



# Resource Use

*America will be more prosperous and more secure when we are less dependent on foreign sources of energy. Reliable and affordable energy is critical to our economic security, our national security, and our homeland security.*

*President George W. Bush, November 18, 2003*

Predictable, readily available supplies of energy at reasonable costs underlie both community well being and economic action. Energy heats and cools our homes. It fuels our ambulances, fire trucks, ships, and airplanes. The American economy needs energy to power the companies that create jobs and provide products and services that enhance our quality of life. Energy resources also sustain the agricultural economy that feeds the Nation and the world.

The Department of the Interior plays a vital role in producing and maintaining America's energy supply. Approximately one-third of domestic natural gas and oil, over 40 percent of the Nation's coal, one-half of geothermal, 17 percent of hydropower, and approximately ten percent of wind power are produced in areas managed by Interior. Overall, 30 percent of the Nation's domestic energy supply is produced on Interior-managed lands and waters.

The Department contributes to the implementation of the National Energy Policy. Interior's efforts that include both increasing renewable energy production on Federal land and producing traditional sources of energy in an environmentally responsible way. Interior works with interested persons in a careful and open process to meet the Nation's energy needs while protecting sensitive natural and cultural resources for current and future generations.

Interior plays a similarly critical role in addressing the water needs of the West. The Bureau of Reclamation manages 471 dams and 348 reservoirs that provide drinking water to over 31 million people and irrigate about 10 million acres of irrigated land.

In 2006, the Interior budget will build on past invest-

## RESOURCE USE MISSION

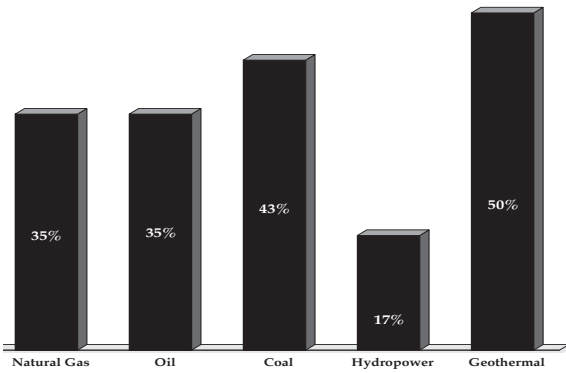
**Manage natural resources to promote responsible use and sustain a dynamic economy**

ments, expedite permitting and rights-of-way processing, enhance the effectiveness and efficiency of water use in the West, increase environmental inspections, remove unnecessary barriers to renewable and non-renewable energy production, and enhance access to Outer Continental Shelf resources further offshore. In addition, the Department will continue to implement the President's Healthy Forests Initiative, focusing its forestry and rangeland programs on improved timber management, as well as forest and rangeland health.

Interior's 2006 budget for resource use programs includes increased investments that will:

- Through Water 2025, strengthen the efficient and effective use of water resources while reducing conflicts surrounding scarce water resources.
- Reduce the backlog of oil and gas applications for permits to drill.
- Improve the Nation's energy security by implementing the President's National Energy Policy.
- Improve MMS oil and gas evaluations.
- Improve forest and rangeland health and strengthen timber management.

**INTERIOR'S CONTRIBUTION TO ENERGY SECURITY**  
(percent of domestic energy production)

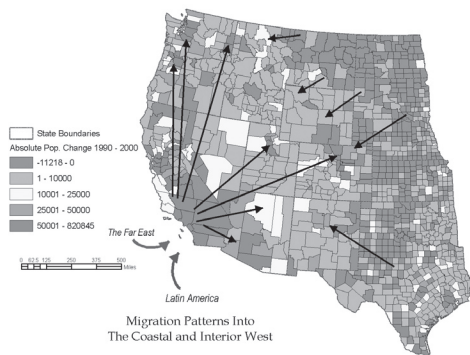


**WATER DELIVERY**

The Bureau of Reclamation, the largest supplier and manager of water in 17 western States, delivers water to customers in compliance with Federal and State water law. The amount of water available depends on the naturally occurring yearly water supply, water management practices, and variable weather patterns. Through improved water management and operations, use of the available water supply can be optimized to improve the distribution of water and enhance the effectiveness and efficiency of water delivery systems. Improvements to delivery systems, and other technological improvements, can enhance the efficiency and productivity of these water resource projects.

