MaryBeth Zimmerman 02/22/2001 10:37 AM

To: Joel Rubin/EE/DOE@DOE
cc: Nancy Jeffery/EE/DOE@DOE

Subject: Old Chpt. 2, new Chap 3

Can you work on answering the editor's questions on this?

---------- Forwarded by MaryBeth Zimmerman/EE/DOE on 02/22/2001 10:36 AM ----------

Michael York
02/21/2001 01:13 PM

To: commcoll@aol.com
cc: MaryBeth Zimmerman/EE/DOE@DOE

Subject: Chapter 2

Joan, attached is the first chapter to edit. We will be sending you the next chapter as soon as it is available. If you have any questions, please call me at (202) 586-5669. Thanks!

Michael York

Chapter 2_Energy Impacts_2.16.01.d

JOEL
RUBIN
02/22/2001 03:00 PM

To: Marybeth Zimmerman
cc: Nancy Jeffery, Darrell Beschen/EE/DOE@DOE, Michael York

Subject: Chapter 2 Updates

MBZ –

This draft incorporates (in blue ink) updates based upon the comments from Joan. I've deleted Joan's suggestions and kept the updates. Joan's review document is attached as well.

Joel

Ch 2_Updates_2.22.01.DC Ch.DOC

JOEL
RUBIN
02/22/2001 05:48 PM

To: Darrell Beschen/EE/DOE@DOE
cc: MaryBeth Zimmerman/EE/DOE@DOE, Michael York/EE/DOE@DOE, Nancy Jeffery

Subject: Re: comments on the non EERE chapters

yep... I added comments to each.... thank you,

Joel
DARRELL BESCHEN

DARRELL BESCHEN
02/22/2001 05:45 PM

To: Margot Anderson@HQMAIL
cc: MaryBeth Zimmerman/EE/DOE@DOE, Michael York/EE/DOE@DOE, Joel Rubin, darrell.beschen@ee.doe.gov

Subject: comments on the non EERE chapters

these have not been vetted in our office but have the benefit of at least one of the cc persons insights.....

Comments on chapter 10 national energy security and international affairs.doc

Chapter (New 5) Comments_Economics.doc

Chapter (new 4) health and environment comments.doc

Tien Nguyen
02/23/2001 12:24 PM

To: Darrell Beschen/EE/DOE@DOE, Michael York/EE/DOE@DOE, MaryBeth Zimmerman/EE/DOE@DOE
cc: David Rodgers/EE/DOE@DOE, Gerson Santos-Leon/EE/DOE@DOE

Subject: OFD rewrite of ethanol material in Ch. 7

EE-3 comrades,
Attached is our rewrite of two paragraphs.


NEP Ch7 OFD.wp

Tien Nguyen
02/23/2001 12:50 PM

To: Darrell Beschen/EE/DOE@DOE, MaryBeth Zimmerman/EE/DOE@DOE, Michael York/EE/DOE@DOE
cc: David Rodgers/EE/DOE@DOE, Gerson Santos-Leon/EE/DOE@DOE

Subject: Technology Insert for biofuels in NEP Ch. 7

EE-3 colleagues,
Attached is a paragraph on biofuels technology.


NEP Biof Tech 2_23.wp

Tien Nguyen
02/23/2001 02:25 PM

To: MaryBeth Zimmerman/EE/DOE@DOE, Michael York/EE/DOE@DOE, Darrell Beschen/EE/DOE@DOE, David Rodgers/EE/DOE@DOE

cc:

Subject: Next week in Denver

Dear Colleagues,

I hope you got what you needed from me for the NEP on biofuels.

Next week I will be at the Office of Personnel Management's training center in Denver. I will stay at the Holiday Inn - Denver Southeast, 800-962-7672, 303-695-1700, 3200 S. Parker Rd., Denver, CO 80014.

Tien

MaryBeth Zimmerman 02/26/2001 02:40 PM

To: John Sullivan/EE/DOE@DOE
cc:

Subject: DAS meeting

Abe wants to pass out copies of the current EERE drafts for the NEP at the DAS meeting this afternoon (with editor's changes). I will have 15 copies prepared. Margo just e-mailed a new draft of various chapter, but probably no need to have sector review.

MaryBeth Zimmerman 03/01/2001 11:29 AM

To: Kenneth Friedman/EE/DOE@DOE, Peggy Podolak/EE/DOE@DOE, Tina Kaarsberg/EE/DOE@DOE, Lawrence Mansueti/EE/DOE@DOE, Jerry Dion/EE/DOE@DOE, Philip Patterson/EE/DOE@DOE, David Boomsma/EE/DOE@DOE
cc: Nancy Jeffery/EE/DOE@DOE, Joel Rubin/EE/DOE@DOE, Darrell Beschen/EE/DOE@DOE, Michael York/EE/DOE@DOE, Phillip Tseng/EE/DOE@DOE, Buddy Garland/EE/DOE@DOE, Sam Baldwin/EE/DOE@DOE

Subject: Energy Policy Discussion

The NEP is back! Please see the following from the Policy Office regarding **March 14 deadline** for energy policy write-ups. Please plan to meet at **2:30 on Monday, March 5 in the EE conference room**, to coordinate our responses. We would be pleased to meet with any sector this afternoon or tomorrow (3:00 this afternoon is already taken) to discuss items of importance to you in a policy plan.

-- Mary Beth (6-7249)

---------- Forwarded by MaryBeth Zimmerman/EE/DOE on 03/01/2001 10:20 AM ----------

Margot Anderson@HQMAIL on 03/01/2001 07:51:03 AM

To: MaryBeth Zimmerman/EE/DOE@DOE@HQMAIL, John Sullivan/EE/DOE@DOE@HQMAIL, Abe Haspel/EE/DOE@DOE@HQMAIL, TREVOR COOK@HQMAIL, Paula Scalingi@HQMAIL, jkstier@bpa.gov@internet@HQMAIL, Robert Kripowicz@HQMAIL, WILLIAM MAGWOOD@HQMAIL, Michael Whatley@HQMAIL, Jay Braitsch@HQMAIL, John Conti@HQMAIL, Douglas Carter@HQMAIL, David Pumphrey@HQMAIL, James HART@HQMAIL, William Breed@HQMAIL, LARRY PETTIS@HQMAIL, JAMES KENDELL@HQMAIL, ANDY KYDES@HQMAIL
cc: Joseph Kelliher@HQMAIL

Subject: Energy Policy Discussion

All,

On Monday at 1:00, we will be meeting in room 7B-040 to begin the discussion of energy policy options for the national energy policy (phase 2 of our efforts). Joe will be sending out guidance for our discussion (problably on Friday). We have been encouraged by the Task Force to think broadly and creatively about policy options. Tha Task Force is aiming for March 14 to complete this phase.

Again, thank you all for your extreme efforts over the last two weeks and extra thanks to those who provided the last round of comments on the 2/26 version. We are very close to buttoning up the "interim report" - the two chapters describing the issues that we have been working on. Special kudos to EIA for their patience on all the fact checking (it ain't over - I'll be calling for some graphic help later today).

Margot

MaryBeth Zimmerman 03/01/2001 02:57 PM

To: #EE-DAS, #EE-ADAS
cc: Abe Haspel/EE/DOE@DOE, John Sullivan/EE/DOE@DOE, Buddy Garland/EE/DOE@DOE

Subject: NEP Policy Formation

A brief heads-up to let you know that the Vice President's energy task force is moving to policy formation. We will have an initial meeting on Monday, March 5 to get our guidance. Since the final report is due to the VP's office on March 14, however, we would like to get started now.

I've e-mailed a heads up to your analytical staffs, and we've set up meetings today with OPT and OTT. We'd be happy to do the same for the other offices later today (after 5:00) or tomorrow.

– Mary Beth (6-7249)

---------- Forwarded by MaryBeth Zimmerman/EE/DOE on 03/01/2001 02:53 PM ----------

Margot Anderson@HQMAIL on 03/01/2001 07:51:03 AM

To: MaryBeth Zimmerman/EE/DOE@DOE@HQMAIL, John Sullivan/EE/DOE@DOE@HQMAIL, Abe Haspel/EE/DOE@DOE@HQMAIL, TREVOR COOK@HQMAIL, Paula Scalingi@HQMAIL, jkstier@bpa.gov@internet@HQMAIL, Robert Kripowicz@HQMAIL, WILLIAM MAGWOOD@HQMAIL, Michael Whatley@HQMAIL, Jay Braitsch@HQMAIL, John Conti@HQMAIL, Douglas Carter@HQMAIL, David Pumphrey@HQMAIL, James HART@HQMAIL, William Breed@HQMAIL, LARRY PETTIS@HQMAIL, JAMES KENDELL@HQMAIL, ANDY KYDES@HQMAIL
cc: Joseph Kelliher@HQMAIL

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Margot

MaryBeth Zimmerman 03/01/2001 02:58 PM

To: Ellyn Krevitz/EE/DOE@DOE
cc:

Subject: Energy Policy Discussion

Sorry, forgot to include you on this.

---------- Forwarded by MaryBeth Zimmerman/EE/DOE on 03/01/2001 02:58 PM ----------

MaryBeth Zimmerman 03/01/2001 11:29 AM

To: Kenneth Friedman/EE/DOE@DOE, Peggy Podolak/EE/DOE@DOE, Tina Kaarsberg/EE/DOE@DOE, Lawrence Mansueti/EE/DOE@DOE, Jerry Dion/EE/DOE@DOE, Philip Patterson/EE/DOE@DOE, David Boomsma/EE/DOE@DOE
cc: Nancy Jeffery/EE/DOE@DOE, Joel Rubin/EE/DOE@DOE, Darrell Beschen/EE/DOE@DOE, Michael York/EE/DOE@DOE, Phillip Tseng/EE/DOE@DOE, Buddy Garland/EE/DOE@DOE, Sam Baldwin/EE/DOE@DOE

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– Mary Beth (6-7249)

---------- Forwarded by MaryBeth Zimmerman/EE/DOE on 03/01/2001 10:20 AM ----------

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To: MaryBeth Zimmerman/EE/DOE@DOE@HQMAIL, John Sullivan/EE/DOE@DOE@HQMAIL, Abe Haspel/EE/DOE@DOE@HQMAIL, TREVOR COOK@HQMAIL, Paula Scalingi@HQMAIL, jkstier@bpa.gov@internet@HQMAIL, Robert Kripowicz@HQMAIL, WILLIAM MAGWOOD@HQMAIL, Michael Whatley@HQMAIL, Jay Braitsch@HQMAIL, John Conti@HQMAIL, Douglas Carter@HQMAIL, David Pumphrey@HQMAIL, James HART@HQMAIL, William Breed@HQMAIL, LARRY PETTIS@HQMAIL, JAMES KENDELL@HQMAIL, ANDY KYDES@HQMAIL
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Margot

MaryBeth Zimmerman 03/01/2001 05:23 PM

To: Douglas Kaempf/EE/DOE@DOE
cc:

Subject: Energy Policy Discussion

Sorry, just noticed I didn't get you on this list.

---------- Forwarded by MaryBeth Zimmerman/EE/DOE on 03/01/2001 05:23 PM ----------

MaryBeth Zimmerman 03/01/2001 11:29 AM

To: Kenneth Friedman/EE/DOE@DOE, Peggy Podolak/EE/DOE@DOE, Tina Kaarsberg/EE/DOE@DOE, Lawrence Mansueti/EE/DOE@DOE, Jerry Dion/EE/DOE@DOE, Philip Patterson/EE/DOE@DOE, David Boomsma/EE/DOE@DOE
cc: Nancy Jeffery/EE/DOE@DOE, Joel Rubin/EE/DOE@DOE, Darrell Beschen/EE/DOE@DOE, Michael York/EE/DOE@DOE, Phillip Tseng/EE/DOE@DOE, Buddy Garland/EE/DOE@DOE, Sam Baldwin/EE/DOE@DOE

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Margot

MaryBeth Zimmerman 03/01/2001 06:35 PM

To: Buddy Garland/EE/DOE@DOE
cc:

Subject: TMS for Energy Plan

PO would like to borrow TMS on Friday to help format & make copies of the National Energy Plan. Can you contact Keller ASAP to find out if he can arrange this?

MaryBeth Zimmerman
03/04/2001 03:58 PM

To: Abe Haspel/EE/DOE@DOE, John Sullivan/EE/DOE@DOE, Buddy Garland/EE/DOE@DOE, Nancy Jeffery/EE/DOE@DOE
cc: Michael York/EE/DOE@DOE, MaryBeth Zimmerman/EE/DOE@DOE

Subject: Monday NEP meeting

Attached are my suggested edits to Margo's outline for energy policy (footnotes are speaking points for Monday). I can not get the interum report she sent open to review that piece.

Margot Anderson@HQMAIL on 03/02/2001 05:32:47 PM

To: MaryBeth Zimmerman/EE/DOE@DOE@HQMAIL, John Sullivan/EE/DOE@DOE@HQMAIL, Abe Haspel/EE/DOE@DOE@HQMAIL, TREVOR COOK@HQMAIL, Paula Scalingi@HQMAIL, jkstier@bpa.gov@internet@HQMAIL, Robert Kripowicz@HQMAIL, WILLIAM MAGWOOD@HQMAIL, Michael Whatley@HQMAIL, Jay Braitsch@HQMAIL, John Conti@HQMAIL, Douglas Carter@HQMAIL, David Pumphrey@HQMAIL, James HART@HQMAIL, William Breed@HQMAIL, LARRY PETTIS@HQMAIL, JAMES KENDELL@HQMAIL, ANDY KYDES@HQMAIL
cc: Joseph Kelliher@HQMAIL

Subject:Attachments for Monday NEP meeting

All,

Reminder that we will be meeting in room 7B-040 at 1:00 on Monday (3/5) to begin the discussion of energy policy options for the national energy policy (phase 2 of our efforts).

Attached is the draft (pdf file) of the interim report that we have been working on (the U.S. energy situation). A version of the report will be going to the Task Force next week (this is still a document for internal discussion only). Also attached is a preliminary list of policy goals to help center the discussion on policy options consistent with those goals.

Look forward to seeing you on Monday.

Margot

MaryBeth Zimmerman 02/13/2001 03:49 PM

To: John Sullivan/EE/DOE@DOE
cc:

Subject: Re: Heads up on NEP

Thanks for bringing the ROs in on this. I will send them the files.

(With regard to the P drive, I don't want to extend access because much of the material is sensitive.)

Peter Dreyfuss

Peter Dreyfuss 02/13/2001 03:23 PM

Sent by: Peter Dreyfuss

To: Jim Powell/ATL/EE/DOE@DOE
cc: John Sullivan/EE/DOE@DOE, #RODirectors, #RODeputy_Directors, MaryBeth Zimmerman/EE/DOE@DOE

Subject: Re: Heads up on NEP

John - We don't have access to the P Drive in Chicago either.
Peter
Jim Powell

Jim Powell 02/13/2001 03:05

To: John Sullivan/EE/DOE@DOE
cc: #RODirectors, #RODeputy_Directors, MaryBeth Zimmerman/EE/DOE@DOE

Subject: Re: Heads up on NEP

John,

Thanks for sharing. We do not have access to the P drive - at least from Atlanta. Would please ask someone to email the P drives files referenced below?

Thanks. Jim.
John Sullivan

John Sullivan
02/13/2001 02:37 PM

To: #RODirectors, #RODeputy_Directors
cc:

Subject: Heads up on NEP

MaryBeth Zimmerman 02/13/2001 05:27 PM

To: Kenneth Friedman/EE/DOE@DOE, Peggy Podolak/EE/DOE@DOE, Linda Silverman/EE/DOE@DOE, Ed Wall/EE/DOE@DOE, David Rodgers/EE/DOE@DOE, Jerry Dion/EE/DOE@DOE, Gail McKinley/EE/DOE@DOE
cc: John Sullivan/EE/DOE@DOE, Darrell Beschen/EE/DOE@DOE, Michael York/EE/DOE@DOE, Buddy Garland/EE/DOE@DOE

Subject: FW: NEP Draft outline

Attached is a combined draft outline for the NEP Assessment Report. I believe this is the version that served as the basis for today's discussions. We are expecting further guidance later tonight, or first thing tomorrow morning.

Please remember that all of these materials are hold close.

Draft outline.

KENNETH FRIEDMAN [redacted]
02/14/2001 02:03 PM

To: MaryBeth Zimmerman/EE/DOE@DOE
cc:

Subject: Re: FW: NEP Draft outline

Kolevar, Kevin 152

From: Rob Goldston [rgoldston@pppl.gov]
Sent: Monday, September 03, 2001 10:15 PM
To: Card, Robert; Kolevar, Kevin
Cc: McSlarrow, Kyle; jaf@princeton.edu%internet
Subject: URGENT: Visit by Mr. Omi to DOE on Wednesday


ATTACHMENT.TXT

Fusion and Climate Change.doc

ATTACHMENT.TXT

Bob and Kevin,

First of all, thank you for spending so much time with us on fusion on August 21. I really appreciate your attention to and support for our program. We look forward to seeing Bob at Princeton next week - and the possibility of a visit by the Secretary in October is also very exciting.

An urgent matter has come up, which I thought I should discuss with you:

I understand from my friends in Japan that the Japanese Minister of Science and Technology, Mr. Omi, will be meeting with Undersecretary Card and/or Secretary Abraham this Wednesday. I would very much like to give you some background for this visit, from my personal perspective, which is probably best done by phone or in person, but here are some initial thoughts for your consideration:

* Japan is right now deciding whether to offer to host the Iter project. The Japanese National Council on Science and Technology, chaired by Prime Minister Koizumi, is scheduled to make this decision at the end of this month. I understand that this Council had a very positive meeting on Iter in the last few days.

* With the redesign of Iter, the U.S. fusion scientific community thinks that the experiment is well focused and very attractive. The cost has come down about a factor of two. The alternative of a domestic initiative is also very attractive to members of the fusion community.

* If Japan really offers to host Iter, I think this will greatly increase the likelihood that Iter is built, and it will tilt opinion in the U.S. scientific community towards joining the international project in some role - perhaps at least like the U.S. involvement in the Large Hadron Collider at CERN.

* Mr. Omi will be interested in knowing how the DOE feels about Iter.

* We in the fusion community would be very grateful if DOE would express support for Iter, and for the idea that the U.S. would be interested in participating in discussions about Iter with the Iter partners, especially if Japan offers to host Iter.

I will try to reach you by phone on Tuesday.

On another matter, I have been working with the fusion scientific community on the attached document about Fusion Energy and Climate Change, for possible inclusion in the NCCTI discussions. I would greatly appreciate your comments on it.

We tried to make it as responsive as possible to the policy needs for Marrakesh. We also tried to make it as simple as possible - but no simpler. If you read the section titles and look at the figures you pretty much get the gist of what we have to say technically:

* Climate change is a long-term problem.
* Fusion is an attractive long-term energy source.
* Scientific progress in fusion energy research has been dramatic.
* Fusion energy can be developed cost-effectively on the necessary time scale.

Finally we make the non-technical point that putting forward fusion as one element of the U.S. plan at Marrakesh is likely to get a positive response from the international energy and climate community.

I personally believe that this could be a compelling element of a U.S. plan to present at Marrakesh.

Again, thank you for your time and support.

Rob Goldston

cc: Kyle McSlarrow

Kolevar, Kevin Release 153

From: Renze L Hoeksema [hoeksemar@dteenergy.com]
ent: Wednesday, August 22, 2001 3:43 PM
: Kolevar, Kevin
Subject: Mtg. Regarding Landfill Gas-to-Energy Industry

Kevin, it was good to talk to you again the other day. I appreciate your willingness to assist in organizing a meeting to discuss the interests of the landfill gas-to-energy industry with the appropriate policy representatives within DOE.

The industry representatives would be Curt Ranger, President, DTE Biomass Energy and Jerrold Jung, President, Michigan CAT, two Michigan based companies. Curt Ranger is also currently serving as the Advocacy Committee Chairman for the Solid Waste Association of North America (SWANA). In general terms we would like to discuss the role of landfill gas as a part of the national energy strategy. More specifically, we would focus on the benefits derived from nonconventional fuel tax credits.

The dates I have available for a meeting are August 29 and September 11, 12 and 14. If these dates are not workable, please let me know and I will look later into September.

Thank you for your consideration. If you have questions I can be reached at 202-347-8420. - Renze

Kolevar, Kevin

154

From: Dobriansky, Larisa
Sent: Wednesday, August 15, 2001 12:14 PM
To: Bailey, Vicky; Otis, Lee; Anderson, Margot; Conti, John; Terry, Tracy; Grahame, Thomas; Feeley, Thomas; Zimmerman, MaryBeth; O'Donovan, Kevin; HUTZLER, MARY; BEAMON, JOSEPH
Cc: Haspel, Abe; Mansueti, Lawrence; Quinn, Judith; Kolevar, Kevin; Whatley, Michael
Subject: OMB Meeting on 3-P

The meeting today with OMB will take place at 3:15 at the White House Conference Center, Truman Room, Jackson Place. No clearances needed. Judith Quinn has arranged for us all to travel over in a van. Let's meet at 3:00 in the garage/basement at the end of the building where the escalators are located.

Kolevar, Kevin

155

From: rmariane@ostp.eop.gov%internet [rmariane@ostp.eop.gov]
Sent: Tuesday, July 24, 2001 5:19 PM
To: Kolevar, Kevin
Subject: Energy Resources Review

Kevin,
FYI and any comment you care to make.
Bob

Dr. Robert S. Marianelli
Assistant Director for Physical Sciences and Engineering
Office of Science and Technology Policy
Executive Office of the President
17th Street & Pennsylvania Avenue, N.W.
Room 436 EEOB (Eisenhower Executive Office Building)
Washington, D.C. 20502
Phone: (202) 456-6134
Fax: (202) 456-6027
email: rmariane@ostp.eop.gov
---------- Forwarded by Robert S. Marianelli/OSTP/EOP on 07/24/2001 05:15 PM ----------

Robert S. Marianelli
07/23/2001 07:10:11 PM

Record Type: Record

To: sam.baldwin@ee.doe.gov @ inet

cc: See the distribution list at the bottom of this message
Subject: Energy Resources Review

Sam,

We also anticipate bringing someone into OSTP to provide the primary staff
support for the OSTP - PCAST review and we would like to get DOE's recommendation on people, in addition to Russ, that we might consider for
this assignment either from within DOE, other agencies or the Labs.

Thanks in advance for your help and support.
Bob

Message Copied
To:

Richard M. Russell/OSTP/EOP@EOP
Rosina M. Bierbaum/OSTP/EOP@EOP
Terrence K. Kelly/OSTP/EOP@EOP
Stacey L. Benzel/OSTP/EOP@EOP
Tobi L. Pinsky/OSTP/EOP@EOP
Praveen R. Shanbhag/OSTP/EOP@EOP
Clifford J. Gabriel/OSTP/EOP@EOP

Kolevar, Kevin

From: Thomas, Ginni [ginni.thomas@heritage.org]
Sent: Thursday, July 12, 2001 4:41 PM
To: Thomas, Ginni
Subject: Energy briefing tomorrow noon/lunch

Following up on key Administration briefings we have had today, we encourage
you to come or send someone to this event tomorrow. RSVP information at
bottom of invitation.

ATTENTION: Energy and Communication Staff
The Heritage Foundation

cordially invites you to attend a luncheon briefing on

"What the Bush Energy Plan Means for America"

Featuring

Bill Beach
Director, Center for Data Analysis
The Heritage Foundation

Charli Coon
Senior Policy Analyst, Energy and Environment
The Heritage Foundation

President Bush's National Energy Plan calls for significant changes to energy supply and demand over the next 30 years. Many critics of the plan,
however, have characterized it as "radical" and "environmentally unsound."
What exactly does the National Energy Plan contain?

The Heritage Foundation energy team has spent the past two months analyzing
President Bush's National Energy Plan in great detail. They will unveil the
results of their analysis for the first time at this Capitol Hill Club luncheon.

Learn what will happen to electricity and petroleum prices over the next 10
years. Learn how the NEP slowly but steadily changes consumption of electricity and alters the national energy distribution system. What does
the NEP have in store for the nuclear power industry? What are the long-term forecasts for electricity and gasoline demand in California, New
York, Texas, and each of the other states?

Friday, July 13, 2001
12:00-2:00 p.m.
The Capitol Hill Club

Please RSVP by noon on Thursday, July 12th, to Crystal Gibson at 608-6078,
or e-mail to crystal.gibson@heritage.org

Virginia (Ginni) Thomas, Director
Executive Branch Relations, The Heritage Foundation
214 Mass. Ave, NE/Washington, D.C. 20002
phone: (202) 608-6240 or 546-4400
fax: (202) 608-6068 (fax)
e-mail: ginni.thomas@heritage.org
www.heritage.org

Kolevar, Kevin

157

From: Connolly, Vera
Sent: Wednesday, July 11, 2001 9:57 AM
To: Biggerstaff, Margie; Friedrichs, Mark; White, James
Cc: Kolevar, Kevin; Kelliher, Joseph
Subject: DUE noon Friday, 7/13: DOI Qs and As on National Energy Policy

Importance: High

Energy Qs and As - - House Res...

PLEASE RESPOND TO ROBERT RAEBEN ON FRIDAY AS I WILL BE AWAY. THANKS.

-
Subject: FW: DOI Qs and As on National Energy Policy

Please review the attached 87 page document and provide comments by 12:00 PM
Friday July 13., Thanks.

This questions are from a June 6th hearing before the House Resources Committee
on the National Energy Policy. They cover the entire range of energy issues
from Alaska's North Slope to OCS development.

Follow-up Questions and Answers for Secretary Norton
From the June 6, 2001 Hearing before
the House Resources Committee
on the National Energy Policy

(HANSEN) Energy and Minerals

Question 1a: Does the Interior Department have an estimate as to how much oil and gas production is presently not accessible due to restricted land management uses or designation such as wilderness study areas, national monuments?

Answer: General information is available for National Monuments and Wilderness Study Areas regarding oil and gas potential. The probability of oil and gas development within these sites is generally low based upon preliminary geologic data, Bureau of Land Management (BLM) planning and known industry records (including proprietary data). One notable exception to this is Canyons of the Ancients National Monument in Colorado which is currently 85% leased for oil and gas and is subject to valid existing rights and further leasing in particular circumstances, as provided by Proclamation. In other areas, there is limited overlap of industry identified oil and gas reserves with National Monuments and Wilderness Study Areas. However, the volume of the reserves is not proven at this time and BLM is working closely with the USGS to obtain more detailed information about the potential for undiscovered oil and gas reserves within these areas.

Question 1b: How have permitting delays for drilling and construction of transportation facilities, such as pipelines and transmission lines across public land impacted our ability to develop energy resources on public lands?

Answer: Permitting delays result in slowing the efforts to bring on-line energy development in a timely manner.

The BLM is responding to this concern regarding our national need for increased energy and mineral production from our federal lands in an environmentally responsible manner through several initiatives. One key element is the study required in Section 604 of the Energy and Policy Conservation Act (EPCA) of 2000. The EPCA study will identify and inventory impediments and restrictions to oil and gas resources. We will also study ways to ensure that the permitting of drilling and construction of transportation facilities and other right-of-ways for oil and gas are made available in a timely and expedited manner as allowed by budgetary resources.

Question 2: Do you believe that you as Secretary of Interior have the authority to acquire

seismic data in areas which are designated off-limits to oil development through annual appropriations riders or an executive order?

Answer: In moratoria language appearing in the FY 1992 House Report, accompanying the FY 1992 Interior Appropriations, restrictions on preleasing activities did not preclude environmental, geologic, geophysical, economic, engineering, or other scientific analyses, studies, or evaluations. These studies are not considered a part of the EIS or the formal sale process. While the current moratoria language is silent on these interpretations, this language has not been revised or reinterpreted in subsequent appropriation bills.

Question 3: **In light of highly publicized natural gas shortages and high market prices, what specific actions does Interior plan to take to speed up the permitting process, particularly in areas where excess pipeline capacity is available to carry natural gas into gas-short areas like California or the Midwest?**

Answer: Permitting for energy-related projects is often a lengthy multi-agency process. The President has issued an executive order directing Federal agencies to expedite the review of permits and other federal actions necessary to accelerate the completion of energy-related project approvals on a national basis. The Department of the Interior is well on its way to developing our energy implementation plan. Specific actions to expedite permitting will be contained in that plan. The BLM is addressing permitting through several initiatives, including revising key land use plans for current development scenarios; streamlining the processes for timely approvals for oil and gas development such as ESA Section 7 consultation with Fish and Wildlife Service, National Marine Fisheries Service, and cultural resources clearances; and improving coordination among affected parties by the use of information meetings and forums such as the National Petroleum Forum and Federal Leadership Forum. In addition to permitting, the Bureau must also address the monitoring and compliance of existing and new operations. Finally, pipeline carrying capacity is not a responsibility of the Department of the Interior, but we will work with FERC to expedite Right-Of-Way approval to facilitate this process.

Question 4: **Does BLM have any national guidelines on how regional managers should handle prospective energy resource lands in the area planning process or is that left to the individual's discretion? Is it time to re-examine these guidelines in light of energy shortages?**

Answer: The BLM does have existing national Supplemental Program Guidance for oil and gas leasing and planning. This guidance is in the process of being reviewed in light of the National Energy Policy.

Question 5: **What is the current status of the implementation of the Energy Policy and**

Conservation Act, Sec. 604 study on impediments to oil and gas exploration and development? How will the Department use the study in increasing access to oil and gas resources?

Answer: Since the reauthorization of the Energy Policy and Conservation Act (EPCA) (P.L.106-469) on November 9, 2000, the Department of the Interior is proceeding expeditiously in its efforts to complete the assessment of restrictions and impediments to oil and natural gas development underlying federal land. To expedite the process, the Secretary designated the BLM as the lead agency to coordinate the assessment. Working cooperatively as an inter-agency team, the BLM, USGS, USFS, and DOE completed identifying current studies and ongoing efforts, establishing agency's responsibilities and identifying the overall approach to the analysis. Currently, the study is focusing on five priority areas within the Rocky Mountain Region based on industry interest, resource potential, reserve ranking and an oil and gas needs analysis. The analysis for these basins is expected to be provided to the House and Senate energy and resource committees within the required two-year time frame.

As the information from the assessment is received, the BLM and USFS will review the findings, assess the restrictions' and impediments' effects on the availability of oil and gas resources for future development, and consider modifications, as necessary, to increase access to oil and natural gas resources.

Question 6: **Can you give us an idea regarding the budget requirements for the Department to conduct this work? What level of detail will this assessment take if new funds are not sought in the current fiscal year? Will a reprogramming request be sent to the appropriators to get this job funded?**

Answer: Implementation of Section 604 of the Energy Policy and Conservation Act Amendments of 2000 affects Interior's Bureau of Land Management and the US Geological Survey, as well as the US Forest Service and the Department of Energy. Section 604 requires these agencies to identify and evaluate the extent of oil and gas resources and reserves on public lands, and evaluate impediments and restrictions to access and development of these resources. These evaluations are to be completed by the end of 2002.

In the 2002 President's Budget, $3.0 million is requested in the BLM budget for the work of all four agencies. Since oil and gas assessments are performed by geological basin, and since it would not be possible to perform these analyses on all basins in the US

within the time provided, the agencies are in the process of discussing the basins of greatest interest with the authorizing committees. Currently, the four agencies will be able to fulfill the requirements of EPCA by the end of 2002 for five study areas in the Rocky Mountains with the largest estimates of oil and gas resources and significant Federal land ownership. These study areas include Montana Thrust Belt in Montana, the San Juan and Paradox Basins in Colorado and New Mexico, the Unita/Piceance Basin in Colorado and Utah, the Greater Green River Basin in Wyoming and Colorado, and the Powder River Basin in Wyoming and Montana.

Because the requested funding is sufficient to complete work in these five basins, the Department does not anticipate that a reprogramming request will be necessary to meet the requirements of the provision by the end of 2002.

Question 7: **BLM is implementing a major planning effort that concentrates on updating and completing land use management and activity plans. Has BLM set energy resource areas as their highest priority?**

Answer: The BLM fully supports the goals and measures outlined in the President's Energy Policy and is taking the necessary measures to achieve them. This includes adjusting the priority and schedules of land use planning activities. Management of energy resources was a key factor used to identify planning projects included in the FY 2001 and 2002 President's budget requests. The BLM has recently undertaken efforts to expeditiously identify and complete high-priority energy related plans. The BLM currently is in the process of identifying 5 - 10 time-sensitive plans where we will take appropriate measures to ensure their timely completion. These measures will include, as needed, the use of policy and technical support teams, additional training, enhanced contracting procedures, and the re-allocation of funding.

Question 8: **Will BLM be exploring new approaches to the planning process to assure that management plans not only remain current but also address the energy potential of each resource area?**

Answer: In November 2000, the BLM issued a revised land use planning manual and handbook to more clearly outline planning and decision making requirements, including those for mineral and energy development. This manual and handbook includes specific guidance on updating land use plans to ensure they address energy and mineral development. This guidance also includes direction for addressing new information and circumstances to ensure that land use plans

remain current. This guidance identifies factors to consider when making a determination of whether plan revisions or amendments are necessary, such as the identification of new information or changes in anticipated impacts. We are currently revising our Planning for Fluid Mineral Leasing Handbook to ensure it provides up-to-date guidance for energy development, including procedures to address energy potential for each resource area. We plan on expanding this handbook to address other energy sources as well. This handbook will also provide guidance for addressing information generated through the assessment of oil and gas resources which is being conducted under provisions of the Energy Policy and Conservation Act of 2000.

The BLM is currently exploring opportunities to modify the land use planning regulations so that they more closely align with the Council for Environmental Quality's regulations for implementing the National Environmental Policy Act. These modifications will reduce some of the confusion that exists between the procedural requirements for land use planning and the procedural requirements for completing environmental analyses. The anticipated changes will also allow land use plans to be completed in less time.

Question 9: **Are any bottlenecks in the oil and gas leasing and permitting process caused by conflicting requirements in different laws? If so, what legislation is required to resolve these conflicts?**

Answer: As part of the President' National Energy Policy, we will be examining whether there are any such bottlenecks and how best to resolve them.

Question 10: **In many offices the BLM has significant Application for a Permit to Drill backlogs, even though states are also involved in issuing drilling permits on state and private land in the same areas. Would it be feasible for BLM to contract some of the APD backlog to the appropriate state agency or rely on outside parties to conduct much of the work?**

Answer: Most Application for a Permit to Drill (APD) backlogs are due to NEPA and planning requirements. Most of the large-scale EISs are already contracted out to private contractors. Decision making on individual APD approvals is a Federal function which is not susceptible to contracting out. However, BLM is considering possible additional uses of contractors for the analytical processes involved prior to decision making.

Question 11: **The National Resources Defense Council said in a report to this Committee that it is not necessary to drill in offshore Alaska, the eastern Gulf of Mexico, and other OCS areas where drilling moratoria are in place because 70 percent of the country's estimated undiscovered, economically recoverable oil**

and gas is located outside of these areas. Can you respond to this statement?

Answer: It is true that the estimated undiscovered economic resources of the moratoria areas represent less than a third of the estimate for the total OCS. The current reserves and resource estimates are concentrated in the Central and Western Gulf. Large portions of these areas are mature and natural gas production on the shelf has been in decline since 1997. Resources in moratoria areas could have a significant effect on the Nations energy future. Since these areas are comparatively under-explored, less certainty exists about the resource estimates. There is also relatively greater up-side potential since the comparative lack of exploration in these areas also means that the larger fields in the field size distributions remain undiscovered. It is these larger fields that normally produce resources more efficiently with less environmental impact since less infrastructure is required to produce a given resource level than from more numerous but smaller fields.

Question 12: **In the Powder River Basin there has been a *de facto* moratorium on federal gas drilling because of the threat of a lawsuit over the inadequacy of the current land use plan to contemplate CBM development of this magnitude. What is being done to resolve this impasse in a timely fashion?**

Answer: An environmental assessment for approving up to 2,500 CBM drainage protection wells was completed in March of this year and Wyoming BLM is actively approving CBM wells in its portion of the Powder River Basin (PRB). In addition, a new EIS for permitting CBM wells in the Wyoming PRB is scheduled for completion in mid-2002. This document will allow for the permitting of up to 50,000 CBM wells. In Montana, BLM is doing a joint EIS with the State of Montana for CBM wells in its portion of the Basin. The Montana EIS is scheduled for completion in late 2002.

Question 13: **The Wyoming Oil and Gas Conservation Commission continues to approve coal bed methane drilling permits in the Powder River Basin. During the last 12 months they have approved about 6400 permits, which included about 1500 on federal lands. This seems to be a duplication of efforts. Is it necessary for BLM to also approve drilling permits?**

Answer: Under current law, BLM has the responsibility to coordinate and manage all resources on Federal lands and to comply with a number of other environmental laws (such as the National Historic Preservation Act, Endangered Species Act, FLPMA, NEPA, etc.). These are not requirements in the State of Wyoming. Consequently, the State permitting process is vastly different.

Question 14: **The imbalance in drilling permit approvals indicates that federal gas resources are being drained by non federal wells. BLM has received about**

$3.5 million in supplemental appropriations during the last three years for coal bed methane in the Powder River Basin. What is the current backlog in the approval of CBM drilling permits and when will the backlog be eliminated?

Answer: The current backlog for CBM drainage permits is 1,400 wells. Since the drainage Environmental Assessment was completed in March 2001. Wyoming BLM has approved approximately 550 CBM drainage wells. The remaining backlog should be processed by end of year. Additionally, there are approximately 1,600 non-drainage CBM permits pending. These will not be processed until the 50,000 well EIS is completed in 2002 at which time thousands of additional drilling permit submissions are anticipated. Ultimately, the Wyoming Office plans to permit more than 2,500 CBM wells a year once the environmental documents are completed and additional staff are hired.

