement at 50 percent, but we have continued to get rain this week and more snow in the mountains and it just seems to me before the new reductions kick in on April 1 and May that could provide additional allocation above 50 percent on the San Louis unit, that we need to take action. Mr. Connor said yesterday he is working on that. Is the issue within the Department of the Interior or Department of Commerce with NOAA as it relates to that specific flexibility?

Secretary SALAZAR. Let me see if David knows the answer to that question. I would just say to you that we have spent a huge amount of our time working on a number of the projects that you spoke about, and also dealing with improving how we are projecting the water availability to the agricultural community.

Mr. COSTA. And that is important. You, as a farmer, know you make plans in February and March and you talk to your bankers, and if we are talking about May and June, forget about it because it is not going to do any good.

Secretary SALAZAR. As a direct result of that and our conversations of last year, that is why we have the kind of, I hope, a better timeliness relative to giving farmers that kind of direction. On the specific question, David, do you have the answer to the Congressman?

Mr. HAYES. Yes, Congressman. Last week, as you know, we had a collaborative settlement of the litigation surrounding the occupation of the system for the balance of this year. The water users came together with the environmental groups, with the state and with us, and together we agreed on how to operate to maximize how much water can be available through the next few months. That, together with the wet winter puts us in an extraordinarily good position in California. Also, that settlement, I think, demonstrated that everyone is working together here to reach a long term solution, which of course is what the Bay Delta Conservation Plan is all about.

Mr. COSTA. Right. Quickly, before my time is up, there have been damages on third party agreements on the San Joaquin River settlement agreement. What efforts are you going to make to respond to those damages by third parties? I know you are familiar with it. Also, the timelines on the restoration. They are important, but, you know, Mr. Garamendi and I have discussed there are problems on channel clearing and all sorts of stuff that needs to be done, has to be paid for before we can even begin to talk about reintroduction of Salmon on 2013, that timeline. My time has expired, but I don't know, Mr. Chairman, if you will allow him to answer the question.

The CHAIRMAN. I would prefer to try to keep this going, but, Mr. Secretary, if you would respond to Mr. Costa in writing, and Mr. Hayes, that would be very, very beneficial. Thank you for your consideration. Chair recognizes the gentleman from Colorado, Mr. Coffman.

Mr. COFFMAN. Thank you, Mr. Chairman. Mr. Secretary, welcome to the Committee and thanks for your service to our country. You know, I am very concerned about the overall economy. Having had four military overseas assignments in my career, four of which took me to the Middle East, I understand the instability there and its resulting impact potentially on oil prices and that unfortunately we are still reliant a lot on imported oil, and that, my concern is in this fragile recovery that we have right now, that a prolonged spike in oil prices will set this country back and will cause a double dip recession. I think that families in our home state and across the country are already feeling the effects of rising prices at the pump right now.

I mean, if prices go north of $4, in Colorado go north of $5, that is not simply going to hurt families directly, but it is going to raise the transportation cost that is going to impact all of the goods that they buy from groceries to everything else. So I am very concerned that we are really going to be caught flat on our feet on this issue, and everything you talked about today is going to raise the cost of oil and natural gas in the United States to the consumers. I understand that, you know, you have this new energy frontier that you are working on where you say that the Department's New Energy Frontier Initiative to create jobs reduces the nation's dependence on fossil fuels and oil imports, and reduce carbon impacts facilitating renewable energy development is a major component of this strategy, along with effective management of conventional energy programs, and so more solar projects, more wind projects.

That is electrical generation and that doesn't impact really our foreign imports because those are primarily used as transportation fuels and manufacturing processes. So, you know, I am sure that the truth lies somewhere in the middle, but from what you are saying and what folks like the Western Energy Alliance are saying, the producers of oil and gas are two very different things and they seem to suggest that you are throwing up every bureaucratic obstacle that you can find to develop oil and gas in the United States. That is certainly their view. I think that they say a number of things in terms of the decline of oil and gas production on public lands, on shore in the United States.

So one question that I have—you also talked about increasing fees on oil and gas development in order to pay for the regulatory burdens that they impose and you talk, in your statement you mentioned that the Department has made significant advances in its priority goal to increase approved capacity for renewable energy production on Interior lands by at least 10,000 megawatts by the end of 2012 while ensuring full environmental review, and then you go on and talk about, you know, how you are going to increase that production. I guess one question I have for you, and let me tell you, I am an all of the above person when it comes to energy strategy for this country, but are you going to require on the renewables side that they also pay the regulatory costs of the burdens that they impose as you do on oil and gas side?

Secretary SALAZAR. Congressman Coffman, the basic principle that we have is that we want a fair return to the American taxpayer, and so that is what we will do with solar and other renewable energy projects as well. I appreciate the fact that you are supportive of an all of the above kind of energy kind of program, and I appreciate your service to our country. Our own view of this, the President's view and my view, is we need to have a robust domestic production. We also need to embrace alternative energy, including nuclear, and clean coal, and solar, and wind and geothermal, and we also need to embrace efficiency. Indeed, some of the efficiency measures that we now have with the higher CAFE standards are saving a significant amount of energy that we are importing into this country, and so, frankly, I think there is in this area of energy and the energy future for America a place where there may be an opportunity to find common ground between the Republican majority in the House of Representatives and the Administration.

The CHAIRMAN. Time of the gentleman has expired. Gentleman from New Jersey, Mr. Holt, is recognized for five minutes.

Mr. HOLT. Thank you, Mr. Chairman, and thank you, Mr. Secretary. I am sure some days it doesn't seem that you have such an exhilarating job, but you have a wonderful opportunity to show the common ground between a vibrant economy and environmental protection and I thank you for how you are doing it. Earlier this week, as Mr. Markey pointed out, The New York Times had a series of articles about gas drilling and they reported that in 2009 Wyoming failed to meet air quality standards for the first time in history and that one county in Wyoming with a population of less than 10,000 people but with one of the highest concentrations of drilling wells experienced ozone levels that were higher than those found in Houston or Los Angeles. Now, as part of the environmental assessment and permitting process does the Department of the Interior require monitoring or limitations on emissions from drilling activities on Federal lands?

Secretary SALAZAR. The answer to that is Yes, and we are aware of some of the challenges that we face.

Mr. HOLT. So you do require monitoring, and you do require limitations on those emissions.

Secretary SALAZAR. On emissions, yes.

Mr. HOLT. OK. Do you have sufficient statutory authority to do what you think needs to be done?

Secretary SALAZAR. Let me have David Hayes answer part of the question.

Mr. HOLT. OK.

Mr. HAYES. Congressman, you are pointing out a very serious and important issue that is affecting a lot of folks, the air quality in some areas in Utah, Colorado and the four corners area generally. We are working with EPA to address monitoring needs in the area. BLM also has underway an examination of fugitive emissions to help reduce those emissions. We think we have the current authority required to help tighten up fugitive emissions and to reduce ozone-forming releases.

Mr. HOLT. I hope you will report to me in more detail in writing of kind of what you are doing in those areas. There has been a lot of talk in the past year about standards for safety for offshore drilling. Has the Department revised its onshore regulations to make sure that the best practices are being observed? There are some new techniques, in particular, hydraulic fracturing, that are rapidly gaining prevalence in the industry. Has the DOI revised the regulations for best practice?

Secretary SALAZAR. We have had a number of revisions to regulations trying to move forward with an onshore domestic production program that is efficient. We are looking at ways in which we can improve that beyond where we are today, and we know that there are companies out there that are very involved in best practices kinds of programs, including in hydraulic fracturing.

Mr. HOLT. When were the regulations last updated?

Secretary SALAZAR. It depends on which specific regulations you are speaking about.

Mr. HOLT. Well, when were any new regulations promulgated for onshore gas extraction?

Secretary SALAZAR. We have had a number of regulations that we have issued, including some this year, with respect to master leasing programs for oil and gas so that we can have a better way and a more understandable way of how we are going about our leasing programs in the onshore and those rules were promulgated within the last year.

Mr. HOLT. OK. Thanks. I will look forward to a fuller discussion of that also because it is a rapidly developing field and companies, producers, are learning a lot and I think we want to make sure that is reflected in any of the regulations that the government promulgates. I think with the limited time I will skip my next question but I just wanted to express my interest in your pursuing the idea of acquiring ongoing royalties for licensed areas that are not used in production. We have talked about that earlier this morning with Mr. Markey. I think it is only fair to taxpayers. It is not an undue burden on the producers, and I think it is something we really should move forward with. Thank you.

The CHAIRMAN. Time of the gentleman has expired. The gentleman from Louisiana, Mr. Fleming, is recognized for five minutes.

Mr. FLEMING. Thank you, Mr. Chairman. Mr. Secretary, I represent the 4th District of Louisiana. I want to lay the foundation for my question here and it revolves around the Deep Horizon incident. First we had the spill, then we had a moratorium despite the fact that the President's hand picked counsel recommended against it, then we had a de facto moratorium, and then we had a contempt of Court as a result of that, and I do want to quote the Judge, Judge Feldman, on that. He says, "The government continually reaffirmed its intention and resolve to restore the moratorium. It even notified operators that though a preliminary injunction had issued, they could quickly expect a new moratorium." He went on to say that there was clear and convincing evidence of the government's contempt of this Court's preliminary injunction.

It is kind of interesting because I know a lot of times, and you have testified before us before that you use following the law and court orders as the defense of your position, but it appears to me, and I will let you respond in a minute, that there is often selective enforcement. Finally, after the contempt was issued, we got one token permit. Now here is what the results have been so far. Loss of 20 percent of our deepwater rigs, we have 33 shallow-water rigs that are stacked which was not even part of the incident to begin with, Seahawk Drilling, a major player, has now filed bankruptcy, and we have thousands of good jobs now of very fine Louisiana citizens that have been lost, but the impact is worse than that.

In a time when we are not doing anything in ANWR, at a time when hydrofracking is under attack, we have an estimate from the American Petroleum Institute that as much as 680,000 barrels of oil equivalent Gulf production a day could be at risk in 2019, that is to say if we don't get back to drilling in the deep water we are going to find ourselves by 2019, the equivalent of 12 percent of the total U.S. current production being lost. So the impact is very significant and we well can't really, in a time of a terrible economy and gas prices going up very quickly, we well cannot really I think afford this. Finally, those six rigs that have left the area now, they have gone to countries like Brazil and Egypt where the regulations and the oversight are much less than they are here.

