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Before

THE HOUSE COMMITTTEE ON NATURAL RESOURCES
SUBCOMMITTEE ON ENERGY AND MINERAL RESOURCES

Concerning

The Forest Service Fiscal Year 2009 Budget for the
Minerals and Geology Program

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Overview

Mr. Chairman and members of the Subcommittee, thank you for the opportunity to discuss the President's fiscal year (FY) 2009 Budget for the Forest Service's Minerals and Geology programs. I am pleased to be here with you today.

Forest Service fiscal year 2009 Budget

The Forest Service's fiscal year 2009 Budget request must be viewed in the larger context of the overall federal budget in which it is presented. The President's Budget reflects our Nation's highest priorities, including promoting economic growth, combating terrorism, and strengthening our homeland security. The Budget includes policies to boost short-term economic growth and to make tax relief permanent, as well as to improve the quality of education, expand access to affordable healthcare, address the rising cost of energy and help Americans keep their homes. The Budget makes these investments in the Nation's safety and prosperity while holding non-security spending growth to less than one percent and slowing the unsustainable growth of entitlement spending. These policies put the government on a path to achieve a balanced budget by 2012.

Like other non-defense domestic discretionary programs, the Forest Service faces a constrained budget. Tough choices had to be made to keep spending under control and achieve the President's goal of reducing the deficit and balancing the budget by FY 2012. The fiscal year 2009 President's Budget request for the Forest Service is $4.109 billion in discretionary funds, which is a modest reduction below the Fiscal Year 2008 request and approximately the same level of funding as fiscal year 2007. However, within that total are some important shifts: the budget maintains funding for Healthy Forests including a

commitment to fully fund the Northwest Forest Plan, reflects the updated 10-year average for fire suppression, and realigns the agency's commitment to caring for the 193 million acres of national forests and grasslands.

The Forest Service budget supports the Administration's broader priorities and focuses resources around the agency's 2007-2012 Strategic Plan, designed to fulfill the agency's mission to "sustain the health, diversity and productivity of the Nation's forests and grasslands to meet the needs of present and future generations." The budget also places particular emphasis on what the Chief has identified as today's foremost challenges and opportunities – climate change; water issues; and the loss of connection to nature, especially for kids.

In FY 2009, the Wildland Fire Management program will continue to emphasize decision support information technology, and implement cost-containment measures focused on leadership, operations, aviation, and general management practices. Use of information technology tools, coupled with a suite of management initiatives, such as Appropriate Management Response (AMR), Line Officer certification, the Chief's Principle Representative, and Severity Authorization Limitations, will continue to significantly lower projected suppression expenditures.

In order to maintain relevance and assure that Federal investments positively affect the landscape, it is timely to restructure program resources and tools and redesign the focus, priorities, and delivery of the agency's State and Private Forestry programs. The Forest Service will prioritize work using the best available technology and information focused on three national themes: 1) Conserve working forest landscapes; 2) Protect forests from harm; and 3) Enhance benefits from trees and forests.

The Forest Service is in the process of transforming its organization and processes at the regional office and headquarters level. This transformation effort will fundamentally change the way integrated leadership, direction and oversight are delivered at the Washington and the Regional Offices. The Forest Service will reduce operating costs by approximately 25 percent below 2006 in National and Regional Office operations by the end of fiscal year 2009. The success of this effort will be based on how well the new structure helps direct maximum resources toward mission delivery and improves processes to better serve our customers and partners.

Today I will provide an overview of the FY 2009 proposed budget and program for Minerals and Geology Management and a summary of accomplishments.

Minerals and Geology Management Program and Budget

The fiscal year 2009 President's Budget requests $71 million for the Minerals and Geology Management program, an amount that is equal to the 2008 Budget. The 2009 Budget reflects greater efficiencies compared to the 2008 Enacted level of $84 million, supports the agency's increased emphasis on administration of operations to ensure the

protection of surface resources, supports continued implementation of the National Energy Plan and Energy Policy Act of 2005, and funds environmental compliance and environmental restoration programs at levels similar to prior years to continue focusing on cleanup of abandoned mines and other contaminated sites.

The Minerals and Geology Management program is responsible for managing mineral and energy development activities, interpreting and protecting geologic resources, controlling pollution, and cleaning up abandoned mines and other contaminated sites on 193 million acres of NFS lands.