Question 15: **This Committee has heard complaints about EIS delays in Wyoming's Jack Morrow Hills Resource Area and at the Vernal District Office in northeastern Utah? What is the cause of these delays and when may we expect this process to be completed?**

Answer: The Jack Morrow Hills Coordinated Activity Plan is in the process of being revised by the BLM in Wyoming. The BLM has received approximately 12,000 public comments on the plan. Since we must still analyze all the comments, we cannot provide a completion date at this time. In northeastern Utah, the Vernal Field Office is preparing an EIS for conventional gas well drilling. The project was first analyzed in an Environmental Assessment (EA) but due to public input, an EIS was initiated. The BLM plans to complete the EIS in the summer of 2001.

ANWR

Question 16: **In your testimony, you say the mean estimate of recoverable oil under the coastal plain of ANWR is 10.4 billion barrels. Environmentalists say the Geological Survey's most "optimistic" estimate is only 3.5 billion barrels or less. There seems to be a difference of opinion. Can you clarify the Geological Survey's estimate of oil? What is estimate of "in-place" oil resources under the coastal plain, including Native and State lands?**

Answer: The USGS Petroleum Assessment of the 1002 Area of the Arctic National Wildlife Refuge is reported in three categories: in-place, technically recoverable, and economically recoverable resources. For each category, they report a range of values from lowest and most conservative (at the 95% confidence level) to highest, but unlikely (at the 5% confidence level). Also, they report the mean, or the expected value.

Also, the USGS estimates are reported geographically for the 1002 Area alone (both deformed and undeformed areas), and the entire assessment area, which includes the 1002 Area, the State waters, and the Native lands. This assessment

did not assess state lands. Given the many categories and ranges of values, it is not surprising that quotes of assessment results might appear to be in conflict.

The best way to clarify the Geological Survey's estimate of oil resources is to present the results in the table below, with categories labeled. The results of the economic analysis are given for oil at $24 a barrel, which is just an example. If the price of oil were to increase, the resource estimate would increase as well. Tables within the Assessment report include volume estimates for economically recoverable oil for a range of prices for oil.

The USGS mean estimate for 'in-place' oil under the coastal plain, including Native lands and State waters (not lands) is 27.78 billion barrels. The full range reported is from 15.58 bbo (at the 95% confidence level) to 42.32 bbo (at the 5% confidence level).

USGS
science for a changing world

IN-PLACE RESOURCES

Part of study area	Oil Fields: Oil (BBO) F95	Mean	F05	Gas Fields: Non-associated Gas (TCF) F95	Mean	F05
Entire assessment area	15.58	27.78	42.32	0	5.12	14.47
ANWR 1002 area	11.59	20.73	31.52	0	4.64	13.35
Undeformed part	9.43	17.48	27.44	0	0.48	2.38
Deformed part	0	3.25	8.14	0	4.16	12.58

TECHNICALLY RECOVERABLE RESOURCES

Part of study area	Oil Fields: Oil (BBO) F95	Mean	F05	Gas Fields: Non-associated Gas (TCF) F95	Mean	F05
Entire assessment area	5.72	10.36	15.96	0	3.84	10.85
ANWR 1002 area	4.25	7.69	11.80	0	3.48	10.02
Undeformed part	3.40	6.42	10.22	0	0.36	1.79
Deformed part	0	1.27	3.19	0	3.12	9.44

ECONOMICALLY RECOVERABLE RESOURCES – at $24 barrel

Part of study area	Oil Fields: Oil (BBO) F95	Mean	F05	Associated Gas* (TCF) F95	Mean	F05
Entire assessment area (not available)						
ANWR 1002 area	2.03	5.25	9.38	1.04	2.13	3.72
Undeformed part	2.03	4.45	7.69	1.04	1.89	3.20
Deformed part	0.00	0.80	1.69	0.00	0.24	0.52

* No estimates of economically recoverable, non-associated natural gas resources were made. Associated gas resources are produced as a by-product of oil production.

Question 17: The industry on Alaska's North Slope has increased its success rate in recovering oil the last 20 years. Is it possible that the estimated amount of recoverable oil in ANWR could increase, too, if further technological advances are made?

Answer: The technically recoverable resource volumes reported in the USGS Petroleum assessment of the 1002 Area of ANWR were estimated by applying recovery rates, that are typical for current North Slope fields, to in-place resource estimates. Therefore, it would be reasonable to say that technically recoverable resource estimates might increase if recovery rates increased, if all other information remained the same.

Question 18: Have the caribou arrived in the coastal plain of ANWR this year? What time did they arrive last year?

Answer: Not as of June 15. This year an unusually late spring, coupled with exceptionally deep snow persisting along the spring migration route in Canada, has delayed the Porcupine herd from reaching the coastal plain of the Arctic National Wildlife Refuge. Since the herd calves in early June, we assume they calved on the north slope of the Yukon Territory and upland migration routes east of Old Crow Flats. This is very similar to the pattern observed in 2000, also a late- spring deep-snow year.

Under a similar pattern in 2000, initial birth rate was lower than average (71% v 80%), and survival of calves to 1 July was also lower than average (63% vs 88%). Data for 2001 are not yet available. Given the late spring, this summer's census will be particularly important. An inter-agency team will attempt to conduct a herd census beginning around 25 June.

Last summer, caribou of the Porcupine herd began arriving on the refuge coastal plain around 15 June 2000 after calving primarily in Canada. Major movements from the calving grounds in Canada arrived during the period of 20 -25 June 2000.

Question 19: What has been the effect of oil development on wildlife in and near Prudhoe Bay? Has the oil development caused any wildlife to become endangered or caused species to be listed due to development?

Answer: The potential impacts of oil field development on wildlife near Prudhoe Bay and across the Arctic Coastal Plain of Alaska can be broadly classified to include: loss of habitat due to gravel fill; avoidance or displacement from preferred habitats; disturbance; changes in hydrology and vegetation near infrastructure; distribution and abundance of predators and scavengers; contaminants; and the chance of a significant onshore or offshore oil spill. Knowledge of the potential effects of oil

development on wildlife in the Prudhoe Bay area is constrained by the lack of quantitative pre-development data, particularly for migratory waterbirds (e.g., waterfowl, shorebirds), predators (e.g., foxes, brown bears), and scavengers (e.g., gulls). In 1999, oil production facilities extended approximately 128 km across the Arctic Coastal Plain (Alpine to Badami) with more than 579 km of roads, 28.3 km^2 of land developed for drill pads and processing facilities, 1,807 km of pipelines and 15 gravel mines totaling approximately 6.5 km^2. The direct loss of wetland habitats as the result of gravel fill and indirect impacts (e.g., disturbance, avoidance, potential changes in hydrology and vegetation) of oil development on the distribution, breeding density and productivity of migratory birds are unknown. Although many species of migratory birds occur, nest and raise broods in or near oil field infrastructure, some species have been shown to avoid infield facilities.

Although adequate data have not been collected, arctic foxes near Prudhoe Bay may produce more young and live longer due to the availability of a supplemental food source (garbage) and den sites (buildings, equipment). The potential impacts of increased numbers and survival of arctic foxes on ground nesting birds, including threatened species, are unknown. Similarly, the occurrence, density and productivity of brown bears and gulls have likely increased as the result of the Prudhoe Bay landfill. Ravens did not occur in the Prudhoe Bay area until the development of infrastructure which provided nesting structures and anthropogenic food sources.

Relative to caribou, the Central Arctic herd has two distinct calving areas. From 1980-87, the western-most portion of the herd that calved near Prudhoe Bay shifted its location of concentrated calving away from oil field infrastructure. Since 1987, the concentrated calving has remained south and outside of the oil field in an area of poorer quality forage. Yet despite this shift, from 1978 to 2000, the Central Arctic herd increased from 5,000 to its current population of about 27,000 individuals.

The two threatened migratory birds which occur in the Prudhoe Bay area during summer are spectacled eiders and the Alaska breeding population of Steller's eiders. Causes of the declines of both species are not well understood but factors include lead shot poisoning; increased predation by ravens, large gulls and foxes on breeding grounds in areas where predators may be enhanced by year-round food and shelter due to human activities; and degradation of winter habitat. The development of the Prudhoe Bay area, in itself, has not resulted in any species becoming endangered or being listed under the Endangered Species Act.

Question 20: You've been to the North Slope of Alaska. How would you compare the environmental track record of oil development there with that of similar industrial development in other areas you've toured?

Answer: Yes, I have visited the North Slope of Alaska. I find the environmental record of the industry in Alaska, under state and Federal regulation and supervision, to be good. In addition, I believe all efforts are being made to improve the oil industry's environmental record. My experience in other states is similar to what I saw in the North Slope in that the industry continues to refine environmentally sound ways to produce.

Question 21: How much federal land in Alaska has Congress set aside in Wildlife Refuges, Parks, Monuments, Wilderness Areas, and Wild and Scenic Rivers? Was the coastal plain of ANWR ever designated a wilderness area?

Answer: 76,990,612.22 acres in Alaska are set aside in Wildlife Refuges of which 18,684,941.6 acres are Wilderness. There are 51,218,616.95 acres of National Park Service Land in Alaska of which _____ acres are Wilderness and _____ acres are Monuments. The Bureau of Land Management has 609,280 acres (952 miles on 6 rivers) of Wild and Scenic River Land and 784,238 acres of Wilderness Study Areas in Alaska. The coastal plain of the Alaska National Wildlife Refuge has never been designated as a wilderness area.

Water and Power

Question 22: **In 1996, Former Secretary Babbitt signed a Record of Decision regarding the operations of Glen Canyon Dam that reduced the peaking power capacity of the dam by one third. Obviously this has had significant impact on municipalities across the west. What are the Administration's plans to evaluate and improve this situation? What suggestions do you have as to what action could be taken to increase the power capacity of Glen Canyon Dam?**

Answer: The 1996 Record of Decision(ROD) on the Operation of Glen Canyon Dam EIS placed restrictions on the power plant releases from the dam, but also put in place an Adaptive Management Program to monitor the effects of these restrictions. Annual monitoring and research activities are currently being conducted to evaluate the effectiveness of the ROD in meeting the intent of the EIS preferred alternative and the Grand Canyon Protection Act of 1992. Results from this long term effort will address whether the constraints are achieving the desired effect. Recommendations to the Secretary from this Adaptive Management Program could lead to changes.

Increasing the power capacity of the dam depends not only on these constraints, but also on the availability of water for release for generating electricity. Release volumes are bound by treaty, compact and statute, and we have no authority to release water in excess of these requirements. Drought conditions in the Southwest

thus constrains our ability to meet municipalities' electrical demand from hydropower facilities.

The ROD contains a provision for deviation from EIS constraints under emergency conditions, and this provision has been used 7 times in the last year to temporarily increase on-peak releases to assist power users. However, there are no provisions for deviation from the ROD constraints for financial reasons. Since there can be no increase in annual water deliveries from the dam, any additional releases for emergency purposes must be offset by lower releases later in the water year. Therefore, permanent increases in generating capacity could only occur by relaxing the daily fluctuation constraints of the EIS, a proposal which would be expected to have adverse impacts to most of the downstream resources in the Grand Canyon.

Question 23: What role will Departmental agencies take in regards to mandatory conditions for FERC relicensing?

Answer: Interior bureaus are responsible for establishing hydropower license conditions as they relate to the protection and adequate utilization of Indian and public lands, and as they relate to fishways. Interior has committed to developing preliminary conditions within 60 days after FERC determines that the license application is ready for analysis, and final conditions within 60 days of the close of the draft NEPA comment period. We are looking for other ways to streamline the process and will be examining whether or not an appeals process would be appropriate. We will also be re-examining our definition of "fish" and "fishway."

Question 24: As you know, hydropower is one of the cleanest sources of energy available, yet like all other forms of energy production, dams require a source of fuel – water. With much of the west in drought conditions, what is the Department doing to assure maximum power production, within the limits of water availability and water service contracts, throughout the 17 western Reclamation states?

Answer: Through the 1980's and 1990's, Reclamation has had an aggressive program to update and uprate existing units. Reclamation presently has programs underway to increase capacity and energy at many facilities including new runners at Grand Coulee (400 MW) and Shasta (51 MW) and uprating Davis (11 MW). In addition, Reclamation continues to implement life extension programs to revitalize performance and to reduce/eliminate expensive failures.

Reclamation has been changing pumping operations to provide additional power during peak hours. As an example, Grand Coulee pumping for irrigation of the Columbia Basin Project has been shifted as much as possible to non-peak hours. This can remove up to 300 megawatts from the peak hours and add up to 600

megawatts of load to non-peak. The off-peak pumping also reduces spill on other Columbia River hydro plants by increasing off-peak loads during high water release periods when water might otherwise bypass the generating units.

In operations, Reclamation is working with BPA on powerplant optimization and other operational improvements which would improve powerplant operations. As an example, at Hungry Horse, Reclamation is reviewing different unit configurations for power generation to maintain the minimum water releases this year and increase power generation.

Region powerplants have coordinated closely with the PMAs on a daily basis and regular scheduled weekly conference calls to ensure that units are scheduled out at the most opportune time. This has resulted in frequent changes to outage schedules and occasionally expedited return to service should system emergencies arise. Many units such as those at Grand Coulee units are also used for reserves (both standby and spinning) in addition to generation requirements.

Conservation efforts Reclamation is making include signed agreements with BPA for energy conservation audits at Reclamation Power facilities. Presently, the Hungry Horse audits have been completed. The recommend retrofits in lighting, HVAC, and other systems will save energy that will be available for BPA to market.

In the Upper Colorado Region, the project operators for pumping plants are the water districts. The water districts have entered into power contracts with the Western Area Power Administration (Western) and Reclamation. A requirement in the power contract is to have an energy conservation plan. This plan includes such items as using energy efficient equipment and operating at times to best use the water and power.

Question 25: **What is the Administration's position regarding the Path 15 transmission issue in Northern California?**

Answer: The Department and the BLM support designation of the Western Area Power Administration (WAPA, a Department of Energy agency) as the lead Federal agency for this issue. It is not known at this time whether public lands will be involved in the proposed upgrade/expansion of the Path 15 transmission line. In March 2001, WAPA hosted a meeting in Sacramento, California of Federal and State agencies and other organizations that would be involved in the permitting of the upgrading of Path 15. Various discussions of how to streamline and coordinate the Federal National Environmental Protection Act and the State California Environmental Quality Act reviews that would be required were raised at that meeting, and the goal of producing a joint Environmental Impact

Statement/Environment Impact Report. This coordination should continue under WAPA's lead and BLM will provide whatever support is needed.

Question 26: What steps is the Department taking in determining new federal water resource projects that could potentially provide power generation? Is the Department of the Interior undertaking any studies that will increase the amount of water storage, while at the same time providing potential power generation?

Answer: At present the Department has no completely new water resource projects under consideration that would provide new power generation. The Department has however been studying modifications to existing projects that would substantially increase power output of existing facilities or increase the power that could be provided during peak load periods. One of the most promising opportunities is our program to evaluate the replacement of aging water turbine runners of existing units to substantially increase energy output with no additional water through the units. We are beginning to develop criteria to evaluate the best opportunities. Once identified, further evaluation of these opportunities will be conducted as funding permits.

Studies that are presently underway include the following:

1) Hungry Horse units have already been uprated with the intention of installing a small re-regulating reservoir 3 miles below Hungry Horse Dam. The downstream flows could be improved (fluctuations decreased) for fishery and environmental quality purposes. As a result of the new Biological Opinion for Bull Trout Reclamation has been requested to reexamine the addition of a re-regulation reservoir below Hungry Horse Dam.

2) Looking at increasing capacity at Folsom Powerplant.

3) Reclamation is working with BPA to rebuild the 2.5 MW Boise Diversion Dam Powerplant, which is presently mothballed.

4) Increasing the water storage at Keswick reservoir by the addition of flashboards to the existing gates and looking at doing environmental cleanup upstream of the reservoir to allow greater reservoir operating flexibility. This will substantially increase peaking from Shasta powerplant.

5) Looking at an additional 10MW generation at Black Canyon.

6) Looking at increasing capacity at Keswick Powerplant.

7) Looking at increasing output at Shasta with the proposed raising of the dam.

8) Negotiating the replacement of the aging 0.3 MW Lewiston Powerplant with a 1.5 MW facility.

Other programs are underway to evaluate the economic viability of rewinding and upgrading of older generating units to increase the energy and power output of existing units.

Forest and Forest Health

Question 27: **Significant energy resources may be "locked up" by the Forest Service's Roadless Rule and transportation policy. Since, the subsurface resources in these areas are actually managed by the BLM, will Interior work with the Forest Service to identify these resources and modify the rule so that they remain open for development? Can you suggest any actions that Congress should take to resolve this problem?**

Answer: a) The BLM, in cooperation with the USGS, the Department of Energy, and the Forest Service is conducting the EPCA study to more clearly identify these resources and the impediments to accessing them. We also understand that the Forest Service is currently conducting a review of the Roadless Rule.

b) We do not have any suggestions for Congressional action at this time.

Question 28: **The federal lands currently contain millions of acres of forest lands at high risk of catastrophic fire, due largely to many decades of successful fire suppression. The National Fire Plan has set objectives for both the National Forests and the Department of the Interior to reduce the fire risk where it is greatest. With millions of acres needing treatment each year, would you support a policy encouraging the use of woody material, such as a small tree thinnings and brush, for biomass energy production?**

Answer: Yes. Utilization of biomass for energy production is consistent with a *National Energy Policy* objective to increase America's use of renewable and alternative energy sources. Biomass utilization is also consistent with the goals and objectives of the National Fire Plan to reduce accumulations of woody material that create a fire hazard, threatening communities and forests and rangelands. Markets for small woody material are currently limited but there are opportunities to utilize these byproducts of resource restoration treatments for heat, steam, electric energy generation, and transportation fuels. Firewood, wood-stove pellets and hog fuel; cofiring and biogasification; and small modular power systems and transportation fuels are examples of existing or emerging technologies.

Question 29: **How many acres of such lands are estimated to need treatment on Interior lands, by agency, under the National Fire Plan? Could you describe your plans for accomplishing the fire plan goals?**

Answer: For Fiscal Year 2001, it is estimated that 1.383 million acres managed by the Department of the Interior are at high risk from catastrophic fire and need to be treated. Plans for accomplishing this goal include treating an estimated 123,000 acres by mechanical means such as thinning, 1,040,000 acres by prescribed burning, 87,000 acres by combination of mechanical and prescribed treatments and roughly 233,000 acres by a combination of multiple treatments. We plan to treat an estimated 296,000 acres of land administered by the National Park Service, 495,000 acres of land administered by the Fish and Wildlife Service, 172,000 acres administered by the Bureau of Indian Affairs, and 420,000 acres administered by the Bureau of Land Management.

The Department of the Interior may not achieve the estimated treatment acreage with prescribed fire due to regional drought conditions resulting in restrictions on use of prescribed fire in the Southeast, Pacific Northwest, and Northern Rockies. A severe fire season may also hamper fuels treatment efforts as many of the personnel involved in fire suppression are also responsible for project planning and implementation.

Tribal Energy Issues

Question 30: **How does the Presidents Energy Policy ensure that Tribal lands will be included in any new interstate or national grid plans?**

Answer: This is a matter that would need to be dealt with by the Federal Energy Regulatory Commission.

Question 31: **Will the Administration provide tax incentives for development and production of Tribal oil, coal, natural gas to enable tribes to be competitive with other domestic and foreign product?**

Answer: There are no current proposals to do so.

Question 32: **Will the Administration support double tax credit for the development of renewable resources on Tribal lands?**

Answer: The Department will work with the Administration in formulating a policy following consultation with Tribes and other Federal Agencies involved.

Question 33: **Will the Administration support granting FERC regulating authority to establish national interconnection requirements?**

Answer: The Department recognizes that interconnection is a problem, particularly for small utilities, including those on Tribal lands. The Department welcomes proposals offering an appropriate set of national standards.

Question 34: **Does the Administration have provisions to affirmatively clarify the authority of Tribal governments to control the siting and regulation of generation, transmission facilities and rate-making authority on Tribal lands?**

Answer: The decision to develop energy resources on Indian lands is entirely at the discretion of the Indian mineral owner(s) and, as noted, any actions by the Federal Government that could affect those resources must be accomplished through consultation.

CZMA

Question 35: **Section 307(b)(3)(B) of the Coastal Zone Management Act gives the Secretary of Commerce the authority to determine what data states may request to review in addition to the information provided under the plans required by the OCSLA. Since the Secretary of Interior has the expertise to determine if any additional data is needed, or if states are merely engaging in dilatory tactics, would the Administration support giving the Section 307(b)(3)(B) authority to the Secretary of the Interior?**

Answer: The correct citation is 307(c)(3)(B). Under the Administration's National Energy Policy Report, the Departments of the Interior and Commerce are tasked with re-examining the current federal legal and policy regime to determine whether changes associated with OCS activities are needed. The procedures for determining what additional information states may request for their consistency reviews should be part of that review. The Administration will support a process that ensures States have adequate relevant information for their consistency reviews while providing operators with a predictable and reasonable decision making process for their proposed activities. Through the joint review, we will be able to identify any legal/policy areas requiring modification and will develop possible solutions to implement any identified changes.

(DEMOCRATIC QUESTIONS)

Question 36: According to the Denver Post, on March 15, President Bush was quoted as saying that there was room in some national monuments for drilling rigs. He said, according to the Post, that the Bush Administration will look at "all public lands" for new sources of energy. Do you support oil and gas drilling in National Monuments?

Answer: For the most part, potential for O&G development in National Monuments is low. However, if the required EPCA study should identify an area in a National Monument that restricts O&G development with a higher potential, we would carefully assess these findings. It should be noted that some monuments are already ?assessable? for oil and gas development.

Question 37: In that same Denver Post article, President Bush is also quoted as saying that concerning whether or not to allow energy development in national monuments, "It all depends upon the cost-benefit ratio." Is that the criteria you will use to determine energy development in national monuments?

Answer: Careful evaluation of the relationship between the oil and gas potential and resources being protected would occur on a site specific, case-by-case basis. It should be noted that some monuments are already accessible for oil and gas development.

Question 38: You have stated your intention to open some of the new National Monuments (those created by President Clinton) to energy exploration and development–apparently by adjusting the boundaries. Will you attempt to make such changes administratively or will you seek legislation to accomplish this?

Answer: I have not indicated an intention to open Monuments to energy exploration and development. On March 28, 2001, letters were sent to elected officials requesting their (and their constituents') ideas about Monuments. Responses to those letters will be collected and analyzed and determinations will be made as to changes that should be made.

Question 39: According to press reports, you have sent invitations to certain elected officials seeking their ideas on National Monument boundary adjustments, existing uses that should be

accommodated, vehicle use, rights-of-way, grazing, water rights, and "other traditional multiple uses . . ." What process do you intend to use in making decisions regarding oil and gas development and these other "uses in our national monuments?

Answer: On March 28, 2001, letters were sent to elected officials requesting their (and their constituents') ideas into how they would like to see their National Monuments managed and for what uses. Responses to those letters will be collected and analyzed and determinations will be made as to changes that are recommended. In general, changes to the National Monument proclamations would require legislation. All other land use issues will be addressed in the Land Use Plans being prepared for each area.

Question 40: **Is it your intention that the BLM land use planning process be used to consider changes in National Monument boundaries, proposals for energy development, mining proposals, and other uses, such as off-road vehicles? Will you commit to consider proposed changes to monument boundaries or proposed uses within the new Monuments only after BLM has considered such changes during the development of a land use plan for each Monument? (i.e., assuring public review and comment).**

Answer: I have demonstrated my commitment to the public involvement process by the letters sent March 28th asking for input into the land uses in National Monuments and by placing a priority for funding the Land Use Plans currently underway.

Question 41: **Which Monuments do you believe should be altered?**

Answer: Once the responses from the March 28th letters are in and completely analyzed, decisions and recommendations will be made on whether changes will be made.

Question 42: **Have you or your staff had discussions with Members of Congress regarding proposed alterations to the new Monuments? If so, which Monuments are under consideration for changes?**

Answer: On March 28, 2001, letters were sent to elected officials including affected Members of Congress requesting their (and their constituents') ideas into how they would like to see their National Monuments managed and for what uses. Responses to those letters

will be collected and analyzed and determinations will be made as to changes that are recommended.

Question 43: **For example, the Associated Press reported on June 5 on a possible threat to the new Ironwood Forest National Monument from mining. According to the report, ASARCO, a giant producer of copper and other metals is lobbying you and other officials to change the boundaries so that mining can take place on what is now protected monument lands. The article stated that a Congressman Kolbe's request, officials from BLM and Pima County, Arizona, toured the ASARCO Silver Bell mine last week. Representative Kolbe was quoted as saying that he had sent an aide to the meeting at Chairman Hansen's and your request. Is this an accurate report? What are your intentions for this monument?**

Answer: A meeting did take place between Congressman Kolbe's staff and ASARCO. BLM was invited to attend along with county officials. We would be willing to consider changes to monuments which resolve difficult and conflicting land use issues while working to protect the resources as intended by the proclamation.

Question 44: **Secretary Babbitt made a habit of meeting with members of the public prior to making recommendations on the designation of new national monuments. He held open public forums in communities that would be affected by these proposals and articulated his intention to recommend national monument designation before doing so. Will you commit to engage the public in an open dialogue before proceeding with any changes- or proposals to change-the new National Monuments?**

Answer: Yes, I have already made that commitment through the March 28th letters and am taking the feedback seriously.

Question 45: **In June 2000, then-candidate Bush stated that he did not support extension of the deepwater royalty relief program in the Gulf of Mexico OCS leasing program. As you know, that 5-year program expired after allowing oil and gas companies a free ride on paying royalties due on billions of barrels of oil and gas produced from the deepwaters of the Gulf of Mexico. Interestingly, the President's energy plan takes a different approach, suggesting that the program be reintroduced to encourage oil and gas development. Given the boom that**

continues in the Gulf, why would a royalty holiday be warranted?

Answer: My understanding is that when President Bush stated that he did not support extending the Deep Water Royalty Relief Act, he was referring to the specific amounts and form of relief embodied in that legislation, which passed in 1995 and expired in 2000. By the year 2000, economic conditions and geologic findings in the Gulf of Mexico had changed considerably in the five years since passage of the Act. So, clearly, the provisions in the Act needed to be adjusted or eliminated.

The President's energy plan provides that the Secretary of the Interior consider economic incentives for environmentally sound offshore oil and gas development *where warranted by specific circumstances*: explore opportunities for royalty reductions, consistent with ensuring a fair return to the public where warranted for enhanced oil and gas recovery; for reduction of risk associated with production in frontier areas or deep gas formations; and for development of small fields that would otherwise be uneconomic. (NEP p. 5-7) (emphasis added).

Accordingly, royalty relief will provide some insurance that the net proceeds from production in the future will justify today's required substantial deepwater investments. In addition, if oil and gas prices are higher than expected and exceed the price thresholds specified as part of the conditions of royalty relief, producers are required to pay royalties on production during those time periods even if it otherwise would be royalty-free. Thus, the public's interest is protected during times when prices are higher than expected.

Question 46: **A May 30th article in a Montana newspaper, The Great Falls Tribune, on oil and gas development Montana and Wyoming, reported that Department of Interior officials have suggested streamlining decision-making about oil and gas leases, by removing any say-so of the Forest Service. Under the current system, the Forest Service decides where oil and gas activities will occur. Do you believe the BLM should decide where in National Forests energy development should occur?**

Answer: We do not recommend changing the current responsibilities of the Forest Service and the BLM for energy development in National Forests. We will continue to strive to improve our coordination

with the Forest Service and other agencies to expedite environmentally-sound energy development.

Question 47: **The OCS Policy Committee recently recommended to you that the Department lift the OCS moratoria in at least five places. Specifically, the advisory group recommended that the Interior Department examine "the most prospective areas for natural gas in [places] the industry would like to explore if allowed." The President's plan also recommended that the Interior and Commerce departments reexamine laws and regulations restricting offshore exploration.**

Answer: The recommendations forwarded to the Secretary of the Interior were those of the OCS Policy Committee. Neither the Natural Gas Subcommittee report, nor the OCS Policy Committee recommendations, specified revisiting any particular moratoria area. The Natural Gas Subcommittee charter stated "The purpose of this subcommittee is to independently review and evaluate information on natural gas, and then to provide an assessment of the contribution the OCS can make to meeting the short-term and long-term natural gas needs of the U.S. within the framework of a national energy policy." The report provided resource estimates and potential for the entire OCS.

On May 24, 2001, the OCS Policy Committee amended the Natural Gas Subcommittee recommendations and adopted a resolution to forward its amended recommendations to the Secretary of the Interior. I received a letter from the Policy Committee forwarding a resolution to transmit 12 recommendations "to encourage increasing natural gas production from the OCS." I plan to take all 12 recommendations under advisement.

Copies of the Policy Committee's Resolution and Recommendations are attached.

Question 48: **On pages 3-8 through 3-9 of the National Energy Policy, there is a discussion about hydro power and the importance of communities working together to reduce the impacts dams have on fisheries. The report touts the work of Grant County Public Utility District #2 which installed spillway deflectors on Wanapum Dam and says Grant County's work is "an example of successful collaboration" between the National Marine Fisheries Service and the utility. Can you tell me more about**

the history of Grant County's participation in this project? I am advised that the so-called collaboration stems from litigation that the States of Washington and Oregon, National Marine Fisheries Service and Fish and Wildlife Service brought against Grant County in a suit before the Federal Energy Regulatory Commission.

Answer: The spillway deflectors developed by the Grant County Public Utility District and referred to in the National Energy Report are needed to reduce dissolved gases in the Columbia River. (Dissolved gases can adversely affect migrating salmon.) They are being installed by Grant County to improve water quality and reduce salmon mortality. The U.S. Fish and Wildlife Service is not involved in litigation with Grant County and we are not aware of any litigation regarding the spillway deflectors.

The Mid-Columbia River has several Federal Energy Regulatory Commission (Commission) licensed projects including Priest Rapids, Wanapum, Rock Island, Rocky Reach, and Wells. Grant County owns and operates the Priest Rapids and Wanapum Projects. Since the mid-1970s, the State and Federal agencies and the licensees have been trying to reduce project-related mortality on migrating salmon and steelhead. These efforts have included installing fish screens, improving upstream passage of adults, spilling water to help juvenile salmon avoid the turbines, installing spillway deflectors to reduce dissolved gases, and several other measures. Many of these devices have been installed or are in the approval process.

To approve these devices, the licensee must petition the Commission to amend their license. In this case, Grant County asked the Commission to change the license for the Wanapum Project because the spillway deflectors are not an authorized part of the project. Under the Commission's procedures for requesting an amendment of a license, the licensee must petition the Commission to reopen the license; must provide substantial evidence to support their position; must outline the legal and technical basis for their petition; and must provide evidence of consultation with the Federal and State agencies. This process appears, for all practical purposes, to be litigation. However, it is not litigation, instead it is the normal quasi-judicial process the Commission uses to make decisions. The same process is used regardless of whether it is a contested proceeding or all parties agree with the proposal.

The U.S. Fish and Wildlife Service, NOAA-Fisheries, and the States of Oregon and Washington are involved in the efforts to improve fish passage on the Mid-Columbia. They are consulting with Grant County and Chelan County, and are aware of the counties' efforts to improve their hydropower projects for the benefit of salmon and steelhead

(YOUNG)

Question 49: **Your testimony describing the productivity of the average oil well on the North Slope of Alaska in comparison to the average well in the Lower 48 States was an interesting point that has not been often made. Can you elaborate on the significance of this issue?**

Answer: The point of my remark was that there are significant differences in the size of the prospects for oil and gas between the North Slope of Alaska and the lower 48 that should be considered when we think about the expected results of exploration and development in those areas. The North Slope holds the potential to yield substantial additions to our oil and gas supplies with much less drilling and much less surface area devoted to petroleum production than in the lower 48.

This situation results from the fact that the geological features that remain to be explored on the North Slope are much larger than those remaining in the lower 48. In addition, only large discoveries are economical to develop and produce on the North Slope. In the lower 48, as illustrated by the data from Wyoming, the targets for exploration are a larger number of small geological features, each one needing exploratory wells. Each of the few prospects on which oil or gas are found requires production wells and equipment and an access road.

In comparison, on the North Slope, the exploration targets are much larger so that much more oil will be discovered by successful wells. Moreover, the large reservoirs of the North Slope can be produced using numerous wells drilled directionally from the same surface facility. This substantially reduces the extent of the area occupied by such facilities in relation to the amount of oil produced. Disturbance for roads is also reduced on the North slope by using ice roads.

Comparing the data for Wyoming to a recent discovery in the National Petroleum Reserve - Alaska (NPR-A) that is typical of the North Slope shows that the area of surface disturbance per barrel discovered is about 300 times less for the NPR-A discovery than the average in Wyoming.

The North Slope has about 2200 producing oil wells with an average production of about 455 barrels of oil per day. On a state-wide basis, Wyoming, the largest oil producing state with substantial federal lands, has 9,121 producing oil wells with an average production of 19 barrels per day. Existing Alaskan wells produce about 24 times as much oil per well as those in Wyoming. At this rate, it would take about 219,000 wells to produce as much oil in Wyoming as is produced on the North Slope – if there was that much oil available.

These statistics illustrate the high potential for discovery of oil on the North Slope and they support my point that we should consider the fact that those will be less drilling and less surface disturbance per barrel than the lower 48.

Question 50: **What are the USGS estimates of the in-place oil resources on the coastal plain of ANWR, including the Federal 1002 area, and State and Native lands? If oil recovery methods improve on oil fields that are comparable to those believed to underlie the coastal plain, would the estimate of technically recoverable oil resources under the coastal plain increase?**

Answer: The USGS mean estimate for 'in-place' oil under the coastal plain, including Native lands and State waters (not lands) is 27.78 billion barrels. The full range reported is from 15.58 billion barrels (at the 95% confidence level) to 42.32 billion barrels at the 5% confidence level).

The volume of technically recoverable oil is that volume that is recoverable from the in-place estimate. Therefore, it is reasonable to expect that larger volumes of oil could be recovered as recovery methods improve. However it is very difficult to forecast what that volume might be.

Question 51: **Some believe the 1002 area is a Wilderness area. Is the 1002 Area now, or has it ever been, a unit of the Wilderness Preservation System?**

Answer: The 1002 area is not designated as Wilderness, nor has it been.

(GALLEGLY)

Question 52: **I have concerns about the fairness of some of the studies that small hydro-power plants have been asked to do in the midst of the current energy crisis.**

In my district, the operators of the Santa Felicia Dam and hydro-plant near Piru Creek, have been asked to do a number of studies by various federal agencies. It is estimated that the costs of the studies outweigh the costs of the hydro facility - the hydro facility costs $2 million. The dam currently provides clean hydro-electric power to an estimated 1,500 homes in my district.

Will you work with your fellow agencies to ensure that the FERC relicensing process is not overly burdensome for small hydro-electric plants?

Answer: I am committed to working with other resource agencies to guarantee that the FERC-licensing process is not overly burdensome for applicants.

Upon initial review of this case I believe that this was an instance where the applicant initially did not do enough to provide necessary information to the resource agencies. Unfortunately the resource agencies responded with expensive study requirements to fill the information gap. I am happy to report that the resource agencies and the applicant will be meeting this summer to decide on a course of study that is appropriate to the physical scale of the project and its environmental impacts.

Studies provide key scientific information to all involved in the licensing process: 1) Licensees use study information to limit mitigation to impacts related to their project operations; 2) Resource agencies rely on studies to develop license conditions to protect resources for which they have statutory responsibilities; 3) FERC uses the information to perform NEPA analysis, to meet other regulatory responsibilities, and to make decisions regarding the appropriate level and type of mitigation to require in licenses.

Recent forums for improving hydropower licensing identified a number of issues and solutions with respect to selecting and implementing studies. The Interagency Task Force to Improve Hydroelectric Licensing Process (ITF) called for the resource agencies to more clearly identify their resource management goals and objectives, and establish a clear nexus between project operations and impacts on the resources being studied. Importantly, the Department made a commitment to choosing the least cost alternative to achieve management goals. The resource agencies are committed to implementing these and other changes.

(MARKEY)

OCS Drilling

Question 53(a): **One of the recommendations made in the Bush Administration's proposed national energy policy was to revisit OCS drilling policy. What specific changes in "current federal legal and policy regimes" is your Department currently considering to implement this recommendation?**

Answer: We are at a very early stage in implementation of the Administration's energy policy. We plan to work with other agencies, to see if we can improve the efficiency of our regulatory process while ensuring involvement of essential stakeholders.

Question 53(b): **What aspects of this issue [do] you expect will be evaluated by the Commerce Department?**

Answer Under the Administration's National Energy Policy Report, the Departments of Commerce and Interior have been tasked to review policies, procedures, and regulations associated with energy-related activities and facilities in the coastal zone and on the OCS to determine whether they lend themselves to an efficient, predictable, and environmentally-sound oil and gas leasing, exploration, and development program.

Question 53(c): **In your oral testimony, you said in response to a question about the Administration's plans to revisit OCS drilling policies that "I think it is wise for us to have a wide array of information as we are making decisions. And I think understanding where resources are located is something that leads to wise decision-making, whether or not we decide to go**

forward with trying to access those resources or not." With respect to the OCS moratoria areas, what additional information do you believe it is necessary to obtain at this time that we do not already have, and how are you proposing to obtain this information?

Answer: As we look to and plan for the future, we need to have a sound information base for discussions and consultations with all stakeholders. We need to understand the environment and the geology. We have conducted environmental studies of moratoria areas in the past, but clearly some would need to be updated. Acquiring environmental information in moratoria areas has been supported by past review of the National Academy of Science and the Department of the Interior Advisory Committees.