So my question is this. Considering all of those points, isn't this really an overall policy by the Administration to allow gas prices to go up, to allow energy prices, fossil fuels, to go up by constricting fossil fuel production in order to allow alternative fuels, which are not really cutting it in the marketplace, to allow those prices to come in parity and become more competitive? We have had, in fact, some testimony to suggest that, and, in fact, Steven Chu, Obama's Energy Secretary, said that a gradual increase in gasoline taxes could coax customers into dumping their gas guzzlers and finding homes closer to where they work, suggesting that it could be actually a positive thing to see gas prices go up. So is this, sir, really attempt in order to drive the prices up so alternative fuels will be more competitive?

Secretary SALAZAR. Congressman Fleming, with all due respect, I disagree with your characterization and your foundation, and the fact of the matter is that we have moved forward with drilling, both onshore and offshore. We have issued 37 shallow water permits. Indeed, your numbers are wrong relative to what is happening with rig activity in the Gulf of Mexico. In 2009, there were 116 rigs in the Gulf of Mexico, in 2010, February, 120, in February 2011 it is 126. You should ask the question why is the number of rigs going up in the Gulf of Mexico? The fact of the matter is that people are aware, we are aware at the Department of the Interior, this Congress is aware, that there are significant oil and gas resources within the Gulf of Mexico. It is a policy of this Administration to explore and to develop that oil and gas as we have been doing over the last several years.

Mr. FLEMING. Well, of course we can quibble over the numbers, but the point is, at least from what we are seeing there, perhaps there are other things that organically were increasing underneath, but we are definitely seeing at least off the Coast of Louisiana a substantial decrease in new rig activity and without any real justification. With that, I yield back, sir.

The CHAIRMAN. Time of the gentleman has expired.

Secretary SALAZAR. The statistics, Mr. Congressman, are absolutely wrong. When you look at the production within the Gulf of Mexico, even in the midst of the national crisis of the *Deepwater Horizon*, the production has remained at an all time high and we expect that it will continue as we bring new production on line.

The CHAIRMAN. This will clearly be a matter that will be pursued, I am sure. The gentleman from Northern Marianas, Mr. Sablan, is recognized for five minutes.

Mr. SABLAN. Thank you very much, Mr. Chairman, and thank you, Secretary Salazar, for your service to the country and for the attention that you and your Department, especially the Office of Insular Affairs, the attention they give to the territories, and in particular, the Northern Mariana Islands. We had a hearing yesterday and so there are issues that I brought up there that we will continue to pursue. I would like for you to know so, Mr. Secretary, that I do have some very serious concerns with the President's proposal, including the language that the CIP money, which is under Title Covenant 702, CIP money, which started 100 percent for the Northern Mariana Islands in the past 33 years, because we had no representation here kept getting shaved away.

We are now two-thirds—doesn't come to the Northern Mariana Islands. Now there is some language there that proposes it could eventually erase it entirely for the Northern Mariana Islands. I will be working with the Assistant Secretary on trying to fix that situation, but I think I object to that. Having said that, also, Mr. Secretary, as you know, I come from a district 14 islands and where gasoline is approaching $5 a gallon, electricity is over 40 cents a kilowatt hour, people make the lowest minimum wage in the country, and from a territory whose GDP has decreased by over four percent in the last report that came out, I am concerned, sir, that the President's budget is requesting for a decrease in money for assistance to the territories or that some of the monies being provided is going to fund the military viewed upon Guam when we have no idea when the first boots are going to land.

We are going to buy money for public safety equipment to prepare for that eventuality, and we are, respectfully, sir, where I come from, we only have three patrol cars that is running and crime continues to increase, so I am going to need your help on that. Again, I will also in all fairness thank you, sir, and the attention that we, the Northern Mariana Islands, continues to receive from your Department continues to get better. We need to do more, but it continues to get better. I also would like to bring to your attention, and I brought this up to Director Gould yesterday, where, the issue of the Mariana Straits marine monument. There is no thought of that in the Fiscal Year 2012 budget, but maybe in future budgets we would have some movement on that because this is an area that is almost the size of Arizona and we, it is a great proposal I think, you know? It is going to be conserved. Three island units are involved in this and we need to eventually look at how to approach this and move forward with some of the promises that was made by the White House during negotiations for the establishment of this monument. Otherwise, Mr. Secretary, thank you very much for all that you do, sir.

Secretary SALAZAR. Thank you very much, Congressman, and thank you for bringing the attention to us on the issues of the territories and the islands. It is part of the jurisdiction of Interior and we take it very seriously. Assistant Secretary Lovato is working on all of the issues which you raised and we will continue to try to make sure that we are honoring the partnership and the historic relationship that we have had with the Mariana Islands.

Mr. SABLAN. Thank you.

The CHAIRMAN. Gentleman yields back? Appreciate that very much. Gentleman from California, Mr. McClintock, is recognized for five minutes.

Mr. MCCLINTOCK. Thank you, Mr. Chairman. Mr. Secretary, welcome. The Gulf oil disaster, as you have already testified, and its aftermath have been economically devastating to the region, and, for that matter, to the country. Ultimately, that disaster was caused by the catastrophic mechanical failure of the blowout preventer stack. This Committee received the report of the Graham Commission. I was astonished to learn that this Commission had not only not determined the cause of the BP stack preventer failure, but had not even bothered to look at the blowout preventer. Has this Administration yet determined the reason for the failure of the blowout preventer?

Secretary SALAZAR. Well, the *Deepwater Horizon* and the Macondo well blowout was caused by problems relating to cementing, and casing and other issues that were very appropriately identified by the Deep Water——

Mr. MCCLINTOCK. Had the blowout preventer functioned properly, we would not have had the disaster, correct?

Secretary SALAZAR. Let me finish the answer to my question. The blowout preventer is supposed to be the fail safe, which is a last resort to shut in a well.

Mr. MCCLINTOCK. And it failed. Have you yet determined the cause of that mechanical failure?

Secretary SALAZAR. Congressman McClintock, there is a joint investigation that is underway, we are getting close to the very end of that investigation and there will be a report, and we will be happy to share that report with you.

Mr. MCCLINTOCK. Moving to wind and solar, don't we have to have a megawatt of reliable standby power for every megawatt of wind and solar that we place on line?

Secretary SALAZAR. You know, the interruptability issues are a reality when you are dealing with wind and solar energy, of course, and that is part of what you deal with——

Mr. MCCLINTOCK. So the answer is yes, for every megawatt of wind or solar we put on line we also have to then have an additional megawatt of standby reliable power for those moments when the clouds pass over a solar array or the wind drops off, correct?

Secretary SALAZAR. I don't have the information to argue with your statistics. I don't believe your statistics are correct, but I would be happy to look into them.

Mr. MCCLINTOCK. Well, it is an integrated grid. We have to constantly match the power being drawn off the grid with power being placed on the grid. Wind and solar are not reliable sources of power and we have to keep a megawatt of back up power for every megawatt of wind and solar. It is not that complicated a situation, but it is extremely expensive. My question is at a time of skyrocketing electricity prices, shouldn't we be focusing on the cheapest forms of electricity rather than subsidizing the most expensive, and that expensive forms of electricity generation that also have to include an additional back up supply.

Secretary SALAZAR. Congressman McClintock, I respectfully disagree because I think as you look at one of the central issues, which is our national security, as well as our economic security here in the country, we need to develop multiple sources of energy, including the clean energy resources, many of which have been developed in your state. We are very hopeful that that will be part of the clean energy future of America. We are falling far behind where Germany, and Spain, and China and a lot of other countries are because we have not opened up the door to this new energy world that we have worked on——

Mr. MCCLINTOCK. Actually, photovoltaic technology was invented 175 years ago in 1836, and in 175 years of technological research and advancement have we yet invented a more expensive way of generating electricity?

Secretary SALAZAR. There are a number of technologies that are underway, including a number of technologies which we are standing up with solar power plants that we have authorized in the deserts of the southwest.

Mr. McCLINTOCK. So we are pouring untold billions of dollars, certainly hundreds of millions of dollars, into subsidies for the most expensive way that we have yet invented to produce electricity and have to require an additional back up supply to boot. Sir, with all due respect, I don't think that is an intelligent energy policy. If I could just move to land for a second. Is the Department still considering the Modoc Plateau for monument designation under the Antiquities Act?

Secretary SALAZAR. The what plateau?

Mr. McCLINTOCK. The Modoc Plateau in northeastern California.

Secretary SALAZAR. Not to my knowledge. With all due respect, again, I think you are wrong on your energy policy and I don't think we can be living in an energy policy that is——

Mr. McCLINTOCK. Yes, I understand we disagree on that. So the Department has no further plans to designate the Modoc Plateau as a monument under the Antiquities Act?

Secretary SALAZAR. I don't have any specific information on that.

Mr. McCLINTOCK. Last year in this Committee, you testified that you had the discretion to waive the Endangered Species Act when it came to unemployment caused by the Delta Smelt regulation but that by doing so it would be admitting failure. After all of the economic dislocation that has occurred in the valley, have you reconsidered that position?

Secretary SALAZAR. Well, that is an incorrect statement of what I said, but I would be happy to take a look at it. The fact is that ESA issues are very difficult and very complex, and as members of the California Delegation, and Governor Schwarzenegger and others——

The CHAIRMAN. Mr. Secretary, wait. Could I ask you to respond to that question in writing? Because we are out of time on that particular question.

Secretary SALAZAR. Absolutely, Mr. Chairman.

The CHAIRMAN. OK. Thank you very much. The gentlelady from Ohio is recognized for five minutes, Ms. Sutton.

Ms. SUTTON. Thank you, Mr. Chairman. Secretary Salazar, thank you for your testimony today. In my district I am proud to have the Cuyahoga Valley National Park. It is a large economic driver for our area with many communities benefitting directly from the success of the park. The Park Service in fact reported that in 2009 local spending at the park exceeded $50 million and added nearly 600 local jobs. Likewise, Lake Erie is also an economic engine of my region and I noticed in your opening statement you had mentioned being the guardian of Americans' oceans and Americans' lands, but we cannot forget the great lakes. So Lake Erie, you know, an economic engine from manufacturing, to boating, to drinking water, the health of that lake is critically important to the people that I represent, and I think to our nation as a whole.

Lake Erie supports nearly 10 percent of Ohio's jobs and generates $750 million in state and local taxes, so I am extremely concerned that the budget, your budget, calls for $125 million cut to the Great Lakes Restoration Initiative and I would like to have you talk a little bit more about that. I understand that funding is a critical issue for the future; however, Lake Erie supports so very many jobs and the Cuyahoga Valley is such an important economic asset, as well as natural asset, to our area. So my questions are this. I know that you are aware that the continuing resolution that the House passed two weeks ago decimated the funding for the Land and Water Conservation Fund, providing the lowest level of this funding since 1965. You visited the Cuyahoga Valley National Park in 2009 so I know you are also familiar with the acquisition of land around the Blossom Music Center by the park, and that Blossom acquisition was funded through the appropriations process.

