



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, DC 20240



February 24, 2005

Mr. Chris Wood
Vice President for Conservation Programs
Trout Unlimited
1300 North 17th St. Ste 500
Arlington, VA 22209

Clint Muhlfeld, President
American Fisheries Society
Montana Chapter
490 N. Meridian Road
Kalispell, MT 59901

Dear Mr. Wood and Mr. Muhlfeld:

Thank you for the letter of February 15, 2005 endorsing nine principles for oil and gas leasing and development on public lands managed by BLM and the Forest Service. I appreciate the thoughtful presentation of the issues that are important to all 55 signatories and I want to assure Trout Unlimited and your scientific colleagues that we are looking very carefully at your recommendations.

The Department of the Interior's energy program reflects the Administration's belief that environmentally-sound energy development is important to our national security and economic well-being. It also directly supports the Bureau of Land Management's (BLM) mandate to manage resources to "best meet the present and future needs of the American people." Renewable energy development is an important part of the President's National Energy Policy. In support of this policy, the Department of the Interior has embarked on an aggressive initiative to increase wind, solar, geothermal and biomass energy production on public lands, while recognizing that these activities also come with environmental impacts that must be carefully managed. A report highlighting the Department of the Interior's Renewable Energy Program can be found at: http://www.doi.gov/initiatives/renewable_energy.pdf.

Any discussion of energy development must acknowledge that a progressive yet realistic approach includes development of both fossil fuels and renewable energy as well better energy efficiency and conservation. No one approach is enough to meet the quality of life demands of the American people and their technology-driven economy.

Your letter reflects a substantive understanding of public land management and energy issues. I would like to offer some details about our current energy program to highlight how our focus on resource protection is not too different from your suggested approaches.

The letter asks us to reaffirm our commitment to multiple use management. Our strong commitment to multiple use management is reflected in BLM's land use plans. These plans are developed in an open public process and are the blueprint for all activities on public lands and resources managed by BLM. The important point here is that critical leasing decisions are made at this planning stage. This is also the time where other uses such as hunting, fishing, camping and livestock grazing are thoroughly analyzed. In fact, the environmental review that is part of the land use planning process analyzes potential impacts of all activities using the best and most current information available. As new information emerges, managers have discretion at the permitting and authorization stages of these multiple use activities to require mitigation of environmental impacts.

The letter requests "top-level clarification" of the President's mandate to develop energy resources in an orderly and environmentally safe manner. The President made his mandate very clear in the National Energy Strategy where he said "We must work to build a new harmony between energy needs and our environmental concerns. The truth is, energy production and environmental protection are not competing priorities. They are dual aspects of a single purpose, to live well and wisely upon the earth." I also believe this balance is important and, in fact, have taken several steps to communicate this. On June 22, 2004, I announced a new BLM policy initiative designed to enhance protection for wildlife by reducing long-term impacts from oil and gas activity through the use of Best Management Practices (BMPs). I also directed BLM to issue a policy (August 13, 2004) reminding BLM managers they have discretion to temporarily defer leases to protect alternatives addressing wildlife under consideration in new resource management plans or in plans that are being revised or amended.

The letter requests that we set aside unique and important areas. We routinely set aside special areas that hold unique values. Last October, BLM deferred environmental analysis of the Blackleaf area along the Rocky Mountain Front in Montana until 2008 in order to allow time for a landscape-scale study of the area. In the 5 lease sales held in Utah since January, 2004, out of 1,146 nominated parcels, 568 parcels were deferred for further analysis of wildlife, cultural or other resource values. That is close to a 50 percent deferral rate in Utah.

Out of 261 million acres managed by BLM, fewer than 325,000 acres are directly affected by oil and gas production activities. That is one-tenth of 1 percent. In the five basins found to have exceptionally high volumes of oil and gas reserves, more than a third (36 percent) of the surface area is closed to leasing by Congressional Acts, Executive Orders, or identification of unique values in land use plans. These restrictions

are public policy choices to protect other values apart from oil and gas. About a quarter of the lands are open, but under greater than standard stipulations. The remaining 39 percent are open with standard stipulations designed to protect air, water, wildlife and other values, and to ensure reclamation.

