

**STATEMENT OF KEN SALAZAR
SECRETARY OF THE INTERIOR
BEFORE THE
HOUSE COMMITTEE ON NATURAL RESOURCES
ON
H.R. 3534, THE CONSOLIDATED LAND, ENERGY, AND AQUATIC
RESOURCES ACT OF 2009**

September 16, 2009

Introduction

Thank you, Chairman Rahall, Ranking Member Hastings, and Members of the Committee. I am here today to discuss H.R. 3534, the “Consolidated Land, Energy, and Aquatic Resources Act of 2009.” I look forward to working with you and the Members of this Committee over the coming weeks as we continue a dialogue on this legislation.

Background

With its significant land, energy, and natural resource management responsibilities, the Department of the Interior is helping to lead as the United States achieves the President’s goal of energy independence. The Department manages 500 million acres of land, one-fifth of the land mass of the United States, and another 1.7 billion acres of the Outer Continental Shelf. This land base includes areas which boast some of the highest quality renewable energy resources available for development today: solar in the southwest; wind in the Atlantic, on the Great Plains and in the west; and geothermal in the west.

The BLM has identified a total of approximately 20.6 million acres of public land with wind energy potential in the 11 western states and approximately 29.5 million acres with solar energy potential in the six southwestern states. There are over 140 million acres of public land in western states and Alaska with geothermal resource potential. There is

also significant wind and wave potential in our offshore waters. The National Renewable Energy Lab, a Department of Energy national laboratory, has identified more than 1,000 gigawatts of wind potential off the Atlantic coast –roughly equivalent to the Nation’s existing installed electric generating capacity – and more than 900 gigawatts of wind potential off the Pacific Coast. The scope of the Department’s land ownership also gives it an important role, in consultation with relevant federal, state, regional and local authorities, in siting the new transmission lines needed to bring renewable energy assets to load centers.

Since the beginning of the Obama Administration, the Department has been focused on these issues and has set Department priorities for the environmentally responsible development of renewable energy on our public lands and the OCS. Industry has started to respond by investing in wind farms off the Atlantic seacoast, solar facilities in the southwest, and geothermal energy projects throughout the west. Power generation from these new energy sources produces virtually no greenhouse gases and, when installed in an environmentally sensitive manner, they harness abundant, renewable energy that nature itself provides and with minimum impact.

Renewable Energy Successes

On March 11, 2009, I issued my first Secretarial Order that made facilitating the production, development, and delivery of renewable energy on public lands and the OCS top priorities at the Department. These goals will be accomplished in a manner that does not ignore, but instead protects our signature landscapes, natural resources, wildlife, and cultural resources, and working in close collaboration with all relevant federal, state,

Tribal and other agencies with natural resource stewardship authority. The order also established an energy and climate change task force within the Department, drawing from the leadership of each of the bureaus. The task force is responsible for, among other things, quantifying the potential contributions of renewable energy resources on our public lands and the OCS and identifying and prioritizing specific “zones” on our public lands where the Department can facilitate a rapid and responsible move to significantly increased production of renewable energy from solar, wind, geothermal, and biomass sources, and incremental or small hydroelectric power on existing structures.

The task force is prioritizing the intra-Department permitting and appropriate environmental review of transmission rights-of-way applications on public lands for transmission lines to deliver renewable energy to consumers. The task force is also working to resolve obstacles within the Department to renewable energy permitting, siting, development, and production on federal lands without compromising environmental values.

In April, Chairman Wellinghoff of the Federal Energy Regulatory Commission and I signed an agreement clarifying our respective agencies’ jurisdictional responsibilities for leasing and licensing renewable energy projects on the U.S. Outer Continental Shelf. In late June we offered five limited leases to construct meteorological towers in support of offshore wind energy development off the coasts of New Jersey and Delaware, the first of their kind offered by the federal government. I am pleased to announce that the first of those leases has been signed, supporting our first OCS wind development. Senate

Majority Leader Harry Reid and I also worked together to put forward “fast-track” initiatives for solar energy development on western lands.