The first piece in Fiscal Year 2010 and the second and final piece was in the original Fiscal Year 2011 budget, but there are no funds for this project in the Fiscal Year 2012 budget because it was assumed that the project would be concluded with funds in Fiscal Year 2011. This funding is critical to the national park in our district and critical to that acquisition project. Can you talk a little bit about the consequences of the cuts to the LWCF funding and the House passed continuing resolution on the Blossom project, and then talk a little bit more about what the budget going forward will mean for parks like ours that, it is the only national park in Ohio, it is a rare gem in the middle of what people think of oftentimes as a very industrialized area, and if you could also just talk a little bit more about the Great Lakes Restoration initiative which has been so incredibly important to our region's broader strategy to create jobs. It has been conveyed to me repeatedly by communities throughout our area that it was that park that kept them going through these tough times.

Secretary SALAZAR. Representative Sutton, I appreciate your energy and your enthusiasm for Cuyahoga National Park. It was my honor to be there and to help push along some of the renovations that are so important to that community, and I think you so eloquently hit the point in terms of the economic nexus between our outdoors and our national parks and local communities. Indeed, in most states when you think about tourism and the jobs that are created through tourism, it is a very significant part of our economy, and so as we deal with the difficult economic times of getting America back on solid economic footing, I think these kinds of investments are exactly appropriate. I am a strong supporter of the Blossom's expansion project there at Cuyahoga, as well as other improvements that we have there. I don't know the specifics on the budget with respect to Cuyahoga, but I would be happy to get back to you with that information. On the Great Lakes, if I may, because that was your other question, it is a signature landscape of the United States of America and I know how important it is to all of you in Ohio and to the states who share that. We have a major initiative interdepartmental where we are involved through a number of our different agencies at Interior and there is significant funding for the Great Lakes Initiative and we hope to be able to continue to make progress on the Great Lakes.

Ms. SUTTON. I thank you, Mr. Secretary, and I look forward to working with the Department to make sure that we are taking care of both the park and of course our Great Lakes. Thank you.

The CHAIRMAN. Thank you. Time of the gentlelady has expired. The gentleman from South Carolina, Mr. Duncan.

Mr. DUNCAN OF SOUTH CAROLINA. Thank you, Mr. Chairman. Thank you, Secretary Salazar, for being here today. The events in the Middle East magnify the need for American energy independence. We have heard already this morning about the rising gas and fuel prices and the effect on the American economy. America is blessed with abundant resources. I have traveled all over the country, I have seen and visited national parks, wilderness areas and enjoy the outdoors, but the abundant resources I want to talk about this morning include oil and natural gas resources and what we have on Federal lands. We have seen the policies of this Administration continue to thwart the efforts for more domestic production at a time when we need it the most through policies such as the de facto moratorium on deepwater drilling permits being issued and the post-Deep Water Horizon era, as well as limitations on hydraulic fracturing, or fracking as its know.

The new budget proposal proposes cutting, or ending, nearly $1 billion in existing programs such as those to fight wildland fires and economic development loans for Native Americans, shifting these funds to areas like increased land acquisitions and the controversial national ocean policy, as well as climate change adaption. There is $14 million in the proposal for New Energy Frontier Initiative which mandates increasing capacity for renewable energy production on Interior managed lands. In addition, the budge seeks $73 million for approval of wind, geothermal and solar projects on public lands, a $14 million increase over last year. American energy independence is a national security issue. We have the resources here in this country. A lot of the Federal land has been taken off the table.

What I would like to hear from you this morning is the agency's opinion on increasing production of energy sources on Federal land, the de facto moratorium on offshore drilling permits and what is being done. I appreciate that one permit was issued this week and hopefully we will see more of those, but the de facto moratorium on issuing those permits, the expiring oil and natural gas leases that are affected by those guys not being able to get out there and go to work. What are we going to do about those leases? Are there going to be an extension on those? Because they have been prohibited from going to tap that. Then also future lease sales. If you could answer those questions for me.

Secretary SALAZAR. Thank you, Congressman. We have moved forward, as I said in my opening statement, with a robust oil and gas and energy program, both onshore as well as offshore, both conventional as well as renewable. I am proud of the record that we have and disagree with the conclusions that you state. With respect to what we are doing to increase production onshore, as I said, we have issued 5,200 leases in 2010, we expect that there will be an additional 2,000 leases issued this next year. There are 40 million plus acres have been issued and are under lease for oil and gas development on the onshore. With respect to your second question on what you call the de facto moratorium, there is no moratorium. We are moving forward in a robust way to stand up oil and gas drilling. The policy of the President has been to move forward with the development of oil and gas in the Gulf of Mexico and in the deep waters.

Mr. DUNCAN OF SOUTH CAROLINA. Excuse me. Don't mean to interrupt you there, but by not issuing permits for those guys to get back out there and go to work even after they have met all the safety requirements in the post-Deep Horizon era is a de facto moratorium.

Secretary SALAZAR. David Hayes and Michael Bromwich and I were in Houston on Friday and what we did was went out there to inspect firsthand what was going on with the oil spill containment mechanisms that are being built by both the Helix and the Marine Well Containment Corporation. As I said during that trip, and as I will say in front of this Committee, I am pleased with the progress that industry is making at dealing with the threat of another type of Macondo well blowout. There is still significant progress to be made, but it is on the basis of the oil spill containment, as well as the safety regulations that we have put into place for cementing, and casing, and third party inspection and a whole host of other things that we are now able to move forward with some assurance that we will be able to have safe drilling in the deep oceans of America.

Mr. DUNCAN OF SOUTH CAROLINA. In the remaining time could you address future lease sales for me?

Secretary SALAZAR. We are very hopeful and we are pushing hard to be able to meet the requirements so that we can have a lease sale in the Gulf of Mexico yet this year.

The CHAIRMAN. Time of the gentleman has expired. Gentlelady from Massachusetts, Ms. Tsongas.

Ms. TSONGAS. Thank you, Mr. Chairman, and thank you, Secretary Salazar. I would like to follow up on an issue that Congresswoman Sutton just raised. I think the Administration's request for full funding of the Land and Water Conservation Fund in Fiscal Year 2012 is a positive step forward in securing some of our nation's most sacred and historic places, but I am concerned, as was she, that the recently passed continuing resolution will put critical projects proposed for the current fiscal year at serious risk and that there will continue to be further aggressive steps to cut the LWCF. I am especially concerned that further cuts to the LWCF will eliminate funding for Minute Man National Historical Park's proposed acquisition of the Barrett Farmhouse.

I am fortunate to represent that park located in Concord and Lexington. Recently there was legislation passed that brought the Barrett farm within the outlines of the Minutemen National Historic Park. This may seem like a very local issue but, in fact, Barrett's farm is an important piece of American Revolutionary War history. It was the farm at which the minutemen stored their munitions and when the British Army learned about that, it prompted their march on Lexington and Concord, and Paul Revere road to alert the minutemen that the British were coming, leading Col. Barrett and his colleagues to hide the munitions so that when the British arrived the munitions were not, they could not find them, and then led to the shot heard around the world. So it is a very important piece of American history.

The cut in the LWCF really does put at risk the park's ability to acquire this farm for further preservation. It has been held over its many years by two families who finally made it available for the park to include it within their boundaries and now is in need of great restoration. So in addition to threatening Minutemen Park's capacity to acquire and preserve Barrett's farm, what other nationally significant places will be put at risk by the funds, the cuts that are being proposed in the continuing resolution should the LWCF not be fully funded in 2012?

Secretary SALAZAR. Representative, there are projects like the one you speak about all over the United States of America that would be impacted, and the fact of the matter is that I think you hit the nail on the head, and that is that these investments are investments that create jobs here in America. There are tourists that come from throughout the world to visit places, like many of our revolutionary places, and there are people throughout the country that go to communities, from the west to your state, to all the states of the country, and it is part of the huge economic activity which is a sustainable job creation program here in the country, and so LWCF, in my view, has to be looked through that lens.

Ms. TSONGAS. Well, and the reality is also that it does have great economic benefit. We have heard the figures given, the way the tourism, the generation of jobs and all the other economic activity that it promote, but it also is a way in which we protect our past and there is nothing like visiting some of these spaces and places to have a deep appreciation of what we have accomplished as a nation. I am also fortunate to represent a historical national park in Lowell, Massachusetts. It is the first urban national park. The recently released Americas Great Outdoors report highlighted the importance of urban parks and community green spaces and stated that the establishment of urban parks was a priority of the initiative.

Again, to address the issue of the economic development role of parks, not only did this park protect the cultural and historic legacy of a place that was the birthplace of the American Revolution, led to the preservation of architectural treasures, but it led to the revitalization of a city. Because of that steady stream of Federal funding that has come in, has really jump started significant investment through the private sector, through the nonprofit sector, through state and local initiatives that might not otherwise have taken place. So it played a critically important role. I would love to invite you to come visit it, especially as you undertake the American Great Outdoors Initiative, and encourage you to think about urban settings for those outdoors initiatives as well. Thank you, and I yield back.

The CHAIRMAN. I thank the gentlelady for yielding back.

Ms. TSONGAS. But not if you are going to say you would come visit.

Secretary SALAZAR. Lowell is one of the great examples of a great urban park. You find them at St. Louis with the arch where we have a great vision for what we can do there to connect up three million people to that park and that every community around the country frankly has those kinds of opportunities. So I will come to Lowell to illustrate what you have done at Lowell because we can do it everywhere else in the country as well.

Ms. TSONGAS. Thank you so much.

The CHAIRMAN. I take that as being a yes.

Ms. TSONGAS. I take it as a yes, too. Thank you so much.

The CHAIRMAN. Gentleman from Colorado, Mr. Tipton, is recognized for five minutes.

Mr. TIPTON. Thank you, Mr. Chairman. Thank you, Mr. Secretary, for being here. We come from common areas. My third congressional district has your ancestral home over on San Louis Valley, and I just completed a tour, my third, throughout the third CD since being elected. We have a lot of challenges that we face. On the western slope of Colorado better than 70 percent of our property is either Federal, state or tribal lands. Going through and visiting in our district, we have multiple issues that people are concerned about. The wildlands policy. There was great offense and concern that there were no public hearings that were held in terms of addressing some of these issues. We have in Mesa County, the county that had the highest per capita unemployment at one point last year in the entire United States, relies an awful lot on the development, responsible development, of our natural resources in the third congressional district to be able to benefit America.