We would also benefit if there were more geological and geophysical information collected using state of the art techniques. This is an activity normally done by the private sector and it is unlikely companies will pursue such activity while areas are under moratoria.

Question 53(d): **Would the Department be considering allowing exploratory drilling or related activities in order to obtain the type of information you are seeking?**

Answer: Consistent with longstanding Departmental interpretation, the current congressional restrictions on OCS activities, as well as the restrictions under the President's 1998 OCS directive, do not preclude the collection of environmental, geologic, geophysical, economic, engineering or other scientific analyses, studies or evaluations. These are the types of information needed to better understand the environment and resources potential of an area. Also, current congressional moratoria, as well as the restrictions under the President's 1998 OCS directive, do not preclude exploratory drilling on existing leases located in areas under a leasing moratorium. Therefore, a lease owner of an existing lease within a moratoria area can file an exploration plan, which could include exploration drilling. If that were to occur, an exploration plan would require review and approval by MMS and affected states under NEPA and CZMA.

Question 53(e): **During the hearing, you seemed to suggest that the Department's "re-examination" might also focus on policies**

affecting off-shore drilling in those existing regions where such drilling is currently permitted. Here, you indicated in your oral testimony that you believed there was "some potential room for improvement" and that "we are analyzing that to determine whether we need administrative changes or whether we need to come back to you all?" What specific administrative or legislative changes are you considering and why?

Answer: We would like to reexamine several laws. Much of this work involves other Federal agencies. Under the Administration's National Energy Policy Report, the Departments of Interior and Commerce have been tasked to examine the current federal legal and policy regime (statutes, regulations and Executive Orders) to determine if changes are needed regarding energy-related activities and the sitting of energy facilities in the coastal zone and on the OCS.

Question 53(f): **Your testimony also seemed to indicate a desire to review existing environmental planning requirements relating to off-shore drilling because you felt current requirements lacked some "clarity." What specific concerns do you have about these environmental requirements?**

Answer: Our interest is that the regulatory framework provides clear instruction as to what regulatory requirements must be met, what environmental information is required to be submitted, how that information will be used, and when decisions must be made. We also believe that timeframes should be clear.

Question 53(g): **When do you expect the Department's "reexamination" of OCS drilling policies and the relevant legal and regulatory framework to be completed?**

Answer: It is my understanding that staff from the Department of the Interior and the Department of Commerce will meet soon, and I do not know when a review would be completed.

Question 53(h): **Recent press reports indicate that the Natural Gas Subcommittee, a division of the federal advisory committee that provides recommendations to the Interior Department, has recommended that the Department examine "the five top geological plays in the moratoria areas, and if possible, the most prospective areas for natural gas in the plays that the industry**

would like to explore if allowed." In your response to a question raised at the Committee's hearing, you indicated that you have not been formally presented with the recommendations of this Subcommittee. When do you expect that this will occur, and what action will the Department take in response to these recommendations?

Answer: The OCS Policy Committee provides advice to the Secretary of the Interior on implementing the OCS Lands Act. Representing the collective viewpoint of coastal states, environmental interests, industry and other parties. The Policy Committee advises the Department, through the Minerals Management Service, on a number of important issues involving our Nation's energy policy. The Committee establishes subcommittees to study issues in-depth and to develop recommendations for consideration by the full committee. Committee recommendations are forwarded to the Secretary.

On May 24, 2001, the OCS Policy Committee amended the Natural Gas Subcommittee recommendations and adopted a resolution to forward its amended recommendations to the Secretary of the Interior. On June 7, 2001, I received a letter from the Policy Committee forwarding a resolution to transmit 12 recommendations "to encourage increasing natural gas production from the OCS." I plan to take all 12 recommendations under advisement.

Copies of the Policy Committee's Resolution and Recommendations are attached.

Question 53(i): **Who are the current Members respectively of the Natural Gas Subcommittee, the Outer Continental Shelf Advisory Committee, and the Minerals Management Advisory Board? For each of these panels, how many Members are employed by, affiliated with or have financial ties to the oil and natural gas industries, including consultants to those industries? How many Members are from environmental, consumer, or public interest organizations?**

Answer: The members of the Natural Gas Subcommittee were:

Jerome M. Selby (Chair), Consultant for the Mayor of Anchorage, Anchorage, Alaska; Patrick S. Galvin, Division of Governmental Coordination, Juneau, Alaska; Robert R. Jordan, Delaware

Geological Survey, Newark, Delaware; Jack C. Caldwell, Louisiana Department of Natural Resources, Baton Rouge, Louisiana; Lawrence C. Schmidt, Department of Environmental Protection, Trenton, New Jersey; Daniel F. McLawhorn, North Carolina Department of Environment and Natural Resources, Raleigh, North Carolina; Bruce F. Vild, Statewide Planning Program, Providence, Rhode Island; Andrew L. Hardiman, Chevron Gulf of Mexico Deepwater Business Unit, New Orleans, Louisiana; Paul L. Kelly, Rowan Companies, Inc., Houston, Texas; George N. Ahmaogak, Sr., Mayor, North Slope Borough, Barrow, Alaska Environmental Community advisor.

The Minerals Management Advisory Board is comprised of four committees, the OCS Policy Committee, the Royalty Policy Committee, the Alaska OCS Region Offshore Advisory Committee (inactive), and the OCS Scientific Committee. The advice and information that the Board, through its committees, provides to the Department and MMS are unique. The members serve as MMS's primary contact to the Governor's offices and Native American Indian tribes. These members bring into focus a broad range of knowledge and invaluable perspective and provide for distillation of data affecting offshore oil and gas exploration and development and royalty management. The committee meetings also provide opportunities for parties with an interest in OCS oil and gas development and royalty management issues to discuss their differences in an open forum and examine alternatives to resolve conflicts.

OCS Policy Committee

12 Discretionary Members

	Member	Name	
Environmental Community	Warner	Chabot	VP for Regional Operations Center for Marine Conservation
Environmental Community	Linda	Shead	Executive Director, Galveston Bay Foundation
Fisheries Industry	Richard	Gutting	President, National Fisheries Institute
Local Government	George	Ahmaogak	Mayor, North Slope

			Borough
Local Government	Jerome	Shelby	Consultant, Mayor of Anchorage
Major Oil Industry	Tina	Langtry	General Manager, Exploration and Reservoir Characterization, Conoco, Inc.
Marine Mining Industry	George	Banino	VP, Earth Tech, Inc.
Natural Gas Industry	Andrew	Hardiman	VP, GOM Deepwater Business Unit, Chevron U.S.A.
Offshore Support Industry	Paul	Kelly	Senior VP, Rowan Companies
Vacancy			Independent Producers
Vacancy			
Vacancy			

24 State Members

State	Member	Name	
Alabama	Donald	Oltz	Director, Geological Survey of Alabama
Alaska	Patrick	Galvin	Director, Division of Governmental Coordination, Alaska
California	Vacant		
Connecticut	Arthur	Rocque	Commissioner, Department of Environmental Protection
Delaware	Robert	Jordan	State Geologist and Director, Delaware Geological Survey
Florida	Lisa	Edgar	Deputy Secretary, Florida Department of Environmental Protection
Georgia	William	McLemore	State Geologist, Georgia Geologic

			Survey
Hawaii	Seiji	Naya	Director, Department of Business, Economic Development & Tourism
Louisiana	Jack	Caldwell	Secretary, Department of Natural Resources
Maine	Julie	Hashem	Policy Development Specialist, Maine State Planning Office
Maryland	Emery	Cleaves	Director and State Geologist, Maryland Geological Survey
Massachusetts	Susan	Snow-Cotter	Assistant Director, Massachusetts Coastal Zone Management Office
Mississippi	Charles	Chisolm	Executive Director, Environmental Quality, Mississippi
New Hampshire	David	Hartman	Manager, New Hampshire Coastal Program
New Jersey	Larry	Schmidt	Director, Office of Program Coordination, New Jersey Environmental Protection Office
New York	Vacant		
North Carolina	Donna	Moffitt	Director, Coastal Management, Environment and Natural Resources
Oregon	Nan	Evans	Acting Manager, Coastal Ocean Program, Land and Conservation Development
Pennsylvania	Vacant		
Rhode Island	Samuel	Reid	Policy Advisor, Rhode Island State House

South Carolina	Victor	Burrell	Director Emeritus, Marine Resources Research Institute
Texas	John	Sneed	Deputy Commissioner, Intergovernmental Relations and Policy, Texas Land Office
Virginia	Vacant		
Washington	Therese	Swanson	Senior Coastal Policy Analyst, Coastal/Shorelands Section, Washington Shorelands & Environmental Assistance Program

OCS Policy Committee Federal Members

Agency	Member	Name	
DOE	Mitchell	Baer	Office of Policy
DOI	Piet	DeWitt	Acting Assistant Secretary, Land Minerals Management
DOI	Joseph	Doddridge	Acting Assistant Secretary, Fish and Wildlife and Parks
DOC	Ramona	Schreiber	Environmental Protection Coordination, Office of Policy and Strategic Planning
Navy	Duncan	Holaday	Deputy Assistant Secretary, Installation and Facilities
DOI	Carolita	Kallaur	Associate Director, Minerals Management Service
DOI	Thomas	Kitsos	Acting Director, Minerals Management Service
EPA	Anne	Miller	Acting Director, Office

Coast Guard	Paul	Pluta	of Federal Activities Assistant Commandant, Marine Safety and Environmental Protection
State	Maureen	Walker	Chief, Office of Ocean Affairs

Royalty Policy Committee

12 State and Indian Members

State/Tribe/Organization	Member	Name
Southern Ute Indian Tribe (1 year term)	Karen	Anderson
State of Louisiana	Jack	Caldwell
Western Governor's Association	Ronald	Cattany
Council of Energy Resource Tribes	David	Harrison
Oklahoma Indian Mineral Owners Assoc.	Eddie	Jacobs
State of Wyoming	Stephen	Reynolds
Ute Tribe	Tom	Shipps
Navajo Nation	Perry	Shirley
Western States Land Commissioners Association	Pary	Shofner
Western Governor's Association	Brad	Simpson
Jicarilla Apache Tribe and Shii Shi Keyah Allottee Assoc.	Alan	Taradash
Vacancy- Renomination Received from Western States Land Commissioners Association		

9 Minerals Industry Members

Industry	Member	Name
Council of Petroleum Accountant Societies	John	Clark
Chairperson, API Royalty Management Task Force	Wendy	Daboval
National Mining Association	William	Hartzler
National Mining Association	David	Landry
Independent Petroleum Association of America	Tammy	Naron
Oklahoma Independent Petroleum Association	Robert	Price
Welborn Sullivan Mech & Tooley, PC	Hugh	Schaefer
Senior Council Enron Oil and Gas Co.	Steven	Williams
Vacancy		

4 Discretionary Members

Attorney	Sandy	Blackstone
Attorney	Lee	Helfrich
State Geologist, Oklahoma	Charles	Mankin

Federal Members

Agency	Member	Name
DOI, Bureau of Indian Affairs	Don	Aubertin
DOI, Bureau of Land Management	Pete	Culp
Department of Treasury	Cynthia	Johnson
DOI, Minerals Management Service	Tom	Kitsos
DOE	John	Pyrdol
DOI, Minerals Management Service	Lucy	Querques-Denett
Federal Energy Regulatory Commission	Vacancy	

OCS Scientific Committee

15 Academic and Industry Members

Member	Name	Organization
Dr. Stan	Albrecht	Executive VP and Provost, Utah State University
Robert	Carney	Associate Professor, Coastal Ecology Institute
Dr. James	Coleman	Boyd Professor, Coastal Studies Institute
Dr. Cortis	Cooper	Senior Staff Scientist, Chevron Petroleum Technology Company
Dr. Eric	Crecelius	Technical group Leader, Marine Sciences Laboratory
George	Forristall	Research Advisory, Shell Global Solutions, U.S.
Duane	Gill	Professor of Sociology, Anthropology, and Social Work, Mississippi State University
Oliver	Goldsmith	Professor of Economics, University of Alaska
Dr. J. Frederick	Grassle	Director, Institute of Marine and Coastal Sciences, Rutgers, The State University of New Jersey
Dr. Steven	Murray	Professor, Department of Biological Science, California State University of Fullerton
Dr. Henry	Niebauer	Senior Scientist, Department of Atmospheric and Ocean Sciences, University of Wisconsin
Edella	Schlager	Associate Professor, School of Public Administration and Policy, University of Arizona

Dr. William	Schroeder	Professor and Coordinator, Marine Science Program, University of Alabama
Lynda	Shapiro	Professor of Biology, Director, Institute of Marine Biology, University of Oregon
Dr. Douglas	Wartzok	Associate Vice Chancellor for Research, Dean of the Graduate School, University of Missouri

Federal Members

Carolita	Kallaur	Associate Director, Offshore Minerals Management, MMS
Robert	LaBelle	Chief, Environmental Division, MMS
Dr. Ken	Turgeon	Chief Scientist, MMS

Question 53(j): **Do you intend to revisit the moratorium on oil and gas exploration in the Georges Bank, as the Natural Gas Subcommittee has recommended? Do you intend to authorize any further studies, reports, or other evaluations of drilling in the Georges Bank? If so, what would be the purpose of such studies, reports or other examinations be?**

Answer: The Administration supports the current moratoria and there are no plans under consideration for exploration and development in the Georges Bank area.

The OCS Policy Committee amended the Natural Gas Subcommittee recommendations and adopted a resolution to forward its amended recommendations to the Secretary of the Interior. On June 7, 2001, I received a letter from the Policy Committee forwarding a resolution to transmit 12 recommendations "to encourage increasing natural gas production from the OCS." I plan to take all 12 recommendations under advisement.

Question 53(k): **According to press reports, in a May 9, 2001 interview, Energy Secretary Spencer Abraham stated that he was "not aware of any changes to any of the moratoria" and that "I don't think that's been at all under consideration, to my knowledge." Your testimony, on the other hand, seems to indicate that the Administration is trying to obtain information that would form the basis for making such changes.**

Answer: My testimony was not intended to indicate any lack of support of current OCS moratoria. The Administration supports current

presidential withdrawals and congressional moratoria.

Question 53(l): **During the Committee's hearing, you indicated that the Administration would comply with the existing Congressionally imposed moratoria on drilling in the OCS. However, President Clinton also issued an executive order extending the current moratoria until 2012. Does the Bush Administration intend to keep this executive order in place?**

Answer: We appreciate the longstanding history, context, and concerns associated with OCS moratoria and presidential withdrawals. The Administration has no plans to undo this framework.

Question 53(m): **Is the Administration also "re-examining" whether or not to retain the existing executive OCS order or repealing, shortening, or narrowing its scope? If so, what options are you considering?**

Answer: We intend to comply with existing moratoria/executive withdrawals.

COOGER Leases

Question 54: **Secretary Norton, the Administration's Energy Task Force Report recommended a reexamination of the currently suspended offshore leases near California. If you include these leases in your review and your Department decides not to allow drilling in offshore California, then will you allow these stakeholders to recover their offshore California investments for use in future lease sales in the Gulf of Mexico or elsewhere?**

Since your Administration seems to be fixated on giving on the production side of the equation, what guarantee would you give these leaseholders that they have not wasted their money in vain and can use their money for other sales? What mechanism would you propose to allow them to recover their costs?

Answer: The Administration's Energy Task Force Report does not recommend a review of the currently suspended California offshore leases. The operators of these leases are submitting plans for the exploration and development of their leases this year, with a number pursuing delineation of reservoirs in order to craft development plans to maximize recovery with a minimum of environmental

disruption. Thorough analyses of the environmental effects of exploration and development are being performed on the proposals under the National Environmental Policy Act and the Coastal Zone Management Act.

Ultra-Deepwater Drilling

Question 55(a): **It is my understanding that there is a great deal of natural gas beneath the ultra-deepwater portion of the Gulf of Mexico. The problem seems to be that it is very expensive and technically challenging to develop natural gas from great water depth. Has the Interior Department conducted an analysis of the oil and gas deposit values in the ultra-deepwater region of the Gulf of Mexico?**

Answer: Sediments beneath the ultra-deepwater of the Gulf of Mexico are believed to contain significant quantities of natural gas, as well as oil resources. To date, the deep water has been more of an oil province with primarily associated natural gas. Although there are numerous high profile discoveries in this region; e.g. Crazy Horse, North Crazy Horse, Mensa and Mad Dog, actual production has occurred in only a single field, Mensa. Reserve estimates are very speculative for fields at this early stage of exploration and delineation, but current estimates total 3.7 billion barrels of oil (Bbo) and 6.8 trillion cubic feet of gas (Tcfg). In its most recent assessment of undiscovered hydrocarbon resources in the Gulf of Mexico, MMS estimated that, at the mean level, 16.1 Bbo and 62.6 Tcfg may exist in the portion of the region available for exploration and development.

No attempt was made to develop an estimate of the value of the hydrocarbon in either the individual or aggregate field discoveries. MMS, however, did develop estimates of the quantities of undiscovered resources in ultra-deepwater with water depth greater than 1800 meters that would be economically recoverable under two different price scenarios. In the base case scenario ($18/bbl and $2.11/mcf) 4.7 Bbo and 14.5 Tcfg are estimated to be economically recoverable. In the high case scenario ($30/bbl and $3.52/mcf) 10.9 Bbo and 34.8 Tcfg are economic. These estimates respectively represent 27 and 63 percent of the assessed volumes of undiscovered hydrocarbon resources in the area.

Question 55(b): What has the Department done to expedite development of this region when there are so many pipe dreams of drilling in ANWR. Does the Department have a contingency plan if Congress doesn't open up ANWR to drilling?

Answer: As for expediting ultra-deepwater development, we have increased resources (mainly through additional staff) to review and act on deepwater plans and permits. We have also changed our plans and permitting process, including use of conceptual Deep Water Operations Plans, for all deepwater applications. These changes give us access to information at as early a stage as possible to hopefully improve cycle time in the application review process.

Question 55(c): Could the ultra-deepwater region of the Gulf help meet domestic oil and gas demand in light of the inevitable failure to open up ANWR?

Answer: Even though only a single field (Mensa) is currently producing, the recent announcements of numerous significant field development projects in this region (e.g., Crazy Horse, North Crazy Horse, Mad Dog, and Nakika) assure that the area will be a significant source of domestic hydrocarbon production for years to come. With respect to natural gas, there is still a concern that the OCS will not be able to meet the increases required to meet the expected increased in natural gas consumption by 2012.

Question 55(d): Should we be accelerating the development of the ultra-deepwater no matter what the fate of ANWR?

Answer: The U.S. currently imports nearly 60 percent of its crude oil consumption and is projected to face significant challenges in the next two decades in meeting forecasts of natural gas demand. It, therefore, makes sense to encourage production in those areas where it can occur in an environmentally safe manner. The ultra-deepwater region of the Gulf of Mexico is one such area. Virtually all of the unleased deepwater area of the central and western Gulf of Mexico is offered. Additional deepwater tracts are proposed to be offered later this year in the eastern Gulf of Mexico area as well.

Question 55(e): When exploring the ultra-deepwater region, has the Department made a determination of the necessary technological capabilities to enhance production capabilities in this area while protecting the environment?

Answer: The MMS has assessed and continues to track the evolution of technological capabilities that will enable and enhance the development of hydrocarbon fields in water depths exceeding 5000 feet (i.e., the ultra-deepwater). A concentrated effort was initiated in the mid-1990's to investigate the development of deepwater hydrocarbon reserves. A multi-task strategy was formulated with the goal of ensuring deepwater development activities were consistent with the Agency's environmental, safety, conservation mandates. The Deepwater Strategy is a proactive approach to managing operations, ensuring appropriate environmental and technical reviews, and focusing studies and research efforts related to deepwater activities. Part of this effort was the identification of over 100 new technologies, techniques, and systems that are in use or necessary for deepwater development. MMS continues to gather information about these technologies. A database is used to track the status of the individual deepwater technologies.

The MMS evaluation of new technologies and alternative compliance measures (procedures and equipment) can be complex, involving risk assessment, comparative analyses, and a review of hazard analyses conducted by the operator in support of the departure (or alternative compliance). MMS reviews have resulted in some denials of requests to use new technology as untested and unproven. MMS has launched a series of initiatives, including an aggressive technical research effort, joint funding with industry projects, linkages to major universities, and joint research with foreign governments to address mutual questions. Some of the issues being addressed include well control, oil spills, production flow assurance, and risk assessment of new production systems. MMS has also conducted and cosponsored workshops to address issues of immediate concern. MMS uses these workshops to identify issues and to gather information for evaluations and decisions.

The near-term implications of MMS' efforts are being realized. Development intentions for 3 fields in water depths greater than 7000 feet are currently being reviewed; there are 20 hydrocarbon fields in the development stage in water depths exceeding 5000 feet that will be in production before 2004. The baseline work to address new, enabling technologies are directly beneficial to the MMS review of these projects.

Pipeline and Electricity Transmission

Question 56: **In your opening statement, you said that the Department was going to streamline the process through which it considers and approves requests to allow the construction of electric transmission lines and natural gas pipelines. What specific options is the Department going to consider?**

Answer: The BLM, in collaboration with the Forest Service and interested stakeholders, has been streamlining the processes used to receive, review and analyze applications for electrical and natural gas transmission lines. For example, the BLM has developed procedures to allow oil and gas developers to apply for Right-of-Ways concurrently with the applications for permit to drill. The BLM has also developed procedures that allow for payment of Right-of-Way processing fees (which must be paid in advance before application processing can proceed) with "call in" credit card information. In the future, the BLM will be expanding its use of electronic commerce by exploring ways to accomplish pre-application "meetings," application data review, and data submission using the internet. The BLM is also exploring ways to have all the required application processing fees paid electronically

Question 57: **Can you assure the Committee that the measures you are considering will not result in any diminution in the Department's critical responsibilities to protect and management sensitive public lands, and will not curtail a full and thorough assessment of the environmental impact of any proposed new powerlines or natural gas pipelines?**

Answer: Yes, BLM strongly encourages the use of private sector environmental contracting companies to prepare applications and the required environmental reports. This allows BLM to concentrate its workforce on application review, analysis, and decision making. The BLM and the FS are leading the way in refining procedures related to establishing "Lead Agency" and "Lead Office" responsibilities when processing applications that cross lands administered by both agencies. When a lead agency and office are designated, single points of contact are established and the application review and decision processes are coordinated out of one office. This saves time and resources for both the applicant and the federal agencies. The BLM is also working to finalize regulations that will modernize its cost recovery procedures. When implemented these regulations will allow the BLM to direct more resources to the offices processing applications. The regulation will

also allow the BLM in certain situations to enter into agreement with companies' to meld its administrative practices with the companies business practices.

Question 58: **How will the Department's plans to streamline this process affect the opportunities for public comment and public participation in the decision-making process regarding siting of new pipelines and electrical transmission lines?**

Answer: The Department is fully committed to involving the public in its decision-making process for pipelines, electrical transmission lines, and other transportation support needs. The BLM will complete all necessary land use plan amendments or revisions, and their associated environmental analysis in accordance with procedures for public involvement. This includes notifying the public of the upcoming planning and environmental process and providing notification of opportunities for the public to review and comment. BLM's planning process also includes provisions for affected parties to raise objections to the BLM Director. The planning and right-of-way granting processes will be completed with one document, rather than sequentially, to decrease the amount of time required. None of the measures being considered will diminish the Interior's critical responsibility to protect and manage the public lands. The measures will increase our ability to protect and manage our public lands because they are designed to reduce the routine administrative procedures associated with application review and to focus the Interior's activity on critical analysis and decision making elements of application review. One example is contracting private sector environmental firms to prepare applications and environmental reports. This frees BLM personnel to concentrate on the analysis of the data and on making the required decisions.

Oil and Gas Production on Public Lands

Question 59: **The American public will judge how "environmentally-sensitive" new production on public lands might be according to how "environmentally-sensitive" we have already been. In this regard, I would like to know what steps you are taking to impose enforceable obligations on developers when they are granted oil and gas leases on public lands. Certainly mitigating the damage done by the routine operation of oil and gas exploration and production on the scale of Prudhoe Bay, for example, would be a vast, expensive undertaking. The industry**

plans to expand into pristine, environmentally sensitive areas on lands belonging to the public. Will the mess ever be cleaned up?

Requirements for Cleanup: What conditions regarding clean-up and environmental restoration of a drilling or production site are currently contained in federal leases on federal lands such as the NPR-A? Please provide the actual language from such leases. Please provide a discussion of the method used, if any, to set the standards of cleanup and to hold the leaseholder accountable if it fails to meet the requirements of the lease.

Answer: Many of the following requirements are created and implemented to prevent or minimize damages which might otherwise require cleanup upon completion of specific activities.

The standard lease stipulations were created by the BLM's Washington Office staff with considerable input from the BLM field staff and review by the Solicitor's Office to assure that any standard conditions which might be encountered in the field are covered. Special stipulations are created based on environmental research and public input which occurs during the environmental review process as required by the National Environmental Protection Act (NEPA). Additional site-specific requirements are added by the BLM's authorized officer (AO) when reviewing the lessee's or operator's plan of development and site-specific Applications for Permit to Drill (APDs). A copy of the NPR-A requirements is attached.

BONDING: Bonding doesn't relieve a lessee or operator from it's cleanup and resource protection requirements and responsibilities, but is nevertheless an integral part of the "cleanup" package. It is required by the BLM in every case ($10,000.00 minimum per lease; $25,000.00 minimum statewide; $150,000.00 minimum nationwide) before any on-the-ground activity is allowed to take place, and also for geophysical exploration ($5,000.00 minimum per exploration; $25,000.00 minimum statewide; $50,000.00 minimum nationwide). For the NPR-A, the BLM also requires bonding, but at these different amounts: individual lease ($100,000.00 minimum); NPR-A-wide bonding ($300,000.00 minimum). NPR-A bonds must be filed and approved before we will issue a lease or leases to a lessee. Further, individual states have differing bonding requirements in addition to the BLM-required bonding. For example, the State of

Alaska's Oil and Gas Conservation Commission requires a $100,000.00 bond for each well drilled on federal, state or private lands, or " . . . not less than $200,000 for a blanket bond covering all of the operator's wells in the state, except that the commission will allow an amount less than $100,000 to cover a single well if the operator demonstrates to the commission's satisfaction in the application for a Permit to Drill (Form 10-401) that the cost of well abandonment and location clearance will be less than $100,000."

SPECIAL SITE-SPECIFIC RESTRICTIONS: The unique particulars of site-specific cleanup and environmental restoration are established by the BLM's AO, as noted above, and set out as specific terms and conditions in the NEPA-review / approval process for each individual Application for Permit to Drill (APD) or drilling and development plan. This allows them to be tailored to the most currently available environmental data, technological advances, and other changing issues which arise over a period of time.

Standardized requirements are contained in the lease forms and in the Record of Decision for the pre-sale NEPA study. In the case of the NPR-A, these general stipulations, as well as five special stipulations applicable to only certain leases, were also contained in the Detailed Statement of Sale.

See attached Appendix A for the standard protections in lease language.

Question 60: **Ensuring the Availability of Cleanup and Restoration Funds: The huge cost of dismantling, removal and restoration occurs once the wells have stopped producing. Therefore, the oil and gas industry cannot expect to have the resources necessary to do the job unless it sets the funds aside while the wells are still producing. What guarantees exists to ensure that sufficient financial resources will be available to complete the required activities at the appropriate time? Are funds being held in escrow? If not, why not? Please provide the actual language from leases regarding such requirements.**

Answer: All oil and gas lessees are responsible for cleanup and restoration of damaged lands resulting from their operations. It is a requirement on all Federal oil and gas leases as well as current operating regulations contained in 43 CFR 3160. In addition, there are an

number of other Federal laws that also require clean up and restoration of contaminated lands. The BLM assures enforcement of these requirements through the use of lease bonds as well as enforcement provisions of the oil and gas operating regulations (Re: 43 CFR 3104 Bonding and 43 CFR 3163 Noncompliance). Lease bonds are a form of escrow held by the surety company and payable to the BLM. Actual lease language is as follows:

> "4.(a)The Undersigned certifies that...(6)offeror is in compliance with reclamation requirements for all Federal oil and gas lease holdings as required by sec. 17(g) of the Mineral Leasing Act..."

Question 61: **Examples: Please provide three good examples of successful implementation of cleanup requirements implemented by the holder of an oil or gas lease on public lands following major production, pursuant to the requirements of the lease.**

Answer: The BLM routinely approves hundreds of well abandonments each year. On all of these sites the well is plugged according to approved BLM specifications, the well location is re-contoured and the entire disturbed area is re-vegetated. The BLM does not release the final lease bond obligation until field inspectors have verified the location is fully reclaimed. These are the standards for all Federal onshore oil and gas wells. The following are three examples of successful implemenatation of cleanup requirements following oil or gas production:

1. The Sheep Mountain Mineral Showcase in Colorado is a 5,400-acre federal unit developed by ARCO Oil and Gas Company for the production of carbon dioxide to be used for recovery of otherwise unavailable oil from the aging west Texas fields. Development first began in the area in the 1980's. Several environmental conflicts faced ARCO, Bureau of Land Management, Colorado Division of Wildlife, and local citizens. The conflicts were a critical elk calving area, very high scenic value of the site, and steep unstable slopes. Because of visual and wildlife concerns, ARCO began in the planning stage by using helicopter geophysical activities requiring no road construction or exploratory drill holes. ARCO rehabilitated the disturbed areas as they developed well pads and pipeline facilities. They made use of terracing, tree buffers, revegetating with native species, and seasonal road closures to protect sensitive wildlife activities (elk migration and calving).

Innovative siting, construction, and reclamation of all facilities by ARCO resulted in awards from local BLM followed by one of BLM's first national level "Partners in Public Spirit: awards. The Sheep Mountain Mineral Showcase is an escellent example of how cooperative efforts between industry government, and citizens can result in producing a needed mineral resource in an environmentally sound manner.

2. In 1994 the Utah State Office started the reclamation project for the Virgin Oil Field. The abandoned oil field, originally drilled in 1906 and sporadic thereafter, is located in Southwest Utah approximately 30 miles Northeast of St. George, Utah and along a corridor to Zions National Park. BLM aggressively pursued the plugging of wells and site restoration of public lands. When completed, the project had successfully plugged 24 wells and removed other ancillary facilities such as building materials and junk from the area. With the plugging of the wells, BLM has eliminated the potential for underground contamination and potential surface hazards. Also the visual intrusion has been reduced to dry hole markers which identify the plugged and abandoned well sites. BLM spent approximately $85,000.00 on the project. Because of our efforts, the State of Utah Division of Oil Gas and Mining also initiated clean-up of private and state wells in the area.

3. The Hogback Dakota Field is an oil field which was discovered in the late 1920's, but developed beginning in the 1950's. The Field is located just northwest of Farmington New Mexico in the San Juan Basin. Several dozen wells were drilled to completely develop the Field. The northern part of the Field was depleted by the early 1990's. The operator at the time, Duncan Oil Company, plugged 24 wells on three of the oil and gas leases in 1995. Reclamation consisted of grading and reseeding the locations. The three leases were then terminated. The southern part of the Hogback Field continues to produce under a successor operator to Duncan Oil Company.

(GILCHREST)

Question 62: **Does the Secretary support continuation of the offshore oil and gas moratorium for the Atlantic Coast?**

Answer: The Administration supports the existing moratoria/executive withdrawals.

Question 63: How many national wildlife refuges currently host extractive activities (oil, gas, coal, other minerals)?

Answer: 42 refuges host oil and gas extractive activities;
0 refuges host coal extractive activities;
1 refuge hosts hardrock extraction;
29 refuges host sand and gravel extractive activities; and
2 refuges host extractive activities of other minerals

Question 64: How many extractive use leases have yet to be acted upon in national wildlife refuges, and how many refuges does this effect?

Answer: From the regions that were able to respond, only 634 potential extractive use leases were identified coming from 3 regions and affecting 19 refuge units. 632 of these leases were from 7 refuges in Alaska.

Question 65: How many refuges have potential oil, gas, coal, and other energy resources, that have yet to be capitalized upon?

Answer: 45 refuges reported potential oil, gas, coal, and other energy resources that have yet to be capitalized on. One region was unable to obtain the information in the time allotted. Several of the others only provided best guesses.

Question 66: The Secretary described in her testimony, actions that the Department has taken to improve energy efficiency and to diversify energy sources it draws upon. What are some of the best examples of energy efficiency and diversification within the Department of the Interior? How much biofuel does the Department use annually? How many fuel cells are in operation? Solar panels? Other non-fossil fuel sources?

Answer: General: Over the past two decades, Interior has done much to reduce energy use and embrace energy efficient technologies. This legacy of accomplishment has resulted in numerous successful energy and water conservation and renewable energy projects around the country. In response to the *National Energy Policy* and Secretary Norton's energy mandates, Interior bureaus have renewed their emphasis on energy efficiency, energy conservation and the use of energy-saving technologies. By partnering with the Department of Energy (DOE) and its national energy laboratories, other Federal agencies, state and local governments, and non-governmental organizations, Interior will continue to implement energy conservation practices and techniques, and introduce new technologies to increase energy efficiency and reduce energy consumption.

Best Examples of Energy Efficiency and Diversification Within the Department of the Interior:

The following fourteen energy and water conservation showcase facilities have been recognized by the DOE and offer some of Interior's best examples of energy efficiency and diversification:

- National Park Service (NPS)
  - Golden Gate National Recreation Area,
  - Joshua Tree NP,
  - Sleeping Bear Dunes National Lakeshore,
  - Whitman Mission National Historic Site, and
  - Zion National Park (NP)

- Bureau of Reclamation
  - Centennial Job Corps Center,
  - Denver Federal Center-Building 67,
  - Davis Dam, and
  - Glen Canyon Dam

- Fish and Wildlife Service (FWS)
  - John Heinz NWR,
  - National Conservation Training Center,
  - Neal Smith National Wildlife Refuge (NWR), and
  - Wichita Mountains Wildlife Refuge

- U.S. Geological Survey
  - Central Region - EROS Data Center

These and other Interior facilities, have incorporated energy-saving concepts into building design including automated energy management control systems; energy-efficient heating, ventilation, and air conditioning systems; energy-efficient lighting; insulation, passive solar energy design; ground-source geothermal heat pumps; use of recycled materials in building construction; and power generation from renewable energy sources.

Biofuel use annually: During FY 2000, Interior's motor vehicle and marine fleets used over 70,000 gasoline-equivalent gallons of biofuels produced from renewable domestic feedstocks such as forage grasses and oil seeds. With greater production and improved distribution, Interior will be able to significantly increase biofuel usage. Many Interior facilities are partnering with public and private sector organizations to improve the availability of biofuels. With the assistance of the Defense Energy Support Center, DOE and industry, Interior plans to greatly expand its use of biofuels through bulk purchasing for facilities in the Mid-

Atlantic, Northwest and Southwest beginning in FY 2001. A few facilities plan to begin use of biofuels in their diesel generators.

Fuel Cells in Operation: The high cost of fuel cells has been the obstacle to greater use of this technology. Currently, Interior has a fuel cell operating at Golden Gate National Recreation Area with another one planned to be installed at Yellowstone NP during the summer. Both of these systems were financed through cost-sharing partnerships. Other Interior facilities are actively seeking to acquire fuel cells to replace diesel generators and supplement energy currently supplied through the electric grid. They are looking to partnerships to help finance the acquisition of these systems.

Solar panels in Operation: Interior is a government leader in the use of solar-powered energy generating systems with nearly 600 solar photovoltaic (PV) facilities and an estimated 40 solar hot water systems primarily located at NPS, Bureau of Land Management and FWS facilities. The Bureau of Indian Affairs (BIA) is also working with Native Americans to deploy solar powered generating systems on Indian lands. Our installations are notable for the fact that they are not just demonstrations -- they are cost-effective power sources that were the best choice for the application. These systems conservatively represent about 600 kiloWatts (kW) of capacity, and generate over 1 million kW hours of electricity annually. Each system is made up of multiple panels, which vary from roughly 50 to 100 Watts each. With total capacity at 600 kW, that would represent between 6,000 and 12,000 panels.

Other Non-Fossil Fuel Sources: As resources allow, Interior facilities are using other non-fossil fuel sources such as from off-grid wind turbine, geothermal, and hybrid systems (combining two energy sources) and green power from renewable sources available on the grid to meet energy needs. Highlights include:

- FWS and NPS are using ground source geothermal systems to both heat and cool the buildings at seven facilities.
- BIA is incorporating the use of geothermal systems in the design for some of its Native American school replacement and renovation projects.
- FWS is using wind energy at five refuges.
- Several bureaus facilities in Denver, Colorado will purchase a portion of their monthly electric power from wind-generated electricity.

- Channel Islands NP is in the process of installing an innovative hybrid wind/PV system on Santa Rosa Island, reducing the island's annual diesel fuel consumption for power generation by 94 per cent.

- The Office of Surface Mining and the Minerals Management Service are working with the General Services Administration to incorporate the use of non-fossil renewable fuel sources where possible, into their building lease agreements.

- With DOE's design assistance, the National Business Center is planning to create an energy efficient "green" roof for the Main Interior Building consisting of liner, insulation, gravel and topsoil, and moss, plants or grasses as well as a small PV system.

(ORTIZ)

Question 67: Madam Secretary, it is my understanding the Department is moving forward with development of a new 5-Year program for Outer Continental Shelf leasing for 2002-2007. What is the current status of this plan?

