

Department of the Interior Fiscal Year 2012 Budget Request

Witnesses

The Honorable Ken Salazar

Secretary, Department of the Interior

David Hayes

Deputy Secretary, Department of the Interior

Pamela Haze

Deputy Assistant Secretary, Budget, Finance, Performance and Acquisition, Department of the Interior

Subcommittee Members Present

Michael Simpson, Chairman (R-ID)

Jim Moran, Ranking Member (D-VA)

Jerry Lewis (R-CA)

Ken Calvert (R-CA)

Steven LaTourette (R-OH)

Tom Cole (R-OK)

Jeff Flake (R-AZ)

Cynthia Lummis (R-WY)

Betty McCollum (D-MN)

Maurice Hinchey (D-NY)

José Serrano (D-NY)

Committee Members Present

Harold Rogers, Chairman (R-KY)

Norm Dicks, Ranking Member (D-WA)

The House Committee on Appropriations Subcommittee on Interior, Environment, and Related Agencies held a hearing on March 8, 2011 to discuss the fiscal year (FY) 2012 budget request for the U.S. Department of the Interior (DOI).

Chairman Michael Simpson (R-ID) began the hearing by expressing his concern about recent conservation moves the department has taken, including the “Wild Lands” policy announced in December. He voiced opposition to the proposed increased funding for the Land and Water Conservation Fund (LWCF) in the FY 2012 request. In the context of rising gasoline prices across the country, Simpson conveyed his unease with the department’s strategy for energy development and offshore drilling permitting.

After opening with a quote by conservationist and former U.S. president Teddy Roosevelt, Ranking Member Jim Moran (D-VA) applauded Secretary Ken Salazar for providing a “responsive” budget request for DOI. The request, he said, allows DOI to manage America’s public lands and fulfill its responsibility to Indian communities—missions that generate jobs, benefit the energy sector and protect the country’s natural heritage for future generations.

Full committee Ranking Member Norm Dicks (D-WA) highlighted the difference between DOI’s budget request and the Full Year Continuing Appropriations Act of 2011 (H.R. 1) that the House passed in February, which he called “one of the most shortsighted bills” in history in regards to the environment. Calling it the “wrong economic policy,” Dicks said the bill would cut support for state and tribal lands, wetlands protection and climate change research and mitigation. He expressed support for increasing funding

for the U.S. Geological Survey (USGS) National Climate Change and Wildlife Science Center, which partners with DOI's Climate Science Centers and Landscape Conservation Cooperatives.

Secretary Salazar told the committee he hopes it can continue the bipartisan spirit and cooperation that has led to DOI progress and support in the past. DOI's request for FY 2012 is essentially "a freeze budget," said Salazar, and the department worked to find savings and efficiencies. He discussed the department's energy, conservation and water management priorities.

Salazar explained the reorganization of the former Minerals Management Service into the Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE). BOEMRE will be divided into the Bureau of Ocean Energy Management, responsible for resource development and leasing, and the Bureau of Safety and Environmental Enforcement, which will enforce safety and environmental regulations. The Office of Natural Resources Revenue within DOI will handle mineral revenue collections.

Chairman Simpson pressed Salazar for information on permitting efforts for offshore drilling, reminding the committee that since the BP Deepwater Horizon oil spill last spring, DOI has issued one permit. Salazar said that while the outlook for permitting is good, DOI and industry have "significant work" to do before returning to production levels before the spill. "The last thing you'd want us to do is issue a permit that creates another Macondo situation," he told Simpson.

A few members mentioned the need to amend royalty rates for hard rock mining and fossil fuel production on public lands. Ranking Member Moran and Representative Dicks said the royalty rate for mining is too low, and Representative Maurice Hinchey (D-NY) agreed that the committee and DOI must do their part to make sure American taxpayers are receiving a "fair share" of resource development on federal lands. Secretary Salazar assured the members that DOI is taking steps to ensure this, and he said that DOI and the Bureau of Land Management (BLM) are reviewing the onshore and offshore drilling rates. Salazar noted the possibility of raising royalty rates for onshore drilling, which are lower than those for offshore operations and have not changed since 1920. The FY 2012 DOI budget request includes a proposal to institute a leasing program under the Mineral Leasing Act of 1920 for certain hard rock minerals that would subject entities to annual rental payments and a royalty of not less than 5 percent of the gross proceeds. However, Representative Ken Calvert (R-CA) suggested that insufficient revenue collection, not the rate value, may be the problem.

Concerned with possible negative environmental effects of hydraulic fracturing associated with natural gas drilling operations, Representative Hinchey asked Salazar if drilling companies should be required to disclose chemical information on the fluids they use. Salazar responded by saying that DOI understands "the future of natural gas is a positive one," though he conceded it is important to know what is being injected underground. Having complete chemical data on fracking fluids, Salazar argued, would prevent pollution and its economic impacts. He said that the department will have a policy on public disclosure in the next few months and hopes that the industry will support disclosure. Representative Tom Cole (R-OK) asked the Secretary to use caution and argued against developing national regulatory standards. He explained that several states, including Oklahoma, have dealt with hydraulic fracturing for years and have developed their own regulatory practices that DOI could examine.

Representative Cynthia Lummis (R-WY) questioned Salazar on the department's decision to halt new uranium mining activities on federal lands near Grand Canyon National Park. She mentioned that the U.S. imports 90% of its uranium used for nuclear fuel. Salazar defended the move, explaining that while nuclear energy will be a part of the nation's energy future, the mining operations pose a possible threat of irreparable harm to an area that supplies water resources to seven states.

Salazar received praise and criticism for the department's "Wild Lands" policy and the proposed increase for the LWCF. The Secretary explained that any designation of lands as protected wilderness areas could eventually be changed, because only Congress can make a permanent decision. LWCF actions would focus not on buying new lands, said Salazar, but rather on acquiring inholdings, such as privately owned land within Grand Teton National Park.

Members touched on water supply issues in the west, strengthening border control on public lands and addressing the backlog of maintenance problems in crumbling tribal nation schools.

A webcast of the hearing and testimony from the witnesses can be found at the House Committee on Appropriations webpage.