Meeting water needs is one of the most pressing resource challenges in some of the fastest growing areas of the Nation. In the West, demands for

**ARID AREAS – POPULATION GROWTH**

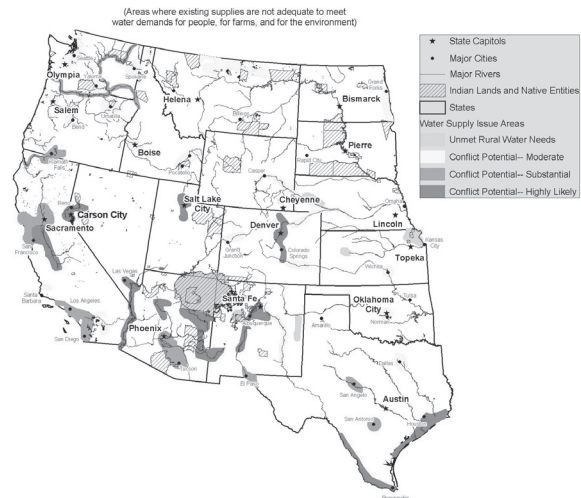


water for cities, Tribes, farms, and the environment exceed the available supply in many basins even under normal water supply conditions, as currently managed. Severe drought conditions over the past several years in the West have amplified water supply and management challenges. Without improved water management, conflicts and crises surrounding water supplies could become more common.

**WATER 2025 – PREVENTING CRISES AND CONFLICT IN THE WEST**

The overarching goal of Water 2025 is to meet the challenge of reducing crises and conflict over water. Many water delivery facilities in the West are more than 60 years old. Modernization of existing infrastructure and increasing the efficiency of existing water uses by ten percent over ten years

**INADEQUATE WATER SUPPLY**



could significantly improve water delivery systems at a reasonable cost and provide additional water supplies to meet the needs of cities, Tribes, farms, and the environment.

To minimize or avoid these water crises and enhance water delivery, Water 2025 advances three basic concepts:

- The implementation of water monitoring, measuring, conservation, and management technologies will provide

*This program promotes conservation.... It expands the use of voluntary water markets ... provides advanced technology, like automated pumping and canal controls. It funds research into new technologies to better deliver water and conserve resources.... It is a comprehensive strategy.*

*President George W. Bush, August 12, 2004*

*Watersheds in the West are experiencing a worsening of chronic water supply shortages because of growing populations and heightened competition for a finite supply. These conservation grants support realistic and cooperative local approaches to help prevent crises and conflict over our limited water resources in these regions.*

*Secretary Gale Norton, June 27, 2004*

some of the most cost-effective gains in the ability to meet the demand for water in the future.

- The attainment of economic, social, and environmental goals relating to water supply requires long-term stability that is more likely to be provided by collaborative solutions than by litigation.
- Market-based tools that rely on willing buyer / willing seller transactions are far more likely to provide stability and avoid conflict than are regulatory or litigation-based alternatives for meeting unmet and emerging needs for water.

will work with willing States, Tribes, irrigation and water districts, and other local entities to assess the potential for water management improvements in a given basin or district. Consistent with Water 2025 reviews, activities will focus on geographic areas where the competing demands for water by people and the environment indicate that water-related crises have the highest likelihood of occurring over the next 20 years.