Answer: In December 2000, in accordance with section 18 of the OCS Lands Act, the MMS published a request for information with a 45-day comment period in order to begin preparing a new 5-Year OCS Program for 2002-2007. The current 5-Year Program expires in June 2002. The 5-Year Program indicates the size, timing and location of leasing activity determined to best meet national energy needs. In preparing a new 5-Year Program, we seek comments from constituents including States, local government, industry, interest groups, and individual citizens. Based on an analysis of these comments, the 5-Year Program must balance the potential for environmental damage, the discovery of oil and gas, and the adverse impact on the coastal zone.

We have now completed the initial information gathering phase, and we are currently evaluating a number of options in light of the information we have received, our own analysis, and the Administration's developing energy policy. Our objective is to develop a 5-Year OCS leasing program, which meets the mandates of the OCS Lands Act and advances the nation toward its energy goals.

We plan to publish an initial Draft Proposed Program for 2002-2007, this summer. Subsequent steps in developing a new 5-Year Program after receiving comments on the Draft Proposed Program are: publishing a Proposed Program and draft EIS with an appropriate comment period; and publishing a Proposed Final Program with a final EIS. We hope to have the next 5-Year Program in place before June 2002.

Question 68: **Considering the status quo of limiting offshore exploration and production to the Central and Western Gulf of Mexico and Alaska, what consideration is being given to the "equitable sharing" of the production and distribution of offshore energy resources?**

Answer: Section 18 of the OCS Lands Act requires that every new 5-year program for OCS oil and gas leasing be prepared in a manner consistent with four main principles: (1) consideration of economic, social, and environmental values and the potential impact on marine, coastal, and human environments; (2) a proper balance among potential for environmental damage, discovery of oil and gas, and adverse impact on the coastal zone; (3) assurance of receiving fair market value; and (4) consideration of eight factors. The equitable sharing of developmental benefits and environmental risks is one of these eight factors. Among the others are existing information on geographical, geological, and ecological characteristics of regions; location of regions with respect to needs of energy markets; location of regions with respect to other uses of the sea and seabed; interest of potential oil and gas producers; and laws, goals, and policies of affected States.

The current program, you have noted, includes proposed lease sales only in the Gulf of Mexico and the Alaska OCS, the result of a greater weight given to the laws, goals, and policies of affected States and the location of regions with respect to other uses of the sea and seabed. As we develop a new program to succeed the current one, I will give full consideration to the geographic distribution of proposed OCS lease sales and the benefits and risks that would result from those sales. However, I will have to temper this consideration with the understanding that both the Atlantic and the Pacific OCS and all but a small portion of the Eastern Gulf of Mexico, under presidential authority, have been withdrawn from disposition by leasing until after June 30, 2012.

As the President pledged during the campaign, the Department will work with the various affected parties to try to craft agreement as to what kind of program would best serve the Nation by providing energy–especially natural gas–and employment while protecting other valued resources.

Question 69: **In developing your plan, will your Department consider the costs of eliminating large areas from consideration under the 5-year plan? While I support reserving areas of important resource and cultural benefit, I am concerned that we do not understand the costs of removing large areas from consideration, not only in terms of economics and jobs, but equally, in terms of national security.**

Answer: As directed by the OCS Lands Act, MMS has begun its analysis for the new 5-year program by examining all planning areas eligible for leasing consideration. This

initial analysis includes a ranking of these planning areas by the potential net economic value and by the potential net social benefits of leasing all of each area. Areas under Presidential and congressional moratoria are not considered for leasing and are not included in the economic analysis. The information provided by MMS allows me to gauge the effect on total value to the Nation of any options eliminating areas from consideration or reducing the eligible portion of a planning area.

The environmentally sound development of the Nation's OCS resources, through a reliable lease sale schedule that is consistent with other uses of the OCS sea and seabed and with State and local government priorities, can help further the achievement of each of the goals set out in the OCS Lands Act. Investments in and production of OCS oil and gas generate billions of dollars annually in bonuses, royalties, and taxes and create thousands of well-paying jobs throughout the American economy. Production of offshore resources under proper environmental safeguards poses less risk of major oil spills than does importing foreign oil in tankers. Expanded use of natural gas, including that produced on the OCS, has substantial environmental benefits over other fossil fuels.

Most production resulting from lease sales held under the new 5-year program is likely to begin over the next decade and continue well into the first half of this century. Just as important, the program decisions and the way they are made will have a lasting effect on the relationship between the Federal Government and other interested parties and the ability to develop and implement future programs in a way that best meets the Nation's energy needs while protecting the values reflected in competing Federal, State, and local priorities.

(FLAKE)

Question 70: **Natural gas appears to be a cleaner alternative to energy production because it does not release soot, chemical toxins, or mercury. It emits half as much smog producing nitrogen oxide and 30 percent less carbon dioxide, a green house gas believed to worsen global warming. How can the Committee address this and encourage sources of natural gas to be tapped and used?**

Answer: The NEPD Group recognized the critical importance of boosting production to meet anticipated demand, and ensuring that the natural gas pipeline network is expanded to the extent necessary. To that end, the NEPD recommended that my agency should examine land status and lease stipulation impediments to federal gas leasing, economic incentives for environmentally sound off-shore development, and opportunities for royalty reductions in specific instances and where warranted. It is also recommended that we expedite discussion on a right-of-way for a gas pipeline for North Slope natural gas if and when an application is received.

Question 71: **It was assumed in the 70's that many of the nation's older, higher emitting power plants would soon go off line and thus were exempted by the Clean Air Act. The Act specified that improvement beyond routine maintenance- including measures to prolong the life of these plants - would make the entire plant subject to the newer, more stringent, rules. Some say these plants continue to run, evading compliance by calling major expansions "routine maintenance." What will be the Department's approach to enforcement of these situations.**

Answer: While I am sensitive to the importance and complexity of this question, I believe that it would not be appropriate for me to comment on this issue which is under the regulatory jurisdiction of EPA.

Question 72: **President Bush has called for reducing and expediting federal regulations, such as those protecting public lands and air quality, in order to stimulate oil drilling and power generation. How can we encourage this to occur and get the market rolling?**

Answer: At Interior, we will be reviewing our regulations to identify opportunities for streamlining. We are also focusing attention on expediting decisions within existing regulations.

Question 73: **When encouraging development of power resource production and generation, the issue of eminent domain arises and the fact that rather than use or harm public lands, privately held property is sometimes "taken." There appears to be a conflict when the federal government has the ability to name National Monuments and private property becomes the remaining vehicle by which energy can be developed. Can you comment on how we might ensure that this does not create a conflict of interest for the federal government? (Article 1, Section 8, Clause 17).**

Answer: There is a potential for such conflict, and we will want to weigh that in the balance as Federal land use decisions are made. In any given case, there may be important public land values that need protection from a utility corridor such as an electric transmission line, but we also need to take into account that forcing a right-of-way off public lands may have major economic impacts due to extensive and longer rerouting, but also land use impacts on the lands to which the right-of-way is rerouted. It is not clear that this was always taken into account in developing the boundaries for new National Monuments.

Question 74: **Only 17% of Arizona is privately owned land. Given the recommendation that legislation be developed to grant authority to obtain rights of way for electricity transmission lines and our Committee's interest in federal lands,**

how do you see privately owned lands being addressed versus those that are publicly owned?

Answer: The Bureau of Land Management (BLM) currently has authority to grant rights-of-way across public lands for oil and gas pipelines under the Mineral Leasing Act of 1920 (MLA) and for other rights-of-way, including electric transmission lines and facilities, under the Federal Land Policy and Management Act of 1976 (FLPMA). In practice, BLM processes over 1,200 pipeline and electric system rights-of-way authorizations annually and, based on increasing demand for energy, BLM expects this number to increase by 15 - 20 percent over the next five years. At present, BLM estimates that some 90 percent of all oil and gas pipeline and electric transmission rights-of-way in the western U.S. are dependent to some extent on rights-of-way authorizations on Federal lands. Given the increased demand for rights-of-way, their obvious importance, and the growing complexity of some applications, the BLM issued a proposed rule in June of 1999 to update its cost recovery program in order to better meet the increasing demands of the rights-of-way program.

With regard to acquisition of rights-of-way on private lands for electrical transmission lines or facilities, industry must acquire such lands independent of any right-of-way application related to public lands. The Department of the Interior does not play a role in the acquisition of rights-of-way on such lands.

Question 75: **It was originally thought that with our country's shift to the service sector that energy consumption would decrease, however, with the onset of computerized business, we now have less conservation and more use of peak hour energy consumption. How has this factored into the National Energy Policy?**

Answer: Changes in our society have led to changes in our projections about future supply and demand of crucial energy resources. President Bush recognized the need to incorporate an analysis of these trends into a comprehensive National Energy Strategy. Energy intensity, or the energy required to produce a dollar's worth of gross domestic product will continue to decline, due to improved energy efficiency, as well as to structural changes in the economy. The NEPD Group offered a number of suggestions that address energy conservation and energy efficiency.

Question 76: **The President has stated that there are no short term fixes, but is he considering, or will he consider short term bailouts in case there are extreme shortages this summer, such as tapping into the Strategic Petroleum Reserve?**

I am certain that the President is concerned about the potential impacts of energy shortages this summer. He has directed us to expedite permits for new power

production and to work as good partners to reduce our electricity at federal facilities, especially during the peak periods this summer. We have not had discussions about tapping into the Strategic Petroleum Reserve.

(PALLONE)

Question 77: **According to chart 6-2 that you provided to the Committee, between 1978 and 1983 consumption of oil in the United States dropped from nearly 19 million barrels per day to just over 15 million barrels per day. Then between 1983 and 1998, oil consumption increased to once again meet the 1978 level of approximately 19 billion barrels per day. Clearly in the late 1970's through conservation efforts and innovative solutions, this country reduced the need to use billions of barrels of oil. Twenty years later, in 1998 consumption levels were equal to those in 1978.**

Additionally, the USGS has calculated that at today's high oil prices, only 2.6 billion barrels of oil - equal to 140 days of current U.S. consumption - in the Refuge are "economically recoverable."

As the proprietor of our country's natural resources, to what extent will you promote conservation efforts, supported by historical figures, prior to supporting development of oil and gas production in our country's most sensitive areas?

Answer: We are committed to promoting conservation efforts and alternative fuels. Interior bureaus have renewed their emphasis on energy efficiency, energy conservation and the use of energy-saving technologies. Interior facilities have incorporated energy-saving concepts into building design including automated energy management control systems; energy-efficient heating, ventilation, and air conditioning systems; energy-efficient lighting; insulation, passive solar energy design; ground-source geothermal heat pumps; use of recycled materials in building construction; and power generation from renewable energy sources. In addition, the Bureau of Land Management (BLM) is reviewing the opportunities for expanded siting of solar and wind electrical generating facilities on public lands. The BLM is also working with the Forest Service to identify sites for biomass development.

Question 78: **In regard to the Alaska National Wildlife Refuge, in your testimony you state, "...because of advances in technology...we are now able to proceed with exploratory work with very little long-term effect". Further you identify regulations that Department of Interior intends to put in place on production in the Arctic Refuge and conclude with "we believe that new technologies**

enable us to conduct environmentally safe oil and gas exploration and production."

Just days before you visited Prudhoe Bay, state inspectors found that almost a third of the safety shutoff valves tested at one drilling platform failed to close. Additionally, on the North Slope, 92,400 gallons of saltwater and crude oil leaked from a pipeline at the Kuparuk oil field on April 15; this was the fourth major spill on the North Slope in the winter of 2000. Given these recent environmentally disastrous incidences, I am deeply concerned about your use and the Administration's frequent use of the term environmentally friendly technology.

Question 79a: First, please explain to me what you believe is "environmentally safe oil and gas exploration and production"?

Answer: Environmentally safe oil and gas exploration and production in the context of the North Slope is activity where "state of the art" environmentally friendly technology and procedures are employed such as low impact exploratory approaches that include ice roads and extended reach directional drilling. It includes developing contingency plans and procedures to deal with incidents and potential environmental impacts. Planning, training, equipment, federal and state regulation and supervision all play a part. Finally, it includes operating under a strong environmental standard that overlays all activities conducted in the area.

Question 79b: Second, please explain how you determine what are long-term effects and the scientific insight you have to determine these effects?

Answer: We are monitoring the ongoing development in the Naval Petroleum Reserve-Alaska (NPRA) under the stipulations we developed prior to leasing. Funding for additional studies covering issues such as ice road location is included in the President's 2002 Budget

Question 79c: Third, how will the cost of the regulations you intend to put in place in the Arctic National Wildlife Refuge affect oil and gas production rates and the overall cost benefit analysis of economically recoverable resources?

Answer: The National Energy Policy states that Congress should require the use of the best available technology and should require that activities will result in no significant adverse impact to the surrounding environment. This standard will be our position despite any additional costs that could arise.

Question 80 : Will the Administration seek to overturn the Presidential moratorium in place until 2012 to develop oil and gas production in the OCS?

Answer: We appreciate the longstanding history, context, and concerns associated with OCS moratoria and presidential withdrawals. The Administration has no plans for undoing this framework.

Question 81a: **Earlier this morning I met with tribal leaders from the Crow, Comanche, Blackfeet, and Standing Rock Sioux about a sacred area known as Weatherman's Draw. Aside from the fact that I find it outrageous we would be drilling in an environmentally sensitive area, I find it unacceptable that the tribal nations were not adequately consulted about the proposed drilling in the area. This Canyon has religious and spiritual significance and is found to contain some of the most impressive rock drawings and petroglyphs in the West. How do you explain the fact that local American Indians were essentially left out of consultation process?**

Answer: There is a long history of tribal consultation associated with this area.

Geographically, the nearest tribes to BLM's Billings Field Office are the Crow and Northern Cheyenne in Montana, and the Eastern Shoshone and Northern Arapaho in Wyoming. Initial contacts were made with all four of these local tribal governments within several days after the applications for permits (APDS) to drill came in to our Billings office late in 1993. An initial visit to the Weatherman Draw sites was conducted by BLM in March 1994, with representatives of all four tribes in attendance. Other tribes in Montana more distant from the Billings area were contacted by phone, including the Blackfeet and Assiniboine Sioux, however these additional tribes deferred to the Crow and the other local tribes.

Since the initial site tour for the tribes in 1994, the Bureau has met with tribal government representatives from each of the four local tribes on numerous occasions in the BLM office and in tribal administration offices. Tours of the Weatherman sites were conducted twice with government representatives of the Crow and the Northern Cheyenne Tribes. BLM sought comments repeatedly from all four groups and have kept them informed of the project status. BLM had numerous letters and faxes that were sent to the tribes informing them of the project and asking for comments and involvement. We have written comments on file from the tribal governments of the Northern Cheyenne and the Crow. We have verbal comments from the Eastern Shoshone government and the Northern Arapaho government.

The comment period on the final EA for the Weatherman Draw APD closed December 1, 2000. After the comment period closed several environmental groups requested a meeting on Weatherman Draw. The meeting was held January 17, 2001, in Billings and Dr. Lawrence Loendorf presented evidence indicating possible links with prehistoric Apachean peoples, all of whom reside now in New Mexico, Arizona, Oklahoma, and Alberta. We also had a number of comments on the EA

suggesting that more distant tribes should be involved in consultation. We looked at the range of tribes with possible prehistoric ties to the Billings area and contacted those groups. In addition, we were contacted by other groups who wish to consult, but who are not well documented as ancient residents of the area. In total, we have spoken with, written to, and provided materials to 26 tribes, including almost all the tribal governments on the North American Plains.

Question 81b: Given your authority and ability to stop this proposal and knowing now of its disturbing history, do you have any plans to stop the exploratory drilling from proceeding?

Answer: On February 5, 2001, the Bureau of Land Management concluded an environmental study that began in 1993 and issued a decision to allow drilling of a single exploratory well. Several groups requested a review of that decision. The review was signed on May 21, 2001, and upheld the decision to allow the exploratory well. However, the review can be appealed to the Interior Board of Land Appeals, and the BLM will not allow any drilling activity to take place until the 30-day appeal period has expired June 23. The Board has the discretion to issue a stay of drilling activity until it renders a decision. I will, of course, continue to monitor this issue.

Question 82: Question 6. Under the 1992 Energy Policy Act, the Secretary of the Interior is authorized to request funding for American Indian Renewable Energy Projects. Given the potential for renewable, clean energy production by tribes, will you seek funding for the American Indian Renewable Energy Project? What is the Department of Interior's plan to help tribes develop their renewable resources?

Answer: Funding for American Indian Renewable Energy Projects will be considered within the overall evaluation of economic viability using present and developing technology. Where feasible, these energy sources can contribute in environmentally attractive ways. In addition, for Indian tribes, renewable energy might provide energy locally more cost effective than by conventional grid service.

As a Department, we are considering how to best develop a plan to help tribes with all energy resources on Indian lands including renewable resources.

(KIND)

Question 83: Drilling and producing methane gas from coal beds results in vast quantities of water being pumped to the surface. For instance, there are proposals to

drill up to 70,000 such gas wells in the state of Wyoming alone. These wells would result in more than one billion gallons of water being pumped to the surface everyday. Pumping such quantities of water to the surface can impact the water table, contaminate drinking water supplies, cause flooding, etc. In addition, the water sometimes has a high salt content that has an adverse impact on plants and animals. Has a comprehensive analysis of the impacts of pumping such vast quantities of water to the surface been performed. If not, is one planned? Does the Department have a strategy for mitigating possible impacts?

Answer: All of these issues are part of the EISs and EAs being conducted in Wyoming and Montana. Specifically, the impact of water production, disposal, and use has been analyzed in substantial detail. An EIS is in preparation on this area and these issues. The final EIS is expected to be completed mid-year 2002. In addition, all Coal Bed Methane (CBM) wells on Federal leases must have an approved water management plan prior to approval of the drilling permits. The BLM also requires State Department of Environmental Quality approvals under the Clean Water Act for any disposal of produced water.

Question 84: **Directional drilling is one of the technologies being touted as a means of reducing the infrastructure footprint associated with oil and gas drilling, particularly in regard to drilling in Alaska. However, in some cases industry has resisted using this technology for drilling on federal lands in the lower 48 states. Rather than using directional drilling, the industry is lobbying to increase the density of oil and gas wells allowed on federal lands. Do you believe the allowable density of oil and gas wells on federal lands should be increased, or do you think the industry should be encouraged or required to pursue technologies such as directional drilling that minimize the industrial footprint and associated environmental impacts?**

Answer: The technology for a "small footprint" is applicable in many situations, both in Alaska and the lower 48 states. I support this technology where needed to minimize environmental impact and where it can be done technically and with reasonable economics.

Question 85: **There are a number of lease stipulations regarding drilling and production on federal lands that are designed to minimize the impacts on animal wildlife. For instance, in some cases there are prohibitions on production activities during sensitive animal breeding or migration periods. There are industry proposals that call for relaxing or eliminating such protective measures in the name of increasing production. Do you support relaxing or eliminating these protective measures that are designed to protect animal wildlife?**

Answer: Most of the prohibitions to reduce impacts to wildlife populations are applied only to drilling operations when most of the human influence is present. Production restrictions are uncommon. I support continued use of all necessary prohibitions, whether on drilling or production if they are supported by sound science and provide for the continued existence of viable wildlife populations while allowing for development of our energy resources.

Question 86: **Approximately 95% of the land managed by the Bureau of Land Management within the Rocky Mountain States of Colorado, Montana, Wyoming, Utah, and New Mexico are already open to oil and gas leasing and there are extensive ongoing exploration and development activities on these lands already. Can you provide an estimate of the size of oil and gas reserves on the remaining five percent of Federal lands not currently available for leasing? How does the size of these projected reserves compare to US total reserves of oil and gas?**

Answer: The USGS does not have information about energy resources under Federal lands that are not currently available for leasing. The Energy Act of 2000 requires the Secretary of the Interior to conduct an inventory of energy resources under Federal lands and the restrictions and impediments to their development. The first five priority regions will be completed by November 2002, and estimate of resources under land available for leasing will be available at that time.

(T. UDALL)

Question 87: **Reflecting on the horrible pipeline explosion near Carlsbad, New Mexico last August that killed 12 people and the Bellingham, Washington gas pipeline tragedy, I want to further ensure that our existing and future gas pipelines across the U.S. are safe. With that in mind, the Administration and Congress must strengthen our current oversight program for pipelines in order to enhance safety and reliability.**

As the Secretary of the Interior, please explain how you will take the lead in the administration and work with Secretaries Abraham and Mineta to provide ideas to Congress ideas on how to provide maximum safety?

Answer: The Department of the Interior is strongly committed to working with the other Departments to maximize the safety of all pipelines but especially those placed on public and federal lands. In order to better explain the role of pipeline safety to both government and private industry pipeline managers, the Office of Pipeline Safety (OPS) actively participated in the inter-agency/International Right of Way Association, Pipeline Committee, Pipeline Systems Course. It is becoming increasingly common where pipeline safety is a concern in the application review process to have OPS personnel conduct "on site" public land reviews.

Question 88: **I do not see how the BLM can effectively implement its resource management program in the lower 48 states with the proposed President's budget. The President's BLM budget for FY2001 was $2.1 billion and dropped to $1.8 billion for FY2002. Although the administration intends to increase that BLM's energy and mineral program by $15 million, a large portion of that will be going toward exploration on Alaska's North Slope and completion of the BLM's land management planning process. That doesn't leave much money for the BLM to manage its other programs, and the programs will suffer tremendously because of the budget cuts.**

Can you provide a breakdown of all the BLM's programs funding levels between FY2001 and the President's budget for FY2002, nationally and in New Mexico?

Answer: The attached table (appendix B) provides funding changes by account. It is accurate that the BLM President's budget shows an overall decrease from FY 2001. However, BLM's two main operating accounts include an increase from FY 2001. Also, a major portion of the proposed decreases in the budget are one-time or emergency costs that were provided in FY 2001 and not continued in FY 2002. For example, $226 million in reductions reflect the elimination of a fire emergency contingency fund [$199.6 million] as well as one-time fire equipment purchases and a targeted research project [$26.8 million]. Other similar reductions include $17 million in one-time emergency funding for Great Basin restoration and Grasshopper and Mormon cricket control.

We do not yet have a detailed breakdown of FY 2002 funding for New Mexico or other BLM states. It is expected that New Mexico would share in the requested energy increases as specified in BLM's FY 2002 budget justifications. For example, of the requested increase for land use planning, $217,000 would be directed to New Mexico for five high priority land use plans. A portion of the $11.7 million requested increase for oil and gas activities would be directed to high priority areas in New Mexico such as the San Juan Basin to process additional Applications for Permit to Drill and for implementation of the Energy Policy and Conservation Act. $670,000 of the $1.5 million increase requested for processing additional right-of-ways would be directed to New Mexico. Approximately $7.6 million would also be used in New Mexico for land acquisition in four critical, specially-designated areas, as well as sufficient resources to prepare for and address wildland fires.

Question 89: **Even at the FY2001 budget levels, staffing levels if BLM field offices such a Farmington, New Mexico appear severely deficient to manage and implement its resources objectives as well as its public relations program.**

How do you intend to maintain or ramp-up the appropriate staffing levels for these program areas, especially with fire management and suppression given the proposed budget cuts?

Answer: The BLM Full Time Equivalency [FTE] request for FY 2002 is 10,771 FTE, the same as FY 2001. This level represents an increase of 833 FTE [8%] over the FTE actually used in FY 2000. The FY 2002 budget request also presents several internal adjustments in FTE levels to address the highest priorities. For example, an additional 40 FTE will be directed to priority energy activities, 17 FTE will be used to make more progress in land use planning and 11 FTE will help process additional right-of-ways.

A significant number of these positions will also help BLM to ensure a full readiness capability for wildland fire management. The BLM is moving toward increasing staffing in the wildland fire program in FY 2001 by 656 FTE to continue progress in implementing the National Fire Plan prepared after the FY 2000 fire season.

The FY 2002 budget request for wildland fire management is more than double historical funding levels. At the proposed level, emphasis will continue on full implementation of the National Fire Plan, including building capacity in preparedness, ensuring a responsive operations program, and sustaining support for rural fire districts.

(INSLEE)

Question 90: Will the Administration withhold funding of the Hanford Reach National Monument in order to attempt to drill for natural gas on the monument, or change the boundaries of the monument?

Answer: I have not indicated an intention to open Monuments to energy exploration or drilling, nor have I recommended withholding funds to do so. On March 28th, letters were sent to elected officials in Washington State requesting their (and their constituents') ideas about how they would like to see their National Monuments managed and for what uses. Responses to those letters will be collected and analyzed and determinations will be made as to recommended changes.

(M. Udall) Withdrawn Areas

Question 91: The Cheney task force recommended that the President direct you, as Secretary of the Interior, to review public lands that are now withdrawn from oil and gas leasing, and to "consider modifications where appropriate." Will you be doing that?

Answer: Yes. This will be done, primarily through the Energy and Policy Conservation Act section 604 studies and the land use planning process.

Question 92: As I understand it, right now about 16 million acres of BLM lands in Colorado are open to oil and gas leasing, while about 600,000 acres - that is, about 3.5% of the total - are withdrawn from leasing. Are those numbers about right?

Answer: The BLM Colorado administers 12.6 million subsurface acres that are open to oil and gas leasing. About one million acres are withdrawn from leasing, including 145,000 acres of wilderness and 615,000 acres of wilderness study areas.

Question 93: Will you be reviewing lands in Colorado that BLM is now managing as wilderness study areas? If so, which ones?

Answer: We will be reviewing all lands BLM manages in priority oil and gas basins under the EPCA section 604 process. However, until Congress determines otherwise, wilderness study areas will be managed according to the Wilderness Act of 1964, which states in part "...so as not to impair the suitability of such areas for preservation as wilderness, subject, however, to the continuation of existing mining and grazing uses and mineral leasing..."

Question 94: In addition to the formal wilderness study areas, there are a number of areas in Colorado that BLM has been re-inventorying to see if they might have wilderness potential. How will the energy plan affect those areas?

Answer: In 1997 and 1998 the BLM Colorado conducted in-depth roadless reviews in six western slope areas. After consultation with filed offices, on-the-ground tours, and review of hundreds of public comments, 167,000 acres in the Vermillion, South Shale Ridge, and Bangs Canyon areas were identified as containing wilderness values; land use plan amendments were prepared. When funding is available, BLM will proceed with a land use classifications. In addition we expect the result of the EPCA review to be factored into the land use planning process. To the extent that land use planning recommendation could result in additional restrictions on land use development, they will be evaluated pursuant to Executive Order 13211- "Actions Concerning Regulations That Significantly Affect Energy Supply, Distribution or Use."

Question 95: What other Colorado withdrawals will you be reviewing?

Answer: The only withdrawn land that is closed to oil and gas leasing is the U.S. Air Force Academy. The BLM is currently reviewing about 200,000 acres of Bureau of Reclamation withdrawn lands and opening those lands no longer needed for water

project purposes. However, these lands have always been open to oil and gas leasing.

Question 96: How will you decide what modifications to these withdrawals would be "appropriate"?

Answer: As noted in question #5 above, the only withdrawn lands in Colorado closed to oil and gas leasing are withdrawn to benefit the U.S. Air Force Academy. When withdrawn lands are returned to management by the BLM, land use plans are amended to address resource issues, concerns and future management direction.

Question 97: How will you go about consulting with people in Colorado about this?

Answer: Land use planning and compliance with NEPA are public processes. The BLM routinely notifies and solicits participation by our public through Federal Register notices, press releases, letters to interested citizens, and open houses or meetings.

Question 98: What modifications can you make administratively, and which would require legislation?

Answer: In general, withdrawn by legislation and proclamation (e.g., National Conservation Area's, National Monuments, Military and power site withdrawals, Wilderness, Wilderness Study Areas and Wild Rivers) from oil and gas leasing would require legislation to allow leasing. Any withdrawals executed through land use planning can be modified through a new or amended land use plan.

Question 99: Am I right in understanding that relaxing restrictions on leasing in wilderness study areas can only be done through legislation?

Answer: Yes. Mineral leasing on the overwhelming majority (98%) of BLM wilderness study areas is restricted by Act of Congress. To change that restriction requires legislation.

These are a small number of WSA's (2%) that were identified by BLM through the land use planning process. The Secretary has the discretion to reconsider these section 202 WSA's. Release of these WSA's would require a land use plan amendment and associated NEPA analysis.

Question 100: Wilderness Study Areas - Just before he left office, the first President Bush sent Congress a final report on possible BLM wilderness. It named 54 Colorado wilderness study areas and recommended that more than 346,000 acres in Colorado be designated as wilderness. Congress dealt with some areas in the 1993 Colorado wilderness bill and later legislation. But the others are still wilderness study areas, and other areas have been proposed as well. I understand the task force considered urging the Administration to encourage

Congress to decide which BLM and Forest Service wilderness study areas should be protected as wilderness. That evidently is not in the final report. But don't you think that it would be good to get this resolved, at least in Colorado, by passing a BLM wilderness bill?

Answer: The final decision as to whether or not a wilderness study area becomes a designated "Wilderness Area" under the authority of the Wilderness Act of 1964 is made by Congress. I support Congress resolving these issues in Colorado and throughout the West.

Leasing Stipulations

Question 101: The task force also recommended that the President direct you, as Secretary, to review the stipulations on existing oil and gas leases, and to modify them as appropriate. Will you be doing that?

Answer: Yes. The review is proceeding. The EPCA study and the related Green River Basin study include a component where existing lease stipulations are analyzed.

Question 102: Will you be doing this in a generic way, or on a case-by-case basis?

Answer: BLM may make some generic changes, but case specific stipulations will still be applied were warranted.

Question 103: What kinds of modifications might be considered?

Answer: Duration of seasonal stipulations might be amended; size of others might be reduced; and terms of prohibited activities might be modified. BLM anticipates the EPCA study to provide valuable information on both the effectiveness of new and existing stipulations as well as a review of the impact of the stipulations on energy and mineral development. It will provide a baseline for monitoring effectiveness of the stipulations.

Question 104: Do you know if any Colorado leases are likely to be modified?

Answer: It is unknown at this time whether any Colorado leases are likely to be modified.

Question 105: How will you go about consulting with people in Colorado about this?

Answer: We have pledged to include public notification and consultation in the modification of lease stipulations. The National Energy Policy recommends that the President direct the Secretary of the Interior to "review public land withdrawals

and lease stipulations, with full public consultation, especially with the people in the region, to consider modifications where appropriate."

Canyons of the Ancients Monument

Question 106: Will you be considering any changes to the boundaries or the management of the new Canyon of the Ancients National Monument?

Answer: *On March 28th, letters were sent to elected officials in Washington State requesting their (and their constituents') ideas about how they would like to see their National Monuments managed and for what uses. Responses to those letters will be collected and analyzed and determinations will be made as to recommended changes.*

(HOLT)

Question 107: It appears the R&D funding for renewable energy and funding for land conservation proposed in the Administration's energy plan all rely on revenues generated from the oil and gas leases in the Arctic Refuge. In the event that Congress does not allow drilling in the 1002 Area, what contingencies does the Administration propose for making up for these lost funds?

Answer: The research and development funding from ANWR leasing was projected to occur in 2004, and our understanding is that discretionary funds are also proposed in the President's Budget for renewable research and development, independent of ANWR royalties. However, the research and development of renewable energy is a Department of Energy program, so the Department of Energy may be able to provide a more complete answer about funding these programs.

The proposal to fund land conservation from royalties collected on ANWR production is part of a recommendation in the National Energy Policy, but is not part of the budget request for 2002. We are proceeding with planning efforts for implementing the National Energy Policy recommendations and hope to be able to provide more detail in the future.

The Department and the Administration remain optimistic about the potential of ANWR to provide for our nation's future energy needs. The proposal in the 2002 budget, and any proposals in future budgets, will take several years to come to fruition.

Question 108: The President recently renewed his commitment to maintaining a moratorium on offshore oil drilling off the coast of California. In the recent hearing

before the Resources Committee, the Secretary stated she would abide by the existing moratoria. Is the Secretary willing to abide with the moratorium on offshore drilling off of the coast of New Jersey?

Answer: We appreciate the longstanding history, context, and concerns associated with OCS moratoria and presidential withdrawals. The Administration has no plans to undo this framework.

Question 109: The plan proposes providing additional economic incentives for companies to develop reserves in frontier areas and using deep gas production. First, does this imply that these reserves would not be developed without these incentives? Second, every industry assumes much of their own risk, especially when reporting record profits. Why are we proposing that the taxpayers reduce or eliminate the risk of this exploration?

Answer: The President's National Energy Policy calls for the Secretary to consider economic incentives for environmentally sound offshore oil and gas development where warranted by specific circumstances which includes exploring opportunities for royalty reduction consistent with ensuring a fair return to the public where warranted. We estimate that about one billion additional barrels of oil equivalent could be developed from the unleased resource base due to royalty relief. Absent this relief, these resources would not be developed at prices expected to prevail over the next 10 years. In addition, some fields that would be developed, but at a later time without royalty relief, will be developed sooner in the presence of relief from royalties.

Taxpayers stand to gain considerably by the increased production, in the form of less vulnerability to oil supply disruptions, greater domestic natural gas reserves, and lower domestic oil and gas prices. In short, for commodities such as oil and gas, the value to the Nation of each unit produced domestically is worth more than its market price. Few products generated in other industries can make this same claim. So, reducing the risk of exploration to oil and gas companies benefits all the citizens of the Nation, especially when the result is additional domestic oil production that replaces insecure supplies of foreign oil, and additional domestic gas production that lowers domestic gas prices. Further, our royalty relief program is not open-ended. Royalty relief is granted only when prices are below the thresholds specified in the leases. If prices exceed the threshold values, producers pay royalties and the production applies against their royalty suspension volume.

(SOLIS)

Question 110: What private organizations and businesses did the Administration consult when creating the National Energy Policy report? Will you submit a list to the Committee for our information?

Answer: The Department of the Interior did not request information or views from private organizations and businesses in developing options for consideration in the National Energy Policy effort.

Question 111: The Federal Energy Regulatory Commission (FERC) has clearly acknowledged that energy prices in California are not "just and reasonable." Yet according to FERC Commissioner William Massey, FERC is not willing to ensure that consumers are protected from these outrageous rates. In light of these facts, why didn't the National Energy Policy Development (NEPD) Group direct FERC to exercise their responsibility and regulate skyrocketing wholesale prices in the West?

Answer: Competition, if implemented effectively, will benefit consumers. The California deregulation plan, unfortunately, was severely flawed and counter-productive in that it did not allow the market to work. In order for electricity markets to function, there must be adequate supplies to meet demand, and there must be efficient means to deliver the goods to the electric power consumers. The major part of the problem of providing adequate supplies in California was locking in enough long-term contract power to provide a strong incentive to increase generating capacity and supply; this was exacerbated by the lack of new local generating facilities and the unusually low amount of hydropower generation due to the extensive regional drought. The problem with regulatory action -- establishing price caps to lower the price of electricity in this market is that such caps will do nothing to increase, and may lower, the amount of electricity produced. At the same time the lower prices will increase the amount of electricity consumers use which is immediately and directly counterproductive.

The Administration's view of this unfortunate situation is that it is important for the market to continue to send price signals to consumers that more conservation is needed -- especially in the immediate term, and to potential suppliers that more power needs to be produced in both the short and longer terms. This approach appears to be working since conservation is way up in California, and substantial new investment in new and expanded generating facilities is extensive. From FERC actions to date, it appears that there has been inappropriate overpricing of power in some specific cases; FERC appears to be dealing with this, and has ordered refunds where it has determined that overcharging took place.

Question 112: Most of the NEPD Group proposals are long term in scope and will not impact the consumer for many years to come. My constituents are dealing

with an energy crisis today. How does the NEPD group propose to relieve this burden in the near future?

Answer: President Bush has directed us to expedite permits for new power production and to work as good partners to reduce our electricity use at federal facilities, especially during the peak periods this summer. The President has also instructed us to work with Congress in increasing funding for the Low Income Home Energy Assistance Program (LIHEAP) and allow use of oil and gas royalties for that program when oil or gas reaches certain prices.

Question 113: **Extensive drilling will take place if this proposed National Energy Policy becomes a reality. How will the Administration ensure local voices are heard and taken into consideration when making decisions about drilling? How will you ensure that these activities are not taking place disproportionately in minority communities?**

Answer: Leasing decisions are made only after extensive planning with ample opportunity for public participation. If applicable, we will proceed in light of Executive Order #12898 February 11, 1994 on Environmental Justice. Agencies must analyze the environmental effects (ie, human health and economic and social effects) of their actions – including their effects on minority communities and low-income communities-- when such analysis is required by NEPA. Also, agencies must provide opportunity for community input in the NEPA process, including identifying potential effects and mitigation measures in consultation with affected communities and improving the accessibility of meetings, crucial documents and notices.

Question 114: **The Bush Administration froze funds for the Low Income Heating and Energy Assistance Program (LIHEAP). The NEPD Group has proposed making the future of the program contingent on oil/gas royalties. In fact, the Groups recommendations go as far as to direct the Secretary of Energy to raid weatherization programs to fund LIHEAP. This program directly affects my constituents - people in dire need. Why would your group recommend risking funds for this program when it is so worthwhile.**

Answer: The NEPD Group recommended that the President take steps to mitigate the impacts of high energy costs on low-income consumers. The President understands the real impacts of high energy prices on families. Interior will be working with HHS to examine innovative ways to fund our commitment to programs like LIHEAP. One such idea is to bolster LIHEAP funding by using a portion of oil and gas royalty payments. Another idea is to redirect royalties to LIHEAP whenever crude oil and natural gas prices are above a trigger price.

Question 115: The NEPD Group recommends what looks to be national electricity deregulation to increase competition. In light of the FERC's inability to live up to its responsibilities to ensure "just and reasonable" prices, how can we ensure that the price gouging of the West doesn't spread nationwide?

Answer: It is difficult to draw a general conclusion about deregulation from the California example. The risk that the California experience will repeat itself is low, since other states have not modeled their retail competition plan on the California model.

