

**Statement of
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Before the
House Small Business Committee
Subcommittee on Agriculture, Energy and Trade**

**Field Oversight Hearing
*“Are Excessive Energy Regulations and Policies Limiting Energy Independence,
Killing Jobs and Increasing Prices for Consumers?”*
Grand Junction, Colorado**

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Introduction

Thank you for inviting the Bureau of Land Management (BLM) to testify at this field hearing of the House Small Business Subcommittee on Agriculture, Energy, and Trade. I am Helen Hankins, the BLM’s Colorado State Director. The BLM manages more than 245 million acres of land and approximately 700 million acres of onshore subsurface mineral estate throughout the Nation. Included in these totals are more than eight million surface acres and 27 million acres of Federal subsurface mineral estate in Colorado. The BLM’s multiple-use mission means that activities that take place on public lands are significant economic contributors to rural America – a top priority for the Administration and a topic of interest to this Subcommittee and to the many communities of Colorado.

This testimony addresses the recent efforts the BLM has undertaken in its energy development programs that benefit rural communities and small businesses both nationally and here in Colorado. Before turning to the specifics of our energy development programs, the testimony will present a brief overview of the broad, positive impact BLM-managed lands have on the national economy and on the economy of Colorado, especially in our rural communities.

Economic Impact of BLM-Managed Public Lands

On June 21, 2011, the Department of the Interior (Department) released a report on the economic impact of public land management. The benefits these lands provide to rural communities across the western United States are extraordinary. The activities that BLM permits on public lands support a work-force that is important to the economic health of local communities and the vast revenues generated from the public lands positively benefit the U.S. taxpayer.

In the western United States, resource uses such as oil and gas development, grazing, and mining remain key sources of rural jobs and income. At the same time, opportunities for outdoor recreation and benefits related to efforts to conserve natural landscapes and wildlife have gained increased economic importance in rural communities. Recreation-related goods and services such as lodging, guide services, and equipment marketed to public land visitors have become a

vital part of many rural economies. Similarly, some of the fastest growing areas in the West are near public lands that are rich in natural resource amenities and where the abundance of wildlife and open space attracts new residents. The economic benefit of these uses on communities near BLM-managed land is extremely positive. In 2010, the BLM had more than 58 million recreation visits to the lands it manages, providing an economic impact of more than \$7.4 billion and nearly 59,000 jobs. In Colorado, there were more than eight million recreational visits to BLM-managed lands, supporting more than 4,800 jobs and more than \$500 million of direct and indirect economic activity.

Economic Impact of Energy & Mineral Development

The economic impact of energy and mineral development on BLM-managed lands also continues to provide important benefits to the nation and its rural communities. In 2010, oil, natural gas, and coal development on all BLM-managed lands had an estimated economic impact of nearly \$100 billion and more than 420,000 jobs; hardrock and non-metallic mineral development had an estimated impact of over \$14 billion and over 60,000 jobs. Meanwhile, in Colorado, oil and natural gas development on public lands contributed more than 17,000 direct and indirect jobs to the State's economy and more than \$4.8 billion in total economic output. Additionally, coal mining contributed more than 5,500 direct and indirect jobs in Colorado and more than \$1.2 billion in total economic output.

In achieving these significant economic benefits, the BLM is working on a variety of fronts to ensure that energy development is conducted efficiently and responsibly. We are continuously working to improve our efforts to be "smart from the start" with our energy development.

Renewable Energy

President Obama, Secretary Salazar, and the Congress have stressed the critical importance of renewable energy to the future of the United States. Renewable energy is vital to our economic development and energy security. Developing renewable energy will create jobs and promote innovation in the United States while reducing the country's reliance on fossil fuels and its carbon footprint.

The BLM is working with local communities, state regulators, industry, and other Federal agencies to build a clean energy future. The BLM's groundbreaking work reflects a policy approach that focuses on environmentally responsible development of renewable energy resources on the public lands with a fair return to the American people for the use of their resources. Laws recently enacted in many western states require power companies to generate a portion of their electricity from renewable energy sources. To meet this anticipated demand, the BLM has developed Renewable Energy Coordination Offices (RECOs) across the West to process applications to develop renewable energy on the public lands more efficiently and with greater coordination with our Federal, state, local and industry partners. The Colorado RECO team consists of four full-time staff members who help process renewable energy applications in Colorado and other Western states.

The BLM also issued field guidance on wind and solar projects that streamlines the project application review and approval process; strengthens Plan of Development and due diligence requirements; and clarifies National Environmental Policy Act (NEPA) documentation requirements and expectations. These improved policies will help the BLM better manage the nation's renewable energy resources and provide greater certainty to the applicants and operators who wish to develop these important resources.

In 2010, the BLM approved the first nine large-scale solar energy projects on public lands. These projects will have an installed capacity of 3,600 megawatts, enough to power close to one million homes, and will create thousands of jobs. Also in late 2010, the Department of the Interior and the Department of Energy issued a Draft Solar Programmatic Environmental Impact Statement (Draft Solar PEIS), which will guide the BLM's management of solar energy development. Once completed, the PEIS will provide a level of environmental analysis to which future projects may tier under NEPA. This will allow project-specific environmental reviews to be expedited by focusing on a narrower range of alternatives and avoiding the need to address issues already analyzed in the PEIS. As part of this effort, the Colorado BLM proposed four Solar Energy Zones (SEZ) in the San Luis Valley which, along with other proposed Solar Energy Zones in the southwestern United States, are being evaluated to identify areas with high solar energy potential and few resource conflicts. Under the preferred alternative identified in the Draft Solar PEIS, the BLM would focus its permitting activities in these areas. The BLM also recently held its first geothermal lease sale in Colorado, and is also working on amending the San Luis Resource Management Plan to consider geothermal leasing on BLM-managed lands in the San Luis Valley.