We also have a lot of senior citizens, young families, that are struggling right now to be able to pay their bills and they are seeing regulatory tax increases that are coming through from policies out of the Federal government that are impacting those electric bills, their ability to be able to meet their families' needs. So I appreciate you taking the time to be here today and have just a few questions that I would like to be able to hear some of your thoughts on. First of all, in regards to some of the wildlands issues that we are going through, I did visit with ranchers, the oil and gas industry, local governments, the mineral industry, motorized recreational users, and they have all voiced strong opposition to the wildlands policy that is coming out. I just wanted to question you. Did you give a directive out to the BLM officials in the various districts, say in the third congressional district, to reach out to these groups prior to developing this concept?

Secretary SALAZAR. We have been in significant communications with affected communities and those communications will continue. I think it would be useful for you, Congressman Tipton, maybe to hear from David Hayes who has been helping in the development of this policy and its implementation for just a minute or so. David?

Mr. HAYES. Congressman, fundamental to the policy is in fact that no wildlands will be identified until there is a robust discussion at the local and state level through the amendment process, or if there are special projects proposed through a special discussion. So there has been a fundamental misunderstanding along those lines, but the——

Mr. TIPTON. Great. Mr. Hayes, I apologize, but we are kind of short on time. I did visit with the field office and one of the concerns I think we had is seeing an industry that is trying to be able to create jobs, trying to meet America's energy needs and one of the problems that they are facing right now, some of the new technologies to be able to do some of the lateral drilling. Under the wildlands policy they are already without public input, they are already enforcing policy that, no, we aren't going to allow you to drill underneath those public lands to be able to extract that natural resource, never disturbing the surface. So you might want to visit with some of your local folks because I think that whether or not nothing is supposed to be done at this point, it is starting already to be able to happen. If I may kind of move on here. When we were talking a little bit, and I apologize, I had to step out, when you were talking about doing a good job and getting a fair return for the American taxpayer, have you run a cost benefit analysis when we are increasing the budget by approximately $14 million for some of the renewables going, I think the budget request now is about $73 million. Have you done a cost benefit analysis in terms of that return?

Secretary SALAZAR. Congressman Tipton, we have not done, that I am aware of, a cost benefit analysis with respect to the investments in renewable energy. We have, and I am very proud of the fact that we have made significant progress in demonstrating the viability of wind, and solar and geothermal energies in many places, but in particular, in the southwestern part of the United States, and communities, for example, in Milford, Utah, where we have a huge wind project, and the potential solar project and transmission line, and there are places in Colorado as well that can benefit.

Mr. TIPTON. Great. Yes. And one thing, I think I would really encourage you to take a look at this, you know, because I think it is important in these tough economic times because I have literally walked the streets of Alamosa, of a lot of towns that a number of people here have not heard of, and people are struggling right now. Some of these costs, we need to do these cost benefit analyses because that will go to the electric bill. One of the problems we have also is some of the hydroelectric. We release in artificial floods out of the Glen Canyon Dam—I am sorry. We ran out of time. May I submit some questions to you?

Secretary SALAZAR. Absolutely.

Mr. TIPTON. Appreciate that. Thanks.

Secretary SALAZAR. Feel free to call me any time.

The CHAIRMAN. Thank you very much. I appreciate the gentleman. His time has expired. The gentleman from New Mexico, Mr. Luján.

Mr. LUJÁN. Mr. Chairman, thank you very much. To Mr. Secretary Salazar and Deputy Secretary Hayes, I want to thank you for being here. You know, oftentimes, sometimes we can be tough with you, but we appreciate the compassion and the passion that you share for our nation, for the people and for the responsibilities that you have. I think sometimes we need to sit back and truly understand how we have to come together to work together as a team. In light of many of the things that have taken place across the country, that time is now, and we have to get there. So again, I appreciate your patience today, Mr. Secretary, and your indulgence. Mr. Chairman, I want to thank you again for holding this important hearing and for inviting Secretary Salazar and for the team to be with us today.

New Mexico is a very special place with a very close connection to the Department of the Interior. Like many other states in the West, we rely on the support for projects from the Department of the Interior to make critical investments in rural and oftentimes disadvantaged areas. My district in New Mexico includes 15 pueblos, the Hickory Apache Nation and a portion of the Navajo Nation, two national forests, approximately 2.5 million acres of BLM land, two wildlife refuge, four Bureau of Reclamation dams and seven national parks and monuments. You can see this is important to me. So you can see how closely attached the Department of the Interior is to the people of New Mexico and to our public lands.

Often the need for adequate funding within the Department of the Interior is clear and present in the daily lives of my constituents. The investments the Department of the Interior makes are critical to my state and our nation. As I said yesterday in our Subcommittee with the BOR, these investments strengthen the backbone of America by making resources available for economies to grow, and without them critical infrastructure resource management would be virtually nonexistent for the people of New Mexico, so the funding levels in the budget request for the 2012 fiscal cycle are important to maintain our public lands. Mr. Secretary, before I ask a few questions, and whatever I don't get to I am going to submit them for a response in writing, there has been a lot of discussion about the cost of oil today and I think that we all need to be aware of this because back home this is hurting people.

It is going to drive up the cost of eggs, milk, bread, every part of everybody's life. There was a question that you were asked early on and your response included some information about where we were in the United States in 2010 and I was curious if you could please share that information with us again, if you can find it. One thing I want to point out is that, and I don't know if it has been talked about, Mr. Chairman, but in today's Financial Times there was an article that said that U.S. oil production last year rose to its highest level in almost a decade. As a result, analysts believe the U.S. was the largest contributor to the increase in global oil supplies last year, over 2009, and is on track to increase domestic production by 25 percent of the second half of the decade.

According to the U.S. government's Energy Information Administration, domestic production of crude oil and related liquids rose three percent last year to an average of 7.51 million barrels a day, its highest level since 2002. I think that there are some options that we have, Mr. Secretary. I know that Senator Binghamton, along with Chairman Markey, have asked for the President to consider using strategic oil reserves, and I think that is something that we need to take seriously because these prices are being driven up by speculation of what is happening in the Middle East and we don't have a seat with those OPEC cartels. We need to make sure that we are solving these problems domestically, but again, that we are paying credit where credit is due. It is important that we look at this closely.

This is one of those areas where we have to come together as a Congress, as a nation, to make sure that we are going to provide the necessary relief to the American people during these very fragile economic times. So, Mr. Secretary, the first question that I would ask, and if you could include the response that you have there, and I see my time has quickly run out, Mr. Chairman, so most of my questions, Mr. Secretary, involve funding for our tribes, not only with concerns that I have with BIE schools, with funding that has been allocated but sometimes may take up to a decade to get out to our communities, and I am hoping that we can visit some of those issues, and I will submit those into the record.

I certainly look to make sure that also as we take into consideration some of the cuts that are being recommended, and I know they are tough ones, that tribes are not hit more than anyone else. Tribal leaders have told me that we don't mind the reductions, as long as we are treated fairly. So, Mr. Secretary, I apologize for taking up the time there without giving you a chance to respond, I will submit these to the record, but I thought it was important that we shed some light, especially on what is happening with the price of oil and that there are true answers that are amongst us to be able to provide relief to the American people. Thank you, Mr. Chairman.

The CHAIRMAN. I thank the gentleman, and we have established a precedent of when a question is asked and time runs out, the Secretary will respond, so, but I appreciate the gentleman's looking at that. Gentleman from Arizona, Mr. Gosar, is recognized for five minutes.

Dr. GOSAR. Good afternoon, Secretary Salazar, and thank you. I represent Arizona's 1st Congressional District, one of the largest congressional districts in the country. The district is comprised of 26.1 million acres of Federal and tribal lands, close to 70 percent of the total land. I have particular concerns about the millions of dollars proposed in the President's budget for the proposed purchase for more Federal lands, particularly in light of the estimated billions of dollars of maintenance and management backlogs that are existing on Federally owned lands. Proper forest maintenance and management is very important to me and my community, particularly in light of a tragedy that occurred last year in my hometown of Flagstaff, Arizona, and it is to this that I would like to highlight the need for proper management and maintenance of existing inventory.

As you know, last June a wild fire destroyed more than 15,000 acres of steep terrain in the Coconino National Forest known as the Schultz Pass. The wild fire scorched earth on this steep, volcanic terrain leaving little ground vegetation to absorb and hold back rain water. In addition, unusually high concentrations of forest fuels that had built over decades ignited and baked the unusually crumbled volcanic dacite into a crystal-like impervious substance which takes decades to be broken down just to grow grass. On July 6, 2010, the Forest Service Burn Unit Emergency Response Team issued a report to the residents living near the base of the peaks stating they would face a constant daily flooding threat from summon monsoon storms and publicly urged them to purchase flood insurance.

Two weeks later, before insurance could be enacted, nearly two inches of rain fell in less than an hour causing flash flooding to the communities downstream from the Schultz Pass fire. Widespread flooding and debris disrupted and destroyed public infrastructure, damaged approximately 32 homes in the community and tragically led to the death of a 12 year old girl. There are some great long term ideas and projects in the works for maintenance and stewardship of our forests such as the Four Forests Restoration Initiative which works with local communities to manage them, and it is time that we got people back to work. However, my community has an urgent need for short term protection measures to be implemented before the summer monsoon seasons begin. Up to 1,200 homes are now considered to be in a flood zone and owners are living with uncertainty about their personal safety, financial risk and the inability to obtain flood insurance.

Coconino County is making progress on developing an engineering flood plain control plan and getting as many parties to the table as possible to assist in their efforts. Members of the community have taken desperate measures to mitigate short term flood risks, digging trenches, canals, placing sandbags around their homes. A group of homeowners in a high risk area have built a coalition and have volunteered to build check dams on the Federal land but have been denied access to the land by the Forest Service. The Forest Service has not committed to mitigation projects on the national forests such as diversion channels, retention basins, even water barriers constructed from the remains of cut, burned trees locked behind existing stumps.

The Forest Service, because of the wilderness designation that existed for this area prior, will not allow county equipment on site to repair a water pipeline damaged by the fire and flooding that the city desperately needs. We need your help now. Another disaster could occur if actions are not taken before July, the beginning of the monsoon season. It is critical the Forest Service and other relevant government agencies under your jurisdiction coordinate together and with local communities to expedite the flood protection measures to address the immediate threat posed by the post-fire and flood land conditions. I invite you to join me in Flagstaff at your earliest convenience and my community will show you the urgency of the situation. We have a pending emergency and we need your direct assistance. Will you help us?

