

**STATEMENT OF SALLY JEWELL
SECRETARY OF THE INTERIOR
BEFORE THE
COMMITTEE ON ENERGY AND NATURAL RESOURCES
UNITED STATES SENATE**

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Chairman Wyden and Ranking Member Murkowski, thank you for inviting me to appear before your Committee to discuss the programs and activities of the Department of the Interior. I am happy to be here today.

When I appeared before you at my confirmation hearing in March I talked about the scale of the duties of the position and the incredible diversity in the Department's mission. Every day Departmental employees are working to preserve our nation's great heritage and history, manage our federal lands, waters, and other resources, ensure the delivery of water for diverse users, empower insular communities, and support Native American communities. Since that time I have come to see and truly appreciate the astonishing breadth of the issues and responsibilities located within this one Department, many of which fall under the jurisdiction of this Committee. The Department's complex mission affects the lives of all Americans; nearly every American lives within an hour's drive of lands or waters managed by the Department.

During the past 7 weeks my duties have taken me from south Florida and the Arthur R. Marshall Loxahatchee National Wildlife Refuge and Everglades National Park, where I saw, firsthand, Everglades restoration projects underway; to Boise, Idaho, where I met with a group of smokejumpers – some really tough firefighters – at the National Interagency Fire Center and learned how our federal firefighters are deployed when a wildfire is reported; to the Gulf of Mexico where I viewed an offshore drilling rig and a production platform with an inspector from the Bureau of Safety and Environmental Enforcement; and to Portland, Oregon, where I signed an agreement with the States of Oregon and Washington to expedite the review and permitting of energy generation, transmission, and other infrastructure development.

The Department's bureaus serve as stewards of the nation's parks, wildlife refuges, wild and scenic rivers, seashores, and national monuments and recreation areas, and as the keeper of the history of this country. We share responsibilities to protect and advance the role of public lands

and Indian lands. The lands and resources we manage are also a huge economic engine, powering our economy through energy development, tourism and recreation, logging, grazing and other uses. The Department oversees the responsible development of 23 percent of U.S. energy supplies, is the largest supplier and manager of water in the 17 western states, maintains relationships with 566 federally recognized tribes, and provides services to more than 1.7 million American Indian and Alaska Native peoples.

In 2012, there were almost 500 million visits to lands managed by the Department. Recreational visits to our lands contributed an estimated \$49 billion in economic benefits to local communities in 2011. We collect nearly \$13 billion annually through mineral extraction and other activities, and share nearly \$5 billion of these revenues annually with states, tribes, counties, and other entities. An additional \$2 billion of our budget is used in local communities across the nation through contracts for goods and services. In many of your states, the revenues we share from energy production and other activities are a critical component of the local economy. Overall, the Department estimates the exploration and production of oil, gas, coal, hydropower, and minerals on federal lands contributed nearly \$275 billion to the U.S. economy in 2011.

It is with this fitting introduction to the Department's significant responsibilities that I come before you again to discuss the major programs and highlight some of the activities at the Department and my goal to ensure that it continues in its role as a resources manager, a job creator, and a partner to tribes and state and local governments.

Strengthening Our Energy Future

As I noted back in March, I believe that rapidly advancing technologies, smart policies, and a commitment to the President's "all of the above" energy strategy will allow us to continue with the safe and environmentally responsible expansion and diversification of our nation's energy production, further cutting our reliance on foreign oil, and protecting our land and water at the same time. We have been pushing forward with that goal.

Onshore Energy Development

Onshore, the Bureau of Land Management held 31 oil and gas sales last year and is scheduled to hold more than 30 this year. Oil production from federal onshore lands is at its highest level in

over a decade. The amount of producing acreage continues to increase, and was up by about 200,000 acres between 2011-2012. And the onshore leasing reforms put in place in 2010 resulted in the lowest number of protests in ten years - fewer than 18 percent of parcels offered in FY 2012 were protested, reducing costs and further speeding development.

The Administration is making more coal available as well, with the number of producing acres rising 4 percent from FY 2009 to FY 2012. The amount of coal the agency leased last fiscal year is the highest since FY 2003. And through the Office of Surface Mining Reclamation and Enforcement, we are working to ensure that communities impacted by coal mining and the environment are protected during mining. We are also pursuing the reclamation of priority abandoned mine sites, with a goal of reducing the number of remaining dangerous abandoned mine sites nationwide.

