

**Statement of
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Before

**The HOUSE COMMITTEE ON NATURAL RESOURCES
SUBCOMMITTEES ON ENERGY AND MINERAL RESOURCES and
NATIONAL PARKS, FORESTS AND PUBLIC LANDS**

Concerning

Land-Use Issues Associated with Onshore Oil and Gas Leasing and Development

April 26, 2007

Mr. Chairman and members of the Subcommittee, thank you for the opportunity to discuss land use issues related to the Forest Service's role in the federal oil and gas leasing and development program. I am pleased to be here with you today.

Forest Service Oil and Gas Resources

The Forest Service manages 193 million acres in the National Forest System (NFS). More than 7,200 authorized oil and gas leases which cover over 6.1 million acres are located on national forests and grasslands.

Forest Service Oil and Gas Program Authorities

The Forest Service works in partnership with the Bureau of Land Management (BLM) to manage oil and gas resource development on NFS lands. The BLM through the Secretary of the Interior has management responsibilities for the federal mineral estate including federal minerals that underlie NFS lands. The Forest Service is responsible for management of surface resources on oil and gas projects proposed and operating on NFS lands.

Before the BLM may lease oil and gas resources underlying NFS lands, the Forest Service completes broad scale leasing analysis to determine lands that are appropriate for development and made administratively available. This leasing analysis process is conducted with public involvement and in compliance with the NEPA. When analysis is completed, the Forest Service informs the BLM of the available lands and under what surface resource protection stipulations they may be leased. When NFS lands are nominated by industry for leasing, the lease parcel may be offered for sale, subject to validation and verification of consistency with forest plan requirements and adequacy of NEPA and other environmental law compliance completed by the Forest Service. BLM cannot issue a lease on NFS lands over the objection of the Forest Service.

When the lease has been sold—and prior to development and surface disturbing activities such as drilling, the lessee must submit an application for permit to drill, commonly called an APD, to the BLM. The APD includes a surface use plan of operations (SUPO) and a drilling plan. The BLM sends the SUPO portion of the APD to the Forest Service for processing with appropriate environmental analysis and public involvement. At the same time BLM continues to process the drilling plan. The Forest Service establishes the terms and conditions of approval for both the SUPO and any associated special use authorizations. After the Forest Service notifies the BLM that the SUPO is approved, the BLM can approve the APD. When the well is drilled and operating, agencies share inspection and enforcement responsibilities.

National Energy Policy and the Energy Policy Act

In May of 2001, the President's National Energy Policy included goals to diversify and increase energy supplies, encourage conservation, and ensure adequate energy distribution. The National Energy Policy goals include increasing energy supplies while protecting the environment. Increasing energy supply means to ensure that, where appropriate, lands are made available for energy mineral development and production, as well as for the necessary infrastructure such as energy facility corridors for pipelines.

Development of domestic energy supplies will be an essential component to meet future national energy demands. This goal to increase energy supplies while protecting the environment is consistent with the mission of the Forest Service to sustain the health, diversity, and productivity of the Nation's forests and grasslands to meet the needs of present and future generations.

Today I will focus on the portions of the Energy Policy Act of 2005 related to oil and gas operations on National Forest System lands. The Act tasks Federal agencies to help facilitate energy development and encourage the efficient use of resources within the U.S. borders, consistent with economic growth and environmental responsibility, and to work to improve energy use and efficiency from both traditional sources, such as oil and gas, and from new resources such as wind and solar power. The Act directs agencies to emphasize efficiencies to facilitate the timely processing of energy leasing and permit applications.

As previously described, the Forest Service, as a surface management agency, works closely with the BLM to implement those portions of the Energy Policy Act affecting National Forest System lands. The Secretaries of the Interior and Agriculture signed the Memorandum of Understanding required under Section 363 to coordinate timely processing of lease applications and permits to eliminate duplication and coordinate stipulations to protect the natural resources. We are making significant progress in developing the joint data tracking and retrieval system and GIS mapping system for tracking lease parcel requests and permit applications. The joint GIS mapping system will provide a critical spatial component that will help to more easily analyze the relationship and management of surface resources across land ownership boundaries.