Working together with its partners, Reclamation will develop a plan of action for each basin or district. These plans will include recommendations and performance measures for efficiency and conservation projects having the greatest impact in improving water management, such as creat-

Solutions developed through Water 2025 must be based on and recognize interstate compacts and U.S. Supreme Court decrees that allocate water among States, water rights established under State and Federal law, tribal water rights, and contracts for the use of water.

The 2006 budget requests \$30.0 million for Water 2025, an increase of \$10.5 million above the 2005 enacted level. The request includes both system optimization reviews and a challenge grant program. Implementation of Water 2025's system optimization reviews, the challenge grant program, and improved technology will be less expensive than other more costly alternatives.

**System Optimization Reviews** — In some areas of the West, it will be necessary to develop new surface water supplies and infrastructure. The fiscal, legal, and political hurdles to the development of significant new supplies, however, make it imperative that existing water supply infrastructure be fully utilized within the framework of existing treaties, interstate compacts, water rights, and contracts. With a \$3.0 million request in 2006, Reclamation



## CHALLENGE GRANT PROGRAM

In 2004, Reclamation formed a technical panel of subject matter experts to evaluate the Water 2025 challenge grant proposals based upon the following criteria: Improvements to conservation and efficiency and the creation of markets; demonstrated results; project financing and cost sharing; and relevance to Water 2025 goals. Following are a few examples of the 2004 grants awarded:

**Arizona** — The Yuma County Water Users Association will upgrade a supervisory control and data acquisition system, implement a new water tracking and measurement system, and reconstruct key diversion structures along the main canal that will facilitate remote control of water flows. This modernization proposal will reduce diversions from the Colorado River and provide an overall savings in water diversions of 12,000-20,000 acre feet per year. The total project cost is \$616,000, with a Water 2025 contribution of \$246,000.

**California** — The Stevinson Water District, Merced, will replace 23,067 feet of open canals with pipe to: control high water tables fed by seepage; conserve water; improve delivery flexibility; and reduce operational spillage. The project will annually save approximately 1,155 acre feet, which may be marketed to the San Luis National Wildlife Refuge. The total project cost is \$1.6 million, with a Water 2025 contribution of \$300,000.

**Nevada** — The Truckee Carson Irrigation District and City of Fernly will improve the control of the Gilpin spill structure by automating control gate changes through installation of remotely operated gates and telemetry at one location on the Truckee canal. The saved water – approximately 3,000 acre feet per year – will flow downstream and enhance instream flows or be stored upstream to meet future needs. The total project cost is \$300,000, with a Water 2025 contribution of \$150,000.

**New Mexico** — The San Juan River Dineh Water Users Association, Inc., Shiprock, will convert three lateral ditches to underground pipelines, potentially saving 5,600 acre feet each year for water users on the main canal. This work will assist in equally distributing water to all areas served by the association. The total project cost is \$751,000, with a Water 2025 contribution of \$200,000.

ing water banks, facilitating water transfers, and modernizing canals.

**Challenge Grant Program** — The 2006 budget proposes \$25.0 million, an increase of \$14.7 million, for the Water 2025 challenge grant program started in 2004 and continued in 2005. The response to the challenge grant program during its initial implementation in 2004 demonstrates a widespread eagerness across the West to work collaboratively to improve the way water is managed. Reclamation received more than 100 applications in 2004. The applicants proposed \$98 million in water system improvements and offered \$73 million in non-Federal funding. With the \$4.0 million in Federal funding available, Reclamation was able to fund 19 projects totaling \$40.0 million. The Administration will submit legislation to Congress establishing permanent authority for this program.

In 2006, Reclamation will continue to seek applications from irrigation and water districts offering to leverage money and resources. Emphasis will continue to be placed on proposals that:

- Develop water accounts that could provide a mechanism for willing buyers to purchase water from willing sellers in order to meet important ecological restoration goals or other specific goals and objectives that would avoid or reduce water conflicts.
- Retrofit and modernize existing facilities to improve water management. Examples of the use of new technologies aimed at conserving water include, automating control structures with associated telemetry equipment for off-site control and installing water management programs



such as supervisory control and data acquisition systems to monitor and operate river and canal facilities remotely.