I have heard from a number of members about the need for better onshore oil and gas permit processing. Secretary Salazar instituted reforms to the BLM's oil and gas program, including transitioning to an electronic system that will automate and streamline the application process and significantly reduce the time for approval of new projects. From FY 2006 to FY 2012, the amount of time it took for all BLM field offices to process and approve complete drilling applications fell by 40 percent and the number of inspections completed by all BLM offices rose 73 percent. The Administration has proposed extending and expanding the interagency permitting pilot office authority under the 2005 Energy Policy Act to allow BLM to focus pilot office resources in areas of highest demand. We are headed in the right direction and will continue to look at procedures, processes, and the regulatory framework to identify areas for further reform.

The Department also published several weeks ago an updated proposed rule on hydraulic fracturing on public and Indian lands. These are common sense updates to 30-year old regulations that will increase safety in oil and gas production on public lands while, at the same time, provide flexibility and foster coordination with states and tribes. This is an important step in ensuring that the public has full confidence that the right safety and environmental protections are in place.

Alaska is an important component of our nation's energy strategy. The Arctic holds substantial oil and gas potential, but also presents unique environmental and operational challenges. The BLM recently finalized a new comprehensive plan – the first ever – for the 23-million acre National Petroleum Reserve – Alaska. This balanced plan provides access to over 70 percent of that area's estimated oil potential and provides for an important east-west corridor that could be needed for pipeline infrastructure to eventually carry Chukchi Sea oil to the Trans-Alaska pipeline. At the same time, it will protect the vital subsistence resources of Alaska Natives and the habitat of world-class wildlife populations.

I recently appeared before the Senate Committee on Indian Affairs and noted at that hearing that the Department is committed to assisting Indian tribes in expanding renewable, reliable, and secure energy supplies on Indian lands and safe and responsible oil and gas development. Including Indian Country in the “all of the above” energy strategy will help increase domestic energy supplies and improve the economies of many Indian tribes and Alaska Native villages.

Offshore Oil and Gas Development

We also are moving forward with oversight of the safe and responsible development of our offshore oil and gas resources. The first two sales of the 2012-2017 Five Year Program were held in the Gulf of Mexico in November 2012 and March 2013, and resulted in over \$1.3 billion dollars in industry investment and government revenue through bidding on 436 tracts. At the end of April we announced the Proposed Notice of Sale for Lease Sale 233, scheduled for this August, making available 21 million acres offshore Texas. With this sale, all unleased acreage in the Western Gulf of Mexico will be available for leasing.

Over the past several years, since the Deepwater Horizon oil spill, the Department has reformed the way development on the Outer Continental Shelf takes place. The Bureau of Safety and Environmental Enforcement has implemented safety and environmental management system regulations; issued a new drilling safety rule to refine safety reforms and strengthen requirements; taken steps to hold contractors accountable for their actions offshore; conducted two full-scale capping stack deployment exercises to respond to potential future well blowout scenarios; and provided new guidance on oil spill response plans.

The Bureau of Ocean Energy Management has also significantly reduced the time for review of exploration and development plans for deepwater drilling in the Gulf of Mexico, with time from submission to approval down almost 35 percent from the period between October 2010 and October 2011.

BSEE has achieved similar, significant improvements in the processing of deepwater permits, with the average time for review reduced by about 37 percent between 2011 and 2012. This has contributed to the approval by BSEE of 112 new deepwater well permits, higher than in either of the two years preceding the Deepwater Horizon oil spill. There are more floating deepwater drilling rigs working in the Gulf of Mexico today than prior to the Deepwater Horizon spill, and we expect drilling activity to steadily increase over the coming year. And both BOEM and BSEE are working to modernize and streamline their data systems and the processes for the submission and review of plans and permits. When completed, this investment will achieve significant gains for both the rigor of analysis and the efficiency of review, saving time and money and enhancing accountability.