Secretary SALAZAR. Congressman Gosar, I would be happy to find out more about it and see what it is that we can do and have conversations with my colleague Tom Vilsack and members of the Forest Service to see how, if there is anything that we can do to be helpful. You describe a situation which obviously I am sure is not only of concern to you, but to a lot of other people.

Dr. GOSAR. I would look to your earliest response, please. Thank you. Yield back my time.

The CHAIRMAN. I thank the gentleman for yielding back. The gentleman from California, Mr. Garamendi, is recognized for five minutes.

Mr. GARAMENDI. Thank you, Mr. Chairman. Mr. Secretary and Deputy Secretary, thank you very much for your patience and for your answers. Repeatedly, my colleagues on the other side of this horseshoe have tried to blame you for the rapidly increasing price of oil. Seems to me beyond ludicrous to do so unless one were to think that somehow you are responsible for the uprisings in Libya and Egypt, the war in Iraq, the rise of China and India and their demand for oil. Having said that, I might recommend that next time you come, you come with a Power Point and present to us all of the information that you have not been allowed to present, specifically what you have done to increase the production of oil and gas in the United States. You have a remarkable story. You have gotten some of it out. I am going to give you the rest of this time, except for the last minute, to put those facts into this record. What have you done, and what has happened with regard to oil and gas production in the United States over the last couple of years?

Secretary SALAZAR. Thank you very much, Congressman Garamendi. Let me just say I think that we all need to put this in the context of the overall comprehensive energy program which the President has advocated which he addressed in the State of the Union. First, we need to continue to move forward with conventional oil and gas production, as well as other energy resources. Second, we need to open the door to new energy resources, such as solar, and geothermal and wind, which we have spoken about. Third, we also need to address the issue of efficiency and major progress which we have made in the last two years to reduce the consumption of oil within our country. So all of those things have to be done. Focusing specifically, though, on just the oil and gas facts, to me, the top lines are very interesting.

I mean, the fact that we have gone from importing 50 percent of our oil, or 60 percent of our oil, just a few years ago and now we are importing only 50 percent of our oil, the fact that we have increased by more than a third the amount of oil that we are bringing from the Outer Continental Shelf, the fact that we have increased by five percent the amount of oil that we are producing from our public lands onshore, the fact that we are increasing the amount of natural gas that is being produced onshore. So the statistics speak for themselves in terms of the amount of oil and gas that is being produced domestically, as well as the acreage that is being made available, both offshore as well as onshore, to increase production.

Mr. GARAMENDI. Thank you for that. If you could provide the additional detail for the record, it would be very helpful to us. Sometimes facts make inconvenient arguments when one wants to be on ideology rather than facts. With regard to wildlands, Deputy Secretary Hayes, for several times you have attempted to explain the wildlands policy. If you could lay out why the Secretary order has been promulgated and how you are implementing it, it would be helpful to all of us.

Mr. HAYES. Thank you, Congressman. The order has been laid out to provide more clarity to all parties with interests in public lands regarding the availability of lands for different purposes. As you know, the Secretary has a legal obligation to consider multiple uses of lands. One of those uses authorized and required by law is to consider conservation and for some lands it makes sense that that is the use that is identified for those lands. Right now there is enormous confusion on many public lands about what lands are available or what are not, or what are appropriate for leasing or what are not. Utah is the perfect example. 2.4 million acres of land have been identified as having wilderness characteristics, but because there has been no guidance to BLM folks about whether those lands are appropriate for specific uses or not, no review, no discussion.

Where leasing has gone ahead, many of the leases have been protested. In Utah, more than 50 percent of all leases are protested, in part because of the conservation groups and others are just now routinely filing protests since there is no clarity as to whether certain lands are appropriate for oil and gas leasing or not. The idea here is simply to improve the process, the public process, that will answer that question so that there is clarity on all sides as to the areas. It is not true that all lands with wilderness characteristics will be characterized as wildlands. As Bob Abbey, the BLM Director, just testified two days ago, in Utah, the first example that came forward of proposed potash facility on lands with wilderness characteristics was determined to go forward under that policy. So we are looking forward to a robust dialogue through the process of RMPs and active public involvement to determine whether some of those lands should be identified as wildlands.

The CHAIRMAN. Time of the gentleman has expired. The gentleman from Texas, Mr. Flores.

Mr. FLORES. Thank you, Mr. Chairman. Thank you, Secretary Salazar, and the rest of your team for joining us today. I have an opening statement that I have prepared that will be submitted for the record separately. I would like to start with the preamble that our domestic energy resources are an important component of being able to grow a strong domestic economy, to be able to provide good private sector jobs and to promote our national defense. Department of the Interior's activities to affect drilling permit moratoria, drilling permit slow downs, are hurting all of those. I would also submit that our best strategic energy reserves are not those in the strategic petroleum reserves, they are those on the public lands that our taxpayers own, the public lands and offshore areas.

We are one of the few countries in the world, if not the only country in the world, that puts our domestic resources off limits so that we are forced to import from other countries. Since 2008, the energy royalties and lease income from the Federal government, and before you try to rebut my facts, this comes from the Office of Natural Resources' revenue, says that our revenues from offshore in 2008 have gone from $16 billion to $8 billion. That certainly is not a good way to handle a taxpayer resource. In the alternative, we should be capitalizing on the trillions of dollars of taxpayer owned natural resources that we have to grow our economy, fuel domestic job growth and assure our national security. Not only did the Department of Energy enact a drilling moratorium in deep water, it is also engaged in dramatic slow down in issuing shallow water permitting, which has operated in an environmentally safe manner for over 30 years.

Before we try to rebut those facts, the average number of new well permits in the years 2006 to 2008 was 330 a year. Last year it was 104, this year it has been 13. That comes from the BLM RE database. What is next? The actions of the Department of the Interior is an integral component of the current increase in gasoline prices, which began before the Middle East uncertainty, and each $1 increase in gasoline prices is $120 billion tax on the consumers of this country. I would submit to you that that dwarfs the 10,000 megawatts of power that the Department of Energy is trying to produce, or the impact of the entire budget of the Department of the Interior.

Historically, the U.S. has always been a country that companies wanted to do business in because we followed the rule of law, and we also had a transparent permitting process that was not arbitrarily followed. I have been involved with offshore drilling all around the world, and I have seen both models, where we follow the rule of law and where we have arbitrary and capricious regulatory models, and what I have seen, particularly in shallow water drilling in the last few months, has been the latter. That is not the way to make ourselves more energy secure. So my question is this. How do the Department of the Interior's actions serve to grow the American economy, to help promote private sector job growth, to assure our national security not only for current generations, but for future generations?

Secretary SALAZAR. Congressman Flores, I appreciate the question. First, in terms of what we do relative to be part of the economy of this country, we do it both with respect to oil and gas, as well as with respect to other energy resources, as well as with respect to many of the outdoor recreational programs that we have spoken about this morning.

Mr. FLORES. And those can co-exist, I believe, can't they?

Secretary SALAZAR. They can, and we believe that that is part of what we are attempting to do within the Department of the Interior. Couple of points. With respect to the revenue issue that you raised, 2008 was a year in which oil and gas prices were high so that was an abnormal amount of revenue that we received that year. On average we get $9, $10, $11 billion a year and we are on track to do that for this year from oil and gas production. In terms of permits, I think you would understand being from the energy world that after the *Deepwater Horizon* and the expectation that you would never see a Macondo well style blowout, that we had to take action to make sure that we are protecting people, like those 11 people that were killed on the rig, as well as——

Mr. FLORES. Yes, but do you look at shallow water drilling?

Secretary SALAZAR. Yes.

Mr. FLORES. We haven't had issues in shallow water drilling for 30 years and we have had a dramatic slow down in the issuance of shallow water drilling permits.

Secretary SALAZAR. Congressman, we have moved forward with shallow water permitting. There were additional requirements on safety that we impose on the shallow water drillers. There are 37 permits that have already been issued, and we expect to have a robust oil and gas production coming out of the Gulf. I think, and I would ask you, Congressman Flores, to think about this, that our policy program and objective here is the same. The President of the United States and I support a strong oil and gas production in the Gulf of Mexico. I would expect that you, as well as other members of the industry, would want us to do it in a safe way that protects people and protects the environment. That is why the budget that is in front of you is a part of that effort, to make sure that we are able to do that. I would hope that we, in America, can create the gold standard for safe oil and gas production in the oceans of this world.

The CHAIRMAN. Time of the gentleman has expired. The gentleman from Arizona, Mr. Grijalva.

Mr. GRIJALVA. Thank you, Mr. Chairman and, Mr. Secretary, thank you for, let me extend my appreciation for the job that you are doing, the very difficult job of balancing extraction from our public lands and waters and balancing that with the preservation, conservation and recreational needs of those lands and waters as well. It is a difficult job and let me extend my appreciation for the fine job you are doing with that. Just for the record, there was seven shallow water permits issued in December which matches the monthly total from the year before the spill occurred, so in reference to the point that you made, Mr. Secretary, facts do come into play in this whole discussion and I hope as we go forward with this discussion, as the Chairman indicated, that facts and science play a role in the deliberations.

You know, as the Middle East, and Libya in particular, struggle to form some form of democratic governance in their own countries, those are terrific challenges, I hope that struggle doesn't become an opportunity to shield, for the oil and gas industry to go back to some unregulated winner take all policy with regard to extraction from our lands and waters. There is prudence involved here and there is the safety and the health of the American people as well. Land and Water Conservation Fund. My colleagues on the other side of the aisle took the President's $900 million recommendation, drove it down, cut it down to $60. Implications in terms of what that—if that figure were to hold, what would be the implications for the work of the Interior Department and the work of communities in terms of that fund? We have already established the fact that we are not cutting, we are not saving and it is not costing the taxpayer any money in the Land and Conservation Fund. That was established earlier in this hearing. So I just want to know, what would be the implications of that? Then I have a couple of other quick questions.

Secretary SALAZAR. Well, first, Congressman Grijalva, thank you for your leadership, especially working on so many issues that are important to Interior and to the Nation in your district in Arizona. With respect to oil and gas leases, you are correct. The numbers are out there and we would be happy to get the specifics, but we have moved forward as quickly as we can when we were at a point in time where we could assure that we were moving forward in a safe way in the issuance of permits and so that is why you have seen the additional shallow water permits issued, and we hope to be able to move forward with additional deepwater permits as well in the relatively short future. With respect to the Land and Water Conservation Fund, it is a modest investment in the future of America because the dollars that we are putting in to buying in holdings and connecting up wildlife corridors and the rest of the things to get American people into the outdoors are important to the hunters and anglers of this country, they are important to the bikers of this country and they are a huge part of the economic engine of the United States of America. As I said earlier, just the outdoor industry alone independently will tell you that there are 6.5 million jobs created a year in this country. Those are not jobs that can be exported. So the kinds of investments that we make with LWCF are, and have, seen that economic future for the U.S.