- Line canals or convert open canals to pipeline, thereby eliminating water losses due to evaporation and seepage and increasing available water supplies.
- Install new measuring devices that will allow water supplies to be more accurately measured and accounted for, giving water managers more control over water diversions and deliveries, resulting in more efficient water use.
- Provide irrigators and other water users the opportunity to rent, lease, or sell water for agricultural or urban uses with the water right remaining in agriculture, in accordance with State laws.

In considering applications, Reclamation will give additional credit for applications that use recommendations from system optimization reviews.

**Improved Technology** — Wastewater and waters impaired by salt or other components can be made usable by desalination or other technology such as water reuse and recycling. Improved and less expensive methods of water treatment could lead to the development of new water supplies to rural communities and Indian reservations. Through Water 2025, Reclamation can facilitate research that targets management issues and reduces the high costs that slow adoption of water treatment technologies, especially desalination.

The 2006 budget includes \$2.0 million for desalina-

tion technology proposals that will reduce conflict over water supplies in the West. Proposals will be selected through the current competitive process used in the desalination and water purification research program. Participants will include companies, universities, organizations and non-Federal agencies and will require a non-Federal cost share between 50 and 75 percent.



## CALIFORNIA BAY-DELTA RESTORATION

Critical to California's economy, the Sacramento-San Joaquin Delta serves as the hub of the State's water management system. The Sacramento and San Joaquin Rivers, which flow into the San Francisco Bay, provide potable water for two-thirds of California's homes and businesses, and irrigate more than seven million acres of farmland on which 45 percent of the Nation's fruits and vegetables are grown. The Bay-Delta system also provides habitat for 750 plant and animal species, some listed as threatened or endangered.

Established in May 1995, CALFED is a comprehensive long-term solution to the complex and interrelated problems in the Bay-Delta, the watersheds that feed it, and the areas served by waters diverted out of it. A consortium of Federal and State agencies fund and participate in the CALFED program, focusing on the health of the ecosystem and improving water management and supplies. In addition, CALFED addresses the issues of water supply reliability, aging levees, and threatened water quality.

*As the largest and most comprehensive water-management plan in the Nation, the CALFED program is a national model of collaborative resource management.*

*Secretary Gail A. Norton, October 26, 2004*



After preparation of environmental documentation, the CALFED parties, including Interior, signed a record of decision formally approving a long-term programmatic plan for restoring ecosystem values and improving water management in the solution area. Approximately \$68 million was specifically provided to Reclamation in 2001 through 2005 within various authorized programs of the Central Valley Project for activities that support the goals of the CALFED program. Beyond these funds, Reclamation and the other Federal agencies participating in the CALFED program fund numerous other programs and activities that are closely aligned with the CALFED program.

On October 25, 2004, the President signed into law the Calfed Bay-Delta Authorization Act. The legislation provides a six-year Federal authorization to implement the collaborative plan for restoration and enhancement of the San Francisco Bay / Sacramento-San Joaquin Delta estuary.

The 2006 budget includes \$35.0 million for Reclamation to implement CALFED activities. Funding is requested for the following areas:

**Environmental Water Account** — The request includes \$10.0 million for the cooperative management program. This program provides additional protection to the fish of the Bay-Delta estuary through environmentally beneficial changes in the operations of the State Water Project and the Central Valley Project, at no cost to the projects' water users.

**Storage Program** — The request includes \$10.0 million to continue feasibility investigations and environmental documentation on four proposed CALFED storage projects: Shasta enlargement; Upper San Joaquin River basin storage; north of Delta off-stream storage (Sites reservoir); and Los Vaqueros. Planning studies will focus on formulation of alternatives and cost-benefit analysis. Based on expected funding levels, plan formulation reports are scheduled for completion in 2006.