Science continues to drive decision-making for the OCS leasing program. BOEM conducts rigorous scientific and environmental analysis to support all stages of the OCS program, partnering with academic institutions and other federal agencies to produce top-tier applied research to support decision making. BOEM also conducts thorough assessment of resource potential to identify areas of the OCS that are most promising for exploration and development. Last year BOEM began a Programmatic Environmental Impact Statement to support permitting decisions for geological and geophysical surveys that will be used for assessing energy resource potential off the coast of the Mid and South Atlantic. The Department also uses the results of exploratory drilling to improve its knowledge of the resource potential. As part of this process, the Department oversaw the first new exploratory activity in the Alaskan arctic in a decade, with Shell Oil Company beginning limited preparatory drilling activities in the Chukchi and Beaufort Seas under strict safety and environmental oversight.

A priority for the Administration is implementation of the Agreement between the United States and Mexico concerning Transboundary Hydrocarbon Reservoirs in the Gulf of Mexico.

Implementation of the Agreement will make nearly 1.5 million acres of the Outer Continental Shelf, currently subject to a moratorium under the Western Gap Treaty, immediately available

for leasing and will make the entire transboundary region, which is currently subject to legal uncertainty in the absence of an agreement, more attractive to U.S.-qualified operators. BOEM estimates that the transboundary area contains as much as 172 million barrels of oil and 304 billion cubic feet of natural gas. We look forward to working with you on legislation to implement this Agreement.

Renewable Energy Development

The Department has a critical role to play in fulfilling the President's goal to double renewable electricity generation again by the year 2020 by facilitating renewable energy development on public lands. I will continue to build on the Department's successes and work to make sure we are accomplishing this in the right way and in the right places.

Securing clean sources of energy not only is good for the environment, it creates American jobs, and promotes innovation. In 2009, there were no commercial solar energy projects on or under development on the public lands. From that time, the Department authorized 42 renewable energy projects on or through the public lands which, if constructed, will have the potential to produce enough electricity to power more than 4.2 million homes. The Department also plays a key role in efforts to strengthen the nation's electric transmission grid, approving permits enabling several hundred miles of transmission lines in seven states across federal lands in 2012.

BLM has focused on an accelerated, but environmentally responsible, permitting process for the development of renewable energy on public lands that ensures the protection of signature landscapes, wildlife habitats, and cultural resources.

Since 2009, BLM has authorized more than 12,000 megawatts of energy on public lands and waters, established a road map for responsible solar development in the West by designating energy zones, and flipped the switch on the first solar energy project to deliver power to the grid. BLM also released the Final Environmental Impact Statement for a proposed 750 megawatt facility in Riverside County that would be one of the largest solar energy projects on public lands in the California desert. BLM is also moving forward on wind energy, with a proposed complex in Wyoming that would generate up to 3,000 megawatts of power, making it the largest wind farm facility in the U.S. and one of the largest in the world. BLM also expects to propose rules

that would establish a competitive process for issuing rights-of-way leases for solar and wind energy development on public lands.

Significant progress has been made to advance offshore wind energy. BOEM issued the second non-competitive commercial wind lease off the coast of Delaware in 2012. Earlier this week I announced the first ever competitive lease sale, to be held in July, for a wind energy area offshore Rhode Island and Massachusetts, and BOEM will hold another competitive lease sale offshore Virginia this year. These sales involve nearly 278,000 acres proposed for development of wind generation to produce electricity to power as many as 1.9 million homes. We expect additional competitive lease sales to follow for wind energy areas offshore Maryland, New Jersey, and Massachusetts, and we continue to make progress on potential projects in areas offshore New York, North Carolina, and Maine.

BOEM has established renewable energy task forces with a total of 12 coastal states, including recent task forces in the States of Hawaii and South Carolina, and is overseeing progress in the planning of a potential Mid-Atlantic wind energy transmission line, which would enable up to 6,000 MW of wind turbine capacity to be delivered to the electric grid along the East Coast.

And the Bureau of Reclamation's 58 hydroelectric power plants generate more than 40 billion kilowatt hours of electricity to meet the needs of over 3.5 million households and generate over \$1 billion in gross revenues for the federal government.

Management of Our Lands and Waters

I will also work hard to build on the progress this Administration has made in the management of the federal lands and waters that make this "America the Beautiful."

America's Great Outdoors

One of the major goals of President Obama's America's Great Outdoors initiative is to better connect youth and families to nature and outdoor recreation. Engaging with America's youth through the great outdoors helps lay the foundation for the next generation of our nation's stewards, scientists, business leaders, teachers, and others who will understand the key role that national parks and public lands and waters play in conservation and preservation of our nation's

treasures and the significance they have for local communities, drawing visitors and boosting the economy.