Question 116: The federal budget proposed by President Bush cut research for renewables, which would increase electricity generation and protect our environment. At the same time, the NEPD group recommends an increase in the Administration's requested funding for renewable research. How can you explain this discrepancy?

Answer: One NEPD recommendation was that the President should direct the Secretary of Energy to conduct a comprehensive review of current funding and historic performance of renewable and alternative energy research. The President is committed to increasing America's use of renewable and alternative energy.

Question 117: According to scientists throughout the world, your recommendations are sure to cause an increase in global warming. Yet, you make no mention about the climate in your policy discussion. Was this issue addressed during the NEPD Group's meetings? How will you ensure that the policy's actions don't increase greenhouse gas emissions?

Answer: The primary focus of the Administration on global warming is being addressed through the cabinet-level Global Climate Change Task Force which is currently assessing the science and potential actions to address the issue. While global warming was discussed in the processes of developing the National Energy Policy, the NEPD consciously deferred dealing with this issue because of the more comprehensive analysis on global climate change being conducted. There are a number of major elements in the National Energy Policy, however, that will help address global climate change including the major emphases on energy conservation, natural gas, clean coal technology, nuclear energy, and alternative energy sources such as wind, geothermal and solar power.

Question 118: One of the proposals that the NEPD Group put forth requires the Secretary of Transportation to provide Corporate Average Fuel Economy (CAFÉ) standards that will not negatively affect the auto industry. The Report says nothing about how the CAFÉ standards affect the environment, or about the Environmental Protection Agency's participation in the determination of

those standards. How will you ensure that the Secretary of Transportation takes into consideration the environmental impacts of the CAFÉ standards?

Answer: This question relates directly to a recommendation made by the NEPD that the President has tasked to the Secretary of Transportation. The Secretary of Transportation must craft CAFÉ standards that increase efficiency without adversely affecting the automotive industry. The President believes that environmental protection and economic growth are not mutually exclusive.

Question 119: **The NEPD Group's recommendations strongly support the expedited use of nuclear energy. How can the Administration endorse such a plan when we have not yet found a safe way of disposing of spent nuclear rods?**

Answer: While I am perhaps not the most appropriate person to answer this question, I believe that the Administration will continue to study the science of disposal. In addition, the NEPD Group did recommend international partnerships to design reprocessing and fuel treatment technologies that are cleaner, more efficient, less waste-intensive, and more proliferation resistant.

(WILSON) Bureau of Reclamation and the Middle Rio Grande Conservancy District

Question 120: **As you know, the New Mexico office of the Bureau of Reclamation loaned the Middle Rio Grande Conservancy District money for work on the Middle Rio Grande Project in 1951 and the San Juan-Chama Project; both projects involved District irrigation improvements and water. The Middle Rio Grande Conservancy District paid off the first loan last year. It recently tried to pay off the San Juan-Chama loan, but the Bureau refused to accept the payment and claimed indefinite control over these projects. This in effect federalizes the control of local water rights, whether intended or not. Will you direct the local office of the Bureau to accept complete repayment for the loan?**

Answer: The Reclamation decisions carried out by the local office were discussed and supported by the highest levels of Reclamation and the Department. The Reclamation Act does not authorize Reclamation to issue loans. Rather, in the Reclamation Act, Congress authorized the funding and construction of federal Reclamation projects and provided that the dams and reservoirs that make up those federal projects would remain in federal ownership until Congress provided otherwise. Thus, when Congress authorized the federal Middle Rio Grande Project in 1948, it did not provide a situation where lands and facilities would be held as collateral for a loan, but rather was creating a federal Reclamation project which would remain in federal ownership until Congress made other provision. Consequently, the repayment of construction costs is not the equivalent of a

mortgage payment but instead is the price paid for water delivery from federal facilities.

Additionally, the Reclamation laws impose conditions upon those who enter into contracts for Reclamation water. Those conditions include price and acreage limitations in order to control the benefits provided by Reclamation projects and ensure they are provided to the largest number of people possible. Therefore, Congress also placed stringent conditions upon the repayment of construction obligations and the termination of price and acreage limitations.

In 1951, the Middle Rio Grande Conservancy District (MRGCD) contracted to repay, without interest, the reimbursable costs of the Middle Rio Grande Project. In 1963, that contract was amended to include repayment, without interest, of a supplemental water supply from the San Juan Chama Project.

Acting pursuant to authority provided to the Secretary by Congress in 1962, Reclamation constructed the SJ-C Project to furnish irrigation water to Native Americans, Pueblo lands, and other lands within MRGCD. Additionally, the SJ-C Project provides water for municipal and industrial purposes and recreation and fish and wildlife benefits in New Mexico. The SJ-C Project is a transbasin diversion which helps to satisfy New Mexico's entitlement to water from the Colorado River and helps meet the increasing demands in the Rio Grande basin. The United States holds title to all lands acquired for the San Juan-Chama Project and owns and operates all SJ-C Project facilities. El Vado Dam was rehabilitated by the United States and the spillway and outlet works were reconstructed and enlarged to accommodate the SJ-C Project, and as a result, the spillway and outlet works of El Vado Dam are owned by the United States.

In 2000, MRGCD completed repayment for the Middle Rio Grande Project portion of its contract but has until 2022 to repay the approximately $2.4 million balance on the San Juan-Chama (SJ-C) Project portion. On May 14, 2001, MRGCD attempted to present Reclamation with a check. After consultation with its Solicitors, Reclamation declined to accept payment because Section 213 of the Reclamation Reform Act of 1982 (RRA) precludes lump sum or accelerated repayment by water users unless specifically provided for in a contract existing prior to enactment of the RRA. MRGCD's contract requires repayment in 50 consecutive annual installments ending in 2022 and makes no provision for lump sum or accelerated repayment. Legislative action is necessary before Reclamation can accept complete repayment.

Section 213, Reclamation Reform Act of 1982 (96 Stat. 1269; 43 U.S.C. § 390mm), paragraph (c), states:

> © Nothing in this title shall be construed as authorizing or permitting lump sum or accelerated repayment of construction costs, except in the case of a repayment contract which is in effect upon the date of enactment of this Act and which provides for such lump sum or accelerated repayment by an individual or district.

Since 1902, acreage limitation has been a major condition for receiving subsidized water from Reclamation projects, and through the RRA, acreage-limitation remains an important part of Reclamation law westwide. Legislative history indicates that Congress intended Section 213 to preclude water users from using lump sum or accelerated repayment to circumvent the ownership and full-cost pricing limitations of the RRA. Legislation exempting MRGCD from Section 213 might be viewed as a signal that Congress no longer supports the ownership and full-cost pricing limitations of the RRA.

MRGCD has stated publicly that its objective is to terminate Contract No. I78r-243 and obtain title to project lands and facilities in order to remove the federal presence from the Middle Rio Grande Project. An exemption from Section 213 authorizing early payout would not accomplish this objective because Reclamation law requires that title to project lands and facilities must remain in the name of the United States until Congress provides otherwise.

Reclamation law also requires a contract with the United States before water can be delivered from a Reclamation project (Section 46 of the Omnibus Adjust Act of 1926 and Section 9(d) of the Reclamation Project Act of 1939).

Section 46, Omnibus Adjustment Act of 1926 (44 Stat. 6749, 43 U.S.C. § 423e) states:

> No water shall be delivered upon the completion of any new project or new division of a project until a contract or contracts in form approved by the Secretary of the Interior shall have been made with an irrigation district or irrigation districts organized under State law providing for payment by the district or districts of the cost of constructing, operating, and maintaining the works during the time they are in control of the United States, . . .

Section 9(d), Reclamation Project Act of 1939 (43 U.S.C. 485h(d)) states:

> No water may be delivered for irrigation of lands in connection with any new project, new division of a project, or supplemental works on a project until an organization satisfactory in form and powers to the Secretary, has entered into a repayment contract with the United States, in form satisfactory to the Secretary, providing among other things . . .That the

general repayment obligation of the organization shall be spread in annual installments, of the number and amount fixed by the Secretary, over a period of not more than 40 years, ...

Question 121: The local Bureau of Reclamation office has refused to accept repayment of a federal loan from the Middle Rio Grande Conservancy District. This defies common sense. This position is unacceptable and may be contrary to law. Is this the official position of the Bush Administration or reflection of the local Bureau of Reclamation office policy? Do you support this policy or will you reverse the position of the local Bureau of Reclamation?

Answer: Reclamation and I share your view that interest-free loans should be recovered quickly whenever possible. However, the Middle Rio Grande Project was authorized subject to the full body of Reclamation law.

Section 203 [Middle Rio Grande Project], Flood Control Act of 1948 (62 Stat. 1179)

> In carrying out the provisions of this Act, the Secretary of the Interior shall be governed by and have the powers conferred upon him by the Federal reclamation laws (Act of June 17, 1902, 32 Stat. 388), and Acts amendatory thereof or supplementary thereto, except as is otherwise provided in this Act or in the reports referred to above. This Act shall be deemed a supplement to said Federal reclamation laws.

Section 213 of the Reclamation Reform Act of 1982 (RRA) appears to leave Reclamation no administrative remedy to solve this problem without Congressional assistance. We believe that legislation exempting the District from Section 213 is necessary before Reclamation can accept their lump sum payment.

Even though a statutory exception from Section 213 and other provisions of the RRA could facilitate prepayment, such an exception alone will not achieve the District's publicly stated desires to terminate its contract and obtain title to project facilities.

Title to project facilities does not automatically transfer to the District when their contract is paid in full. Section 6, Reclamation Act of 1902 (32. Stat. 389, 43 U.S.C. §§491, 498), states:

> Provided, that when the payment required by this act are made for the major portion of the lands irrigated from the waters of any of the works herein provided for, then the management and operation of such irrigation works shall pass to the owners of the lands irrigated thereby, to be

maintained at their expense under such form of organization and under such rules and regulations as may be acceptable to the Secretary of the Interior: Provided, that the title to and the management and operation of the reservoirs and works necessary for their protection and operation shall remain in the Government until otherwise provided by Congress.

This is also reiterated in Article 29 of the District's contract, which specifically states: "Title to all works constructed by the United States under this contract and to all such works as are conveyed to the United States by the provision hereof, shall, as provided in Article 26, be and continue to be vested in the name of the United States until otherwise provided for by Congress, notwithstanding the transfer hereafter of any such works to the District for operation and maintenance." I do not believe that current law allows this prepayment. Our management actions must continue to comply with the law.

Question 122: If the reason for the Bureau's policy is based on statute, it clearly has unintended consequences. Will you provide Congress with specific language that will allow us to correct this situation for the Middle Rio Grande Conservancy District?

Answer: We appreciate your willingness to seek a legislative remedy and are willing to work with your staff and the District to find a solution for this situation. Reclamation believes that legislation would be required in order to terminate MRGCD's contract without terminating water delivery. Reclamation also believes that legislation would be required before title to project lands and facilities could be transferred from the United States to MRGCD.

Termination of the contract and transfer of title to project facilities would reduce the federal presence in the Middle Rio Grande Project. Termination of the contract would terminate MRGCD's right to receive water from both the Middle Rio Grande and the San-Juan Chama projects unless Congress deauthorized the projects and removed them from Reclamation law. Legislation which would fully accomplish this objective would be complex.

An exemption from Section 213 of the Reclamation Reform Act of 1982 (RRA) alone would not relieve MRGCD of all of the acreage limitation and reporting requirements of the RRA. Despite early payout, MRGCD would remain subject to acreage limitation and reporting requirements unless the legislation also exempted MRGCD from other portions of the RRA. A comprehensive exemption from RRA requirements might be viewed as precedent-setting.

The United States holds water rights for the six Native American Pueblos (Acts of February 14, 1927, March 13, 1928, August 27, 1935, and June 30, 1938). These

rights are satisfied first through natural flow of the Rio Grande, but any deficiencies are made up through Rio Grande water stored in El Vado Reservoir under a 1981 agreement. Water is delivered to the Pueblos through facilities of the Middle Rio Grande Project. The Secretary of the Interior has a trust responsibility to the Pueblos associated with the Pueblos entitlement to receive water through project facilities to irrigate lands which were reclaimed under the Middle Rio Grande Project. A portion of the Pueblo right has first priority over any water right lands within MRGCD, and the water right for reclaimed Pueblo lands has priority equal to water delivered to other water right lands within MRGCD. Additionally, because the Middle Rio Grande Project facilities must continue to deliver Pueblo water, a portion of the federal interest in the Middle Rio Grande facilities would survive title transfer.

The reach of the Middle Rio Grande from which MRGCD obtains its water supply is considered critical habitat for the endangered Rio Grande silvery minnow. In 1999 a coalition of environmental groups filed suit against the United States and MRGCD alleging violations of the Endangered Species Act (ESA) in the operation of the Middle Rio Grande Project. Authorization of early payout could impact the outcome of ongoing litigation in the Federal District Court for the District of New Mexico (CIV 99-1320-JP/RLP-ACE, Rio Grande Silvery Minnow vs. J. William McDonald, et al., and Middle Rio Grande Conservancy District)

Many municipal providers, such as the City of Albuquerque, receive a municipal and industrial water supply from the SJ-C Project and have repayment contracts with Reclamation similar to MRGCD's contract. Additionally, it would be inconsistent if MRGCD were the only entity to receive title transfer to any SJ-C Project facilities by repaying its portion of the construction obligation.

Attachment A

OCS Policy Committee Meeting (May 24, 2001)

The OCS Policy Committee is an independent advisory committee chartered under the Federal Advisory Committee Act to give the Secretary of the Interior advice on discretionary issues related to implementation of the OCS Lands Act. The members represent Governors of coastal States, local government, environmental interests, and the offshore oil and gas, minerals and fishing industries.

In October 2000, the OCS Policy Committee established a Natural Gas Subcommittee to independently review and evaluate information on natural gas, and then provide an assessment of the contribution the OCS can make to meeting the short term and long term natural gas needs of the United States within the framework of a national energy policy. The subcommittee forwarded its report with accompanying recommendations for consideration of the OCS Policy Committee on April 20, 2001.

Action Taken: The OCS Policy Committee on May 24, 2001 amended the Subcommittee recommendations and adopted the resolution to forward its amended recommendations to the Secretary of the Interior.

OCS POLICY COMMITTEE
Resolution of the OCS Policy Committee on Recommendations based on
The Report from the Subcommittee on Natural Gas

In consideration of the duty of the Outer Continental Shelf (OCS) Policy Committee to provide policy guidance to the Secretary of the Interior on issues related to the management, protection, and development of mineral resources on the OCS, the following resolution is hereby adopted in Alexandria, Virginia on this 24th day of May, 2001;

WHEREAS, growth of U.S. consumptive demand for natural gas is currently of national interest, with projections as high as 30 trillion cubic feet (Tcf) of natural gas annually by the year 2015, representing a 50 percent increase over current national consumption;

NOTING that if the offshore is expected to maintain the same percentage contribution towards future U.S. gas consumption, the annual gas production from Federal waters will have to be increased to reach about 7 to 8 Tcf from its current level of 5 Tcf;

WHEREAS, the OCS Policy Committee established a Subcommittee to independently review and evaluate information on natural gas, and then provide an assessment of the contribution the OCS can make to meeting the short term and long term natural gas needs of the United States within the framework of a national energy policy; and

WHEREAS, the Subcommittee on Natural Gas, after careful review and due consideration of significant factors including resource, production, and demand projections; infrastructure; alternatives; the environmental safety record of, and current technologies and procedures used by, the offshore industry; leasing moratoria; safety and operational considerations unique to natural gas; and social impacts; has prepared a report that documents its review and offers recommendations; but does not evaluate energy, fuel, or building efficiencies and the roles these may play in the nation's energy needs over the next several decades; and

WHEREAS, the report of the Subcommittee will help guide the Secretary of the Interior and the Minerals Management Service (MMS) in identifying the role of the OCS in addressing the natural gas needs of the nation by identifying potential issues and policy options;

NOW, THEREFORE BE IT RESOLVED by the OCS Policy Committee that the attached recommendations based on the Report of the Subcommittee on Natural Gas are approved and adopted by the OCS Policy Committee; and

Further, Be It Resolved, that the Secretary of the Interior is urged by the OCS Policy Committee to take timely action to implement the recommendations of this Committee.

Outer Continental Shelf Policy Committee

Chairman Donald F. Oltz, Jr.
OCS Policy Committee Recommendations Based
On the Report from the Subcommittee on Natural Gas
May 24, 2001

After consideration of the available information concerning the supply and demand for energy in the U.S., the Policy Committee finds that natural gas should be considered as a significant part of an energy base, which includes alternatives and conservation programs. Recognizing that natural gas is only a portion of a national energy policy, the Policy Committee makes the following recommendations:

17. The Outer Continental Shelf (OCS) should be viewed as a significant source for increased supply of natural gas to meet the national demand for the long term.

18. Congressional funding to MMS and other critical agencies such as Fish and Wildlife Service, National Marine Fisheries Service, DOE, and EPA, should be assured to allow staff to accomplish the work necessary to increase production of natural gas in an environmentally sound manner from the OCS.

19. Future production will have technical and economic challenges; therefore, following on the success of the deep water royalty relief program, MMS should develop economic incentives to encourage new drilling for natural gas in an environmentally sound manner in deep formations, subsalt formations, and in deep water. Such incentives should be considered for both new leases and existing leases to maximize the use of the existing natural gas infrastructure on the OCS.

20. The MMS, in cooperation with industry, should encourage increased natural gas production in an environmentally sound manner from existing OCS leases.

21. The Policy Committee supports the existing 5-year leasing program. However, the leasing process can be improved with increased congressional funding for mitigation, including impact assistance funds, revenue sharing, and local participation in the decisionmaking process.

22. Encourage congressional funding for additional education and outreach regarding the leasing program.

23. With regard to improving the leasing process, the Policy Committee also recommends that MMS:

Include the mitigation of local social, cultural, and economic impacts within its policy determinations and recommendations.

- Consider how the Bureau can restructure its decisionmaking process to provide for greater input from local communities, including the opportunity for MMS, the industry, and local residents to attempt to reach

agreement on controversial matters and how they should be adjusted, remedied, or mitigated—at specific times and places that various activities occur.

- Conduct a comparative assessment of environmental risk between offshore and onshore production, where onshore reserves exist in the same area as offshore reserves.
- Encourage operators to provide natural gas to the local communities in all areas.
- Specifically in Alaska,
- Give special consideration to local, social, cultural, and economic impacts in northern Alaskan communities, in light of the unique subsistence culture in, and the remoteness of, these communities.
- Adopt as a resource tool the 1994 NRC Committee report entitled "Environmental Information for Outer Continental Shelf Oil and Gas Decisions in Alaska" (National Academy Press, 1994).

1. The MMS, partnering with DOE, should expand cooperative research with other agencies and industry seeking technical solutions to leading edge issues such as seismic imaging of subsalt areas and drilling in deep formations.

2. The MMS, in cooperation with DOE, should encourage international cooperation in development of gas hydrates in an environmentally sound manner, with a goal of a pilot program in place within 10 years.

3. A gas pipeline from Alaska to the lower 48 States would favorably encourage an increase in natural gas production by creating favorable economics for Federal OCS production in Alaska. The Policy Committee recommends that DOI work with other agencies to expedite all appropriate permit reviews for such a pipeline.

4. To help develop information and enhance an informed public debate on whether or not there are grounds and support for a limited lifting of moratoria in existing moratoria areas, the MMS in consultation with industry and affected states, should identify the 5 top geologic plays in the moratoria areas, and if possible, the most prospective areas for natural gas in the plays that industry would likely explore if allowed. The following process would be used:

- Encourage congressional funding to MMS for the acquisition of seismic data to assist in narrowing down prospective areas. It is important that these data be non-proprietary, which would be the case if acquired exclusively by MMS.
- Encourage congressional funding for environment and social/human impacts studies for broad based or specific to 5 prospective geological plays.
- Establish a site-specific stakeholder consultation process that would permit a sharing of information and discussion of concerns regarding the pilot areas.

1. Although the following are not under the purview of the MMS and the Policy Committee, it is recommended that a national energy policy consider:

- Continuing to expand and develop the national pipeline infrastructure, looking at corridor access, environmental, safety and regulatory issues, and capacity.
- Encouraging dual fuel capacity for new electricity generating plants.
- Encouraging the review by the Administration of cost-effective tax incentives to increase the production of natural gas.
- Encouraging conservation and increasing efficiency in the use of natural gas, as a part of a national energy policy portfolio.

SUMMARY OF BUREAU APPROPRIATIONS (all dollar amounts in thousands)

Comparison of 20011 Request with 2001 Enacted:

	2001 Enacted		2002 Request		Change From 2001	
	FTE	Amount	FTE	Amount	FTE	Amount
Appropriations						
Management of Lands and Resources	6,494	0	6,514	0	0	0
Wildland Fire Management	2,445	0	2,445	0	0	(318,678)
Central Hazardous Materials Fund	2	0	1	2,002	(1)	0
Construction	13	0	12	0	(1)	(5,847)
Payments in Lieu of Taxes	1	0	1	2,445	0	(49,560)
Land Acquisition	34	0	33	12	(1)	(8,859)
Oregon & California Grant Lands	957	??	946	??	(11)	1,127
Range Improvements	58	??	58	??	0	0
Service Charges, Deposits & Forfeitures	103	??	103	??	0	0
Miscellaneous Trust Funds (Indefinite)	60	12,405	60	12,405	0	0
Subtotal, Appropriations	10,167	2,146,677	10,173	1,772,427	6	(374,250)
Permanents and Trusts						
Miscellaneous Trust Funds	13	1,595	13	1,595	0	0
Miscellaneous Permanent Appropriations	0	19,419	0	133,610	0	114,191
Permanent Operating Funds						
Ops. & Main. of Quarters	2	155	2	155	2	155
Recreation Fee Collections	1	125	1	125	0	0
Recreation Fee Demonstration	71	7,500	71	8,000	0	500
Forest Ecosystems Health & Recovery	127	5,332	124	10,917	(3)	5,585
Expenses, Road Maintenance Deposits	21	2,999	21	2,999	0	0
Timber Sale Pipeline Restoration Fund	83	513	80	334	(3)	(179)
Southern Nevada Land Sales	10	50,575	10	50,575	0	0
Southern Nevada Earnings on Investments	0	1,737	0	2,752	0	1,015
Land Sales, Deshutes County	0	648	0	0	0	(648)
Lincoln County Land Sales	0	0	0	5,313	0	5,313
Interest, Lincoln County Land Sales Act	0	0	0	102	0	102
Commercial Film & Photography Fees	0	500	0	500	0	0
White River Oil Shale Mine (Utah Sale)	0	700	0	0	0	(700)

New Purchases/Land Sales	0	4,000	0	10,875	0	6,875
Subtotal, Perm. Operating Funds	315	74,784	309	92,647	(6)	17,863
Helium Fund	69	14,000	69	15,000	69	1,000
Offsetting Collection	0	(14,000)	0	(15,000)		(1,000)
Working Capital Fund	17	33,000	17	31,000	0	(2,000)
Offsetting Collection	0	(33,000)	0	(31,000)	0	2,000
Subtotal, Permanents and Trusts	414	95,798	408	227,852	(6)	132,054
Seasonal, Reimbursable & Other FTE	190	0	190	0	0	0
TOTAL, BUREAU OF LAND MANAGEMENT	10,771	2,242,475	10,771	2,000,279	0	(242,196)

Kolevar, Kevin 158

From: Valdez, Bill
Sent: Tuesday, June 19, 2001 5:36 PM
To: Kolevar, Kevin
Subject: RE: Update, National Science and Technology Council calendar

Thanks, Kevin.

-----Original Message-----
From: Kolevar, Kevin
Sent: Tuesday, June 19, 2001 5:34 PM
To: Valdez, Bill
Subject: RE: Update, National Science and Technology Council calendar

So far, it's just me.

Kevin

-----Original Message-----
From: Valdez, Bill
Sent: Tuesday, June 19, 2001 4:08 PM
To: Kolevar, Kevin
Subject: FW: Update, National Science and Technology Council calendar

Kevin,

We are the point of contact for OSTP/NSTC activities within DOE -- meaning that we act as a gatekeeper for meeting announcements, report reviews, etc. NSTC has been dormant since November, but now evidently is gearing up once again.

Question: are you the only person in the front office who should receive these notices, or would you like to add some other folks to the distribution list we are developing? That list will include major R&D office (EE, EM, FE, DP, NE, NN, SC) contacts.

bill valdez, SC-5

-----Original Message-----
From: gellis@ostp.eop.gov [mailto:gellis@ostp.eop.gov]
Sent: Tuesday, June 19, 2001 3:10 PM
To: Valdez, Bill
Subject: RE: Update, National Science and Technology Council calendar

Thanks. That is very helpful. Will do.

(Embedded image moved to file: PIC29902.PCX)

"Valdez, Bill" <Bill.Valdez@science.doe.gov>
06/19/2001 03:05:34 PM

Record Type: Record

To: Gary B. Ellis/OSTP/EOP

cc: "Johnson, Sheila" <Sheila.Johnson@science.doe.gov>
Subject: RE: Update, National Science and Technology Council calendar

How did Doris Martin slip in? Her initials only contain one M, not the required MM of the other two. Coincidence? I think not!
bill
p.s. You can remove Zerega, Martin and Martin from your list. Please add
Sheila Johnson, who will be coordinating distribution within DOE for me. Maureen MaCarthy works with NNSA and I assume she will coordinate within that separate, Congressionally mandated organization.
-----Original Message-----
From: gellis@ostp.eop.gov [mailto:gellis@ostp.eop.gov]
Sent: Tuesday, June 19, 2001 2:58 PM
To: Valdez, Bill
Subject: RE: Update, National Science and Technology Council calendar

Fine with me.
The other existing DOE addressees I see are: Maureeen McCarthy, Mary Jo Martin, and Doris Martin.

(Embedded image moved to file: PIC19400.PCX)

"Valdez, Bill" <Bill.Valdez@science.doe.gov>
06/19/2001 01:23:06 PM

Record Type: Record

To: Gary B. Ellis/OSTP/EOP
cc:
Subject: RE: Update, National Science and Technology Council calendar

Gary:
I intend to start distributing this within the Department. I looked hard
and didn't see anyone else from DOE on this list except Anne Marie Zerega
(who is in my office). Before I do so, however, did I miss someone?
Bill
-----Original Message-----
From: gellis@ostp.eop.gov [mailto:gellis@ostp.eop.gov]
Sent: Tuesday, June 19, 2001 8:21 AM
To: Mcehelsk@nsf.gov; adiaz@hq.nasa.gov; lkerr@ostp.eop.gov; wteplitz@ostp.eop.gov; chuettne@ostp.eop.gov; moritz-russell@dol.gov; GrahamD2@state.gov; Debora_A._Plunkett@nsc.eop.gov; Paul_B._Kurtz@nsc.eop.gov; Murday@ccf.nrl.navy.mil; kelley.brix@hq.med.va.gov; joan.porter@mail.va.gov; canningb@odltml.od.nih.gov; frank_holleman@ed.gov; diane_rogers@ed.gov; linda_roberts@ed.gov; LDaly@ta.doc.gov; camille.mittelholtz@ost.dot.gov; jack.kaye@hq.nasa.gov; matthews.lisa@epamail.epa.gov; samuel.williamson@noaa.gov; aflatten@ostp.eop.gov; agibson@ostp.eop.gov;

bfountai@ostp.eop.gov; cgabriel@ostp.eop.gov; cchase@ostp.eop.gov;
d.james.baker@noaa.gov; David_P._Radzanowski@omb.eop.gov;
David_S._Trinkle@omb.eop.gov; dcrawfor@nsf.gov; delores.etter@osd.mil;
dcoleman@ostp.eop.gov; ecastro@osophs.dhhs.gov;
edmundo.deleon@ost.dot.gov; edward.brigham@rspa.dot.gov;
etterdm@acq.osd.mil; hallpm@acq.osd.mil; fcarey@mail.arc.nasa.gov;
Farland.William@epamail.epa.gov; fli@nsf.gov; Furlani@itrd.gov;
Gadboise@od.nih.gov; gant@niehs.nih.gov; gellis@ostp.eop.gov;
gjensen@reeusda.gov; Gregory_G._Henry@omb.eop.gov; lhirsch@si.edu;
Sarah_G._Horrigan@omb.eop.gov; JBounds@nsf.gov; Jack.Rush@nist.gov;
jamesj@ncrr.nih.gov; Janet_E._Irwin@omb.eop.gov; jsmith@ostp.eop.gov;
johncork@ucia.gov; jtornow@nsf.gov; KirschsR@od.nih.gov;
LinM@od.nih.gov; markh@acq.osd.mil; mark.matsumura@gsfc.nasa.gov;
marronm@ncrr.nih.gov; MarthaLiv@aol.com; Mary-jo.martin@science.doe.gov;
Maureen.mccarthy@hq.doe.gov; mbroussard@reeusda.gov; mcavanau@nsf.gov;
mclutter@nsf.gov; matthews.lisa@epamail.epa.gov; mesline@od.nih.gov;
michael.daum@nist.gov; mitchelllm@state.gov; mike_smith@ed.gov;
mroco@nsf.gov; Norm.paulhus@rspa.dot.gov; osteenk@od.nih.gov;
panastas@ostp.eop.gov; paul_dresler@ios.doi.gov; pgallagh@ostp.eop.gov;
Pelham.Maria@epamail.epa.gov; pbacklun@ostp.eop.gov;
rlevinso@ostp.eop.gov; ramona.schreiber@noaa.gov; rmoss@usgcrp.gov;
rpiltz@usgcrp.gov; rmoy@ostp.eop.gov; rmariane@ostp.eop.gov;
rbierbau@ostp.eop.gov; RossD@od.nih.gov; rschiffe@hq.nasa.gov;
ruggiero.michael@NMNH.SI.EDU; rfisher@ostp.eop.gov;
stoomey@ostp.eop.gov; Lewis.Sloter@osd.mil; smaccrac@usgcrp.gov;
Steven_J._Isakowitz@omb.eop.gov; whall@ostp.eop.gov; hartss@state.gov;
sunley@nsf.gov; waters@al.noaa.gov; johnrpl@ucia.gov; lmartinv@nsf.gov;
Brigiiml@ucia.gov; n.neureiter@state.gov; m.landolfa@state.gov;
Paul.D.Moen@noaa.gov; HaywoodDR@state.gov; Doris.martin@science.doe.gov;
mendisp@state.gov; PSCHWAB@intranet.reeusda.gov; a.reynolds@state.gov;
Gaineswr@state.gov; koskig@od.nih.gov; Ruggiero.michael@NMNH.SI.EDU;
mernst@ostp.eop.gov; IStithCo@osophs.dhhs.gov; jmeagher@al.noaa.gov;
Jeffrey.kupfer@do.treas.gov; edward.murphy@do.treas.gov;
bbullman@osophs.dhhs.gov; jgriffin@ostp.eop.gov;
John_M._Ackerly@opd.eop.gov; Anne_E._Phelps@opd.eop.gov;
Jack_C._Chow@who.eop.gov; Sarah_E._Youssef@opd.eop.gov; miller@itrd.gov;
Timothy.Klein@rspa.dot.gov; rrussell@ostp.eop.gov; sconard@ostp.eop.gov;
Jamesawj@ucia.gov; meubanks@ostp.eop.gov; pdomich@ostp.eop.gov;
Nina_Rees@ovp.eop.gov; waters@al.noaa.gov;
Nathalie.valette-silver@noaa.gov; Timothy.klein@rspa.dot.gov;
sdale@ostp.eop.gov; Christy.Brown@fema.gov; gaddison@nsf.gov;
tspence@nsf.gov; Bill.Valdez@science.doe.gov;
Anne-Marie.Zerega@science.doe.gov
Subject: Update, National Science and Technology Council calendar
(See attached file: 06-19-01.doc)
June 19, 2001
MEMORANDUM FOR DISTRIBUTION TO NSTC MEMBER DEPARTMENTS
AND AGENCIES
FROM: Gary B. Ellis
Executive Secretary, National Science and Technology Council
SUBJECT: 2001 NSTC Calendar
The latest edition of the 2001 calendar for the National Science and
Technology Council is attached as a Word file and appears below.
Please send any information for the next revision of the 2001 calendar
in
the same format as below, including each point of contact's name,
telephone
number, and e-mail address, no later than June 26, to me at
gellis@ostp.eop.gov. Please call me at 202-456-6101, if you need any
additional information.
NSTC COMMITTEE MEETINGS FOR 2001
(As of June 19, 2001)
The NSTC calendar is published weekly. Asterisks (***) denote new
meetings
and changes. If you become aware of any other changes, please notify
the
NSTC Executive Secretariat by fax at 202-456-6026, by phone at

202-456-6101, or by e-mail at gellis@ostp.eop.gov.

June 2001

20 ***NEW***
10:00 a.m.-2:00 p.m.
Public Meeting to Obtain Input on Implementation of
Federal Policy on Research Misconduct by the
U.S. Department of Energy
Location: Auditorium, U.S. Department of Energy
19901 Germantown Road, Germantown, MD
Point of contact: Anne Marie Zerega, 202-586-4477,
Anne-Marie.Zerega@science.doe.gov

21 8:30 a.m.-12:30 p.m.
CS Joint Subcommittee on Aquaculture
Location: Waterfront Center, meeting room 4103
800 9th Street, SW, Washington DC
Point of contact: Gary Jensen, 202-401-6802, gjensen@reeusda.gov

21 1:30 p.m.-5:00 p.m.

22 8:30 a.m.-12:30 p.m.
Working Group on Assurance in Aquaculture Production
CS Joint Subcommittee on Aquaculture
Location: Waterfront Center, meeting room 4103
800 9th Street, SW, Washington DC
Point of contact: Gary Jensen, 202-401-6802, gjensen@reeusda.gov

27 2:00 p.m.-4:00 p.m.
Human Subjects Research Subcommittee, Committee on Science
Location: White House Conference Center (Truman Room)
Point of contact: Greg Koski
Inquiries to: Darlene Marie Ross, 301-435-5648, dr20a@nih.gov
http://ohrp.osophs.dhhs.gov/references/humansubcomrost.htm

July 2001

10 ***NEW***
9:00 a.m.-11:00 a.m.
CT Subcommittee on Nanoscale Science, Engineering, and Technology
Location: National Science Foundation, Room 390
Arlington VA (Metro: Ballston)
Point of contact: Mike Roco, 703-292-8371, mroco@nsf.gov
www.nano.gov

11 2:00 p.m.-4:00 p.m.
Human Subjects Research Subcommittee, Committee on Science
Location: White House Conference Center (Eisenhower Room)
Point of contact: Greg Koski
Inquiries to: Darlene Marie Ross, 301-435-5648, dr20a@nih.gov
http://ohrp.osophs.dhhs.gov/references/humansubcomrost.htm

12 10:00 a.m.-12:00 noon
CENR AQRS PM Research Coordination Working Group meeting
Location: White House Conference Center, Eisenhower Room
Point of contact: Marjorie C. Ernst, 202-456-6135,
mernst@ostp.eop.gov

12 1:00 p.m.-3:00 p.m.
CENR Air Quality Research Subcommittee meeting
Location: White House Conference Center (Eisenhower Room)
Point of contact: Marjorie C. Ernst, 202-456-6135,
mernst@ostp.eop.gov

25 2:00 p.m.-4:00 p.m.
Human Subjects Research Subcommittee, Committee on Science
Location: White House Conference Center (Truman Room)
Point of contact: Greg Koski
Inquiries to: Darlene Marie Ross, 301-435-5648, dr20a@nih.gov
http://ohrp.osophs.dhhs.gov/references/humansubcomrost.htm

August 2001

8 2:00 p.m.-4:00 p.m.
Human Subjects Research Subcommittee, Committee on Science
Location: White House Conference Center (Truman Room)
726 Jackson Place, NW
Point of contact: Greg Koski
Inquiries to: Darlene Marie Ross, 301-435-5648, dr20a@nih.gov
http://ohrp.osophs.dhhs.gov/references/humansubcomrost.htm

22 2:00 p.m.-4:00 p.m.
Human Subjects Research Subcommittee, Committee on Science
Location: White House Conference Center (Truman Room)
726 Jackson Place, NW
Point of contact: Greg Koski
Inquiries to: Darlene Marie Ross, 301-435-5648, dr20a@nih.gov
http://ohrp.osophs.dhhs.gov/references/humansubcomrost.htm

September 2001

19 ***NEW***
8:30 a.m.-3:00 p.m.
National Bioethics Advisory Commission
Location: TBD, Washington DC area
Point of contact: Ellen Gadbois, 301-594-7105, GadboisE@od.nih.gov
http://bioethics.gov

24-25 President?s Information Technology Advisory Committee
Point of contact: Cita M. Furlani, 703-292-4873, furlani@itrd.gov
http://www.itrd.gov/home.html

152

Kolevar, Kevin

From: Phil_Cooney@ceq.eop.gov%internet [Phil_Cooney@ceq.eop.gov]
Sent: Thursday, October 04, 2001 7:39 AM
To: Kolevar, Kevin
Subject: energy project streamlining task force mtg. today

Kevin, thank you for your call yesterday and for your significant, and apparently successful efforts (see below) to bring everyone together. I truly
appreciate it, PHIL
---------- Forwarded by Phil Cooney/CEQ/EOP on 10/04/2001 07:40 AM

Virginia Stephens
10/03/2001 07:28:13 PM

Record Type: Record

To: Phil Cooney/CEQ/EOP@EOP

cc:
Subject: energy project streamlining task force mtg. today

Kolevar, Kevin

From: Decker, James
Sent: Friday, June 15, 2001 10:15 AM
To: Kolevar, Kevin
Subject: RE: Abraham briefing

Kevin,
Is this a limited to principals or can I bring someone with me?

jim

-----Original Message-----
From: Kolevar, Kevin
Sent: Friday, June 15, 2001 8:34 AM
To: Decker, James
Subject: RE: Abraham briefing

It is supposedly to learn about the President's National Energy Policy. It is clear, however, that much if not all of the hearing will focus on more parochial concerns such as budgets, projects, etc.