Section 366 of the Energy Policy Act sets timeframes and other provisions for processing permit applications. Section 362 provides for development of Best Management Practices for improved enforcement and inspection of oil and gas activities and terms and conditions of permits to drill. These two sections combined resulted in the update and re-issuance of the Onshore Order #1 and the Gold Book—Surface Operating Guidelines.

The Forest Service worked with the BLM to revise the Order and Gold Book. We are working with the BLM to develop a training module that will be delivered via satellite to oil and gas operators explaining changes and the update to the Onshore Order Number 1.

To implement Section 365, the Forest Service, Department of the Interior and other federal agencies entered into an interagency Memorandum of Understanding that has improved energy permit coordination on Federal lands and included assignment of personnel to pilot project offices. The Forest Service participates in four pilot project offices located in areas with a high volume of development and project proposals. Six Forest Service personnel are located in the Farmington, New Mexico, Buffalo, Wyoming, Vernal, Utah and Glenwood Springs, Colorado Pilot Offices.

The Forest Service through the Program Assessment Rating Tool process developed a definition of “backlogged” lease applications and surface use plans as those pending approval at the end of FY 2003. By the end of FY 2007, we anticipate eliminating all of these older “backlogged” lease applications and SUPOs. Beginning in FY 2008, the Forest Service will continue to measure program success by evaluating processing efficiency measured against timeframes established in Section 366 of the Energy Policy Act and incorporated into the revised Onshore Order Number 1.

Section 390 of the Energy Policy Act directs the Secretaries of the Interior and Agriculture to use five new categorical exclusions (CEs) for approving oil and gas activities conducted pursuant to the Mineral Leasing Act. The Section 390 CEs are limited to oil and gas activities in existing areas of development with previously approved development, analyzed through a NEPA process. The new activities must be within existing areas with land use plans approved within the previous five years, or with surface disturbance limited to 5 acres and a previous project with a NEPA process decision. To date, the Forest Service has used the Section 390 CEs to approve about 300 projects.

CEs are part of full compliance with the National Environmental Policy Act (NEPA). The Council on Environmental Quality regulations (40 CFR 1500 et seq.) for implementing the NEPA allows agencies to include categorical exclusions in agency NEPA procedures. Agencies are to reduce excessive paperwork and delay by using categorical exclusions to define categories of actions which do not individually or cumulatively have a significant effect on the human environment and which are therefore exempt from requirements to prepare an environmental impact statement. (§ 1500.4(p)) and (§ 1500.5(k)).

In addition to the CEs provided under Section 390, the Forest Service has promulgated a new CE for limited oil and gas exploration and development activities in newly identified fields. This CE does not, and is not intended to, overlap or duplicate the activities contained in the Section 390 CEs. It is complementary to Section 390 and taken in concert, this CE and the five statutory CEs provide the authorities to analyze and approve a full range of small projects with non-significant environmental effects in existing and new fields or corridors. In approving this new CE, the Forest Service followed a public notice and comment process. The Forest Service reviewed the effects of small oil and gas exploration and development projects which occurred over a five year period. Based on general program experience and the results of this review, the Forest Service determined those activities with limited road-building and utility-laying do not have significant effects and therefore would not require documentation in an environmental assessment or environmental impact statement. The Council of Environmental Quality, upon review of this CE, found that the CE conformed with NEPA and its implementing regulations. This CE is to approve a surface use plan of operations for oil and gas exploration and initial development activities, associated with or adjacent to a new oil and/or gas field or area, so long as the approval will not authorize activities in excess of any of the following: one mile of new road construction; one mile of road reconstruction; three miles of individual or co-located pipelines and/or utilities disturbance; and four drill sites. Since approval of this new CE on February 15, 2007, the category has been used two times.

FY 2007 Program

The Forest Service will continue to expedite and facilitate energy mineral projects on National Forest System lands in accordance with the Energy Policy Act, the agency strategic plan, and Department of Agriculture priorities. The Forest Service will continue to process new lease applications and the Surface Use Plan of Operations portion of an APD within the established timeframes. The Forest Service will continue to coordinate closely with the BLM to meet the mandates of the Energy Policy Act and direction in the National Energy Plan.

Conclusion

Thank you for this opportunity to discuss the Forest Service oil and gas program. I am happy to answer any questions that you may have.