With the National Park Service's centennial anniversary approaching in 2016, we have the opportunity to both celebrate and confirm the NPS's stewardship of our cultural and natural treasures and its role in building enduring connections and enriching experiences with its visitors, including the nation's youth. I recently had the opportunity to meet students from Stonewall Middle School at Prince William Forest Park in Virginia to celebrate National Park Week and highlight the importance of outdoor recreation and education, especially to young people.

I have also had an opportunity in these first weeks on the job to work alongside young people in Gateway National Recreation Area in New York and in a city park in Portland, Oregon, where high school and college-aged young people were restoring habitat and engaging other youth in environmental education and stewardship - all great examples of our commitment to a 21st Century Civilian Service Corps. In an effort to learn from the Civilian Conservation Corps of the last century, this will provide a tangible way to boost youth employment and job training, supporting our public lands infrastructure in a cost-effective way while giving youth a lifetime connection to public lands close to home and far away. It will also provide great opportunities for public/private partnerships with businesses and non-profit organizations.

Through partnerships with states, tribes, nongovernmental organizations, and concerned citizens, we will continue to use AGO to expand opportunities for recreation and conservation and to promote America's parks, refuges, and other public lands and waters. The innovative partnerships developed through this important initiative have helped create great parks and green spaces in urban areas, expand access to rivers and trails, support the \$646 billion outdoor recreation economy (according to the Outdoor Industry Association's 2012 report), connect the next generation to the great outdoors, create wildlife corridors, and promote conservation on large landscapes while working to protect historic uses of the land including ranching, farming, and forestry.

An example of the great work done under this program is the Swan Valley Conservation Area, established as a unit of the National Wildlife Refuge System by the Department in 2012, which

is situated between the Canadian Rockies and the central Rockies of Idaho and Wyoming, in partnership with landowners who voluntarily entered their lands into easements. The new Area will protect one of the last low elevation, coniferous forest ecosystems in western Montana that remains undeveloped and provides habitat for species such as grizzly bears, gray wolves, wolverines, and Canada lynx.

The AGO initiative also benefits from fee receipts that are collected and reinvested in visitor services under the Federal Lands Recreation Enhancement Act (REA). The Department currently collects over \$200 million in recreation fees annually under this authority and uses them to enhance the visitor experience at Interior facilities. Surveys show that most visitors believe that the recreation fees they pay are reasonable for the amenities and services provided; in fact, 94 percent of visitors to NPS sites believe that the value for the entrance fee paid is “very good” or “good.” The Department encourages the Committee to reauthorize the REA, which sunsets in December 2014.

And we are continuing our commitment to America’s Great Outdoors through our request this year, for the first time ever, of mandatory dedicated funding for Land and Water Conservation Fund programs, with full funding at \$900 million annually beginning in 2015. Enactment of a mandatory LWCF program would ensure continued funding for this program designed to make investments in conservation and recreation for the American people to balance the development of oil and gas resources. Protecting this balance through mandatory LWCF funding would reduce landscape fragmentation, making it more efficient to protect wildlife habitat, respond to wildfires and other natural disasters, and increase recreational access on the lands and waters that belong to every American.

We recognize the challenges – including those of this Committee – in establishing new mandatory programs in the current fiscal environment. That’s why as part of the FY 2014 Budget we have also identified a variety of mandatory savings proposals that, while justifiable on their own merits, could also be used to partially offset a mandatory LWCF proposal. Detailed descriptions of all of these proposals can be found at:

<http://www.doi.gov/budget/appropriations/2014/highlights/upload/overview.pdf>

I would also note that our legislative proposal to reauthorize the Federal Land Transaction Facilitation Act, which expired in 2011, provides a unique opportunity to supplement our LWCF resources to protect additional high-value conservation lands by selling properties that have been identified as suitable for disposal. The proposal would use the sales revenues to fund the acquisition of environmentally sensitive lands and to cover the administrative costs associated with conducting the sales. We believe this is a win-win proposal that we hope would have bipartisan support in this Committee.

Our nation's public lands that are managed by BLM include rangelands, forests, deserts, and mountains, all administered for multiple uses. They support a variety of resources and opportunities important to Americans such as forage for livestock, water storage and filtration, carbon sequestration, habitat for an abundance of wildlife, scenic beauty, and many forms of outdoor recreation.