-----Original Message-----
From: Decker, James
Sent: Thursday, June 14, 2001 8:58 PM
To: Kolevar, Kevin
Subject: Re: Abraham briefing

What will the hearing cover?

Sent from my BlackBerry Wireless Handheld (www.BlackBerry.net)

161

Kolevar, Kevin

From: Cesar_Conda@ovp.eop.gov%internet [Cesar_Conda@ovp.eop.gov]
Sent: Thursday, June 14, 2001 3:41 PM
To: McMonigle, Joe; McSlarrow, Kyle; Kolevar, Kevin
Subject: Re: VP Cheney's speech at Forum

FYI. See VP's answer on global warming.
---------- Forwarded by Cesar Conda/OVP/EOP on 06/14/2001 03:40 PM ----------

Juleanna R. Glover
06/14/2001 01:09:25 PM

Record Type: Record

To: Cesar Conda/OVP/EOP

cc:
Subject: Re: VP Cheney's speech at Forum

---------- Forwarded by Juleanna R. Glover/OVP/EOP on 06/14/2001 01:09 PM ----------

From: Mark J. Sullivan on 06/14/2001 11:43:52 AM

Record Type: Record

To: Juleanna R. Glover/OVP/EOP@EOP

cc: Karen Y. Knutson/OVP/EOP@EOP
Subject: Re: VP Cheney's speech at Forum (Document link not converted)

REMARKS BY VICE PRESIDENT RICHARD CHENEY TO U.S. ENERGY ASSOCIATION EFFICIENCY FORUM

NATIONAL PRESS CLUB, WASHINGTON, D.C.
June 13, 2001, Wednesday

VICE PRESIDENT CHENEY: (Applause.) Thank you. Thank you very much.

And thank you, Jim. I appreciate having the opportunity to be here today, back at the Press Club. You know, I used to spend a lot of time in this town. When I came here and stayed 25 years and then left eight years ago, I thought my tour was up.

And I'm often asked why I left government after 25 years and went into the private sector. I explain that two things happened, really. First, we

lost
an election. (Laughs.) (Laughter.) That didn't help. But also, I also reached the point after all that time where I was mean-spirited, short-tempered, intolerant of those who disagreed with me. And they said,
"Hey, you'd make a great CEO." (Laughter.)

So I was happy to find work in the private sector, but I'm delighted now to
be back and to have some time to share in this administration with President Bush. He asked me about a year ago to sign on and become part of
his administration, and it's one of the better decisions I've ever made. We've really enjoyed it. It's been a tremendous experience. And wrestling
with some of the problems we're wrestling with, some of these were problems
30 years ago and they're still problems today. But it's a privilege for me
to be here today on his behalf and on behalf of the administration.

Clearly, this is one of the most important forums every year on energy efficiency and on the general subject of energy. I know you've had a very
full agenda today and a fine group of speakers during the conference. What
I'd like to do is take a little bit of time and try to give you the administration perspective on some of these issues, and then I'll be happy
to take some questions, as well.

During the campaign last year, when then-Governor Bush and I were campaigning, we had identified our potential energy problems as one of the
possible storm clouds on the horizon of the economy. We looked down the road and tried to identify something that might adversely affect our nation
and lead to significant economic difficulties. We thought that the fact that we didn't have a coherent energy policy at that point and there were
beginning to be some problems out there was significant.

We were not intending to speak as prophets but, rather, as realists.

Since then, of course, we've seen the energy challenges grow significantly
into a very serious hardship now for people in California and many places
in the West. Across the country, millions of families have had their budgets squeezed by energy costs. From the late '70s to the late '90s, the
share of the average family budget devoted to energy had declined, but since 1998, it's actually now on the rise.

Against that background, four days after we were sworn in, the president asked me to sign on as the chairman of a committee of the Cabinet, the National Energy Policy Development Group, to pull together a set of options
and some proposals for him that would begin to address what we perceived to
be some of the serious problems out there. It was the first comprehensive
approach, or attempt to be comprehensive with respect to energy policy for
quite some time.

The report we issued last month presented more than 100 recommendations

covering virtually the entire range of concerns that face the American people. One of the concerns, obviously, is the aging power grid and the growing problem that we have in getting electricity from the power plant to the light switch. It's clear that we must upgrade and expand the power grid. If we put more connections in place, we'll go a long way towards avoiding future blackouts.

Another broad aim is to increase energy supplies from diverse sources; from oil and gas, renewables, coal, hydro and nuclear. This is the kind of balanced approach we think is essential if we're going to meet the country's energy needs down the road and take care of many of our other concerns, especially with respect to the environment.

Good stewardship is a public value in 21st century America. By far, most of us believe in showing due consideration for the air, the water, the land and natural life around us. The president and I believe very deeply that more energy can be acquired while at the same time we provide for a safe, clean environment.

Indeed, an energy shortage is bad for the environment, as we've seen in California, where dirtier plants are now running longer in order to keep the lights on and where competition and efforts to deal with some of the environmental problems have led to a refusal to build plants are now creating demands, for example, for using the water in the dams and reservoirs in the Northwest in a way that may, in fact, damage the salmon population.

It is possible to have more energy and a cleaner environment. Technology allows us to do it, and as we've already seen with the incredible advances in technology that have been employed in locating and producing energy and in using it. This is one of the primary themes of the energy policy we've put forward: to make better use of the latest technology of what we take from the earth. On the production side, it's everything from clean coal technology, which we support, to alternative clean energy sources. It also includes the highly effective new methods that allow much oil production to go forward with minimal impact on the environment. But it's not just a matter of cleaner use. We must become much more efficient in our energy use as well.

For a family or business, energy efficiency can mean lower energy bills. For the country, efficiency helps us make the most of our resources, lowers our reliance on energy imports, and softens the impact of high prices and reduces pollution. Here we seek to continue a path of uninterrupted progress in many fields. Home refrigerators use about one-third of the electricity they used in 1972. Compact fluorescent lights use about 25 percent of the incandescent bulbs that they replace. Today's automobiles use roughly 40 percent less fuel per mile driven than they did 30 years ago. The latest computer screens use a fraction of the power needed on older models. Low power technology has been perfected for many portable and wireless devices.

For the country as a whole our progress in energy efficiency has been nothing short of remarkable. Since the Nixon administration our economy

has grown by 126 percent; our use of energy has grown only by 26 percent. Under the president's plan our country will continue to build on this very successful history. We can and we will make even greater strides in energy efficiency going forward.

While such advances cannot alone solve America's energy problems, they can and will continue to play a vitally important role in our energy future. New technologies are proving that we save energy without sacrificing our standard of living, and we're going to encourage these technologies in every way possible.

In pursuing energy efficiency, we must be clear about our purposes. As the president has said, conservation does not mean doing without. Thanks to new technology, it can mean doing better, smarter, cheaper.

With that distinction in mind, we are advancing a number of specific ideas for improving efficiency throughout the economy. First, we'll seek higher federal efficiency standards for appliances wherever this is feasible and economically justified. At present, all refrigerators, freezers, clothes washers, and dishwashers have energy guide levels to let consumers know just how much energy is consumed. The president's also asked the Energy Department to hold other appliances to these standards, wherever it makes sense to do so.

We will also provide better information to consumers by expanding the government's Energy Star program, which identifies the most energy-efficient appliances.

On the consumption of energy, the government is going to lead by example. The federal government is the single largest energy consumer in the United States. Energy use in many federal buildings has already been reduced by 30 percent from 1990 levels, largely by installing energy-efficient technologies. The government has also reduced vehicle and equipment energy use 35 percent.

Our administration will continue this progress under an executive order recently signed by the president which ordered all federal agencies to take extra steps to conserve energy.

Military and federal agencies are already exceeding expectations.

Third, we're going to help industry conserve energy by investing in energy-efficient technologies. Everyone here is familiar with combined heating and power, or CHP, systems. For many companies with large needs for both heat and electricity, CHP systems are the way to go. We're asking Congress to give these systems the same depreciation incentives the tax code now gives to power plants.

Fourth, we've directed the secretary of Transportation to review and provide recommendations on establishing CAFE standards with due consideration of the National Academy of Sciences study to be released

next
month. We don't know yet whether or not any adjustment will be justified,
but we're going to eagerly await the secretary's report once the NAS has completed its work. Any new standards should consider efficiency, but also
safety, economic concerns and what the impact might be on the automobile industry. We've also called for tax incentives for new kinds of fuel-efficient vehicles, which offer greatly improved fuel economy and sharply reduced emissions.

Fifth, the president has asked the secretary of Energy, Spence Abraham, to
conduct a thorough review of energy efficiency R&D programs in light of our
national energy policy. It's the nature of things to find that some programs and methods work better than others. We will look for the approaches that hold the most promise for savings in the use of energy. Just yesterday, at the direction of the secretary, meetings were held in Chicago and Atlanta to evaluate performance-based efficiency programs. Five
similar meetings are going to be held in different parts of the country in
the weeks ahead. When the study is completed, the secretary will then recommend appropriate levels of funding for the most effective of these programs.

As we pursue greater energy efficiency throughout our society as part of a
comprehensive energy policy, the gains will be more than economic. Every step we take toward wiser use of energy and more diverse supplies at home
will make us that much less dependent on overseas suppliers and less vulnerable to supply shocks imposed on us from abroad.

Then there's the matter of global climate change, which concerns people in
every nation. We're the world's largest economy and also the largest producer of man-made greenhouse emissions. Before departing for Europe on
Monday, the president called on Congress to fully implement our clean energy technology proposals so that our country can reduce greenhouse gas
emissions by significant amounts in coming years.

There's still a great deal to be learned about global climate change. The
United States spends more than any other country on climate change research, more than the combined expenditures of Japan and all 15 countries
in the EU. And we will continue to lead the scientific effort to find answers.

I have no doubt that we will also be the country that masters the technology to reduce greenhouse gases.

This country has met many great tests over our history. Some have imposed
prolonged difficulty and major sacrifice; others have demanded only resolve, ingenuity and clarity of purpose. Such is the case with energy today. We have it within our power to make great strides and to reap great
rewards in new jobs, a healthier environment, a stronger economy and a brighter future.

Thank you very much. (Applause.)

MODERATOR: Thank you, Mr. Vice President.

He has agreed to take a few questions. I do think the first thing we'll do next year is offer a course in handwriting. (Laughter.)

The first one you covered a little bit in your talk. Do you intend to revise, strengthen or add any requirements for the federal agencies with regard to managing their facilities?

VICE PRESIDENT CHENEY: We've tasked all the departments and agencies to review that and look for ways to save and a special emphasis, of course, on those folks operating in California -- and nearly everybody operates in California, primarily in connection with this summer's expected blackouts. But we're already getting reports -- and I saw just a preliminary report today coming in from Spence Abraham, who's coordinating the response of all the departments and agencies, and I expect we will find that there are in fact continuing ways to improve the performance of those agencies and departments.

My own experience in the Defense Department shows that there's an enormous amount that can be done. Lots of times it's tied in to other problems. At DOD we've got aging infrastructure. The fact is, if you look at a lot of the bases we operate around the country, some of them shouldn't be operating at all; they could be operated at a much more efficient rate. We've got facilities that operate at 25, 30, 40 percent of capacity, but you maintain the entire facility. We don't have an efficient, if you will, base structure at all. The same thing is true of housing and base housing -- a lot of that's very old.

The key to getting energy efficiencies out of it, in part, is to tear down some of those old facilities and build brand new ones with modern, state-of-the-art capabilities rather than continue to limp along with stuff that in some cases dates back 100 years or more. So there are a lot of ways that we can improve our performance. Part of it's going to be tied to our willingness to reinvest in our infrastructure and a lot of those major facilities.

MODERATOR: The U.S. energy mix -- fossil, recoverable, nuclear -- has not changed substantially in 20 years, even though billions have been spent on energy research.

Will the Bush administration change this in any way in the foreseeable future?

VICE PRESIDENT CHENEY: Depends. (Light laughter.) We clearly emphasized -- what I talked today just focused on efficiency and conservation, but obviously a big part of the report also deals with the whole question of additional supply. I mean, the -- part of our plan was to emphasize the fact conservation's important, but it's not enough. It doesn't get us there, doesn't close the gap.

And so we spent a lot of time on infrastructure, pipelines, and electric grid, and so forth, but also focusing on coal, on petroleum, natural gas, and on nuclear. And with respect to generating electricity, we're now at about 20 percent of our electricity being generated by nuclear. We'd like to increase that. We think it ought to be increased. We think the technology there is to support it and do it safely.

Now the problem we have is aging plants, many of which now need to be re-licensed -- an unresolved issue with respect to the future of waste and the government's commitment to take spent fuel and store it in a permanent repository. And we already -- Tom Daschle's already announced, in his new capacity as majority leader, he's adamantly opposed to moving forward with respect to the proposed storage site in Nevada. If we don't deal with the waste problem, then my guess is we won't get the investment in new facilities in the nuclear arena, and what you'll see over time is that the share of our electricity generated by nuclear will decline.

It's within our grasp as a government, the executive and the legislative branches, to move forward, to get that issue addressed, and get it off the table, so that utilities are prepared to invest in nuclear. But until we deal with that waste problem, I don't think it's like to see any increase there.

We like nuclear power because we think it's another way to address the global warming question -- no carbon dioxide emissions, no emissions of any kind from nuclear power plants. And we think that's an important way to move.

There are areas -- the other mix that's changing, if you look at most of the forecasts with respect to future generating capacity, a lot of it is planned to be gas, gas-fired, as much as 90 percent. And that's going to significantly expand. That percentage is now, I think, about 16 percent of our electricity derived from gas-fired facilities today. That, in turn, depends upon whether or not we build the pipelines and get access to those areas that we need to have access to in order to develop the gas. One proposal is to build a gas pipeline from the north slope of Prudhoe Bay down along the Alaska oil pipeline that's there now and deliver gas to the lower 48. I think that's a relatively noncontroversial proposition and should go forward.

But there are vast reserves of gas on the North Slope. It's already being developed, and now as we produce oil on the North Slope we're getting a lot of gas with it, which gets re-injected back into the ground, some 8 billion cubic feet per day, I'm told. So a huge reserve there, but we got to bring it to the market. If we do that, then we'll see a significant increase in reliance on gas in this country.

But again, most -- this question of the future mix is going to depend

very
much upon the policy choices we make and whether or not we can come
together and get agreement to move forward on some of these key areas
that'll make it possible for us to develop facilities other than coal.
We
get 52 percent of our power from coal today, but we got a lot of it.
It's
cheap. It's abundant. The technology is there and the transportation
system's there to deliver to where we need to have it. If we don't
develop
additional capacity on gas, if we let our share of nuclear decline over
time, then you're going to end up probably with more coal-fired
facilities.

Q How can you stand up there and talk about efficiency with this last budget for efficiency, you won't sign the Kyoto protocol, the only thing that will get --

MODERATOR: The next question is? The next question is?

Q This is a question. (Off mike.)

VICE PRESIDENT CHENEY: I'd like to talk about the Kyoto protocol.

I would like to talk about the Kyoto protocol. Thank you for asking. (Laughter, applause.)

Kyoto, of course, is an effort signed in '97 to try to deal with the problem of global warming by putting a cap on greenhouse gas emissions, specifically carbon dioxide emissions, on a worldwide basis.
Unfortunately,
we believe it's flawed, as the president's said many times, because it leaves out a significant part of the world. The number two emitter,
China,
is not covered. India, which I think is the number five emitter, not covered. And that's over half of the world's population right there. The burden fell basically on the United States and on a few other developed countries. We think that's an unwise way to go and an unreasonable way
to
go.

We also think there's still an awful lot of doubt about exactly how the whole system works. We've spent a lot of time now with the National
Academy
of Sciences reviewing with our various scientists for the cabinet
committee
to look at exactly what the science tells us is the case. We do know
some
things. We know there has been an overall upward trend in the
temperature
of the planet at the surface over the last hundred years, but it's not a straight line. It rose from 1880 to 1940 by about six-tenths of a degree Centigrade. It declined two- tenths of a degree Centigrade between 1940
and
1980, went up by two- tenths of a degree Centigrade between 1980 and
2000.
So over that hundred years you've got an increase of about six-tenths of
a
degree Centigrade, but it's not a straight line. There been periods of cooling in there as well.

We do know that -- also that the upper atmosphere, most of the models predict the upper atmosphere should warm too, and it hasn't. We've got a big difference between what's happening on the surface of the Earth and what's happening in the upper atmosphere -- unexplained. We don't know
how
much of the variation is a result of cycles -- the normal, natural

cycles
that happen over the centuries between the Ice Age and non-Ice Age that
we
can trace back for hundreds of years. We're unable to allocate exact
cause,
how much of it's man-made and how much of it isn't. The reasonable
supposition is some of it probably is man-made. For that reason, the
president has agreed to go forward aggressively with a lot more research
to
try to pin down and understand as much of this as possible and to work
with
our friends around the world to find ways to in fact reduce the amount
of
emissions going into the atmosphere. But we don't know what the safe
concentration is. We don't know what all the consequences are as a
result
of these cycles and how much of it is man-made as well too.

Final point. We really look at it -- if you look at the Kyoto Treaty, it
hits especially the United States and would have devastating economic
consequences for us. And the president is not prepared to proceed, with
as
much question as currently exists, to go now to put the hammer down and,
for example, ban the use of fossil fuels and do some of those other
things
that a lot have advocated.

We do think you can deal with this. One of the reasons we're advocates
of
nuclear power; if you're really concerned about global warming and
carbon
dioxide emissions, then we need to come over here and aggressively
pursue
the use of nuclear power, which we can do safely and sanely, but for
20-some-years now has been a big no-no politically. Some of the same
people
who yell loudest about global warming and carbon dioxide emissions are
also
the first ones to scream when somebody says, "Gee, we ought to use
nuclear
power."

(Applause.)

MODERATOR: Thank you, Mr. Vice President. We appreciate you taking time
out
of your schedule to come here today, and we also appreciate your
remarks.
Thank you again.

VICE PRESIDENT CHENEY: Thank you. (Applause.)

END

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Kolevar, Kevin

From: Thomson, Margaret on behalf of GC71, Energy
Sent: Tuesday, June 12, 2001 1:42 PM
To: Friedrichs, Mark; PRITCHETT, DOROTHY; Biggerstaff, Margie; White, James; Stubbs, Diane; Jeffery, Nancy; Whatley, Michael; Pyrdol, John; Campbell, Elizabeth; McRae, Ben; Kolevar, Kevin
Subject: FW: LRM IKK57 - - TREASURY Testimony on the Role of Tax Incentives in Our National Energy Policy

oiltest5.wpd

Subject: LRM IKK57 - - TREASURY Testimony on the Role of Tax Incentives in Our National Energy Policy

Attached is Treasury testimony on tax incentives to increase domestic production of oil and gas and promote energy conservation before the House
Ways and Means Committee's Select Revenue Measures Subcommittee hearing on Thursday, June 14th, at 10:00 AM. This testimony, up to page 16, is similar to the one that was cleared on May 2nd. Please note "NEPD Group Proposals" on the last two pages of the statement. Please review and provide comments by noon tomorrow, June 13th.

Thanks,
Peg

ATTN: Ben McRae: nuclear dceommissioning fund, p. 16

(See attached file: oiltest5.wpd)

LRM ID: IKK57

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503-0001

Tuesday, June 12, 2001

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer - See Distribution below

FROM: Richard E. Green (for) Assistant Director for Legislative

Reference
OMB CONTACT: Irene Kho
PHONE: (202)395-5858 FAX: (202)395-3109
SUBJECT: TREASURY Testimony on the Role of Tax Incentives in Our National Energy Policy

DEADLINE: 3:00 PM Wednesday, June 13, 2001
In accordance with OMB Circular A-19, OMB requests the views of your agency
on the above subject before advising on its relationship to the program of
the President. Please advise us if this item will affect direct spending
or receipts for purposes of the "Pay-As-You-Go" provisions of Title XIII of
the Omnibus Budget Reconciliation Act of 1990.

COMMENTS: Attached is Treasury testimony on tax incentives to increase domestic production of oil and gas and promote energy conservation before
the House Ways and Means Committee's Select Revenue Measures Subcommittee
hearing on Thursday, June 14th, at 10:00 AM. This testimony, up to page 16, is similar to the one that was cleared on May 2nd under IKK45. Please
note "NEPD Group Proposals" on the last two pages of the statement.
Please review and provide comments by 3:00 PM tomorrow, June 13th.

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23025

Karen Y. Knutson
Jeffrey A. Weinberg
LRM ID: IKK57 SUBJECT: TREASURY Testimony on the Role of Tax Incentives
in Our National Energy Policy

RESPONSE TO
LEGISLATIVE REFERRAL
MEMORANDUM

If your response to this request for views is short (e.g., concur/no comment), we prefer that you respond by e-mail or by faxing us this response sheet. If the response is short and you prefer to call, please call the branch-wide line shown below (NOT the analyst's line) to leave a message with a legislative assistant.

You may also respond by:
(1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); or
(2) sending us a memo or letter
Please include the LRM number shown above, and the subject shown below.

TO: Irene Kho Phone: 395-5858 Fax: 395-3109
Office of Management and Budget
Branch-Wide Line (to reach legislative assistant): 395-3454

FROM: _____ (Date)

_____ (Name)

_____ (Agency)

_____ (Telephone)

The following is the response of our agency to your request for views on the above-captioned subject:

_____ Concur

_____ No Objection

_____ No Comment

_____ See proposed edits on pages _____

_____ Other: _____

_____ FAX RETURN of _____ pages, attached to this response sheet

For Release Upon Delivery
Expected at 10:00 a.m.
June 14, 2001

STATEMENT OF
THE OFFICE OF TAX POLICY
DEPARTMENT OF THE TREASURY
BEFORE THE SUBCOMMITTEE ON SELECT REVENUE MEASURES
COMMITTEE ON WAYS AND MEANS

Mr Chairman, Mr. McNulty, and Members of the Subcommittee:

The Office of Tax Policy appreciates the opportunity to present testimony on tax incentives to increase domestic production of oil and gas and promote energy conservation. There has been renewed interest in the role of tax incentives in our national energy policy.

The fundamental principle underlying a sound energy policy is that markets should be allowed to function freely and market interventions should be avoided unless justified by compelling energy security, economic, environmental, or other concerns. For example, returns on investments that increase domestic oil and gas reserves may not reflect the contribution of those investments to ensuring stability in supply and thereby reducing our vulnerability to oil supply disruptions. It is the goal of this Administration to pursue an energy policy that protects America's economic, security, and environmental interests.

Beyond the fundamental issue of whether a tax incentive is justified at all, a number of other, often contradictory, considerations must be taken into account in the design of any particular incentive. For example, incentives should be appropriately targeted to induce desired activities in a cost-effective manner. Thus, incentives should be designed to not reward investments that would have been made in the absence of an incentive. At the same time, however, incentives that are targeted too narrowly may reduce the cost of only some technologies and discourage investment in other promising approaches. This can result in economic inefficiency and will contribute to perceptions that the tax system is being used inappropriately to pick winners and losers among competing technologies.

In addition, incentives should also be designed to minimize complexity and avoid unnecessary increases in taxpayer compliance burdens and IRS administrative costs.

Increasing Domestic Oil and Gas Production

Before turning to a discussion of the present tax treatment of oil and gas activities, we would like to provide a brief overview of this sector.

Overview

Oil is an internationally traded commodity with its domestic price set by world supply and demand. Domestic exploration and production activity is affected by the world price of crude oil. Historically, world oil prices have fluctuated substantially. From 1970 to the early 1980s, there was a fivefold increase in real oil prices. World oil prices fell sharply in 1986 and were relatively more stable from 1986 through 1997. During that period, average refiner acquisition costs ranged from $14.91 to $23.59 in real 1992 dollars. In 1998, however, oil costs to the refiner declined to $12.52 per barrel in nominal dollars ($11.14 per barrel in 1992 dollars), their lowest level in 25 years in real terms. Since 1998, the decline has reversed with refiner acquisition costs (in nominal dollars) rising to $17.51 per barrel in 1999 and $27.69 per barrel in 2000 (the price has since dropped to $24.11 per barrel in March 2001, the latest month for which composite figures are available). The equivalent prices in 1992 dollars are $15.31 per barrel in 1999, $24.28 per barrel in 2000, and $20.39 per barrel in March 2001.

Domestic oil production has been on the decline since the mid-1980s. From 1978 to 1983 oil consumption in the United States also declined, but increasing consumption since 1983 has more than offset this decline. In 2000, domestic oil consumption was 28 percent higher than in 1970. The decline in oil production and increase in consumption have led to an increase in oil imports. Net petroleum (crude and product) imports have risen from approximately 38 percent of consumption in 1988 to 52 percent in 2000.

A similar pattern of large recent price increases and increasing dependence on imports has occurred in the natural gas market. During the second half of the 1990s, spot prices for natural gas exceeded $4.00 per million Btu (MMBtu) in only one month (February 1996). The spot price again exceeded $4.00 per MMBtu in May 2000, rose above $5.00 per MMBtu in September 2000, and exceeded $10.00 per MMBtu for several days last winter. The current spot price is approximately $3.71 per MMBtu.[1]

The United States has large natural gas reserves and was essentially self-sufficient in natural gas until the late 1980s. Since 1986, natural gas consumption has increased by more than 30 percent but natural gas production has increased by only 17 percent. Net imports as a share of consumption nearly quadrupled from 1986 to 2000, rising from 4.2 percent to 15.6 percent. Natural gas from Canada makes up nearly all of the imports into the United States.

Current law tax incentives for oil and gas production

The importance of maintaining a strong domestic energy industry has been long recognized and the Internal Revenue Code includes a variety of measures to stimulate domestic exploration and production. They are generally justified on the ground that they reduce vulnerability to an oil supply disruption through increases in domestic production, reserves, exploration activity, and production capacity. The tax incentives contained in present law address the drop in domestic exploratory drilling that has occurred since the mid-1950s and the continuing loss of production from mature fields and marginal properties.

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[1] All price references are to the spot price at the Henry Hub and are in nominal dollars.

Incentives for oil and gas production in the form of tax expenditures are estimated to total $9.8 billion for fiscal years 2002 through 2006.[2] They include the nonconventional fuels (i.e., oil produced from shale and tar sands, gas produced from geopressured brine, Devonian shale, coal seams, tight formations, or biomass, and synthetic fuel produced from coal) production credit ($2.4 billion), the enhanced oil recovery credit ($4.4 billion), the allowance of percentage depletion for independent producers and royalty owners, including increased percentage depletion for stripper wells ($2.3 billion), the exception from the passive loss limitation for working interests in oil and gas properties ($100 million), and the expensing of intangible drilling and development costs ($640 million). In addition to those tax expenditures, oil and gas activities have largely been eliminated from the alternative minimum tax. These provisions are described in detail below.

Percentage depletion

Certain costs incurred prior to drilling an oil- or gas-producing property are recovered through the depletion deduction. These include costs of acquiring the lease or other interest in the property, and geological and geophysical costs (in advance of actual drilling). Any taxpayer having an economic interest in a producing property may use the cost depletion method. Under this method, the basis recovery for a taxable year is proportional to the exhaustion of the property during the year. The cost depletion method does not permit cost recovery deductions that exceed the taxpayer's basis in the property or that are allowable on an accelerated basis. Thus, the deduction for cost depletion is not generally viewed as a tax incentive.

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[2] *Analytical Perspectives, Budget of the United States Government, Fiscal Year 2002*, U.S. Government Printing Office, Washington, DC, 2001, p. 63. These estimates are measured on an "outlay equivalent" basis. They show the amount of outlay that would be required to provide the taxpayer the same after-tax income as would be received through the tax preference. This outlay equivalent measure allows a comparison of the cost of the tax expenditure with that of a direct Federal outlay.

Independent producers and royalty owners (as contrasted to integrated oil companies)[3] may qualify for percentage depletion. A qualifying taxpayer determines the depletion deduction for each oil or gas property under both the percentage depletion method and the cost depletion method and deducts the larger of the two amounts. Under the percentage depletion method, generally 15 percent of the taxpayer's gross income from an oil- or gas-producing property is allowed as a deduction in each taxable year. The amount deducted may not exceed 100 percent of the net income from that property in any year (the "net-income limitation").[4] Additionally, the percentage depletion deduction for all oil and gas properties may not exceed 65 percent of the taxpayer's overall taxable income (determined before such deduction and adjusted for certain loss carrybacks and trust distributions).[5]

A taxpayer may claim percentage depletion with respect to up to 1,000 barrels of average daily production of domestic crude oil or an equivalent amount of domestic natural gas. For producers of both oil and natural gas, this limitation applies on a combined basis. All production owned by businesses under common control and members of the same family must be aggregated; each group is then treated as one producer for application of the 1,000-barrel limitation.

Special percentage depletion provisions apply to oil and gas production from marginal properties. The statutory percentage depletion rate is increased (from the general rate of 15 percent) by one percentage point for each whole dollar that the average price of crude oil (as

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[3] An independent producer is any producer who is not a "retailer" or "refiner." A retailer is any person who directly, or through a related person, sells oil or natural gas or any product derived therefrom (1) through any retail outlet operated by the taxpayer or related person, or (2) to any person that is obligated to market or distribute such oil or natural gas (or product derived therefrom) under the name of the taxpayer or the related person, or that has the authority to occupy any retail outlet owned by the taxpayer or a related person. Bulk sales of crude oil and natural gas to commercial or industrial users, and bulk sales of aviation fuel to the Department of Defense, are not treated as retail sales for this purpose. Further, a person is not a retailer within the meaning of this provision if the combined gross receipts of that person and all related persons from the retail sale of oil, natural gas, or any product derived therefrom do not exceed $5 million for the taxable year. A refiner is any person who directly or through a related person engages in the refining of crude oil, but only if such person or related person has a refinery run in excess of 50,000 barrels per day on any day during the taxable year.

[4] By contrast, for any other mineral qualifying for the percentage depletion deduction, the deduction may not exceed 50 percent of the taxpayer's taxable income from the depletable property.

[5] Amounts disallowed as a result of this rule may be carried forward and deducted in subsequent taxable years, subject to the 65-percent-of-taxable-income limitation for those years.

determined under the provisions of the nonconventional fuels production credit of section 29) for the immediately preceding calendar year is less than $20 per barrel. In no event may the rate of percentage depletion under this provision exceed 25 percent for any taxable year. The increased rate applies for the taxpayer's taxable year which immediately follows a calendar year for which the average crude oil price falls below the $20 floor. To illustrate the application of this provision, the average price of a barrel of crude oil for calendar year 1999 was $15.56; thus, the percentage depletion rate for production from marginal wells was increased by four percent (to 19 percent) for taxable years beginning in 2000. The 100-percent-of-net-income limitation has been suspended for marginal wells for taxable years beginning after December 31, 1997, and before January 1, 2002.

Marginal production is defined for this purpose as domestic crude oil or domestic natural gas which is produced during any taxable year from a property which (1) is a stripper well property for the calendar year in which the taxable year begins, or (2) is a property substantially all of the production from which during such calendar year is heavy oil (i.e., oil that has a weighted average gravity of 20 degrees API or less corrected to 60 degrees Fahrenheit). A stripper well property is any oil or gas property for which daily average production per producing oil or gas well is not more than 15 barrel equivalents in the calendar year during which the taxpayer's taxable year begins.[6] A property qualifies as a stripper well property for a calendar year only if the wells on such property were producing during that period at their maximum efficient rate of flow.

If a taxpayer's property consists of a partial interest in one or more oil- or gas-producing wells, the determination of whether the property is a stripper well property or a heavy oil property is made with respect to total production from such wells, including the portion of total production attributable to ownership interests other than the taxpayer's. If the property satisfies the requirements of a stripper well property, then each owner receives the benefits of this provision with respect to its allocable share of the production from the property for its taxable year that begins during the calendar year in which the property so qualifies.

The allowance for percentage depletion on production from marginal oil and gas properties is subject to the 1,000-barrel-per-day limitation discussed above. Unless a taxpayer elects otherwise, marginal production is given priority over other production for purposes of utilization of that limitation.

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[6] Equivalent barrels is computed as the sum of (1) the number of barrels of crude oil produced, and (2) the number of cubic feet of natural gas produced divided by 6,000. If a well produced 10 barrels of crude oil and 12,000 cubic feet of natural gas, its equivalent barrels produced would equal 12 (i.e., 10 + (12,000 / 6,000)).

Because percentage depletion, unlike cost depletion, is computed without regard to the taxpayer's basis in the depletable property, cumulative depletion deductions may be far greater than the amount expended by the taxpayer to acquire or develop the property. The excess of the percentage depletion deduction over the deduction for cost depletion is generally viewed as a tax expenditure.

Intangible drilling and development costs

In general, costs that benefit future periods must be capitalized and recovered over such periods for income tax purposes, rather than being expensed in the period the costs are incurred. In addition, the uniform capitalization rules require certain direct and indirect costs allocable to property to be included in inventory or capitalized as part of the basis of such property. In general, the uniform capitalization rules apply to real and tangible personal property produced by the taxpayer or acquired for resale.

Special rules apply to intangible drilling and development costs ("IDCs").[7] Under these special rules, an operator (i.e., a person who holds a working or operating interest in any tract or parcel of land either as a fee owner or under a lease or any other form of contract granting working or operating rights) who pays or incurs IDCs in the development of an oil or gas property located in the United States may elect either to expense or capitalize those costs. The uniform capitalization rules do not apply to otherwise deductible IDCs.

If a taxpayer elects to expense IDCs, the amount of the IDCs is deductible as an expense in the taxable year the cost is paid or incurred. Generally, IDCs that a taxpayer elects to capitalize may be recovered through depletion or depreciation, as appropriate; or in the case of a nonproductive well ("dry hole"), the operator may elect to deduct the costs. In the case of an

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[7] IDCs include all expenditures made by an operator for wages, fuel, repairs, hauling, supplies, etc., incident to and necessary for the drilling of wells and the preparation of wells for the production of oil and gas. In addition, IDCs include the cost to operators of any drilling or development work (excluding amounts payable only out of production or gross or net proceeds from production, if the amounts are depletable income to the recipient, and amounts properly allocable to the cost of depreciable property) done by contractors under any form of contract (including a turnkey contract). Such work includes labor, fuel, repairs, hauling, and supplies which are used in the drilling, shooting, and cleaning of wells; in such clearing of ground, draining, road making, surveying, and geological works as are necessary in preparation for the drilling of wells; and in the construction of such derricks, tanks, pipelines, and other physical structures as are necessary for the drilling of wells and the preparation of wells for the production of oil and gas. Generally, IDCs do not include expenses for items which have a salvage value (such as pipes and casings) or items which are part of the acquisition price of an interest in the property.

integrated oil company (i.e., a company that engages, either directly or through a related enterprise, in substantial retailing or refining activities) that has elected to expense IDCs, 30 percent of the IDCs on productive wells must be capitalized and amortized over a 60-month period.[8]

A taxpayer that has elected to deduct IDCs may, nevertheless, elect to capitalize and amortize certain IDCs over a 60-month period beginning with the month the expenditure was paid or incurred. This rule applies on an expenditure-by-expenditure basis; that is, for any particular taxable year, a taxpayer may deduct some portion of its IDCs and capitalize the rest under this provision. This allows the taxpayer to reduce or eliminate IDC adjustments or preferences under the alternative minimum tax.

The election to deduct IDCs applies only to those IDCs associated with domestic properties.[9] For this purpose, the United States includes certain wells drilled offshore.[10]

Intangible drilling costs are a major portion of the costs necessary to locate and develop oil and gas reserves. Because the benefits obtained from these expenditures are of value throughout the life of the project, these costs would be capitalized and recovered over the period of production under generally applicable accounting principles. The acceleration of the deduction for IDCs is viewed as a tax expenditure.

Nonconventional fuels production credit

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[8] The IRS has ruled that if an integrated oil company ceases to be an integrated oil company, it may not immediately write off the unamortized portion of the IDCs capitalized under this rule, but instead must continue to amortize those IDCs over the 60-month amortization period.

[9] In the case of IDCs paid or incurred with respect to an oil or gas well located outside of the United States, the costs, at the election of the taxpayer, are either (1) included in adjusted basis for purposes of computing the amount of any deduction allowable for cost depletion or (2) capitalized and amortized ratably over a 10-year period beginning with the taxable year such costs were paid or incurred.

[10] The term "United States" for this purpose includes the seabed and subsoil of those submerged lands that are adjacent to the territorial waters of the United States and over which the United States has exclusive rights, in accordance with international law, with respect to the exploration and exploitation of natural resources (i.e., the Continental Shelf area).

Taxpayers that produce certain qualifying fuels from nonconventional sources are eligible for a tax credit ("the section 29 credit") equal to $3 per barrel or barrel-of-oil equivalent.[11] Fuels qualifying for the credit must be produced domestically from a well drilled, or a facility treated as placed in service before January 1, 1993.[12] The section 29 credit generally is available for qualified fuels sold to unrelated persons before January 1, 2003.[13]

For purposes of the credit, qualified fuels include: (1) oil produced from shale and tar sands; (2) gas produced from geopressured brine, Devonian shale, coal seams, a tight formation, or biomass (i.e., any organic material other than oil, natural gas, or coal (or any product thereof); and (3) liquid, gaseous, or solid synthetic fuels produced from coal (including lignite), including such fuels when used as feedstocks. The amount of the credit is determined without regard to any production attributable to a property from which gas from Devonian shale, coal seams, geopressured brine, or a tight formation was produced in marketable quantities before 1980.