Mr. GRIJALVA. Thank you. The Clear Act passed the House, didn't go anywhere in the Senate, and part of that was some of the reforms that you had recommended after the spill and things that needed to be done internally and externally. Now that we are talking about this budget, are you still going to have the capacity internally, you did some administrative changes, to carry out some of those administrative changes given the resources that might or might not be available to the Department so that we can continue to prevent what happened in the Gulf from not happening again?

Secretary SALAZAR. The request that we have in the President's budget for offshore oil and gas activities for the Bureau of Ocean Energy Management are essential for us to move forward with the robust oil and gas permitting program in the nation's oceans. Without those resources, frankly, we are not going to be able to move forward with the permitting process in the way that we want to because you need to have people to be able to go out and do the jobs, issue the permits, do the inspections, do the monitoring.

Mr. GRIJALVA. Thank you.

Secretary SALAZAR. All that needs to happen, and so that is one of the initiatives that is at risk if that part of this budget is not funded.

Mr. GRIJALVA. Thank you, Mr. Chairman. The other questions that I have, everything from bats to wild horses, the wild horses being something that I know the Secretary likes to hear about from me, I will submit those in writing, sir.

The CHAIRMAN. And please be sure to share the response with all the other Members.

Mr. GRIJALVA. Depends what it is. No. Of course I will.

The CHAIRMAN. The gentleman from Louisiana, Mr. Landry, is recognized for five minutes.

Mr. LANDRY. Mr. Secretary, I will dispute some of your facts, which I am sure you will go back and dispute, but the Department of Energy shows that we have about a 300,000-barrel loss in Gulf of Mexico production, but the one fact that is undisputable is that Americans have been paying more at the pumps since January of 2009 until today. The price at the pump has continued to increase. I am going to give you an opportunity to explain this robust energy policy that you all are trying to lay out for me. You implemented the drilling safety rule for offshore to enhance safety in upstream oil and gas business, is that correct?

Secretary SALAZAR. That is correct.

Mr. LANDRY. OK. Does this rule apply to drilling activity on onshore Federal lands?

Secretary SALAZAR. There are different realities on shore.

Mr. LANDRY. And would you say that those realities are based on past history and safety aspects?

Secretary SALAZAR. The realities are based on experiences, as well as just the differences of regulating in the offshore and the onshore, and let me be specific. When you start dealing with the Gulf of Mexico, which I know you are very concerned about, and you start drilling in places that are 5,000, 6,000——

Mr. LANDRY. OK. Whoa, whoa, whoa! But I don't want to go there yet because what I want to show you is that based upon the history on the shelf, with over 40,000 wells drilled on our shelf we have not had an accident on that shelf in any magnitude in the deep water, and yet our shallow water permits continue, continue to lag. In fact, a three year permit average from 2007 to 2009 had an average of 28 permits per month that were issued. In the first quarter of 2010 that average was 21, in the second quarter of 2010 it was 12, the third, 13, the fourth, 18. The average for this year is six. Now, what I want you to explain to me is that if you are saying that the onshore drilling is safe and you are using a history, which I think is correct, but yet the shelf has that same history and safety record, but yet you are treating it different, to me, that is not robust.

In fact, not only are your drilling permits and your construction permits lagging, but I have oil and gas companies who are trying to keep people to work in my district doing P&A work, plugging and abandoning, at a time when I think it was your agency who had made some comments back after the *Deepwater Horizon* incident that the industry should be cleaning up some of its idle iron. Well, I want you to know that the permit process in New Orleans is at a dead standstill when it comes to P&A work. Now, this is work that the Administration claims needs to be done. When I look at the budget I wonder if you are actually utilizing your resources, because if I am not mistaken, the BLM offices, if you give me a second, are scattered out from Houston to New Orleans, I think there is one in Lake Charles. Well, there is one in New Orleans, Homer, Lafayette, Lake Charles and Lake Jackson. It seems to me that we could do some consolidation and get some streamlining at least for P&A permits so that we can keep people to work while you all continue this robust energy policy that we are moving forward. Wouldn't you agree?

Secretary SALAZAR. If I may, on your comments, just quickly, two points. The first is on the issue of gas prices. The fact is that the price of oil is set worldwide and we are able to influence that in terms of domestic production. The experts, the economists, tell us that we don't have an influence on that.

Mr. LANDRY. Well, but if that is the case, then how can the gentlemen on the other side of this aisle claim that utilizing the strategic reserve would give us some relief at the pump? Because all that is increasing the supply.

Secretary SALAZAR. Well, the strategic petroleum reserve is a tool that was set up to deal with disruptions in the market after incidents like OPEC and perhaps the incident now.

Mr. LANDRY. And for incidents of national security. But we have a great strategic reserve in the Gulf of Mexico——

Secretary SALAZAR. I agree.

Mr. LANDRY.—that is a lot cheaper than utilizing that one. I don't understand. At first you said it is set, the price is set on the world market, and I agree with that, but what affects that price is supply and demand, don't you agree?

Secretary SALAZAR. That is true, including the demand from China, and India and the rest of the world.

Mr. LANDRY. But there is also a reason why brand crude oil prices are higher than U.S. crude prices, and sometimes it has to do with delivery options. So my point is that when we drill domestically, the ability to get that resource into our refineries comes at a much lesser cost because of the transportation costs out there. So all of those things come into a factor when you should be considering your energy policy. That is why I think that its failed, that you are treating the Gulf of Mexico and you are painting it with one brush.

Secretary SALAZAR. Let me just say the fact is that we have increased production in the country. Those facts are indisputable over the last two years. Second, your legitimate question which you asked which isn't just a political diatribe is the question of how we are doing the new Bureau of Ocean Energy Management and the consolidation. There are legitimate questions that you raise there and we are looking at those very seriously. What we want to do is to establish a robust agency that can, in fact, do the job that it has to do and it may include some of the consolidations and some of the moves that you raised in your question.

The CHAIRMAN. Time of the gentleman has expired. The gentlelady from California, Mrs. Napolitano, is recognized.

Mrs. NAPOLITANO. Thank you, Mr. Chair. Good to see you again, Mr. Secretary, Mr. Hayes. There are some questions that I am going to have to submit for the record. If you wouldn't mind returning them in writing to this Committee. I certainly want to kind of dovetail some of the comments on the hydrofracking for the fact that there are some issues in my backyard that are beginning to affect the residents' concerns over the contaminated water that hydrofracking leaves behind. I am not sure whether we can address or whether we can maybe help those folks be able to understand it. California crude is heavier than most of the other crude. Second, I want to congratulate Commissioner Connor for working heavily with us on Title 16, especially with the error money, to make real water and put people to work. That is just absolutely a must in the West.

Then, moving into the Native American focus, the tribal recognition, moving forth on that and putting a lot more focus on some of their issues. The Bureau of Indian Affairs received a budget increase for energy initiatives and I know that IBEW, electrical workers, and NECA, the electrical contractors, have submitted a white paper, including some of the reservations in my area, that are looking at placing on site manufacturing of solar panels and training of Native Americans for jobs into the electrical contracting, or electrical manufacturing, electrical contracting, so that develops not only jobs, it brings back manufacturing to the U.S., brings solar panel manufacturing to the U.S. provides electrical journeymen training to Native Americans as they get job development, and economic development. There are 20 tribes actually lined up to work with these two organizations that are moving forth on this, and I would love to see where the Department is on this and if there is going to be any focus to help Native Americans be able to have that ability to do this.

Second, the budget request includes a new account for National Land Imaging Program overseeing the operation of the Landsat satellites, providing global land cover data used by academia, agriculture, researchers, the world, in fact. Like to congratulate the Department on the work done so far and the Water and Science Agency and the Landsat. One of the concerns I have is that it is essential to the imaging environment, impacts the ground and aquifer imaging. The DOI budget request, will it be sufficient to ensure that the land-based operations are ready to handle the thermal infrared sensoring, the TIRS, T-I-R-S, when Landsat launches in December of next year? We have been told by many of the water agencies, they utilize this information, that it is critical for them, it is critical for farmers. Then third, the water challenges, the water shortages and water use conflicts is one of your seven initiatives for 2012. How will the proposed reductions in spending for these basic data gathering, of course the USGS stream gauging and the ground water monitoring specifically that affect the work that we do on water, impact DOI's ability to fulfill its statutory mandates, affect decision support and impact states and other non-Federal partners? I could go on, but those are the ones that I really have and you can take any one of them and the rest I will submit for the record because I will be yielding. Well, in fact, all of them for the record and I yield one minute to Mr. Garamendi.

Mr. GARAMENDI. Thank you. A lot of discussion going on here about energy but I would point out that the oil market is an international market and whatever happens here in the United States with drilling and the like is not going to change that price of oil very much. We should also note that the oil industry, the big five, in the last decade had just short of $1 trillion in profits. As this price rises, the world is going to see that $18 or $16 billion go back up from whatever it is today, as was discussed. I want to commend the Department for every effort you are making to become less dependent on grid energy and more dependent on renewable energy. You are doing a lot. What you have done in the deserts with your renewables, very good. More needs to be done. We know we have a series of problems and I know that you are trying to attack those problems so that we can move away from our dependency on foreign oil. Your record is very good. You should stay with it.

The CHAIRMAN. Time of the gentleman has expired. The gentleman from Ohio, Mr. Johnson, is recognized for five minutes.

Mr. JOHNSON. Thank you, Mr. Chairman. Secretary Salazar, Ohio is very dependent upon the coal industry. We get about 87 percent of our energy from coal. The industry supports more than 30,000 direct and indirect jobs and the majority of these jobs are in my district in eastern and southeastern Ohio. As you know, the Office of Surface Mining, Reclamation and Enforcement is preparing a complete rewrite of current regulations regarding surface mining in the stream buffer zone. According to your Department's own environmental impact statement, this proposed regulation could cost more than 20,000 coal mining and related jobs, cut coal mining production by 50 percent and increase the cost of electricity for families and small businesses. What is your justification for such a significant rewrite of existing regulations that would result in such significant job losses and jeopardize our domestic energy security?

Secretary SALAZAR. I will have Deputy Secretary Hayes respond.