The National Landscape Conservation System, which includes 19 national monuments, 21 national conservation (and similarly designated) areas, and 221 wilderness areas designated by Congress offer a different conservation model where many traditional uses are allowed. These spectacular lands provide a multitude of benefits including scientific and historical resources, critical habitat for a variety of species, and diverse recreational opportunities including hunting, fishing, and hiking that generate millions of dollars for local communities.

The conservation and sustainable use of our rangelands is important to those who make their living on these landscapes—including public rangeland permittees, whose operations are important to the economic well-being and cultural identity of the West and to rural western communities. While significant workload and resource challenges exist, BLM is committed to reducing the backlog of grazing permit renewals and to issuing permits in the year they expire.

BLM manages the timber on its Oregon and California (O&C) Grant Lands according to the principle of sustained yield. We are increasing support in 2014 for resource management on the O&C lands to implement the Western Oregon Strategy, including increased timber volumes offered for sale while at the same time increasing surveys of species under the Northwest Forest Plan and facilitating recovery of the northern spotted owl, as well as increased support for the

BLM to continue its comprehensive effort to prepare new Resource Management Plans covering six BLM Districts in western Oregon.

Wildland Fire

You heard several days ago from the Department on the outlook and planning for the coming fire season. Just a few weeks ago I had the opportunity to join with Secretary Vilsack at the National Interagency Fire Center in Boise to see this well-coordinated operation firsthand and discuss the efforts the federal government is making to protect citizens and property from wildfire.

After a decade of drought and the continued proliferation of non-native plant species and accumulation of hazardous fuels in our forests and rangelands, the 2012 fire season was one of the worst on record for BLM rangelands and woodlands in the lower 48 states. The 2012 season also impacted the other 3 bureaus with resource responsibilities, and with the outlook for the 2013 season to be as severe throughout much of the West, there may be record fires this year. To be prepared we are working together with other federal agencies, tribes, and local governments to ensure that we're doing everything we can with the resources that we have. Additionally we are working with our partners to reach the goals of the National Cohesive Wildland Fire Management Strategy to restore and maintain resilient landscapes, create fire-adapted communities, and respond to wildfire.

Let me add that the complexity and intensity of fires over the past ten years present enormous budgetary challenges for the federal government. While the latest projection for fire costs for the 2013 season indicates that we have sufficient funding, because of sequestration we absorbed an overall \$37.5 million cut to the Department's fire program that resulted in a reduction of approximately 7 percent of the Department's firefighter seasonal workforce, with reduced lengths of employment for those hired. This reduces our capability and significantly constrains our work in fire response and in remediating land after fire damage.

Water Resources

The Bureau of Reclamation is the largest wholesaler and manager of water in the 17 western states and the nation's second largest producer of hydroelectric power. Its projects and programs are critical to driving and maintaining economic growth in the western states. Reclamation

manages water for agricultural, municipal and industrial use, and provides flood control and recreation for millions of people. Reclamation activities, including recreation, have an economic contribution of \$46 billion, and support nearly 312,000 jobs. As a result, Reclamation facilities eliminate the production of over 27 million tons of carbon dioxide that would have been produced by fossil fuel power plants.

Reclamation has a long-standing commitment to support the Secretary's goal to strengthen tribal nations, including through ecosystem restoration, rural water infrastructure, and the implementation of water rights settlements.

Population growth, development, and a changing climate are creating growing challenges to the nation's water supplies. In many areas of the Country, including the arid West, dwindling water supplies, lengthening droughts, and rising demand for water are forcing communities, stakeholders, and governments to explore new ideas and find new solutions to ensure stable, secure water supplies for the future. The Department is tackling America's water challenges by providing leadership and assistance to states, tribes, and local communities to address competing demands for water by helping improve conservation and increase water availability, restore watersheds, and resolve long standing water conflicts. Today, many of Reclamation's activities address drought through the use of enhanced water management that helps guard against and, to a certain extent, mitigate the devastating effects of drought. Water conservation by agricultural, residential and commercial users is a prime example.