The amount of the section 29 credit generally is adjusted by an inflation adjustment factor for the calendar year in which the sale occurs.[14] There is no adjustment for inflation in the case of the credit for sales of natural gas produced from a tight formation. The credit begins to phase out if the annual average unregulated wellhead price per barrel of domestic crude oil exceeds $23.50 multiplied by the inflation adjustment factor.[15]

The amount of the section 29 credit allowable with respect to a project is reduced by any unrecaptured business energy tax credit or enhanced oil recovery credit claimed with respect to such project.

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[11] A barrel-of-oil equivalent generally means that amount of the qualifying fuel which has a Btu (British thermal unit) content of 5.8 million.

[12] A facility that produces gas from biomass or produces liquid, gaseous, or solid synthetic fuels from coal (including lignite) generally will be treated as being placed in service before January 1, 1993, if it is placed in service by the taxpayer before July 1, 1998, pursuant to a written binding contract in effect before January 1, 1997. In the case of a facility that produces coke or coke gas, however, this provision applies only if the original use of the facility commences with the taxpayer. Also, the IRS has ruled that production from certain post-1992 "recompletions" of wells that were originally drilled prior to the expiration date of the credit would qualify for the section 29 credit.

[13] If a facility that qualifies for the binding contract rule is originally placed in service after December 31, 1992, production from the facility may qualify for the credit if sold to an unrelated person before January 1, 2008.

[14] The inflation adjustment factor for the 2000 taxable year was 2.0454. Therefore, the inflation-adjusted amount of the credit for that year was $6.14 per barrel or barrel equivalent.

[15] For 2000, the inflation adjusted threshold for onset of the phaseout was $48.07 ($23.50 x 2.0454) and the average wellhead price for that year was $26.73.

As with most other credits, the section 29 credit may not be used to offset alternative minimum tax liability. Any unused section 29 credit generally may not be carried back or forward to another taxable year; however, a taxpayer receives a credit for prior year minimum tax liability to the extent that a section 29 credit is disallowed as a result of the operation of the alternative minimum tax. The credit is limited to what would have been the regular tax liability but for the alternative minimum tax.

The provision provides a significant tax incentive (currently about $6 per barrel of oil equivalent or $1 per thousand cubic feet of natural gas). Coalbed methane and gas from tight formations currently account for most of the credit.

Enhanced oil recovery credit

Taxpayers are permitted to claim a general business credit, which consists of several different components. One component of the general business credit is the enhanced oil recovery credit. The general business credit for a taxable year may not exceed the excess (if any) of the taxpayer's net income tax over the greater of (1) the tentative minimum tax, or (2) 25 percent of so much of the taxpayer's net regular tax liability as exceeds $25,000. Any unused general business credit generally may be carried back one taxable year and carried forward 20 taxable years.

The enhanced oil recovery credit for a taxable year is equal to 15 percent of certain costs attributable to qualified enhanced oil recovery ("EOR") projects undertaken by the taxpayer in the United States during the taxable year. To the extent that a credit is allowed for such costs, the taxpayer must reduce the amount otherwise deductible or required to be capitalized and recovered through depreciation, depletion, or amortization, as appropriate, with respect to the costs. A taxpayer may elect not to have the enhanced oil recovery credit apply for a taxable year.

The amount of the enhanced oil recovery credit is reduced in a taxable year following a calendar year during which the annual average unregulated wellhead price per barrel of domestic crude oil exceeds $28 (adjusted for inflation since 1990).[16] In such a case, the credit would be reduced ratably over a $6 phaseout range.

For purposes of the credit, qualified enhanced oil recovery costs include the following costs which are paid or incurred with respect to a qualified EOR project: (1) the cost of tangible property which is an integral part of the project and with respect to which depreciation or

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[16] The average per-barrel price of crude oil for this purpose is determined in the same manner as for purposes of the section 29 credit.

amortization is allowable; (2) IDCs that the taxpayer may elect to deduct;[17] and (3) the cost of tertiary injectants with respect to which a deduction is allowable, whether or not chargeable to capital account.

A qualified EOR project means any project that is located within the United States and involves the application (in accordance with sound engineering principles) of one or more qualifying tertiary recovery methods which can reasonably be expected to result in more than an insignificant increase in the amount of crude oil which ultimately will be recovered. The qualifying tertiary recovery methods generally include the following nine methods: miscible fluid displacement, steam-drive injection, microemulsion flooding, in situ combustion, polymer-augmented water flooding, cyclic-steam injection, alkaline flooding, carbonated water flooding, and immiscible non-hydrocarbon gas displacement, or any other method approved by the IRS. In addition, for purposes of the enhanced oil recovery credit, immiscible non-hydrocarbon gas displacement generally is considered a qualifying tertiary recovery method, even if the gas injected is not carbon dioxide.

A project is not considered a qualified EOR project unless the project's operator submits to the IRS a certification from a petroleum engineer that the project meets the requirements set forth in the preceding paragraph.

The enhanced oil recovery credit is effective for taxable years beginning after December 31, 1990, with respect to costs paid or incurred in EOR projects begun or significantly expanded after that date.

Conventional oil recovery methods do not recover all of a well's oil. Some of the remaining oil can be extracted by unconventional methods, but these methods are generally more costly. At current world oil prices, a large part of the remaining oil in place is uneconomic to recover by unconventional methods. In this environment, the EOR credit can increase recoverable reserves. Although recovering oil using EOR methods is more expensive than recovering it using conventional methods, it may be less expensive than producing oil from new reservoirs. Although the credit could phase out at higher oil prices, it is fully effective at present world oil prices.

Alternative minimum tax

A taxpayer is subject to an alternative minimum tax ("AMT") to the extent that its tentative minimum tax exceeds its regular income tax liability. A corporate taxpayer's tentative

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[17] In the case of an integrated oil company, the credit base includes those IDCs which the taxpayer is required to capitalize.

minimum tax generally equals 20 percent of its alternative minimum taxable income in excess of an exemption amount. (The marginal AMT rate for a noncorporate taxpayer is 26 or 28 percent, depending on the amount of its alternative minimum taxable income above an exemption amount.) Alternative minimum taxable income ("AMTI") is the taxpayer's taxable income increased by certain tax preferences and adjusted by determining the tax treatment of certain items in a manner which negates the deferral of income resulting from the regular tax treatment of those items.

As a general rule, percentage depletion deductions claimed in excess of the basis of the depletable property constitute an item of tax preference in determining the AMT. In addition, the AMTI of a corporation is increased by an amount equal to 75 percent of the amount by which adjusted current earnings ("ACE") of the corporation exceed AMTI (as determined before this adjustment). In general, ACE means AMTI with additional adjustments that generally follow the rules presently applicable to corporations in computing their earnings and profits. As a general rule a corporation must use the cost depletion method in computing its ACE adjustment. Thus, the difference between a corporation's percentage depletion deduction (if any) claimed for regular tax purposes and its allowable deduction determined under the cost depletion method is factored into its overall ACE adjustment.

Excess percentage depletion deductions related to crude oil and natural gas production are not items of tax preference for AMT purposes. In addition, corporations that are independent oil and gas producers and royalty owners may determine depletion deductions using the percentage depletion method in computing their ACE adjustments.

The difference between the amount of a taxpayer's IDC deductions and the amount which would have been currently deductible had IDC's been capitalized and recovered over a 10-year period may constitute an item of tax preference for the AMT to the extent that this amount exceeds 65 percent of the taxpayer's net income from oil and gas properties for the taxable year (the "excess IDC preference"). In addition, for purposes of computing a corporation's ACE adjustment to the AMT, IDCs are capitalized and amortized over the 60-month period beginning with the month in which they are paid or incurred. The preference does not apply if the taxpayer elects to capitalize and amortize IDCs over a 60-month period for regular tax purposes.

IDC's related to oil and gas wells are generally not taken into account in computing the excess IDC preference of taxpayers that are not integrated oil companies. This treatment does not apply, however, to the extent it would reduce the amount of the taxpayer's AMTI by more than 40 percent of the amount that the taxpayer's AMTI would have been if those IDCs had been taken into account.

In addition, for corporations other than integrated oil companies, there is no ACE adjustment for IDCs with respect to oil and gas wells. That is, such a taxpayer is permitted to use its regular tax method of writing off those IDCs for purposes of computing its adjusted current earnings.

Absent these rules, the incentive effect of the special provisions for oil and gas would be reduced for firms subject to the AMT. These rules, however, effectively eliminate AMT concerns for independent producers.

Passive activity loss and credit rules

A taxpayer's deductions from passive trade or business activities, to the extent they exceed income from all such passive activities of the taxpayer (exclusive of portfolio income), generally may not be deducted against other income.[18] Thus, for example, an individual taxpayer may not deduct losses from a passive activity against income from wages. Losses suspended under this "passive activity loss" limitation are carried forward and treated as deductions from passive activities in the following year, and thus may offset any income from passive activities generated in that later year. Losses from a passive activity may be deducted in full when the taxpayer disposes of its entire interest in that activity to an unrelated party in a transaction in which all realized gain or loss is recognized.

An activity generally is treated as passive if the taxpayer does not materially participate in it. A taxpayer is treated as materially participating in an activity only if the taxpayer is involved in the operations of the activity on a basis which is regular, continuous, and substantial.

A working interest in an oil or gas property generally is not treated as a passive activity, whether or not the taxpayer materially participates in the activities related to that property. This exception from the passive activity rules does not apply if the taxpayer holds the working interest through an entity which limits the liability of the taxpayer with respect to the interest. In addition, if a taxpayer has any loss for any taxable year from a working interest in an oil or gas property which is treated pursuant to this working interest exception as a loss which is not from a passive activity, then any net income from such property (or any property the basis of which is determined in whole or in part by reference to the basis of such property) for any succeeding taxable year is treated as income of the taxpayer which is not from a passive activity.

Similar limitations apply to the utilization of tax credits attributable to passive activities. Thus, for example, the passive activity rules (and, consequently, the oil and gas working interest

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[18] This provision applies to individuals, estates, trusts, personal service corporations, and closely held C corporations.

exception to those rules) apply to the nonconventional fuels production credit and the enhanced oil recovery credit. However, if a taxpayer has net income from a working interest in an oil and gas property which is treated as not arising from a passive activity, then any tax credits attributable to the interest in that property would be treated as credits not from a passive activity (and, thus, not subject to the passive activity credit limitation) to the extent that the amount of the credits does not exceed the regular tax liability which is allocable to such net income.

As a result of this exception from the passive loss limitations, owners of working interests in oil and gas properties may use losses from such interests to offset income from other sources.

Tertiary injectants

Taxpayers are allowed to deduct the cost of qualified tertiary injectant expenses for the taxable year. Qualified tertiary injectant expenses are amounts paid or incurred for any tertiary injectant (other than recoverable hydrocarbon injectants) which is used as a part of a tertiary recovery method.

The provision allowing the deduction for qualified tertiary injectant expenses resolves a disagreement between taxpayers (who considered such costs to be IDCs or operating expenses) and the IRS (which considered such costs to be subject to capitalization).

Energy Efficiency and Alternative Energy Sources

Incentives for energy efficiency and alternative energy sources are also essential elements of national energy policy. The continuing strength of our economy over the past two years, despite oil price rises, underscores the dramatic improvements in energy efficiency we have achieved over the past quarter century, as well as the changing economy. While past oil shortages have taken a significant toll on the U.S. economy, the recent increases in oil prices have not affected the economy much. Increased energy efficiency in cars, homes, and manufacturing has helped insulate the economy from these short-term market fluctuations. In 1974, we consumed 15 barrels of oil for every $10,000 of gross domestic product. Today we consume only 8 barrels of oil for the same amount (in constant dollars) of economic output.

Current law tax incentives for energy efficiency and alternative fuels

Tax incentives currently provide an important element of support for energy-efficiency improvements and increased use of renewable and alternative fuels. Current incentives in the form of tax expenditures are estimated to total $1.2 billion for fiscal years 2002 through 2006. They include a tax credit for electric vehicles and expensing for clean-fuel vehicles ($20 million), a tax credit for the production of electricity from wind or biomass and a tax credit for certain

solar energy property ($590 million), and an exclusion from gross income for certain energy conservation subsidies provided by public utilities to their customers ($580 million).[19]

Electric and clean-fuel vehicles and clean-fuel vehicle refueling property

A 10-percent tax credit is provided for the cost of a qualified electric vehicle, up to a maximum credit of $4,000. A qualified electric vehicle is a motor vehicle that is powered primarily by an electric motor drawing current from rechargeable batteries, fuel cells, or other portable sources of electric current, the original use of which commences with the taxpayer, and that is acquired for use by the taxpayer and not for resale. The full amount of the credit is available for purchases prior to 2002. The credit begins to phase down in 2002 and does not apply to vehicles placed in service after 2004.

Certain costs of qualified clean-fuel vehicles and clean-fuel vehicle refueling property may be deducted when such property is placed in service. Qualified electric vehicles do not qualify for the clean-fuel vehicle deduction. The deduction begins to phase down in 2002 and does not apply to property placed in service after 2004.

Energy from wind or biomass

A 1.5-cent-per-kilowatt-hour tax credit is provided for electricity produced from wind, "closed-loop" biomass (organic material from a plant that is planted exclusively for purposes of being used at a qualified facility to produce electricity), and poultry waste. The electricity must be sold to an unrelated person and the credit is limited to the first 10 years of production. The credit applies only to facilities placed in service before January 1, 2002. The credit amount is indexed for inflation after 1992.

Solar energy

A 10-percent investment tax credit is provided to businesses for qualifying equipment that uses solar energy to generate electricity, to heat or cool or provide hot water for use in a structure, or to provide solar process heat.

Ethanol and renewable source methanol

An income tax credit and an excise tax exemption are provided for ethanol and renewable source methanol used as a fuel. In general, the income tax credit is 53 cents per gallon for

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[19] *Analytical Perspectives, Budget of the United States Government, Fiscal Year 2002*, U.S. Government Printing Office, Washington, DC, 2001, p. 63.

ethanol and 60 cents per gallon for renewable source methanol. As an alternative to the income tax credit, gasohol blenders may claim an equivalent gasoline tax exemption for each ethanol and renewable source methanol that is blended into qualifying gasohol.

The income tax credit expires on December 31, 2007, and the excise tax exemption expires on September 30, 2007. In addition, the ethanol credit and exemption are each reduced by 1 cent per gallon in 2003 and by an additional 1 cent per gallon in 2005. Neither the credit nor the exemption apply during any period in which motor fuel taxes dedicated to the Highway Trust Fund are limited to 4.3 cents per gallon. Under current law, the motor fuel tax dedicated to the Highway Trust Fund will be limited to 4.3 cents per gallon beginning on October 1, 2005.

Energy conservation subsidies

Subsidies provided by public utilities to their customers for the purchase or installation of energy conservation measures are excluded from the customers' gross income. An energy conservation measure is any installation or modification primarily designed to reduce consumption of electricity or natural gas or to improve the management of energy demand with respect to a dwelling unit.

Administration budget proposals

The Administration's budget proposals for fiscal year 2002 include tax incentives for renewable energy resources. The budget also contains proposals to modify the tax treatment of nuclear decommissioning funds related to electricity production and to extend the suspension of the net income limitation applicable to certain oil and gas production. The Administration's proposals are described below.[20]

Electricity from wind and biomass

The Administration proposes to extend the credit for electricity produced from wind and biomass for three years to facilities placed in service before January 1, 2005. In addition, eligible biomass sources would be expanded to include certain biomass from forest-related resources, agricultural sources, and other specified sources. Special rules would apply to biomass facilities placed in service before January 1, 2002. Electricity produced at such facilities from newly eligible sources would be eligible for the credit only from January 1, 2002, through December 31, 2004. The credit for such electricity would be computed at a rate equal to 60 percent of the generally applicable rate. Electricity produced from newly

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[20] For a more detailed description, see *General Explanations of the Administration's Fiscal Year 2002 Tax Relief Proposals*, Department of the Treasury, April 2001.

eligible biomass co-fired in coal plants would also be eligible for the credit only from January 1, 2002, through December 31, 2004. The credit for such electricity would be computed at a rate equal to 30 percent of the generally applicable rate.

Residential solar energy systems

The Administration proposes a new tax credit for individuals that purchase solar energy equipment used to generate electricity (photovoltaic equipment) or heat water (solar water heating equipment) for use in a dwelling unit that the individual uses as a residence. The credit would be available only for equipment used exclusively for purposes other than heating swimming pools. The proposed credit would be equal to 15 percent of the cost of the equipment and its installation. The credit would be nonrefundable and an individual would be allowed a lifetime maximum credit of $2,000 per residence for photovoltaic equipment and $2,000 per residence for solar water heating equipment. The credit would apply only to solar water heating equipment placed in service after December 31, 2001, and before January 1, 2006, and to photovoltaic systems placed in service after December 31, 2001, and before January 1, 2008.

Nuclear decommissioning funds

The Administration proposes to repeal the current law provision that limits deductible contributions to a nuclear decommissioning fund to the amount included in the taxpayer's cost of service for ratemaking purposes. Thus, unregulated taxpayers would be allowed a deduction for amounts contributed to a qualified nuclear decommissioning fund. The Administration also proposes to permit funding of all decommissioning costs (including pre-1984 costs) through qualified nuclear decommissioning funds. Contributions to fund pre-1984 costs would be deductible except to the extent a deduction (other than under the qualified fund rules) or an exclusion from income has been previously allowed with respect to those costs. The Administration's proposal would clarify that any transfer of a qualified nuclear decommissioning fund in connection with the transfer of the power plant with which it is associated would be nontaxable and no gain or loss will be recognized by the transferor or transferee as a result of the transfer. In addition, the proposal would permit taxpayers to make deductible contributions to a qualified fund after the end of the nuclear power plant's estimated useful life and would provide that nuclear decommissioning costs are deductible when paid.

Net income limitation on percentage depletion from marginal wells

The Administration proposes a one-year extension of the provision suspending the 100-percent-of-net-income limitation for marginal oil and gas wells. Under the Administration

proposal, marginal wells would continue to be exempt from the limitation during taxable years beginning in 2002.

NEPD Group proposals

The Report of the National Energy Policy Development (NEPD) Group issued in May also included tax incentives for renewable energy resources and for more efficient energy use. The NEPD Group proposals are described below.[21]

Fuel from landfill methane

The NEPD Group proposes to extend the section 29 credit for fuel produced from landfill methane produced at a facility (or portion of a facility) that is placed in service after December 31, 2001. Fuel produced at such facilities would be eligible for the credit through December 31, 2010. The proposal would also expand the credit by permitting the credit for fuel used by the taxpayer to produce electricity. The credit for fuel produced at landfills subject to EPA's 1996 New Source Performance Standards/Emissions Guidelines would be limited to two-thirds of the otherwise applicable amount. In the case of landfills with facilities that currently qualify for the section 29 credit, this limitation would not apply until after 2007.

Ethanol and renewable source methanol

The NEPD Group proposes to extend the income tax credit and excise tax exemption for ethanol and renewable source methanol through December 31, 2010. The current law rule providing that neither the credit nor the exemption apply during any period in which motor fuel taxes dedicated to the Highway Trust Fund are limited to 4.3 cents per gallon would be retained.

Hybrid and fuel cell vehicles

The NEPD Group proposes to provide temporary tax credits for certain hybrid and fuel cell vehicles.

A credit of $250 to $4,000 would be available for purchases of qualifying hybrid vehicles after December 31, 2001, and before January 1, 2008. A hybrid vehicle is a vehicle that draws propulsion from both an on-board internal combustion or heat engine using combustible fuel and an on-board rechargeable energy storage system. To qualify for the minimum credit, a hybrid vehicle would be required to derive at least 5 percent of its maximum available power from the rechargeable energy storage system. Larger credits would be available for vehicles that derive

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[21] For a more detailed description, see the attachments to this testimony.

larger percentages of power from the rechargeable energy storage system and for vehicles that meet specified fuel economy standards.

A credit of $1,000 to $8,000 would be available for the purchase of qualifying fuel cell vehicles after December 31, 2001, and before January 1, 2008. A fuel cell vehicle is a motor vehicle propelled by power derived from one or more cells that convert chemical energy directly into electricity by combining oxygen with on-board hydrogen (including hydrogen produced from on-board fuel that requires reformation before use). To qualify for the minimum credit, a fuel cell vehicle would be required to meet a minimum fuel economy standard for its weight class. Larger credits would be available for vehicles that achieve higher fuel economy standards.

Combined heat and power systems

To encourage more efficient energy usage, the NEPD Group proposes to provide a 10-percent investment credit for qualifying combined heat and power (CHP) systems. CHP systems are used to produce electricity (and/or mechanical power) and usable heat from the same primary energy source. To qualify for the credit, a system would be required to produce at least 20 percent of its total useful energy in the form of thermal energy and at least 20 percent in the form of electrical and/or mechanical power and would also be required to satisfy an energy efficiency standard. The credit would apply to CHP equipment placed in service after December 31, 2001, and before January 1, 2007.

This concludes our testimony. We would be pleased to answer any questions the Subcommittee may have.

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Kolevar, Kevin

From: Faulkner, Doug
Sent: Thursday, June 07, 2001 11:10 AM
To: Kolevar, Kevin
Subject: RE: Natural Disasters Roundtable, June 12

this would require a fair amount of prep work and some creative thinking. not much lead time.

-----Original Message-----
From: Kolevar, Kevin
Sent: Wednesday, June 06, 2001 6:04 PM
To: Faulkner, Doug
Cc: 'rrussell@ostp.eop.gov'
Subject: FW: Natural Disasters Roundtable, June 12

Doug, anyone come to mind?

-----Original Message-----
From: rrussell@ostp.eop.gov%internet [mailto:rrussell@ostp.eop.gov]
Sent: Wednesday, June 06, 2001 3:23 PM
To: Kolevar, Kevin
Subject: Natural Disasters Roundtable, June 12

Do you have any ideas for a possible speaker. Andrew dropped-out. I am already book for the day.

Record Type: Record

To: Richard M. Russell/OSTP/EOP

cc: Robert Hamilton <bhamilto@nas.edu>, Joe Friday <jfriday@nas.edu>, Stephen Parker <SDParker@nas.edu>, platt@geo.umass.edu
Subject: Natural Disasters Roundtable, June 12

THE NATIONAL ACADEMIES
From: Patricia Jones Kershaw@NAS on 06/06/2001 01:34 PM

To: rrussell@ostp.eop.gov
cc: Robert Hamilton@NAS, Joe Friday@NAS, Stephen Parker/WSTB/NRC/NationalAcademies@NAS, platt@geo.umass.edu
Subject: Natural Disasters Roundtable, June 12

Richard Russell
Chief of Staff
Office of Science and Technology Policy
Dear Sir:
This e-mail is a follow on to your conversation today with Joe

Friday
regarding our request for you to give a talk at the Natural Disasters Roundtable
on Tuesday, June 12, 2001. This event will be held in the National Academy
of
Sciences Building (2100 C Street, NW) in the Lecture Room from 9:00 AM to
5:00
PM. The talk we are requesting of you is currently scheduled for 2:30 PM.
Please see the attached agenda for more information.

The purpose of the Natural Disasters Roundtable is to facilitate and
enhance communication and the exchange of ideas among scientists, practitioners,
and policymakers. This particular Roundtable will focus on natural disasters
and energy policy. For the talk we are asking you to give, we would like
an
overview of the Administration's energy policy and what role the potential
impacts of natural disasters may have in crafting this policy. As you can
see,
our agenda includes representation from executives in energy supply and
transmission; urban government, U.S. Congress, and academia. We would like
the
Administration to be represented as well.

I apologize for the late request, but I hope that, in spite of what must be
so many demands on your time, you will be able to attend and give us your
unique
perspective. Please contact me as soon as possible with your response. If
you
have any questions, please do not hesitate to contact me (my contact information
is below) or Dr. Robert Hamilton (phone (202-334-3600) or e-mail
(rhamilto@nas.edu). Thank you for your consideration.

Tricia Jones Kershaw
(See attached file: NDR2_AGENDA.doc)
Patricia Jones Kershaw
Staff Associate
NATURAL DISASTERS ROUNDTABLE
The National Academies
2101 Constitution Avenue, NW
Washington, DC 20418
202-334-1964 (phone)
202-334-1961 (fax)
pkershaw@nas.edu
http://nationalacademies.org/naturaldisasters

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[Daschle - Bingaman Energy Bill - Introduced Dec. 5, 2001]

Energy Policy Act of 2002

Section by Section Analysis

Section 1. Short title. Provides a short title for the entire Act--the "Energy Policy Act of 2002".

Sec. 2. Table of contents. Provides a detailed table of contents for the Act.

DIVISION A–RELIABLE AND DIVERSE POWER GENERATION AND TRANSMISSION

TITLE I–REGIONAL COORDINATION

Sec. 101. Policy on regional coordination. Makes it U.S. policy to encourage States to coordinate, on a regional basis, State energy policies and planning for energy infrastructure.

Sec. 102. Federal support for regional coordination. Provides for the Department of Energy (DOE) to give technical assistance to States for such regional energy coordination, and establishes an annual conference on regional energy coordination involving federal agencies and representatives of State, local, and tribal governments.

TITLE II–ELECTRICITY

Subtitle A–Amendments to the Federal Power Act

Sec. 201. Definitions. Amends definitions of "electric utility" and "transmitting utility" in the Federal Power Act.

Sec. 202. Electric utility mergers. Strengthens Federal Energy Regulatory Commission (FERC) jurisdiction over mergers to include mergers of holding companies that own utilities, mergers of generation-only utilities, and acquisitions of natural gas companies by electric companies.

Sec. 203. Market-based rates. Clarifies that FERC may allow market-based rates, and that in doing so it shall consider a number of factors.

Sec. 204. Refund effective date. Allows the refund effective date under section 206 of the Federal Power Act to begin at the time of filing of a complaint.

Sec. 205. Transmission interconnections. Ensures that generators will be able to interconnect to the transmission system.

Sec. 206. Open access transmission by certain utilities. Provides a consistent approach nationwide to interstate transmission of electricity by allowing FERC to ensure that transmission service rates charged by unregulated transmitting utilities to others are comparable to what they charge themselves, and that terms and conditions are comparable to those required of other utilities. Utilities selling less than 4 million megawatt-hours of electricity per year or that do not own transmission facilities necessary for the nationwide interconnected transmission system (e.g., a small rural electric cooperative) are exempt.

Sec. 207. Electric reliability standards. Meets the widely recognized need for consistent and stronger rules to protect the reliability of the national electric grid by authorizing FERC to establish and enforce, with deference to the North American Electric Reliability Council or other such organizations, and to Regional Transmission Organizations, mandatory standards to ensure the reliability of the transmission system.

Sec. 208. Market transparency rules. Helps consumers, State public utility commissions, and buyers and sellers of electricity to receive timely information on wholesale electricity markets by requiring FERC to establish an electronic system to provide information about the availability and price of wholesale electric energy and transmission services.

Sec. 209. Access to transmission by intermittent generators. Removes a major barrier to the use of renewable sources of electricity generation by requiring transmitting utilities to provide service for intermittent generators, such as wind, at rates and terms that do not penalize the generator for scheduling deviations by use of imbalance penalties.

Sec. 210. Enforcement. Extends the current civil penalty authority in the Federal Power Act to include violations of any of the Act's provisions, while repealing the ineffective criminal penalty authorities in the Act.

Subtitle B – Amendments to the Public Utility Holding Company Act

Repeals the Public Utility Holding Company Act of 1935 (PUHCA) and provides for federal and State access to holding company books and records.

Subtitle C – Amendments to the Public Utility Regulatory Policies Act of 1978

Sec. 241. Real-time pricing standard. Requires States to consider a standard for real-time pricing of electricity.

Sec. 242. Adoption of additional standards. Requires States to consider standards for competitive access to the distribution grid, competitive pricing of service, and simplified standard contracts for interconnection; for interconnection of distributed generation to the distribution grid; for minimum fuel and technology diversity; and for fossil fuel efficiency.

Sec. 243. Technical assistance. Authorizes the Secretary of Energy to provide technical assistance to the States to implement their responsibilities under section 242.

Sec. 244. Cogeneration and small power production purchase and sale requirements. Repeals mandatory purchase and sale requirements and ownership limitations under the Public Utility Regulatory Policies Act of 1978.

Sec. 245. Net metering. Requires electric suppliers to provide net metering services for on-site generators fueled by renewable energy resources and fuel cells. Grants a small utility exemption from the requirement.

Subtitle D – Consumer Protections

Sec. 251. Information disclosure. Requires the Federal Trade Commission to issue rules providing for the disclosure to consumer of price, additional charges, and (as feasible) the type of electric generation and environmental emissions produced in generating the electricity sold.

Sec. 252. Consumer privacy. Requires the Federal Trade Commission to issue rules protecting the privacy of consumer information obtained in connection with sale or delivery of electricity.

Sec. 253. Unfair trade practices. Requires the Federal Trade Commission to prohibit "slamming" and "cramming" in electricity sales to consumers.

Sec. 254. Applicable procedures. Clarifies that the Federal Trade Commission shall use notice and comment rulemaking procedures under the Administrative Procedure Act for rules issued under this subtitle.

Sec. 255. Federal Trade Commission enforcement. Provides that violations of rules under this subtitle will be treated as violations of section 18 of the Federal Trade Commission Act.

Sec. 256. State authority. Clarifies that States retain their current authorities with respect to topics covered in this subtitle.

Sec. 257. Application of subtitle. Clarifies that this subtitle applies only to utilities with total sales of electricity (for purposes other than resale) over 500 million kilowatt-hours per calendar year.

Sec. 258. Definitions. Defines terms used in the subtitle.

Subtitle E – Renewable Energy and Rural Construction Grants

Sec. 261. Renewable energy production incentive. Reauthorizes and reforms incentive program available to municipal and cooperative utilities for producing electricity from renewable energy sources.

Sec. 262. Assessments of renewable energy resources. Requires periodic assessments of renewable energy resources available in the United States.

Sec. 263. Federal purchase requirement. Requires that a certain percentage–3 percent in fiscal year (FY) 2002 increasing to 7.5 percent in FY 2010–of the total electricity purchased by the federal government be generated by a renewable energy source.

Sec. 264. Rural construction grants. Provides for grants for construction or modernization of electricity systems in rural and remote communities.

Sec. 265. Renewable portfolio standard. Uses a program of flexible and tradeable credits to requires each retail supplier to use any of a broad array of renewable energy technologies to generate specified annual percentages of electricity sold. The percentages, which are in addition to any renewable generation currently in existence, would ramp up from 2.5 percent in 2005 to 10 percent in 2020.

Sec. 266. Renewable energy on federal lands. Requires the Secretary of the Interior to develop a pilot program for the development of wind and solar energy on federal lands.

TITLE III–HYDROELECTRIC RELICENSING

Sec. 301. Alternative conditions. Require agencies to adopt, under section 4(e) and section 18 of the Federal Power Act, an alternative condition proposed by an applicant for a hydroelectric relicensing project if the agency head determines that the proposed condition provides no less protection to the environment than the condition deemed necessary by the agency.

Sec. 302. Charges for tribal lands. Requires annual charges required under section 10 of the Federal Power Act to be fixed before new or original licenses for projects involving tribal lands in Indian reservations can be issued.

Sec. 303. Disposition of hydroelectric charges. Provides for a portion of funds arising from fees charged for hydroelectric licenses to be used for protection of water resources on the public lands on

which the project is located, or where the headwaters of the waterway serving the projects are located. Encourages use of the funds for the benefit of local communities within or near the public lands on which the project is located.

Sec. 304. Annual licenses. Provides that, beginning with the fourth consecutive annual license granted to a project, FERC must begin interagency consultation and publication of its reasons why continued annual licenses (as opposed to a standard license) is needed. Beginning with the seventh consecutive annual license, FERC must submit a report to Congress.

Sec. 305. Enforcement. Provides that the FERC must enforce all mandatory conditions and fishway prescriptions imposed by the resource agencies (i.e., Department of the Interior, the Department of Commerce, and the Department of Agriculture) if they place direct and discernible duties on the licensee.

Sec. 306. Establishment of hydroelectric relicensing procedures. Provides for the development of coordinated regulations and procedures governing hydroelectric relicensing among FERC, the Department of the Interior, the Department of Commerce, and the Department of Agriculture, and for FERC to establish deadlines for certain of its procedures, as well as ensuring overall coordination of activities under the relicensing process.

Sec. 307. Relicensing study. Requires the FERC and the resource agencies to jointly study relicenses issued since 1994, to determine how long it has taken to issue them, the additional costs to licensees, any difference in generating capacity, environmental benefits achieved, and litigation arising from the relicensing process. The purpose is to examine the extensive data from this group of relicensings to determine where problems and bottlenecks in the relicensing process actually exist.

Sec. 308. Data collection procedures. Requires the FERC, the Department of the Interior, the Department of Commerce, and the Department of Agriculture to jointly develop procedures to ensure complete and accurate information concerning time and cost to parties in hydroelectric relicensing processes.

TITLE IV–INDIAN ENERGY

Sec. 401. Comprehensive Indian Energy Program. Establishes a comprehensive Indian energy program at the DOE to assist tribes in meeting their energy needs and expanding opportunities to develop energy resources on tribal lands. The section provides for a grant program and a loan guarantee program for Indian energy development. It also provides that federal agencies may give a preference to purchasing Indian energy.

Sec. 402-403. Office of Indian Energy Policy and Programs. Establishes an Office of Indian Energy Policy and Programs within the DOE. Includes conforming amendments.

Sec. 404. Siting energy facilities on tribal lands. Allows an Indian tribe to lease directly land and rights-of-way for energy facilities, without case-by-case review by the Secretary of the Interior, if the

tribe develops, and the Secretary approves, tribal regulations, and the term of the agreement does not exceed 30 years.

Sec. 405. Indian Mineral Development Act review. Requires the Secretary of the Interior to undertake a review and make recommendations regarding tribal opportunities under the Indian Mineral Development Act.

Sec. 406. Renewable energy study. Requires the Secretary of Energy to report on energy consumption and renewable energy development potential on Indian land, including identification of barriers to the development of renewable energy on tribal land.

Sec. 407. Federal power marketing administrations. Authorizes the Bonneville Power Administration and the Western Area Power Administration to provide technical assistance to Indian tribes seeking to use high-voltage transmission lines for the delivery of electrical power.

Sec. 408. Feasibility study of combined wind and hydropower demonstration project. Requires the Secretary of Energy, in coordination with the Secretary of the Interior and the Army Corps of Engineers, to conduct a feasibility study of developing a demonstration project that would use wind energy generated by Indian tribes and hydropower generated by the Army Corps of Engineers on the Missouri River to supply firming power to the Western Area Power Administration.

TITLE V–NUCLEAR POWER

Subtitle A–Price-Anderson Act Reauthorization

Sec. 501. Short title. Provides a short title for the subtitle.

Sec. 502. Extension of Department of Energy indemnification authority. Extends the DOE's authority to indemnify its contractors indefinitely.

Sec. 503. Department of Energy liability limit. Increases the maximum amount of DOE contractor indemnification from $9.43 billion under current law to $10 billion.

Sec. 504. Incidents outside the United States. Increases the limit on liability for nuclear incidents outside of the United States from $100 million to $500 million.

Sec. 505. Reports. Updates the reporting requirement in existing law to require the DOE and the Nuclear Regulatory Commission to submit reports on the need to continue Price-Anderson in 2013.

Sec. 506. Inflation adjustment. Requires the Secretary of Energy to adjust the amount of indemnification it provides to its contractors for inflation every 5 years.

Sec. 507. Civil penalties. Repeals provisions in existing law that exempt specific contractors from civil penalties and allow the Secretary of Energy to waive civil penalties for contractors that are nonprofit educational institutions. Instead, nonprofit contractors are subject to civil penalties up to the amount of its annual contract fee.

Sec. 508. Effective date. Makes the amendments applicable to nuclear accidents occurring after the date of enactment.

Subtitle B–Miscellaneous Provisions

Sec. 511. Uranium sales. Delays the sale of uranium hexafluoride and natural or low-enriched uranium from the DOE's stockpile until 2009.

Sec. 512. Reauthorization of thorium reimbursement. Increases the authorization for the DOE to reimburse Kerr-McGee Chemical LLC for the cost of cleaning up thorium wastes generated pursuant to federal contracts from $140 million to $263 million.

Sec. 513. Fast Flux Test Facility. Prohibits the DOE from reactivating the Fast Flux Test Facility for atomic energy defense activities, space-related missions, or other nuclear programs that could be carried out at existing operating facilities.

DIVISION B–DOMESTIC OIL AND GAS PRODUCTION AND TRANSPORTATION

TITLE VI–OIL AND GAS PRODUCTION

Sec. 601. Permanent authority to operate the Strategic Petroleum Reserve. Permanently authorizes the operation of the Strategic Petroleum Reserve (SPR) and the ability of the United States to cooperate, through the International Energy Agency, with other oil-consuming nations to plan for and respond to any potential oil supply disruption.

Sec. 602. Federal onshore leasing programs for oil and gas. To facilitate timely access to oil and gas on public lands, authorizes additional funding to ensure adequate personnel at the Department of the Interior, so that required environmental reviews related to oil and gas production on public lands can be completed expeditiously.

Sec. 603. Oil and gas lease acreage limitations. Responds to consolidation in the domestic oil and gas industry by altering the acreage cap for oil and gas leases on federal lands so that producing leases are not included in the existing Statewide acreage limitation. This provides an incentive for producers to keep domestic acreage in production or to turn the leases over to another operator who will.