**Conveyance** — The budget includes \$3.0 million for: feasibility studies for new fish screen and intake facilities and the Tracy pumping plant; increased capacity of the intertie between the State Water Project's aqueduct and the CVP's Delta Mendota canal; an improvement project for the San Luis reservoir; and projects to improve water quality in the Delta and reduce salinity and improve dissolved oxygen in the San Joaquin River.



**Water Use Efficiency** — The 2006 request includes \$4.0 million to continue to meet the water use efficiency objectives contained in the CALFED record of decision. Funds will be provided to implement cost-sharing projects proposed by water districts, irrigation districts, resource conservation districts, and urban water agencies with a relationship to Federal water projects located in the CALFED solution area.

**Ecosystem Restoration** — The budget includes \$4.0 million to continue the implementation of projects

*We face an immediate challenge of how to produce the energy our economy needs to remain strong. We can address that challenge now by carefully integrating energy and environmental policy, or we can wait until the next energy crisis is upon us and our choices are limited.*

*Assistant Secretary Rebecca Watson, August 4, 2004*

that improve and increase aquatic and terrestrial habitats and improve ecological functions in the Bay-Delta ecosystem to support sustainable populations of diverse and valuable plant and animal species. Projects could include habitat restoration, fish screen improvements, control of invasive species, and water quality improvement projects that contribute to the objectives of the CALFED ecosystem restoration program.

The 2006 budget also requests \$4.0 million for Reclamation's administration of the storage, conveyance, water use efficiency, environmental water account, ecosystem restoration, science, and water transfer programs.

## ENERGY AND MINERALS

There is an integral relationship among resource development, environmental protection, and revenue return. In 2006 Interior will continue to meet the rising demand for oil, gas, and coal by providing appropriate access for development, reducing cycle times of operating plan reviews and permitting processes, and by reducing the backlog of rights-of-way and corridor requests. Interior will also continue its commitment to conservation by mitigating the impacts of development and limiting the environmental footprint of energy development. Lastly, the Department will work towards optimizing lease management through better management of the royalty and rent system, increase the market accuracy of appraisals, and optimize competition for leases, tracts, and production verification.

**Improved Energy Management** — The Bureau of Land Management plays a key role in advancing the goals of the National Energy Policy. On-shore Federal lands are a critical source of domestic energy supplies. The BLM is committed to encouraging and facilitating increased ac-

cess to these vital resources, consistent with land use plans and BLM multiple use mandates.

The BLM has made significant progress in expediting and facilitating access to energy resources. Recent funding increases and management improvements instituted by BLM have greatly increased the capacity to process applications for permits to drill. The BLM has established quality assurance teams to review field office applications for permits to drill processes to identify opportunities for employing best practices. Utilizing cost and demand data, BLM has shifted resources to field offices where they will have the greatest impact. The Bureau is evaluating additional ideas, including streamlining the NEPA process, pursuing e-Permitting, and sharing personnel across field office boundaries and programs.

In 2006, BLM will continue to identify opportunities for improving program management to be as timely and responsive as possible to industry demand. One such opportunity is through the effective use of cost recovery policies to better ensure that sufficient budgetary resources are available to meet workload requirements. A PART review of BLM's energy and minerals program, prepared in connection with the 2005 budget, recommended implementing increased cost recoveries to improve the responsiveness of the program to industry demand by insulating it from the impacts of the budget process.

The 2006 budget will increase the BLM energy and minerals program from an estimated 2005 funding level of \$108.5 million in appropriations and user fees to a 2006 funding level of approximately

BLM NATIONAL ENERGY POLICY			
	2004	2005	2006
Geothermal Drilling Permits Processed	17	25	33
APDs Processed	7,351	7,400	7,900
Oil and Gas Inspections	18,934	18,700	18,700

\$117.6 million. This net increase will cover pay and other fixed cost increases and provide new resources to enable BLM to accelerate the processing time for APDs and reduce the APD backlog. The BLM will be able to improve the timelines of APD processing and reduce the backlog of APDs pending over 60 days from 1,681 to 120 by the end of 2006.