The letter asks us to conduct a thorough analysis of potential impacts. Impacts of energy development are analyzed in National Environmental Policy Act (NEPA) documents at several decision-making stages, including the land use planning stage, the lease stage and the development stage. In addition, impacts to cultural resources, threatened and endangered species, air and water are analyzed in separate permitting processes under state and federal law. We encourage collaboration and participation from the scientific community in this public process. For example, as I also announced in New York in August, BLM hired a State Game and Fish employee and will work with a wildlife advisory group recently established to help identify and address potential impacts of energy development around Pinedale, Wyoming. We believe working collaboratively on specific projects will offer the greatest opportunities to address site-specific potential impacts.

The letter asks us to take a more conservative approach to leasing. Our leasing activities are more conservative than the previous administration's record. There has been a 2.2 percent decrease in the total number of acres leased during the years 2001-2004 when compared to 1997 – 2001, and a 27 percent decrease in total number of leases issued during the same time periods. However, under this administration there has been a marked increase in the development of existing leases. This responds to increased demand for natural gas as well as Congressional direction for BLM to reduce backlogs of permits. These permits are issued with some of the most strict requirements for environmental protection on record.

It is our policy to temporarily withhold or defer parcels from leasing if BLM managers find there are important unanswered questions relating to public resources. As mentioned earlier, BLM Director Clarke sent guidance to managers to remind them of this policy last summer. More than 2 million acres are currently in a deferred status; 417,000 of those were deferred in 2004. For example, in Pinedale, Wyoming, between April 2003 and August 2004, 21 parcels totaling 22,444 acres were deferred from leasing to protect plan alternatives, consult on Canada lynx, grizzly bear, and gray wolf and to protect a historic trail. The final plan for the Powder River Basin allows energy development impacts on less than 1 percent of winter habitat for resident pronghorn, white-tail, mule deer and elk and includes seasonal closures for wildlife.

BLM also is initiating innovative ways to reduce environmental impacts of energy development. The recent decision regarding Otero Mesa in New Mexico, for example, allows long term surface disturbance on only 860 acres out of a 2-million acre planning area – four hundredths of one percent – and developers must adhere to strict stipulations, such as ensuring native grasses and forbs are reestablished and self sustaining during reclamation.

The letter asks us to maintain federal control and management flexibility. We are using a number of approaches to respond to new information as it becomes available. As mentioned earlier, there are several stages in the energy development process where BLM can and does assert control, such as the planning stage, the lease stage and the development stage. Environmental reviews are part of all of these. Section 6 of the standard federal oil and gas lease (Form 3100-11) provides the BLM authority to require reasonable measures to minimize adverse impacts to land, air, and water, to cultural, biological, visual, and other resources and to other uses or users. These measures may include siting, design, timing, and reclamation of oil and gas facilities. At the development stage, a second round of environmental analysis is conducted. Field offices are required to consider the use of BMPs in all drilling permits. It is important to note that developers must comply with all state and federal environmental laws, such as the Endangered Species Act, in addition to stipulations and BMPs. When BMPs are included as mitigation in the application for permit to drill (APD) that is analyzed in the NEPA process, those BMPs become mandatory on the operator.

The letter asks that we revisit leases issued without sufficient data. Although we cannot take back or change the terms of a lease that has been issued, because it is a binding contract, we can and do add conditions of approval when the lessee applies for a permit to drill within the lease area. These conditions are site specific and address any new information obtained since issuance of the lease.