The value of all energy and mineral production from NFS lands typically exceeds $2 billion per year. Over five million acres of NFS lands are leased for oil, gas, coal, and phosphate. At any given time, the Forest Service administers approximately 90,000 mining claims, and manages approximately 8,000 mineral material sale contracts and permits, and more than 15,000 ongoing mineral and energy operations. In addition, the Forest Service works to mitigate potential threats to the environment and human safety posed by thousands of abandoned mines and other contaminated sites located on NFS lands. NFS lands also contain geologic resources including caves and rare fossils, and are the largest single source of municipal water supply in the United States serving over 66 million people in 33 states.

The Minerals and Geology Management program consists of the following activities:

Process Mineral Applications ($27.2 million) - Provides for the review and approval of plans for proposed mineral activities including exploration and development of hardrock minerals under the authority of the 1872 Mining Law; coal, oil, and gas, and geothermal exploration and production under the Mineral Leasing Acts; and contracts for the extraction of mineral materials such as sand and gravel. The request will fund the administration of an estimated 11,100 active mineral operations in FY 2009. The program will emphasize meeting minimum administration levels to ensure compliance with operating plan requirements, to ensure meeting specific environmental standards and protecting resources.

Administer Mineral Operations ($20.6 million) - The request will fund processing an estimated 6,500 mineral applications in FY 2009. The actual number of applications received in FY 2009 may vary significantly due to market influences and variable demand for mineral resources from National Forest System lands. Processing mineral applications provides a valuable service to the public and ensures environmental standards and considerations are met. The energy component of the program will focus on increasing opportunities for development and supply of oil and gas, coal, and geothermal resources from Federal lands, in support of the Energy Policy Act (EPA) of 2005. The implementation of EPA pilot offices will help the agency more efficiently process energy leasing and permit applications, particularly with respect to eliminating the backlog of oil and gas lease nominations and applications for permits to drill (APDs).

Manage Geologic Resources and Hazards ($7.3 million) - The request will fund the identification and management of an estimated 470 geologic hazards. Identifying and managing geologic hazards provides for the health and safety of the public by protecting the infrastructure, soil, and groundwater. The geologic component of this activity provides information on geologic and paleontologic conditions informing land management decisions and project design, evaluates resources such as ground water, and protects sites that have scientific or educational use. Inventories and manages geologic resources such as caves and karst areas, paleontological resources, and groundwater. Under this activity, the program identifies, assesses, and manages potential risks to public health and safety from soil and water contamination and geologic hazards, such as landslides, debris flows, and karst collapse features.

Mitigate Abandoned Mine Lands (AML) Safety Risk Features ($4.9 million) - The request of will fund the mitigation of an estimated 350 abandoned mine sites. The Abandoned Mine Land (AML) program focuses specifically on cleaning up abandoned mines in high priority watersheds. In addition to cleanup projects, the program is establishing an environmental management system that includes environmental compliance audits to systematically improve environmental performance of the agency. This activity provides for the inventory, assessment, and mitigation of abandoned mine safety hazards and associated environmental damage. This work includes closing underground mine openings and vertical shafts; re-contouring open pits, trenches, and associated roads; and removing or stabilizing abandoned buildings, equipment, and hazardous materials. Mitigation of the most severe hazards at publicly accessible abandoned mine sites helps ensure the protection of public health and safety and the protection of habitat and groundwater.

Manage Environmental Compliance ($2.9 million) - The request will fund 23 environmental compliance audits. These audits are an important tool to assure that employee and public health and safety are protected through agency compliance with environmental laws and regulations. This activity also provides funding for emergency response to illegal drug labs and hazardous material spills within, or affecting, National Forest System lands.

Manage Environmental Restoration ($8 million) - The request will fund the mitigation of approximately 10 percent of known hazardous material sites on NFS lands. The costs for each site vary widely, as does the total number of identified sites. Therefore, the funding request for FY 2009 – a decrease from 2008 – will support approximately the same level of accomplishment as in FY 2008. Cleanup of sites contaminated with hazardous materials is critical for the long-term protection of both surface and groundwater quality, as well as wildlife habitat, and public health and safety. The Environmental Compliance and Protection (ECAP) program provides for the cleanup of hazardous substances on NFS lands to improve and protect watershed conditions and human and ecological health. This restoration helps minimize or eliminate threats to human health and/or the environment. Cleanup projects are typically initiated under requirements of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA); Resource Conservation and Recovery Act (RCRA); or the Clean Water Act (CWA).