The BLM manages 20.6 million acres of public lands with wind potential. To date, the BLM has authorized a total of 169 wind energy testing rights-of-way for meteorological towers on public lands, including testing sites in areas with wind potential in western and southern Colorado. The BLM has authorized 29 wind energy projects with a total installed wind turbine capacity of 437 MWs.

The BLM's management of wind energy projects is guided by a Programmatic Environmental Impact Statement (PEIS) published in June 2005. In conjunction with the publication of this PEIS, the BLM amended 52 land use plans, including two in Colorado, to allow the use of appropriate lands for wind energy development. The BLM uses this PEIS to analyze environmental impacts when reviewing applications to develop wind energy projects on public lands. The BLM issued a wind energy policy in 2006 to provide additional guidance on best management practices and measures to mitigate potential impacts on birds, wildlife habitat and other resource values.

Oil & Gas

Secretary Salazar has emphasized that as we move toward the new energy frontier, the development of conventional energy resources from BLM-managed public lands will continue to play a critical role in meeting the Nation's energy needs. The BLM manages the public lands under statutes that protect multiple uses and resources, and facilitates the efficient, responsible development of domestic oil and gas resources as part of the Administration's broad energy

strategy that will protect consumers and help reduce our dependence on foreign oil. Well-paying jobs are often associated with oil and gas exploration and development, and provide needed revenues and economic activity to communities. In Fiscal Year (FY) 2010, onshore Federal oil and gas royalties exceeded \$2.5 billion, approximately half of which was paid directly to the states in which the development occurred.

Leasing & Production

The BLM is working diligently to fulfill its part in securing America's energy future. In addition to actively supporting the development of renewable energy resources, the BLM currently manages more than 40 million acres of onshore oil and gas leases. In FY 2010, onshore oil production from public lands increased by five million barrels from the previous FY as more than 114 million barrels of oil were produced from the BLM-managed mineral estate—the most since FY 1997. Meanwhile, the nearly three trillion cubic feet of natural gas produced from public lands made 2010 the second-most productive year of natural gas production on record. In 2010, conventional energy development from public lands produced 14.1 percent of the Nation's natural gas, and 5.7 percent of its domestically-produced oil.

In Colorado, by the end of 2010, the BLM had 4.6 million acres under lease for oil and gas development on approximately 5,600 leases. Over 2,500 of these leases, covering about 1.9 million acres, produced more than 3.8 million barrels of oil and 279 billion cubic feet of natural gas – the highest amount on record for BLM-managed leases in the state. The BLM approved over 700 applications for permits to drill in Colorado in FY 2010.

Leasing Reforms

Current lease sales are benefitting from much-needed reforms that the BLM put in place in May of 2010. Those reforms will continue to benefit future lease sales. In the decade between 1998 and 2009, the percentage of leases protested jumped from 1 percent to 49 percent. The BLM was investing vast amounts of staff time and attention in defending time-consuming and costly lawsuits, and revisiting the leasing process after receiving direction from the courts. The result of these challenges was judicial restraints on development, job loss, and diminished access to energy resources.

In our reforms of the leasing process, the BLM decided to take a front-loaded approach, offering an increased opportunity for public participation and a more thorough environmental review process and documentation. The reforms enhance the BLM's ability to identify sensitive resources, design appropriate protections, and resolve protests prior to lease sales. Using these methodologies in Wyoming, the BLM in the first quarter of FY 2011 was able to resolve many protested leases and released monies held in escrow due to the protests. In Montana, where policies established under leasing reforms are also being implemented, a recent lease sale resulted in no protested parcels.

The BLM reforms established a more orderly and transparent process for developing oil and gas resources on public lands. They focus on managing oil and gas leasing as a more predictable

endeavor, increasing certainty for stakeholders, including industry, and restoring needed balance with comprehensive up-front analysis added to the development process.

Coal

Coal is also a critical component of America's comprehensive energy portfolio, and a critical part of Colorado's economy. Currently nine coal mines on BLM-managed lands in Colorado – two surface mines and seven subsurface – encompass about 75,000 acres. Coal production from these public lands totaled approximately 24.8 million tons in 2010 – accounting for nearly 80 percent of the total coal produced in Colorado. Current Federal coal production in Colorado takes place within the BLM's Little Snake, Uncompahgre, and White River field offices. The BLM is currently processing six applications for competitive coal leases in Colorado covering nearly 20,000 acres, and seven coal lease modifications adding approximately 3,500 acres.

Oil Shale Research, Development, & Demonstration

Finally, we continue to explore the energy potential from America's abundance of oil shale. While economic and environmentally acceptable technologies to extract oil from oil shale have not yet been developed, the BLM is engaged in a research, development, and demonstration (RD&D) program that gives industry the opportunity to test potential technologies on Federal lands. The first-round RD&D solicitation resulted in the issuance of five oil shale RD&D leases in Colorado in 2006. The RD&D leases were for 160 acres, with an additional preferential right area of 4,960 acres for conversion to a 20-year commercial lease if a viable technology is developed. The second round solicitation of RD&D oil shale leases in Colorado, Utah, and Wyoming closed last year. In Colorado, the BLM received 2 applications, reviewed them for technical and financial adequacy, and is currently preparing environmental analyses of the proposed RD&D leases.

Conclusion

Consistent with the framework presented by the President's Blueprint for a Secure Energy Future, the BLM is contributing to a more secure energy future through a broad range of energy development on our public lands. We are pursuing the safe, responsible, and efficient development of these energy resources here in Colorado. Thank you for the opportunity to testify on the energy programs, policies and activities managed by the BLM. I will be pleased to answer any questions you may have.