The letter raises concerns over the “waiver” of lease stipulations to protect wildlife. It uses the terms *waivers* and *exceptions* interchangeably, yet these are different mechanisms. A lease stipulation *waiver* is a permanent exemption to a lease stipulation. A lease stipulation *exception* is a one-time exemption to a lease stipulation; exceptions are determined on a case-by-case basis. A third mechanism is a lease stipulation *modification* which changes a provision of a lease stipulation either temporarily or for the term of the lease.

Use of “waivers,” “exceptions” and “modifications” for lease stipulations and conditions of approval are narrowly defined and operate in the context of public land use planning. They are an integral tool for the adaptive management process. BLM is systematically looking at lease stipulations to remove inconsistencies, duplication and instances of inadequate or inappropriate stipulations. However, BLM cannot *waive* or *modify* a substantive lease stipulation without public notice and the opportunity for public participation.

Exceptions are evaluated in consultation with wildlife experts. For example, 88 percent of wildlife winter range exceptions requested since November 2004 by the Pinedale, Wyoming, Field Office covered 6 or fewer days. Many of these exceptions were to repair or remove equipment. BLM consulted with Wyoming Fish and Game *on each request*. More than a third of the requests were partially granted, withdrawn, or denied.

The letter expresses concern for proper reclamation. We take reclamation seriously and have secured close to \$125 million in bonds to cover reclamation costs. All operations on federal lands require a reclamation bond. From 1998 – 2003, we issued 17 bond demands for a total of \$2.7 million in the Rocky Mountain States. We believe this record demonstrates that our bonding program has proven more than adequate, but this is an extremely important issue that we continue to address.

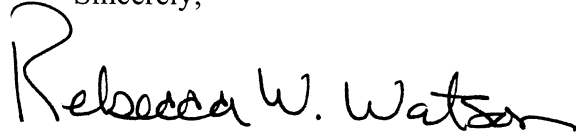
Your request for \$10 million per year to fund state fish and wildlife agency monitoring efforts might be better addressed to the states. States receive 50 percent of the bonus bid rentals and royalty paid on federal minerals. Over the past 4 years, states have received close to \$3 billion from federal oil and gas production royalties. There may be additional opportunities to fund wildlife projects by working with companies who volunteer to do off-site mitigation in accordance with an Instruction Memorandum issued by BLM Director Clarke February 1, 2005. For example, a long-term mule deer monitoring study is currently being undertaken in Wyoming as a cooperative project of Anadarko Petroleum Company, Warren Resources, Wyoming Game and Fish and the BLM. It will assess mule deer behavior patterns in the Atlantic Rim Coalbed Methane Project Area. This was highlighted in a February 22, 2005, article in the Casper Star Tribune, “Study Targets Impacts on Deer.”

As you know, the Western United States is undergoing rapid demographic change with implications for all natural resources. The job of assessing environmental impacts is complex and dynamic and it is an integral component of a number of applicable statutes such as the National Environmental Policy Act, Endangered Species Act, Federal Land Policy Management Act, Clean Water Act and the Clean Air Act. The Department of the Interior is committed to working with our partners and the scientific community at local levels on site specific concerns, using new information as it becomes available, to offer the best protection possible to wildlife while meeting the nation’s growing energy needs.

We welcome and encourage input from the scientific community and our partners in the fish and wildlife community that will help us more accurately analyze the impacts of the multiple uses we administer. We will review your inventory on scientific information on the effects of energy development. As our collective understanding develops so too do our management practices. The energy program we administer today looks very different from the one of even five years ago and it will look different still in the years to come. Cutting edge technology, strict stipulations, and new research data have driven this transition to a more modern and environmentally sensitive approach to energy development.

I would like to thank you for the interest and dedication you have shown for your public lands and I look forward to a continuing dialogue with the scientific community as we develop the nation's domestic energy resources in an environmentally responsible manner.

Sincerely,

A handwritten signature in black ink that reads "Rebecca W. Watson". The signature is written in a cursive style with a large, prominent initial "R".

Rebecca W. Watson
Assistant Secretary
Land and Minerals Management