OIL AND GAS APDS				
	2003 Actual	2004 Actual	2005 Estimate	2006 Estimate
Pending APDs less than 60 days old at start of year .....	240	460	654	787
Pending APDs greater than 60 days old at start of year .....	3,080	2,780	2,214	1,681
Total Pending APDs/start of year ..	3,320	3,240	2,868	2,468
New APDs Received.....	5,063	6,979	7,000	6,700
Processed APDs.....	5,447	7,351	7,400	7,900
Pending APDs less than 60 days old at end of year .....	460	654	787	1,148
Pending APDs greater than 60 days old at end of year .....	2,780	2,214	1,681	120
Total Pending APDs/end of year ...	3,240	2,868	2,468	1,268

In 2006, BLM plans to process an additional 500 APDs over 2005. These additional APDs are expected to result in an additional 450 wells drilled. The associated production resulting from this investment is 804,000 barrels of oil and 47.6 million MCF of gas over five years. Based on the assumed price of \$40 per barrel of oil and \$4 per MCF of gas, the estimated value of this production is \$222.8 million.

The 2006 increase in the energy and minerals program will be funded by adoption of regulations to increase current user fees, primarily for leasing-related actions and drilling permits, to better reflect the costs of the services provided. Estimated user fee receipts for the program in 2006 will be \$10.8 million.

**MMS Cost Recovery**—For 2006 the Minerals Management Service is projecting additional fee revenues generated from a new permit processing fee, rental rate adjustments due to inflation, and new cost recovery fees that build on fees proposed in 2005. These increased fees would support Administration policy to charge for government services where the direct beneficiary can be identified. The fees would bolster revenue and capacity for permitting in MMS, as MMS incurs greater expenses from overseeing operations further offshore.

The permit processing fee would cover costs associated with the submittal of permitting and plan requests. It is currently estimated that the aggregate net revenue generated from permit / plan processing fees would be approximately \$13.5 million in 2006. This would recover all MMS costs associated with processing permits, including indirect and overhead charges. The MMS proposes pursuing a separate cost recovery rule for OCS permit activities. These fees represent a fraction of total private investment in offshore energy development.

An additional \$4.5 million in fees would be generated from adjustments in rental rates due to inflation and \$1.0 million in cost recovery fees





## ARCTIC NATIONAL WILDLIFE REFUGE

The President's National Energy Policy aims to improve America's energy security by increasing domestic production of fossil fuels, stimulating the development of alternative energy sources, and promoting greater energy conservation.

Government and private sector investments in renewable energy to address technological and economic impediments may enhance the role of these sources in the Nation's energy supplies. Nevertheless, America will continue to depend in large measure on fossil fuel. The National Energy Policy recognizes this role by proposing to open the Section 1002 area of the coastal plain in the Arctic National Wildlife



Refuge to oil and gas exploration and development. The coastal plain is this Nation's single greatest onshore prospect for future oil. The U.S. Geological Survey estimates that the Federal portion of the 1002 area contains a mean expected value of 7.7 billion barrels of technically recoverable oil with a 95 percent probability of 4.2 billion barrels and a five percent probability of 11.8 billion barrels. The potential daily production from the 1002 area alone is larger than the current daily onshore oil production of any other State. The 2006 President's budget assumes enactment of legislation to open ANWR to exploration and development with the first lease sale held in 2007 expecting to generate an estimated \$2.4 billion from bonus bids revenues

that build off of fees proposed in 2005. The rental rates, which have not changed since 1994, would be adjusted for inflation from 1995 to 2005, with annual inflation adjustments made thereafter.