Forest Service Accomplishments

The Forest Service and Department of the Interior agencies have entered into an interagency Memorandum of Understanding which clearly defines each agencies responsibility for processing energy proposals on NFS lands. The Forest Service has also assigned personnel to pilot project offices established by Section 365 of the Energy Policy Act of 2005. The Forest Service is participating in four of the seven pilot project offices which have NFS lands and a high volume of development and project proposals. These offices are located in Buffalo, WY; Farmington, NM; Glenwood Springs, CO; and Vernal, UT. The purpose of the Pilot Offices is to improve energy permit coordination and realize efficiencies by having multi-agency personnel involved in the approval of operations working out of a single office.

The Forest Service within the areas encompassed by the Pilot Offices have seen significant reduction in processing time for surface use plans through improved coordination and sharing of resources between agencies. There have also been improvements in industry and public information sharing and process efficiency by providing a single point of contact for all agencies involved in permit approval. The agency has also worked closely with the BLM on the revision of the Oil and Gas Onshore Order No.1. Beginning in FY 2008 the Forest Service will evaluate all energy projects on whether they are processed within or outside of statutorily established timeframes. These timeframes were established in Section 362 of the Energy Policy Act of 2005 and incorporated into the newly revised Onshore Order Number One.

Program Performance

In order to improve performance, the Forest Service response to the Performance Assessment Rating Tool (PART) assessment on the oil and gas energy resources program led to refined performance measures to track compliance with agency Strategic Plan goals and objectives. The emphasis is upon the agency's ability to process lease applications in a timely manner. The new performance measures have helped the agency to direct funding and resources to reduce project processing times, while assuring compliance with remediation measures. Also as a result of the PART assessment, the Forest Service now holds regular coordination meetings with the Bureau of Land Management (BLM). The cooperating agencies have also jointly published the revised Onshore Order #1 and Surface Operating Standards and Guides (Gold Book). The Forest Service is jointly working with the Department of Interior Agencies to develop a single data retrieval system.

PART Measures

A few selected examples of PART performance measures, including FY 07 accomplishments, current year target and FY 09 targets are listed below:

Performance Assessment Rating Tool (PART) Measure	FY 2007 Actual	FY 2008 Target	FY 2009 Target
Number of new lease applications processed within prescribed timeframes (Energy PART)	501	1,000	1,000
Percentage of applications for permit to drill (APDs) processed within prescribed timeframes (Energy PART)	48%	50%	50%
Percentage of lease applications processed within prescribed timeframes.	11%	10%	10%
Number of new applications for permit to drill (APDs) processed within prescribed timeframes (Energy PART)	502	325	325

The Minerals and Geology Management program has also designed and is beginning to implement new national databases that will accurately track and report accomplishments. This will enhance program performance by providing consistent, accurate and timely information. Additionally, the Agency revised guidance to comply with the Clean Water Act for locatable mineral operations, thereby, ensuring mining operations meet water quality requirements.

Specific accomplishments of the Minerals & Geology Program for 2007 included:

- Administered 11,718 mineral operations to standard;
- Processed 10,604 mineral proposals;
- Processed 502 Surface Use Plans of Operations supporting Applications for Permit to Drill within prescribed timeframes.

In 2007 the BLM and Forest Service marked the 10th anniversary of their Abandoned Mine Land Cleanup Programs. Since 1997 the Forest Service has cleaned up hundreds of abandoned mines and other sites contaminated with hazardous materials and eliminated thousands of abandoned mine safety hazards with the support of state and federal agency partners and local watershed groups. A publication describing those accomplishments, titled *Abandoned Mine Lands, A Decade of Progress Reclaiming Hardrock Mines*, was released at a celebration in Silverton, Colorado to celebrate the milestone.

Accomplishments in the Environmental Compliance and Protection and Abandoned Mine Land programs for 2007 included:

- 403 dangerous safety hazards at abandoned mine sites in states were eliminated;
- 31 cleanups of abandoned mines and other contaminated sites were completed;
- 26 Administrative units were audited (external audits);

Approximately $28,000,000 in remedial cleanup work or funds was recovered from potentially responsible parties.

Conclusion

Thank you for this opportunity to discuss the President's Budget for the minerals and geology program. I look forward to working with you to implement our fiscal year 2009 program, and I'm happy to answer any questions that you may have.