Responsible Development of Conventional Resources

At the same time, we must recognize that we will rely on conventional sources – oil, gas, and coal – for a significant portion of our energy for many years to come. We have made great strides balancing the accelerated development of clean energy from renewable domestic sources with the responsible development of conventional energy sources while protecting our treasured landscapes, wildlife, and cultural resources.

Since January the Department has offered more than 2.4 million acres on our public lands for oil and gas development in 21 lease sales, with over 780,000 of those acres going under lease and attracting more than \$70.2 million in bonus bids and fees. We have plans for another 19 sales in the remaining months of this year. On the Outer Continental Shelf, we offered 52.9 million acres in two lease sales in the Gulf of Mexico; leased a total of 2.7 million of those acres; and collected total revenue of more than \$815 million.

I extended the public comment period on the Draft Proposed 5-year Program for the OCS produced by the previous Administration until September 21, 2009. At that time I also requested from Departmental scientists a report that detailed conventional and renewable offshore energy resources and identified where information gaps exist. I have held regional meetings with interested stakeholders to review the findings of that report and gather input on where and how we should proceed with offshore energy development.

The additional information and input from states, stakeholders, and affected communities

gained during this process will allow us to adopt, in a timely fashion, a truly comprehensive energy program for the OCS to succeed the existing 2007-2012 Program.

The Consolidated Land, Energy, and Aquatic Resources Act

The Consolidated Land, Energy, and Aquatic Resources Act is a comprehensive bill that would make significant changes in the way the Department carries out its energy and mineral leasing programs. The Administration has not had an opportunity to fully analyze and consider the impacts of many components of this legislation.

However, we are in agreement with the legislation's primary goals of ensuring a balanced and responsible approach to energy development on our public lands and that dependable oversight and sensible reform of mineral royalty programs is achieved. Like you, I support reforms of the mineral leasing process and programs that will enable us to manage our onshore and offshore resources more effectively and responsibly. In my statement today I will speak generally about several of the major issues addressed by the bill and the work that we are doing to address these issues.

I appreciate the opportunity to work with you on this legislation.

Mineral Reorganization and Reform

Title I of H.R. 3534 would carry out a statutory reorganization of the Department's leasing programs. I am committed to working closely with the Congress to improve our management and our programs and to fulfill our stewardship responsibilities to the Nation. My energy team has come together in the past month as the Senate has confirmed key members. We recognize that an efficient and effective leasing program is

integral to both the Department's rapidly developing renewable program and the existing mineral leasing program. I believe we can accomplish many reform-minded changes to these programs administratively.

For example, I am developing options to improve the coordination between the Minerals Management Service and the Bureau of Land Management in on- and offshore leasing and revenue management policies related to domestic energy production – both conventional and renewable – from federal lands. I intend to bring needed coordination and strategic guidance to the Department's energy development programs and to its implementation of significant reforms, including recommendations for improvement from the reports of the Government Accountability Office and the Office of the Inspector General.

My Interior team is also working hard at a fundamental restructuring of the Minerals Management Service's royalty programs, including the royalty-in-kind program. Today I am announcing a phased-in termination of the program and an orderly transition over time to a more transparent and accountable royalty collection program. This transition will factor in the need for domestic oil supplies. This restructuring will be overseen by my Assistant Secretary for Lands and Minerals Management, Wilma Lewis, Liz Birnbaum, the Director of MMS, and Bob Abbey, the Director of the Bureau of Land Management. This team can and will properly implement these important policy decisions.

Conclusion

Mr. Chairman, I again commend you for your insight and leadership in the interests of balanced, responsible energy development that is crucial to our Nation's economy, national security, and environmental future. I appreciate this opportunity to present some of my own thoughts about the Department's energy future. And as I have stated, I am fully committed to working with you and the Committee to ensure that we adopt a strong and effective program that will bring us energy independence and security and move us toward a new energy economy. The principles I have laid out today will help us accomplish this task.

Thank you and I am happy to answer any questions that you might have.