Mr. HAYES. Congressman, we are looking fresh at the rule because a Court intervened and expressed concern about the rule that came out at the end of the prior Administration. I should say that the rulemaking has only started. You referenced the environmental impact. There is no draft environmental impact statement that is out yet. What you are referring to was a draft that was prepared by a contractor and that was not approved by the Department. We are very concerned and want to make sure that this rulemaking proceeds and the environmental impact statement proceeds with full public input. We have made no judgments about what the final rule will look like and we look forward to working with you and others to make sure that it is a good rule and it makes sense in coal country.

Mr. JOHNSON. Well, I am very concerned because the 2000 rule that you reference followed a five-year rulemaking process supported by 5,000 plus pages of environmental analysis and 40,000 public comments. I am just very concerned why OSM is in such a rush to rewrite this rule that has already codified 30 years of industry practice.

Mr. HAYES. We are not in a rush. We are acting under Court supervision. The Court has established some deadlines for us to proceed, but we will make sure that we proceed in a deliberate way. Again, there is no draft environmental impact statement out yet. When it comes out, we will look forward to input, along with the rulemaking itself.

Mr. JOHNSON. Shifting gears just a bit, I am a little bit confused, Mr. Secretary. You talked about the increased funding required in your budget submittal in order to create this robust permitting process, yet you have testified and my colleagues have pointed out the decreases in permits in previous years. Why do you need so much money to get back to an acceptable level of permitting? We were there before. Why is it different now?

Secretary SALAZAR. Congressman Johnson, I think there is a reality that the American Public and the American Congress and I think all of us should take into account and that is there is a pre-Macondo timeframe and a post-Macondo timeframe. I think if you look at the 30 years before Macondo there was not the right kind of caution that was taken, and the right kind of inspection and oversight, and technology that allowed us to get into deeper and deeper waters essentially got ahead of our ability to deal with safety issues, environmental issues and other kinds of issues, and so what we want to do is to achieve a goal, which I think we can agree on, and that is that we want to have oil and gas production in the nation's oceans, and have specified the area as the Gulf of Mexico as the area which is the most promising which already contributes about 30 percent of the domestic production of oil to the United States, but we want to do it in a way that is going to be safe. In order to do that, you need an agency that can do the job. The former MMS simply did not have the capacity to do the job.

Mr. JOHNSON. I don't mean to cut you off, Mr. Secretary. I can see that my time is about to expire. You testified, and I have heard other colleagues here mention it, oil is an international market, and according to your testimony, the United States, we have very little influence over the price of oil. I will submit to you that I think that is exactly what terrifies the American public, that we seem to have our hands behind our back, and this lack of permitting, this lack of going after resources that we have right here in America and falling prey to that philosophy is indicative of a failed energy policy. So, with that, I yield back my time.

The CHAIRMAN. Time of the gentleman has expired. The gentleman from Florida, Mr. Rivera.

Mr. RIVERA. Thank you, Mr. Chairman. Mr. Secretary, thank you so much for being here today. As your know, the Everglades and Big Cypress in my district are national treasures, I am sure you would agree, and important economic resources for my state, for the State of Florida. Everglades restoration is a huge priority for me and for my entire Florida Delegation and I personally feel a tremendous responsibility to this issue because so much of the national park and the Big Cypress preserve fall within my congressional district. As we go forward, I also think it is important that all the stakeholders are involved in determining what prudent steps can be taken now and in the future, particularly with the current economic climate, to achieve the goal that everyone I am sure wants to achieve of restoring water flow in these areas. You have placed a great deal of emphasis on the Everglades as a special landscape.

Last year you broke ground on a one mile bridge along an artery through the Everglades, the Tamiami Trail, as a first step to restoring water flow to Everglades National Park, and you also announced the selection of a plan for additional bridging to restore that water flow. I also, as you well know, represent the Miccosukee Tribe of Indians. I know you have recently met with them, and I have met with them as well. The Miccosukee Tribe in my meetings have raised some concerns with regards to the construction of the Tamiami Trail Bridge and the additional proposed bridging. They have told me they strongly support Everglades restoration, but they also have some concerns regarding the environmental soundness of the project and they are concerned that it might cause harm to culturally sensitive, and archeological, and sacred and religious sites, so in order to perhaps bridge some of those concerns or allay some of those concerns I am wondering if you could tell me what considerations were given to alternate plans, perhaps presented even by the Miccosukee Tribe of Indians, for the bridge and the proposed additional bridging. What alternatives were considered?

Secretary SALAZAR. Congressman Rivera, let me first say to you that I appreciate the leadership that you bring to the Everglades restoration project. It is a project which has received strong bipartisan support in the past, and in my view, is one of the most important ecosystem restoration projects not only in the United States, but literally in the entire planet as a world heritage site. Some of the parts of the budget that we are dealing with now, including Land and Water Conservation Fund, will help us get to reality of restoring the river of grass in the Everglades. With respect to alternatives on the Tamiami Trail, those were all looked at in a very extensive way through all the environmental impact analyses that went into the construction on the Tamiami Trail and the proposed additions. There have been robust conversations with the tribes to make sure that their input is being heard and that robust consultation with the tribes will continue.

Mr. RIVERA. Well, I appreciate that. I know your Department has had meetings with them, I have as well, and I am wondering, perhaps one of the most robust ways we can encourage that communication perhaps would be communication or a meeting directly between the Chairman of the Tribe, Colley Billie, and perhaps yourself. I am wondering if you would be open to a direct meeting or direct communication perhaps here in Washington that I could maybe help facilitate. Would you be open to meeting with the tribe?

Secretary SALAZAR. Yes.

Mr. RIVERA. Also, finally, can you tell me going forward as we plan for Everglades restoration in the years ahead and ensuring that the national park and other areas you manage are preserved, what do you envision, what else can be done to make sure that not only water flow is restored, but that this treasure is preserved for generations to come?

Secretary SALAZAR. Congressman Rivera, I think that what had happened, frankly, until two years is that for about an 80-year timeframe there was literally very, no progress being made in terms of Everglades restoration. We have done a lot in the last two years and we have done it by getting the House of the Federal family in order and have invested significant resources in getting the Everglades to where they should be today. However, that has depended on the partnership that we have had with farmers, and land owners, and ranchers, and the State of Florida, and local governments, and the South Florida Water Management District, which has been a great partner as we have moved forward.

Mr. RIVERA. And the tribe.

Secretary SALAZAR. And the tribe. The most important thing that we can do to bring the project across the finish line in success is to continue that partnership that has been underway for the last two years.

Mr. RIVERA. Thank you. I appreciate those remarks. I yield back, Mr. Chairman.

The CHAIRMAN. I appreciate that. Chair would note, Mr. Secretary, that we have only two more questioners and that will coincide perfectly with your timeframe of 1:00, so the timing is everything on this. At this time, I would recognize the gentleman from California, Mr. Denham, for five minutes.

Mr. DENHAM. Thank you, Mr. Chairman, and thank you, Mr. Secretary. Let me first start by thanking you. I know you have spent some time in the Central Valley looking at the devastation with the water policy we have had. Know there have been a number of questions on that and I have a number of questions as well, but I would like to get your full attention and detailed answers on it so I will submit those to you. So let me just address a couple of funding questions that I have concerns with. I also represent not only the Central Valley, but Yosemite and some of the mountain areas, and specifically in Tuolumne County, one of the concerns that we have is the cuts to the Secure Rural Schools Program. I guess I would be OK with the cuts if we were going to start doing more logging again and, you know, they would have that additional revenue, but absent new policy, we certainly would need some type of plan on keeping those schools obviously open and funded. First, I would ask you to address that area of cut and the phase out of that. I know the President's new proposal has a phase out in it.

Secretary SALAZAR. Congressman, my understanding is that within the Department of Agriculture there is an amount, I believe it was $328 million from testimony that I gave yesterday in the Department of Agriculture, and we will work closely with them in terms of the Secure Rural Schools funding. It is something that I have been aware of and have worked with the California and Oregon Delegations on in the past, so I am aware of the issue. I don't know the specifics with respect to the area that you speak about, but we will look into it. On your other issues, on the Central Valley and the water issues, I would say the Deputy Director of the Department of the Interior has probably spent more time working on that issue than any single other issue. It is exceedingly complex, but there is great possibility and great hope that if we can keep the water users and the other interests together, that we can make some major breakthroughs on the California water issues in the Central Valley this year. So we are very hopeful. We are working on it together. Just a quick comment on Yosemite. Yosemite has a special place in the heart of the conservation community in this country because it was set aside by President Lincoln right in the midst of the Civil War and it is what makes our country, as Ken Burns of Dayton Duncan would say in their movie or in their film, America's best idea. So what Abraham Lincoln started in 1865 with Yosemite is a tradition that I hope we are able to continue working together in a bipartisan way for a lot of reasons, but also because it contributes so significantly to the economy of our country, whether it is the Everglades, or whether it is Yosemite, or whether it is Olympic, or Rainier, or other of our great national parks.

Mr. DENHAM. Thank you. Thank you. Just a couple quick questions on purchasing property. One of the things that I am seeing now, we just finished duck season. My duck license was very expensive and now I see $25 going up. First of all, do we really need to buy more land right now? Are the hunters not doing a good job of protecting the conservation of that area? Specifically on the wildlands piece, I know BLM is talking about greater resources and benefits and being able to use properties and it seems like it is somewhat in conflict with wildlands. I mean, there are a number of policies that I am seeing move forward where we are actually going out and buying more property, and at the same time we have the President who now is putting together a new commission to sell property. So in a time of fiscal crisis it would seem that, you know, we would agree with the President's direction to sell properties. The question is how do we do that? Then second, why would we be going out and buying more property at a time that we are going through today?

Secretary SALAZAR. First, let me say that on the acquisition of properties, I know for a fact that hunting organizations from the National Riflemen's Association to Ducks Unlimited and Trout Unlimited are strongly supportive of protecting those areas that are a special place for hunters. Hunting adds a huge amount to the economy of this country. It is a sport which I strongly support. When you have lands that over the last 10 years have been disappearing which have been prime hunting and wildlife habitat at a rate of the size of Connecticut every year, it should call us to action to invest in the protection of these lands that are special lands for hunting and——

Mr. DENHAM. Disappearing? Are they vanishing? Disappearing?

Secretary SALAZAR. They have moved over to development in very significant ways. I mean, our population as it has grown and is projected to continue to grow will continue to have these lands diminished, and so having a proactive conservation program in a partnership way that respects private property rights is something that we very much support, and it is the heart of the America's Great Outdoors concept. It is at the heart of this budget. I said earlier one of the great examples is what the ranching community. These are working ranchers, fourth, fifth generation ranchers that took the lead creating the Flint Hills National Conservation Area to protect 1.1 million acres of the last remaining tallgrass prairie in North America. These are ranchers who said they want their way of life preserved in ranching. It is good for the economy of Kansas, and it is good for the environment. So I think we can move forward with that agenda.