In total, in 2006 MMS proposes to collect \$18.0 million in new user fees, in addition to \$1.0 million from previously proposed fees. These fees would be added to offsetting collections, for a total of \$122.7 million, allowing the reduction of annual appropriations by \$19.0 million.

**Deepwater Helicopters** — The 2006 budget proposes a \$1.6 million MMS deepwater helicopter initiative. The MMS contracts helicopters to transport inspectors to offshore oil and gas facilities to conduct mandatory inspections. These inspections ensure safety, compliance, and environmental protection. The MMS contract leases 14 single-engine

helicopters that are suitable to reach 7,500 leases, 4,000 producing facilities, and approximately 900 drilling sites in the Gulf of Mexico annually. In 2003, MMS conducted 22,305 inspections in the Gulf of Mexico.

Energy firms continue to move further offshore into ultra-deepwater, defined as 7,500 feet of water depth or greater, to conduct operations. In the last three years, companies have made seven new major discoveries in ultra-deepwater areas. Accompanying these discoveries have come newly filed plans for exploration that will soon require drilling of appraisal, delineation, and development wells in proximity to the discovery, all of which require MMS inspections. This trend is expected to continue. In the 2003 lease sales for the Central and Western Gulf, MMS leased 148 new blocks in water depths of 5,000 feet or greater.



decisions, including resource assessments, reserve estimates, fair market value determinations, field determinations, and new producible lease determinations, rely on industry data obtained from these cutting edge technologies.

Within this initiative, MMS is proposing to spend \$500,000 to focus on interpretive technologies in order to maintain technological parity with industry and ensure the accuracy and improved quality of interpretation, which creates better evaluations and estimates. The long-term benefit is that the Treasury and the public will receive fair market value for the resources over which MMS holds stewardship. Informed decisions on the sale and development of offshore leases will also allow increased domestic oil and gas production.

Typically, ultra-deepwater areas are 100 to 200 miles offshore. Single-engine helicopters, such as those currently contracted by MMS, have a range of 125 miles from base that allows for enough fuel to return to the shoreline with an acceptable safety margin without refueling. The more frequent and longer flying distances to ultra-deepwater facilities will increase fuel costs and may require larger helicopters to reach isolated locations. An additional \$1.6 million will allow MMS to cover these costs and ensure that MMS can safely meet its regulatory inspection goals of conducting an annual inspection for each production facility and a monthly inspection for each drilling unit on the OCS.

The MMS will focus on maintaining the quality of geophysical data; effectively managing the large volume of interpretive data that needs to be processed, distributed, and archived; maintaining the quality of MMS staff through technical training; and developing programs with universities and colleges to ensure future employees can work effectively with advanced technology.

**MMS Interpretive Technologies** — The 2006 budget for MMS includes a \$1.0 million interpretive technologies proposal. Increased drilling and development in ultra-deepwater and increased resource potential for deepwater production drive the near-term needs for MMS in the Gulf of Mexico. Energy firms are increasingly pursuing oil and gas in ultra-deepwater as is reflected by the seven ultra-deepwater discoveries in the last three years. Production from deep wells on existing leases in the shallow water Gulf is another frontier that the energy industry is pursuing to help meet the near and mid-term energy needs of the Nation.



To meet the increasing challenges for exploring and developing oil and gas in these frontier areas, the private sector has developed new technologies. These major technological advancements provide images of complex structures and are used by geoscientists to more accurately estimate the resources within a reservoir and compare changes over time. All critical MMS resource evaluation

The MMS also proposes \$500,000 to build a new MONTCAR tract evaluation model, which will be used to develop the principal input for fair market value estimates on which MMS bid acceptance/rejection decisions are based. The current MONTCAR model was developed in 1973 and has become increasingly difficult to modify. The MONTCAR model has evolved to the point where it would be easier and less costly to develop a new