Through our national water conservation initiative, WaterSMART, we are finding better ways to stretch existing supplies and helping partners plan to meet future water demands. In 2012 the U.S. Geological Survey, a key partner in the WaterSMART initiative, began a three year study of three focus areas in the Delaware River Basin, the Apalachicola–Chattahoochee–Flint River Basin, and the Colorado River Basin. The study will contribute toward ongoing assessments of water availability in these large watersheds with potential water-use conflicts, provide opportunities to test and improve approaches to water availability assessment, and inform and ground truth the Water Census with local information. This is in addition to focusing on water availability, and investigating the components of a regional water budget to understand the amount entering and leaving each basin.

This work also contributed to the Colorado River Basin Water Supply and Demand Study, the first of its kind, released by the Department in December 2012, which projects an average imbalance in future water supply and demand greater than 3.2 million acre-feet by 2060. The study projects the largest increase in demand will come from municipal and industrial users, owing to population growth, and estimates the number of people that rely on Colorado River Basin water could double to nearly 76 million people by 2060 under a rapid growth scenario. Based on this study, the Department, along with representatives from the seven Colorado River Basin states, the Ten Tribes Partnership, and conservation organizations, last week outlined a path for next steps to address these projected imbalances.

I am committed to continuing to work with our stakeholders to assess the implications of water shortages, develop flexible operational plans that account for expected periods of drought, and support projects that conserve water and improve the efficiency of water delivery infrastructure.

Commitment to Science

The Department's mission requires a careful balance between development and conservation, achieved by working closely with our diverse stakeholders and partners to ensure our actions provide the greatest benefit to the American people. The development and use of scientific information to inform decision making is a central component.

Science at the Department promotes economic growth and innovation. At the Department, we use science to address critical challenges in energy and mineral production, ecosystem management, invasive species, oil spill restoration, climate adaptation, and Earth observation - such as satellite and airborne land imaging, and water and wildlife monitoring. And in support of the President's new Open Data Policy, the Department continues to make federal data collected through these efforts publically accessible. For example, the Bureau of Ocean Energy Management and the U.S. Geological Survey have collectively contributed over 100 datasets to ocean.data.gov, to support regional efforts under the National Ocean Policy.

Scientific monitoring, research, and development play a vital role in supporting Interior's missions and Interior maintains a robust science capability in the natural sciences, primarily in the USGS. An example of how this expertise is applied is USGS's work as part of an interagency collaboration on hydraulic fracturing, which is aimed at researching and producing

decision-ready information and tools on the potential impacts of hydraulic fracturing on the environment, health, and safety, including water quality and inducement of seismic activity. The USGS is also a leader in resource assessments, and just recently published an updated assessment of the Bakken and Three Forks Formations, finding greater resource potential there than previously thought.

The President has also made clear that climate change is an important issue for the nation, especially as we face more frequent droughts, wildfires, and floods. Here at the Department, we are using the science expertise in our bureaus to assist our land managers to effectively prepare for and respond to the effects of climate change on the natural and cultural resources that we manage.

While USGS provides exceptional support to Interior bureaus, other Departmental bureaus work collaboratively to bridge gaps in knowledge, leveraging the complementary skills and capacity to advance the use of science to support management decision making, ensure independent review of key decisions and science integrity, and adaptively use data to assist states, tribes, and communities throughout the nation.

Impacts of Sequestration

Finally, I want to mention the impact sequestration and uncertainty about the future has had on the Department and its programs. The budget cuts that we have seen push us back to funding levels last seen in 2006, and reverse much of the progress made by Secretary Salazar, who worked in partnership with the Members of this Committee to advance the President's all-of-the-above energy strategy; conserve our federal lands, waters and wildlife; advance youth engagement in the outdoors; and honor commitments to Native Americans. The process put in place by the sequestration undermines the work we need to do on many fronts, and we will continue to see impacts across the country in all of our bureaus during the coming months.

We will survive these cuts this year by freezing hiring, eliminating seasonal positions, and cutting back on our programs and services, but these steps are not sustainable, as these actions which are eroding our workforce, shrinking our summer field season, and deferring important work cannot be continued in future years without further severe consequences to our mission.

Conclusion

Mr. Chairman, Ranking Member Murkowski, and Members of the Committee, thank you again for inviting me to appear before your Committee. Achieving success in all of these important responsibilities on behalf of the American people is the Department's primary focus. I look forward to working with you as we advance these important issues.