The CHAIRMAN. Time of the gentleman has expired. The gentleman from Florida, Mr. Southerland.

Mr. SOUTHERLAND. Thank you, Mr. Chairman. Mr. Secretary, thank you very much for being here today. I think you have been Secretary for a little over two years, that correct?

Secretary SALAZAR. Yes, sir, that is correct.

Mr. SOUTHERLAND. How many employees are under your direction?

Secretary SALAZAR. Around 70,000.

Mr. SOUTHERLAND. And your budget for 2010 was somewhere I think a little over $12 billion, correct?

Secretary SALAZAR. That is correct.

Mr. SOUTHERLAND. I congratulate you. That is an enormous responsibility. I mean, I am a small business owner. I can't imagine having that much responsibility. I wanted to ask you, you know I live in Florida. We were affected. My district had eight counties on the Gulf. I wanted to ask you some questions regarding the *Deepwater Horizon*. You know, the President formed the commission on BP in the *Deepwater Horizon* oil spill. Did you participate in that report? Do you have any work or consultation responsibilities in that report?

Secretary SALAZAR. I appeared before the commission, provided excessive testimony, along with Deputy Secretary David Hayes and a number of other people from the Department of the Interior.

Mr. SOUTHERLAND. OK. So your input was included. Obviously it had an effect on the report that Senator Graham and Mr. Riley came and presented before this body about a month ago.

Secretary SALAZAR. They were an independent commission but we did provide them whatever information they requested from us.

Mr. SOUTHERLAND. They had nine findings that they presented before us, 400 pages, and none addressed any government's responsibility in the exasperation of that disaster in the wake of that. I am just curious. Do you feel from your vantage point over 70,000 people, $12 billion, does the government bear any responsibility having issued 720 violations in the wake of that disaster? Any?

Secretary SALAZAR. Congressman Southerland, I think that the *Deepwater Horizon* was a tragedy that was brought about by a huge number of circumstances, including government inattention and government inaction.

Mr. SOUTHERLAND. I'm curious—if I may. I am the last one here so time is a precious commodity. As far as a percentage, does the government bear five percent? Ten percent? You are a smart man. They don't give this position to somebody that can't speculate a little bit. What do you think?

Secretary SALAZAR. I would say to you that the honest answer that is not at all a political answer, I think it is just the fact, is that the former agency, MMS, simply was not given the tools by the Congress, nor overseen by the Executive Branch of government to do the job that was so critical. At this table and in this Committee several years ago, we testified about the need to have organic legislation for MMS and what you have in front of you with this budget is an effort to try to stand up a robust agency that can accomplish these very significant missions that we have assigned to this particular bureau.

Mr. SOUTHERLAND. OK, but clearly, if you had the ability to issue 720 violations and we seem to be not be able to rescind the Jones Act when we had offers from around the country to bring in skimming ships to help us at least contain the disaster, clearly you have to be a smart man. Seventy thousand people, that is mind-boggling to me. You have to be able to agree that the Administration, government, could have done more. I know you keep throwing it on Congress, but I am talking about you. You don't get 70,000, $12 billion without having some ability to make a difference, correct?

Secretary SALAZAR. Well, first——

Mr. SOUTHERLAND. That is just a yes or no. I am running out of time here.

Secretary SALAZAR. Let me say we did I think a Herculean job in responding to the tragedy. Was it perfect? No. Was it anticipated and all the problems foreseen? No. Have we learned from it? I would hope we have learned from it. Part of the lessons learned are incorporated into the budget request that we have——

Mr. SOUTHERLAND. Can I ask you, now I am on the yellow light, after 720 findings, and again, that is amazing to me, have there been any disciplinary actions that have led to firings or dismissals from any of the individuals that were a part of citing those violations and issuing those citations? That is just yes or no. Anyone fired?

Secretary SALAZAR. Over the last two years there have been a number of disciplinary actions.

Mr. SOUTHERLAND. Anyone fired, though?

Secretary SALAZAR. There have been people fired, people who have been prosecuted, people have, appropriate action has been taken as we have cleaned up MMS over the last two years.

Mr. SOUTHERLAND. OK. I know when Mr. Costa was questioning you, you stated that you have the ability to focus like a laser beam. I mean, that was your words about an hour and a half ago. I would just encourage you, being in the position you are with 70,000 people, $12 billion, obviously a great skill set to be given that and you have the ability to focus like a laser beam, that at some point in time someone from your Administration, or you even yourself, would be able to say, you know what, we screwed up. I think the American people would appreciate—and I am not ignoring the fact that BP——

The CHAIRMAN. Time of the gentleman has expired. If there is a question there, I would ask the Secretary to respond to that question.

Secretary SALAZAR. I would just say there is a collective responsibility that has to be shared over what happened in the Gulf of Mexico.

The CHAIRMAN. Thank you very much. I think that all of us on this Committee have always felt that that issue as brought up by the gentleman from Florida was legitimate to be discussed. Secretary Salazar, thank you very much for being here. I want to thank all the Members for adhering as closely as we could possibly do to the five-minute rule. If there are further questions from any Members of the Committee, Mr. Secretary, I would ask you to respond to those questions in as timely a manner as you possibly can. If there is no further business before the Committee, the panel is dismissed and the Committee stands adjourned.

[Whereupon, at 1:35 p.m., the Committee was adjourned.]

[Additional material submitted for the record follows:]

[The prepared statement of Mr. Benishek follows:]

Statement of The Honorable Dan Benishek, a Representative in Congress from the State of Michigan

Thank you Mr. Chairman and I thank you Mr. Secretary for coming today.

I am new to the Committee and new to Congress. I'm looking forward to working with you.

My Northern Michigan district includes three Great Lakes, Isle Royle National Park, large forests and my favorite place in the world—my small camp in the Ottawa National Forest.

I am an outdoorsman and someone who truly appreciates the need to preserve our land for the future. However, I want to convey a message that I hope we can work together on in the next two years.

People in my district want to be able to enjoy the land. They want access for recreation. They want to hunt, fish and ride vehicles. I am asking to work together to curb the abusive lawsuits that are only meant to delay the ruling process and prevent access. Let this committee give you the tools you need to complete your job.

At the same time, this Committee is looking for you to take the lead in tackling high gas prices. The unrest in the Middle East only underscores the need to increase our domestic supply. Mr. Secretary you hold the keys to the kingdom. It's time to expedite permits, open up land and start drilling.

[The prepared statement of Mr. Flores follows:]

Statement of The Honorable Bill Flores, a Representative in Congress from the State of Texas

Mr. Chairman, thank you for holding today's important hearing and thank you Secretary Salazar for appearing before us today.

Last week, I had the opportunity to hear from my constituents during four town halls and there was a persistent theme—what can we do to promote private sector job growth in our nation and reduce the uncertainty in our economy. Gasoline prices are on the rise, both due to declining Gulf of Mexico production and unrest in the Middle East. Concerns over higher energy costs slowing our economic recovery are also being reflected in the stock market. Despite these warnings, the Obama Administration's actions continue to ignore these significant issues. Instead of pursuing energy independence, the Administration further restricts access to our domestic supplies by imposing billions in tax and fee increases that will raise the cost of energy for all consumers, damage our fragile economic recovery, cause additional job losses, and hurt our national security. To add to this Administration's fiscal nonsense, the declining Gulf of Mexico production and uncertainty in the permitting process is costing the Treasury millions of dollars per day in royalty revenues. In addition, the lock-ups of huge areas of prime acreage for domestic energy exploration makes us the only country in the world which seems to be intent on putting our own strategic domestic resources off limits.

There are measures that the federal government can take to secure oil and gas supplies and offset rising prices. Regulators should end the slowdown in the permitting process in both the deepwater Gulf of Mexico and the shallow water Gulf of Mexico, and move ahead with issuing additional drilling permits. In addition, the lock-ups of huge areas of prime Secretarial Order 3310, issued last December, establishing the Wild Lands policy that locks up vital domestic energy sources at a time of much need should be reversed. We also need an "all of the above" view towards energy that uses a combination of all energy sources including traditional fuels such as coal, oil, and gas, as well as emission free nuclear, wind, and solar power. If the Administration would take these common sense steps, our economy would continue to recovery, hundreds of thousands of good paying American jobs would be created, and we would assure our children of a future of economic opportunity, energy security, and national security.

I look forward to hearing from Secretary Salazar today and to discussing how we can ensure a reliable supply of American energy that will contribute to our economic recovery.

[The prepared statement of Mr. Tipton follows:]

Statement of The Honorable Scott R. Tipton, a Representative in Congress from the State of Colorado

Thank you Chairman Hastings for convening today's hearing. I would like to join my colleagues in welcoming Secretary Salazar as we examine the budget and priorities of the Administration and the Interior Department.

There are approximately 8,686,842 acres of land controlled by the Department of the Interior in the 3rd Congressional District of Colorado. It's no surprise that the budget and priorities of this Department is of great concern to me and my constituents, and that the policies of the Interior Department affect our everyday lives and our livelihoods. The Interior Department needs to look closely at ways to trim excessive spending and to implement policies that will help rather than hinder the job market. As oil approaches $100 a barrel and gasoline prices are expected to go above $4.00 a gallon, it is absolutely imperative that the Interior Department prioritize domestic oil and natural gas exploration. We also need to focus on facilitating innovative technologies in oil shale development and avoid excessive regulations which discourage the exploration of this potentially massive source of domestic energy. Doing so is a matter of national security as well as critical source of jobs in my district and across the country.

We also need to ensure that multiple use management is continued on BLM lands and that the designation and protection of valued wilderness areas is determined through local consensus and a vote of Congress, not through Administrative order. There are 250,949 acres of wilderness in the 3rd Congressional District and 520,000 Wilderness Study Areas. Many of these areas are properly designated and the level of protection they receive is appropriate. However, with so much of my district already restricted by the wilderness designation, it is irresponsible to allow the federal government to further restrict lands by administrative fiat when doing so acts in derogation of the Federal Lands Management Policy Act which requires BLM lands to managed for multiple use and sustained yield. This was a common sense policy when it was developed and remains so today. The Administration's Wild Lands order acts contrary to this policy and threatens jobs in Colorado's Third Congressional District.

It is imperative that the Department of the Interior prioritize domestic energy production and concentrate on job grow in Colorado and throughout the country. Again, Chairman Hastings, thank you for holding today's hearing.

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