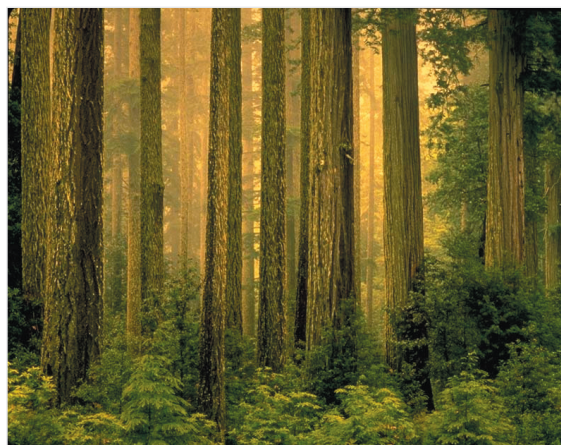
model rather than converting or further modifying the current one. The end result will be quicker revisions, better documentation, and a decreased learning curve for new staff and contractors.

## FOREST MANAGEMENT

Maintaining and improving the health of forests on public lands and meeting timber production goals will continue to be priorities of BLM in 2006. As it has in the last two budget cycles, the BLM budget contains increases and redirections in its forest management programs to improve forest health and increase timber production. The 2006 budget will enable BLM to accelerate its progress in addressing the backlog of forest and woodland acres in need of ecological restoration work. Overstocked forest stands across large contiguous areas lead to significantly increased forest insect and disease activity, catastrophic wildfire conditions resulting in degraded ecosystems both before and after fire, threats to communities, reduced water availability, and loss of critical wildlife habitat. The BLM will also pursue expanded use of its stewardship contracting authority to achieve greater productivity and cost-efficiency in its forest management programs. See the Serving Communities chapter of this document for a discussion of the President's Healthy Forests Initiative.

A \$1.5 million increase in the Public Domain Forestry Management program will be used to continue to rebuild program capacity, including the capacity for expanded use of stewardship contracting, and support on-the-ground projects. The increased funding will enable BLM to offer an additional four million board feet of timber for sale, a ten percent increase; inventory an additional 30,000 acres, a ten percent increase; and restore an additional 2,100 acres through a combination of sales and development.

In the Oregon and California Grant Lands account, the budget proposes to more aggressively and effectively address programmatic priorities, including offering the full allowable sale quantity under the Northwest Forest Plan and supporting the Northwest Forest Plan's requirement that late successional reserves be managed to stimulate old growth characteristics that serve as vital habitat to key species, including the northern spotted owl.



A \$2.9 million increase in the O&C forest management program will support the thinning of 1,300 acres of late-succession reserves to achieve old growth characteristics. This thinning will generate an additional 19.5 million board feet of wood products. The increase supports the settlement agreement in the lawsuit *American Forest Resource Council v. Clarke*.

To support the allowable sale quantity under the settlement agreement, BLM must revise six resource management plans in western Oregon. The 2006 request includes an increase of \$1.5 million to continue this planning effort, which was initiated with the additional funds provided in 2005. The revised plans will also assist BLM in implementing the National Fire Plan's goals with respect to wildland-urban interface fuels reduction.

A 2006 budget increase of \$1.5 million is requested in the O&C Other Forest Resources program to support habitat restoration and enhancement projects, and the late-succession reserves thinning projects described above.

TOTAL BLM FOREST MANAGEMENT			
	2004	2005	2006
Timber Produced (mmBF)	186.5	223.0	262.0
Forest/Woodland Acres Restored	10,305	10,100	10,880
Forest/Woodland Acres Inventoried	404,209	317,500	349,000
<i>Includes current appropriations and permanent operating funds.</i>			

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These increases are made possible within the overall BLM budget request by ending the Jobs-in-the-Woods program. Jobs-in-the-Woods was created in the early 1990s as a temporary program to assist displaced timber workers in the Pacific Northwest

by offering resource-based job opportunities to improve water quality and restore Oregon's coastal salmon populations. Most workers have now transitioned and timber sales are increasing again, eliminating the need for this program.