Sec. 604. Hydraulic fracturing. Requires a study of known and potential effects on underground drinking water sources from a natural gas production technique known as hydraulic fracturing and,

after review of the study by the National Academy of Sciences, requires a determination as to whether regulation is required to ensure that hydraulic fracturing will not endanger underground sources of drinking water.

Sec. 605. Orphaned wells on federal lands. Requires the Secretary of the Interior, in cooperation with the Secretary of Agriculture and the States, to carry out a program to ensure the remediation and closure of orphaned oil and gas wells on lands administered by the Secretary of the Interior and the U.S. Forest Service.

Sec. 606. Orphaned and abandoned oil and gas well program. Requires the Secretary of Energy to establish a program to provide technical assistance to oil and gas-producing States to address the environmental problems caused by orphaned and abandoned oil and gas exploration and production sites.

Sec. 607. Offshore development. Allows the Minerals Management Service to suspend operations for offshore subsalt leases to allow the lessee to further analyze geologic or geophysical data when the suspension is necessary to prevent waste caused by the drilling of unnecessary wells, and to maximize recovery of hydrocarbon resources under the lease.

Sec. 608. Coalbed methane study. Directs the Secretary of the Interior, in consultation with the Administrator of the EPA and the Secretaries of Energy and Agriculture, to conduct a study on the effects of coalbed methane production on water and surface resources.

Sec. 609. Fiscal policies to maximize recovery of domestic oil and gas resources. Requires an evaluation of the impact existing federal and State tax and royalty policies have on development of domestic oil and gas resources and development of alternative policies that might help optimize recovery of domestic resources while ensuring environmental protection.

Sec. 610. Strategic Petroleum Reserve. Directs that the SPR be filled to its current capacity, requires a report on infrastructure bottlenecks that might impede drawdowns from the SPR, and requires recommendations for increasing the capacity of the SPR.

TITLE VII – NATURAL GAS PIPELINES

Subtitle A–Alaska Natural Gas Pipeline

Sec. 701. Short title. Provides a short title for the subtitle.

Sec. 702. Purposes. Establishes the purposes of the subtitle: to expedite the approval of projects to bring Alaska natural gas to U.S. consumers, to assure that open access is provided to any pipeline, and to provide a federal financial incentive for the expeditious development of a commercial project.

Sec. 703. Issuance of certificate of public convenience and necessity. Establishes an expedited process for FERC to consider and act on any application to construct a pipeline to transport Alaska natural gas pursuant to Section 7 of the Natural Gas Act. This process would provide an alternative to the process currently available under the Alaska Natural Gas Transportation Act of 1976, but would not affect the rights of any party to proceed under that Act. Two types of applications are contemplated. One type would cover the U.S. portion of a natural gas pipeline system that would transport Alaska natural gas from the North Slope of Alaska to Alberta, Canada. The second type would cover the U.S. portion of a natural gas pipeline system that would transport the Alaska natural gas from the Alberta Hub to consumers in the United States. The Alaska to Alberta segment is completely undeveloped, while the Alberta to lower 48 segment could incorporate a substantial existing pipeline infrastructure. In recognition of these differences, the legislation provides a streamlined market-based approval process for the Alaska to Alberta segment and the normal Natural Gas Act process for the lower 48 segment. Applicants for certificates to construct an Alaska project would be required to have a contract to transport Alaska natural gas that is destined for use in the contiguous United States. Such a contract would substitute for the public need finding typically required under the Natural Gas Act and would allow the FERC to consider each application on a stand-alone basis. All other requirements for issuing a certificate, including environmental laws and rates, charges and terms and conditions of service would apply. Applications for certificates to construct projects in the contiguous States would be handled under the traditional standards and procedures of Section 7 of the Natural Gas Act. This section also assures that the FERC takes into account competitive effects on the exploration, development and production of natural gas in Alaska and ensure access to all shippers. Finally, the section provides for expediting federal actions relating to any Alaska natural gas transportation system.

Sec. 704. Environmental reviews. Requires a separate environmental impact statement (EIS) for each proposed project. Designates the FERC as the lead agency for all EIS's. Establishes an 18-month deadline for completion of the EIS. The FERC is directed to issue an order on the application within 60 days of the final EIS.

Sec. 705. Federal coordinator. Establishes the Office of Federal Coordinator for Alaska Natural Gas Transportation projects to coordinate the activities of federal agencies in order to expedite the projects.

Sec. 706. Judicial review. Provides the U.S. Court of Appeals for the District of Columbia with exclusive jurisdiction for claims arising under this subtitle and provides a deadline for filing claims.

Sec. 707. Loan guarantee. Provides a financial incentive for parties to work expeditiously to file a application for approval to construct a pipeline. Federal loan guarantees may cover up to 80 percent of any loan to build the pipeline (and a total loan of up to $10 billion), provided that the applications for certificates to move forward with the project are filed prior to six months after the date of enactment of this Act.

Sec. 708. Definitions. Defines terms used in this subtitle.

Sec. 709. Savings clause. Confirms that nothing in this subtitle affects the Alaska Gas Transportation Act of 1976.

Sec. 710. Sense of the Senate. Urges the sponsors of any Alaska pipeline project to use North American steel and to negotiate a project labor agreement.

Subtitle B–Operating Pipelines

Sec. 711. Application of Historic Preservation Act to operating pipelines. Prevents an operating natural gas pipeline from being placed on the National Register of Historic Places (which might delay safety upgrades or other improvements to the pipeline), unless the pipeline is abandoned or the owner consents to the listing.

Sec. 712. Environmental reviews. Provides for the development of an interagency memorandum of understanding to expedite environmental review and permitting of pipeline projects.

DIVISION C–DIVERSIFYING ENERGY DEMAND AND IMPROVING EFFICIENCY

TITLE VIII–FUELS AND VEHICLES

Subtitle A–Increased Vehicle Fuel Efficiency

Sec. 801. Increased vehicle fuel efficiency. Reserved section for statutory language to be provided by the Senate Committee on Commerce, Science, and Transportation when the bill is considered by the full Senate.

Sec. 802. Fuel economy of the federal fleet of automobiles. Requires the head of each agency to determine the average fuel economy of all automobiles in the agency's fleet of automobiles, thereby establishing a baseline for this section. Requires that the procurement of new automobiles be managed so that, by September 30, 2003, the average fuel economy of new automobiles in the agency's fleet is at least 1 mile per gallon higher than the baseline. Further requires that the average fuel economy of new automobile be not less than 3 miles per gallon higher than the baseline by September 30, 2005. This section does not apply to vehicles designed for combat-related missions, law enforcement work, or emergency rescue work.

Sec. 803. Assistance for State programs to retire fuel-inefficient motor vehicles. Authorizes DOE to provide grants to States to carry out incentive programs to scrap cars and light trucks with poor vehicle fuel efficiency.

Subtitle B–Alternative and Renewable Fuels

Sec. 811. Increased use of alternative fuels by federal fleets. Requires federal fleets with alternative fuel capability to use alternative fuels for at least 50 percent of the total annual volume of fuel used in such vehicles by 2003 and 75 percent of the total annual volume of fuel used by 2005.

Sec. 812. Exception to HOV passenger requirements for alternative fuel vehicles. Permits State highway agencies to allow alternative fuel vehicles to utilize High Occupancy Vehicle (HOV) lanes on highways regardless of number of passengers carried.

Sec. 813. Data collection. Authorizes the Energy Information Administration to collect data on production and consumption of renewable fuels, so that markets and policy makers are better informed concerning availability and cost of such fuels.

Sec. 814. Green school bus pilot program. Establishes a pilot program to make competitive grants to demonstrate the commercial application of alternative-fuel and ultra-low sulfur diesel school buses. Grants under this program could be used to supply up to 85 percent of the cost of each bus, and up to 15 percent of the cost of necessary alternative fuel infrastructure.

Sec. 815. Fuel cell bus development and demonstration program. Authorizes a pilot program to develop and demonstrate fuel cell-powered school buses.

Sec. 816. Authorization of appropriations. Authorizes $40 million in FY 2002 for the programs under section 814 and 815, with increasing authorizations to $80 million in FY 2006.

Sec. 817. Biodiesel fuel use credits. Allows biodiesel fuel use credits to be counted as alternative fuel fleet credits under the Energy Policy Act of 1992.

Sec. 818. Renewable content of motor fuel. Requires that the Environmental Protection Agency mandate that an increasing amount of renewable fuel (including ethanol and biodiesel) be blended into gasoline, starting with 2 billion gallons per year in 2003 and increasing to 5 billion gallons per year in 2012. In 2013 and thereafter, the percentage use of ethanol remains the same as in 2012. Refiners and blenders who use a greater amount of ethanol can earn tradeable credits that expire after 1 year, if not used or traded. A mechanism for States to request EPA to lower the national ethanol requirement is also provided.

Sec. 819. Neighborhood electric vehicles. Includes zero-emission, low-speed electric vehicles in the definition of alternative fuel vehicles under the Energy Policy Act of 1992.

Subtitle C–Federal Reformulated Fuels

Authorizes funds for remediation of groundwater contamination from methyl tertiary butyl ether (MTBE), bans the use of MTBE within 4 years after the date of enactment of this subtitle, allows Governors to waive the oxygen content requirement of fuel under the Clean Air Act in their respective

States, requires a study of ethyl tertiary butyl ether, and provides for grants to merchant producers of MTBE to convert production facilities to other fuel additives.

TITLE IX–ENERGY EFFICIENCY AND ASSISTANCE TO LOW INCOME CONSUMERS

Subtitle A–Low Income Assistance and State Energy Programs

Sec. 901. Increased funding for Low Income Home Energy Assistance Program (LIHEAP), weatherization assistance, and State energy grants. Increases the annual authorization for the LIHEAP grant program to $3.4 billion; the authorization for emergency funds to $1 billion and the authorization for training and technical assistance to $750 thousand through FY 2005. Provides annual authorizations for the weatherization program of $325 million for FY 2003 increasing to $500 million in FY 2005.

Sec. 902. State energy programs. Provides an annual authorization for State energy conservation programs of $100 million in FY 2003 increasing to $125 million in FY 2005. Amends planning requirements and goals.

Sec. 903. Energy efficient schools. Establishes a program of grants to the States for the renovation or construction of elementary and secondary school buildings to achieve improved energy efficiency. Authorizes funding through FY 2006.

Sec. 904. Low income community energy efficiency pilot program. Authorizes $10 million per year for a 3-year competitive program of grants to community development corporations for energy efficiency and renewable energy projects in low income urban and rural communities. Community development corporations are locally controlled public/private partnerships that work with low income communities to attract capital and create jobs.

Subtitle B - Federal Energy Efficiency

Sec. 911. Energy management requirements. Changes the baseline for measuring federal energy performance from 1985 to 2000 and requires a 20 percent improvement by 2011.

Sec. 912. Energy use measurement and accountability. Requires federal buildings to be metered or sub-metered by October 1, 2004 and requires agencies to develop plans to use real-time electricity consumption data to reduce energy costs and consumption.

Sec. 913. Federal building performance standards. Directs the Secretary to establish revised energy efficiency performance standards for new federal buildings.

Sec. 914. Procurement of energy efficient products. Requires that federal agencies purchase efficient energy consuming products (Energy Star rated or FEMP designated).

Sec. 915. Cost savings from replacement facilities. Provides that savings resulting from reduced costs of operation and maintenance at replacement facilities may be counted under an energy savings performance contract (ESPC).

Sec. 916. Repeal of energy savings performance contract sunset. Provides for continued use of energy savings performance contracts.

Sec. 917. Energy savings performance contract definitions. Expands the definition of energy savings to include a reduction in water costs; permits the use of energy savings performance contracts for replacement facilities; defines "energy or water conservation measure".

Sec. 918. Review of energy savings performance contract program. Provides for report to Congress identifying obstacles that prevent the full utilization of the ESPC program and opportunities to increase program flexibility and effectiveness.

Sec. 919. Federal Energy Bank. Authorizes the establishment of a fund or "bank" within the Treasury Department from which federal agencies could borrow money for investment in energy efficiency projects. Funding for the bank would be subject to appropriations.

Sec. 920. Energy and water savings in Congressional buildings. Directs the Architect of the Capitol to develop and implement an energy and water conservation strategy for Congressional buildings. Includes a requirement that state-of-the-art energy efficiency technologies be used in the Capitol Visitors Center.

Subtitle C--Industrial Efficiency and Consumer and Commercial Products

Sec. 921. Voluntary commitments to reduce industrial energy intensity. Authorizes the Secretary of Energy to enter into voluntary agreements with industry sectors or individual companies to reduce the energy consumed per unit of production in the industrial process by a minimum of 2.5 percent a year.

Sec. 922. Authority to set standards for commercial products. Provides authority for the Secretary to establish energy conservation standards for commercial products.

Sec. 923. Additional definitions. Defines terms to be used in the appliance standards provisions that follow.

Sec. 924. Additional test procedures. Prescribes test procedures for exit signs and transformers and directs the Secretary to prescribe testing procedures for ceiling fans, vending machines and commercial refrigerators.

Sec. 925. Energy labeling. Directs the Federal Trade Commission to consider changes to improve the effectiveness of energy labels on consumer products. Directs the Secretary to prescribe labeling requirements for the products added by this subtitle.

Sec. 926. Energy Star program. Provides statutory authority for the Energy Star program.

Sec. 927. Energy conservation standards for central air conditioners and heat pumps. Enacts a SEER 13 energy conservation standard for central air conditioning units and central air conditioning heat pumps.

Sec. 928. Energy conservation standards for additional consumer and commercial products. Establishes an expedited rulemaking for standards for energy consumed in the standby mode of battery chargers and external power supplies and a process for determining whether efficiency standards should be established for the standby mode of other appliances. Requires rulemakings to develop standards for ceiling fans, vending machines, commercial refrigerators and freezers, and unit heaters. Legislates standards for exit signs, torchiere lamps, and low-voltage dry-type transformers.

Sec. 929. Consumer education on energy efficiency benefits of air conditioning, heating, and ventilation maintenance. Authorizes a public education program on energy savings benefits of maintenance of air conditioning, heating and ventilation systems.

Subtitle D–Housing Efficiency

Sec. 931. Capacity building for energy efficient, affordable housing. Requires activities that provide energy efficient, affordable housing and residential energy conservation measures under the HUD Demonstration Act.

Sec. 932. Increase of Community Development Block Grant public services cap for energy conservation and efficiency activities. Increases the amount of assistance for providing public services involving energy conservation or efficiency by 10 percent.

Sec. 933. FHA mortgage insurance incentives for energy efficient housing. Changes the amount that property value covered by mortgage insurance may be increased due to the installation of a solar energy system from 20 percent to 30 percent.

Sec. 934. Public Housing Capital Fund. Modifies Fund to include certain improvements to energy efficiency.

Sec. 935. Grants for energy-conserving improvements for assisted housing. Provides that grants for certain multifamily housing projects may include certain improvements to energy efficiency.

Sec. 936. North American Development Bank. Amends NAFTA Implementation Act to encourage U.S. Board members to encourage the Bank to finance projects related to clean and efficient energy, including energy conservation.

DIVISION D–INTEGRATION OF ENERGY POLICY AND CLIMATE CHANGE POLICY

TITLE X–CLIMATE CHANGE POLICY FORMULATION

Subtitle A–Global Warming

Sec. 1001. Sense of the Congress on global warming. Provides findings and the Sense of Congress that the Unites States should demonstrate international leadership and responsibility in mitigating the health, environmental, and economic threats posed by global warming.

Subtitle B–Climate Change Strategy

Develops a national focus for climate change response for the United States by establishing a National Office of Climate Change Response in the Executive Office of the President to develop a U.S. climate change response strategy. Establishes and interagency task force to serve as the primary mechanism for agencies to work together to develop and implement national climate change policy. Establishes an Office of Climate Change Technology in the DOE, with a $4.75 billion research and development

budget over the period of FY 2002 to FY 2011. Establishes an independent review board to monitor the development and implementation of national climate change response strategy. Authorizes the establishment of other climate-change-related offices in other federal agencies, as necessary.

Subtitle C–Science and Technology Policy

Sec. 1031. Global climate change in the Office of Science and Technology Policy. Requires a focus on global climate change in the Office of Science and Technology Policy through amendments to the National Science and Technology Policy, Organization, and Priorities Act of 1976.

Sec. 1032. Establishment of Associate Director for Global Climate Change. Amends the National Science and Technology Policy, Organization, and Priorities Act of 1976 to add a fifth Associate Director in the Office of Science and Technology Policy, and require that one of the Associate Directors have a focus on global climate change science and technology. This Associate Director would coordinate the development of research goals and budgets for the U.S. Global Change Research Program.

Subtitle D – Miscellaneous Provisions

Sec. 1041. Additional information for regulatory review. Requires information on greenhouse gas emissions in connection with a Statement of Energy Effects under Executive Order 13211.

Sec. 1042. Greenhouse gas emissions from federal facilities. Requires the Secretaries of Energy, Agriculture and Commerce and the Administrator of the Environmental Protection Agency to develop and publish a methodology for preparing estimates of annual net greenhouse gas emission from all Federal facilities.

TITLE XI–GREENHOUSE GAS DATABASE

Sec. 1101. Definitions. Provides definitions used in the title.

Sec. 1102. National Greenhouse Gas Emissions Database. Requires the Secretary of Commerce, in consultation with the Interagency Task Force established in section 1103, to conduct a negotiated rulemaking under subchapter III of title 5, United States Code, with a broad range of stakeholders to design a National Greenhouse Gas Emissions Database, which will include an inventory of emissions from significant sources and a registry of voluntary reductions. The provisions invoked from title 5 require consensus from all participants to be used as the basis of any rulemaking establishing the registry. A number of specific features are required for the database.

Sec. 1103. Interagency task force on greenhouse gas database. An interagency task force is established to advise the Secretary of Commerce, consisting of the heads of the Departments of Energy, Agriculture, Interior, Commerce, Transportation, the Environmental Protection Agency, the Office of Science and Technology Policy, and the Council on Environmental Quality. The chair of the Task Force alternates between DOE and EPA every two years.

Sec. 1104. Measurement and verification. Requires the Chair of the Interagency Task Force, in cooperation with the National Institute of Standards and Technology, to develop and promulgate measurement and verification technologies for greenhouse gas emissions and emission reductions.

DIVISION E–ENHANCING RESEARCH, DEVELOPMENT, AND TRAINING

TITLE XII–ENERGY RESEARCH AND DEVELOPMENT PROGRAMS

Establishes the framework for a comprehensive energy research, development and deployment program to reduce energy intensity by 1.9 percent each year through 2020, to reduce total consumption by 8 quadrillion Btu by 2020 from otherwise expected levels, and to reduce carbon dioxide emissions from expected levels by 166 million metric tons by 2020.

Subtitle A–Energy Efficiency

Sec. 1211. Enhanced energy efficiency research and development. Authorizes funding from $700 million in FY 2003 to $983 million in FY 2006 for DOE energy-efficient housing, industrial energy efficiency, and transportation energy efficiency programs.

Sec. 1212. Energy efficiency science initiative. Authorizes the energy efficiency science initiative, an existing joint program between the Assistant Secretary for Energy Efficiency and Renewable Energy and the Office of Science.

Sec. 1213. Next generation lighting initiative. Establishes consortium modeled on SEMATECH to research and develop the next generation of white-light emitting diodes for ultra-efficient lighting applications. Additional authorizations of $50 million each of fiscal years 2003 through 2011 are provided.

Sec. 1214. Railroad efficiency. Establishes a public-private research partnership to improve railroad locomotive technologies by increasing fuel economy, reducing emissions, improving safety, and lowering costs. Additional authorizations of $60 million in FY 2003 and $70 million in FY 2004 are provided.

Subtitle B–Renewable Energy

Sec. 1221. Enhanced renewable energy research and development. Authorizes funding from $500 million in FY 2003 to $733 million in FY 2006 for DOE wind power, photovoltaics, solar thermal, biomass and biofuel, geothermal, hydrogen, hydropower, and electric energy systems and storage programs.

Sec. 1222. Bioenergy programs. Authorizes biopower energy systems and biofuels programs.

Sec. 1223. Hydrogen research and development. Reauthorizes and amends the Spark M. Matsunaga Hydrogen Research, Development, and Demonstration Act of 1990.

Subtitle C–Fossil Energy

Sec. 1231. Enhanced fossil energy research and development. Authorizes funding from $485 million in FY 2003 to $558 million in FY 2006 for coal, oil, natural gas, and transportation fuels programs.

Sec. 1232. Power plant improvement initiative. Authorizes $200 million per year from FY 2003 to FY 2011 for demonstrations of carbon sequestration, gasification, and other technologies to improve the environmental performance of coal-based electricity generation.

Sec. 1233. Research and development for advanced safe and efficient coal mining technologies. Establishes a cooperative research partnership to pursue R&D priorities identified in the technology roadmaps from the Mining Industry of the Future Program. Authorizations of $12 million in FY 2003 and $15 million in FY 2004 are provided, with 20 percent to be spent at universities.

Sec. 1234. Ultra-deepwater and unconventional resource exploration and production technologies. Establishes a program of research, development, and demonstration of ultra-deepwater resource exploration and production technologies, including the development of next-generation architectures for ultra-deepwater resource production. Establishes a program to maximize the ability to recover unconventional onshore natural gas resources. Provides for the flexibility to use consortia of industry and universities to manage research and development activities under this section.

Sec. 1235. Research and development for new natural gas transportation technologies. Authorizes a five-year R&D program for natural gas transportation and distribution infrastructure and for distributed energy resources using natural gas.

Sec. 1236. Authorization of appropriations for Office of Arctic Energy. Authorizes appropriations for the Office of Arctic Energy in DOE, which was created under section 3197 of the National Defense Authorization Act for Fiscal Year 2001 to undertake R&D on energy technology for arctic regions.

Subtitle D–Nuclear Energy

Sec. 1241. Enhanced nuclear energy research and development. Authorizes funding for nuclear energy R&D programs ($100 million in FY 2003 to $130 million in FY 2006) and for supporting infrastructure in the DOE complex ($200 million in FY 2003 to $212 million in FY 2006).

Sec. 1242. University nuclear science and engineering support. Special program to maintain the university-based investment and infrastructure in departments of nuclear sciences and nuclear engineering, including support for university research reactors. Authorized levels range from $33 million in FY 2003 to $50.1 million in FY 2006.

Sec. 1243. Nuclear energy research initiative. Authorizes grants for research relating to nuclear energy.

Sec. 1244. Nuclear energy plant optimization. Authorizes grants to improve nuclear energy plant reliability, availability, and productivity, with a 50 percent cost-share by industry.

Sec. 1245. Nuclear energy technology development program. Authorizes the Nuclear Energy Technology Development Program to develop a technology roadmap for new nuclear energy powerplants, including a study of Generation IV reactors.

Subtitle E–Fundamental Energy Science

Sec. 1251. Enhanced programs in fundamental energy science. Authorizes funding for programs in the DOE Office of Science (except for climate change science, separately authorized below) from $3.785 billion in FY 2003 to $5.0 billion in FY 2006.

Sec. 1252. Nanoscale science and engineering research. From within the total authorization for the Office of Science, a special focus program on nanoscience and nanoengineering for energy applications is authorized, including special centers and instrumentation grants. Authorized levels grow from $270 million in FY 2003 to $330 million in FY 2006.

Sec. 1253. Advanced scientific computing for energy missions. DOE civilian high-performance computing program, focused on "grand challenges" in computation related to energy missions, and "collaboratories" of scientists across the country, is authorized from within the total authorization for the Office of Science, at $285 million in FY 2003 to $320 million in FY 2006.

Sec. 1254. Fusion energy sciences program and planning. Fusion energy sciences program is authorized for FY 2003, and planning reports on a U.S. burning plasma experiment and a return of U.S. participation in the International Thermonuclear Experimental Reactor (ITER) are required by 2004.

Subtitle F–Energy, Safety, and Environmental Protection

Sec. 1261. Critical energy infrastructure protection research and development. Authorizes a program to include analysis of energy infrastructure interdependencies, probabilistic risk assessment of unconventional and terrorist threats, incident tracking and trend analysis tools, and integrated multi-sensor, warning, and mitigation technologies to detect, integrate, and localize events affecting energy infrastructure. An annual authorization of $10 million for FY 2003 to FY 2006 is provided.

Sec. 1262. Pipeline integrity, safety, and reliability research and development. Authorizes a pipeline safety research and development program to ensure the integrity of natural gas and hazardous liquid pipelines.

Sec. 1263. Research and demonstration for remediation of groundwater from energy activities. A research and demonstration program for remediation of groundwater contaminated by energy activities is authorized at $10 million per year for FY 2003 through FY 2006.

TITLE XIII–CLIMATE CHANGE-RELATED RESEARCH AND DEVELOPMENT

Subtitle A–Department of Energy Programs

Authorizes DOE climate change science research programs from FY 2003 through FY 2006 and provides conforming amendments to the Federal Nonnuclear Research and Development Act of 1974.

Subtitle B–Department of Agriculture Programs

Authorizes Department of Agriculture basic and applied research, and development and demonstration projects, related to carbon sequestration in soils.

Subtitle C–Clean Energy Technology Exports Program

Sec. 1321. Clean energy technology exports program. Establishes an interagency working group to coordinate and promote U.S. government efforts to open overseas energy markets and transfer U.S. clean energy technology to developing countries, and countries in transition, that are expected to experience, over the next 20 years, the most significant growth in energy production and associated greenhouse gas emissions. Requires an annual report describing technology, policy, and market opportunities for international development, demonstration, and deployment of clean energy technology. Requires all U.S. government entities supporting activities in the energy and environment sectors of such countries to support the transfer of U.S. clean energy technology to the maximum extent practicable.

Sec. 1322. International energy technology deployment program. Authorizes an International Energy Technology Deployment Program–a pilot program to provide financial assistance in the form of loans or loan guarantees to qualifying deployment projects in developing countries and countries in transition.

Subtitle D–Climate Change Science and Information

Part I – Amendments to the Global Change Research Act of 1990

Sec. 1331. Amendment of Global Change Research Act of 1990. Clarifies that amendments in this part are to the Global Change Research Act of 1990.

Sec. 1332. Changes in definitions. Redefines the "Committee" referred to in this Act as the Committee on Climate and Environmental Sciences.

Sec. 1333. Change in committee name. Renames the Committee on Earth and Environmental Sciences as the Committee on Climate and Environmental Sciences.

Sec. 1334. Change in National Global Change Research Plan. Adds a research element to the National Global Change Research Plan to develop predictive tools for planning and decision making purposes. Directs that information should be readily usable by local, State, and federal policymakers. The Plan should also provide recommendations for establishing a common assessment and modeling framework for research and operations to assess the vulnerability of ecosystems and human society to climate change. In addition, the Act calls for the USGCRP to develop a strategic research plan for the 10-year period beginning in 2002.

Sec. 1335. Integrated program office. Establishes the Integrated Program Office for the Global Change Research Program in the Office of Science and Technology Policy, which is responsible (in conjunction with the Committee) for: interagency coordination and integration of programs; ensuring federal programs and activities under the Program meet goals and objectives of the strategic plan; ensuring budget and program recommendations are communicated to the President; and reviewing and providing recommendations on annual appropriations requests from federal agencies participating in the program. The Integrated Program Office shall consist of one representative of each federal agency participating in the program, and shall be headed by the Associate Director for Climate Change Science and Technology in the OSTP.

Part II–National Climate Services and Monitoring

Sec. 1341. Amendment of National Climate Program Act. Clarifies that amendments in this part are of the National Climate Program Act.

Sec. 1342. Changes in findings. Amends findings in National Climate Program Act.

Sec. 1343. Tools for regional planning. Adds a program element to develop methods to improve modeling, prediction, and assessment capabilities to guide national, regional, and local planning and decision-making on land use, water hazards, and related issues.

Sec. 1344. Authorization of appropriations. Authorizes appropriations for FY 2002 through FY 2004.

Sec. 1345. National Climate Service plan. Directs the Secretary of Commerce to submit a plan of action to Congress for the National Climate Service within one year of enactment of this Act. The plan is to provide recommendations and funding estimates for: 1) a national center for operational climate monitoring and prediction with the capability to monitor and adjust observing systems as necessary, 2) a national climate observing system, 3) establishment of a nationally coordinated modeling strategy, including a national climate modeling center that will provide a dedicated capability for high-end climate modeling; 4) modeling and assessment capabilities to predict regional and local climate changes and impacts, 5) coordination with the private sector, 6) long-term development and maintenance of climate products and efficient access to relevant climate data; and 7) mechanisms to coordinate with federal agencies, State and local entities, and the academic community.

Sec. 1346. Reporting on trends. Authorizes the Secretary of Commerce to establish an atmospheric monitoring and verification program for greenhouse gases. Requires an annual report on levels and trends.

Part III–Ocean and Coastal Observing System

Sec. 1351. Ocean and coastal observing system. Requires the President, through the National Ocean Research Leadership Council, to establish and maintain an ocean and coastal observing system to provide continuous, real-time observations. The Council is required to submit an implementation plan to Congress within 6 months after enactment of this Act, and is also tasked with coordinating federal ocean observing activities and working with potential users of the system to make effective use of its capabilities. In addition, the Council is responsible for approving standards and protocols for administration of the system.

Sec. 1352. Authorization of appropriations. Provides authorization levels for FY 2003 through FY 2006.

Subtitle E–Climate Change Technology

Sec. 1361. NIST greenhouse gas functions. Directs the National Institute of Standards and Technology (NIST) to develop measurements, calibrations, standards, and technologies that will enable reduced production of greenhouse gases.

Sec. 1362. Development of new measurement technologies. Requires the Secretary of Commerce to initiate an interagency effort to develop standards and measurement technologies to calculate greenhouse gas emissions and reductions from agriculture, forestry, and other land use practices; non-CO2 greenhouse gas emissions from transportation; and greenhouse gas emissions from facilities or sources using remote sensing technology.

Sec. 1363. Enhanced environmental measurements and standards. Requires the Director of NIST to establish a research program on global climate change standards and processes to provide scientific and technical knowledge applicable to the reduction of greenhouse gases. Directs the NIST Director to utilize the skills of the National Measurement Laboratories to improve the accuracy of measurements that will permit better understanding of industrial processes and associated greenhouse gas emissions. The National Measurement Laboratories will also conduct research into manufacturing processes and building performance standards that may reduce greenhouse gas emissions. This section also directs the National Voluntary Laboratory Accreditation Program to include calibration or test standards and related methods and protocols for accreditation in measuring the production of greenhouse gases.

Sec. 1364. Technology development and diffusion. Enables the NIST Director, through the Advanced Technology Program, to hold a thematic competition to develop and commercialize technologies to address global climate change by reducing greenhouse gas emissions and atmospheric concentrations. Directs the NIST Director, through the Manufacturing Extension Partnership Program, to develop a program to support the implementation of "green" manufacturing technologies.

Subtitle F–Climate Adaptation and Hazards Prevention

Part I–Assessment and Adaptation

Sec. 1371. Regional climate assessment and adaptation program. Directs the Secretary of Commerce, in coordination with appropriate federal, State, and local governmental entities, to establish a Climate Vulnerability and Adaptation Program to perform regional vulnerability assessments and develop preparedness plans to address a broad array of national safety, ecological, and economic impacts related to increased climate variability. The Secretary of Commerce is to make appropriate information and technologies available through the Global Disaster Information Network to assist efforts to reduce loss of life and property.

Sec. 1372. Coastal vulnerability and adaptation. Requires the Secretary of Commerce to conduct regional assessments of the vulnerability of coastal areas to hazards associated with climate change, climate variability, and sea level rise, including an evaluation of social, physical, and economic impacts. Within three years of enactment of the Act, the Secretary of Commerce should submit to Congress a National Coastal Adaptation Plan that recommends national and regional strategies for adapting to coastal impacts associated with climate change, with particular attention to areas of special need such as the Arctic and small island states. Provides for financial assistance to eligible States to implement such plans through Coastal Adaptation Grants that require a graduated State match (growing to 1 to 1 by the fourth year).

Part II–Forecasting and Planning Pilot Programs

Sec. 1381. Remote sensing pilot projects. Establishes a program of NASA/NOAA grants to use remote sensing and other geospatial information to forecast and plan for adaptation to coastal zone and land use changes that may result as a consequence of global climate change or climate variability.

Sec. 1382. Database establishment. Directs the NOAA Coastal Services Center to establish and maintain an electronic, internet-accessible database of the results of each pilot project funded under section 1381.

Sec. 1383. Definitions. Provides definitions used in this part.

Sec. 1384. Authorization of appropriations. Authorizes appropriations for FY 2002 through FY 2006.

TITLE XIV–MANAGEMENT OF DOE SCIENCE AND TECHNOLOGY PROGRAMS

Sec. 1401. Definitions. Provides definitions used in the title.

Sec. 1402. Availability of funds. Provides that authorized funds remain available to DOE until expended.

Sec. 1403. Cost sharing. Requires cost-sharing of applied technology projects (20 percent) and demonstration projects (50 percent), but not basic research.

Sec. 1404. Merit review of proposals. Requires independent merit review of all R&D proposals prior to award.

Sec. 1405. External technical review of Departmental programs. Mandates the creation and use of external technical advisory committees for DOE science and technology programs. Where such panels already exist, they remain in use.

Sec. 1406. Improved coordination and management of civilian science and technology programs. Creates an Under Secretary for Energy and Science to oversee and coordinate DOE civilian energy R&D. Renames the Director of the Office of Science as the Assistant Secretary for Science. Provides for an additional Assistant Secretary so that this level of leadership can be applied to DOE nuclear energy technology programs.

Sec. 1407. Improved coordination of technology transfer activities. Re-establishes a central focus for technology transfer policy and coordination in the DOE.

Sec. 1408. Technology infrastructure program. Establishes a program to improve the technology partnering capabilities of the DOE National Laboratories.

Sec. 1409. Small business advocacy and assistance. Requires DOE National Laboratories and facilities to establish more effective outreach to small and minority businesses.

Sec. 1410. Other transactions. Gives DOE more flexible procurement authorities already enjoyed by the Defense Advanced Research Projects Agency (DARPA) and NASA.

Sec. 1411. Mobility of scientific and technical personnel. Requires DOE to study ways to facilitate flows of scientists and engineers among National Laboratories.

Sec. 1412. National Academy of Sciences report. Requires study by the National Academy of obstacles to accelerating the innovation cycle for energy technology.

Sec. 1413. Report on technology readiness and barriers to technology transfer. Requires a report on technology readiness of energy technologies being funded by the DOE and a report on barriers to technology transfer between the DOE and other technology performers.

TITLE XV– PERSONNEL AND TRAINING

Sec. 1501. Workforce trends and traineeship grants. Requires DOE to maintain cognizance of workforce trends in energy areas and provides authority to establish traineeship grants to help alleviate shortages in particular areas.

Sec. 1502. Postdoctoral and senior research fellowships in energy research. Authorizes the Secretary to establish postdoctoral fellowships and senior research fellowships to attract and retain outstanding scientists and engineers in energy research and development.

Sec. 1503. Training guidelines for electric energy industry personnel. Requires the Secretary of Energy to work with utilities and unions to create model guidelines for training to support increased electricity reliability.

Sec. 1504. National Center on Energy Management and Building Technologies. Authorizes the establishment of the center, which provides training to improve building energy efficiency.

Sec. 1505. Improved access to energy-related scientific and technical careers. Amends the Department of Energy Science Education Enhancement Act to give priority to activities that are designed to encourage women and minority students to pursue scientific and technical careers. Creates partnerships between DOE National Laboratories and historically Black colleges and universities, Hispanic-serving institutions, and tribal colleges.

DIVISION F–TECHNOLOGY ASSESSMENT AND STUDIES

TITLE XVI–TECHNOLOGY ASSESSMENT

Sec. 1601. National Science and Technology Assessment Service. Amends the National Science and Technology Policy, Organization, and Priorities Act of 1976 to add provisions creating a Science and Technology Assessment Service. The Service is to provide ongoing science and technology assessment advice to Congress. The Service would have a Congressional Board and a Director and receive administrative support from the Library of Congress. Assessment work would be performed using the services of experts selected in consultation with the National Research Council.

TITLE XVII–STUDIES

Sec. 1701. Regulatory reviews. Requires each federal agency to report to Congress within one year and at least every five years necessary changes to regulations to remove barriers to market entry for energy-efficient technologies and processes.

Sec. 1702. Assessment of dependence of Hawaii on oil. Requires the Secretary of Energy to conduct a study that assess the economic risk posed by the dependence of Hawaii on oil as its principal source of energy, and the feasibility of increasing the contribution of renewable sources to the overall energy requirements of Hawaii and of using liquified natural gas as a source of energy to supplement oil.

Sec. 1703. Study of siting an electric transmission system on Amtrak right-of-way. Requires the Secretary of Energy to contact with Amtrak to study the feasibility of building and operating a new electric transmission system on Amtrak right-of-way in the Northeast Corridor.

DIVISION G – ENERGY INFRASTRUCTURE SECURITY

TITLE XVIII – CRITICAL ENERGY INFRASTRUCTURE

Subtitle A–Department of Energy Programs

Sec. 1801. Definitions. Provides definitions used in the title.

Sec. 1802. Role of the Department of Energy. Amends the Department of Energy Organization Act to clarify that energy infrastructure security is part of DOE's mission.

Sec. 1803. Critical energy infrastructure programs. Authorizes the Secretary of Energy to establish programs of financial, technical, and administrative assistance related to critical energy infrastructure security, consistent with overall national infrastructure security plans of the President.

Sec. 1804. Advisory committee on energy infrastructure security. Establishes a broad-based advisory committee to review DOE policy and activities to improve energy infrastructure security.

Sec. 1805. Best practices and standards for energy infrastructure security. Authorizes the Secretary to support private-sector efforts to develop best practices and standards for energy infrastructure security.

Subtitle B–Department of Interior Programs

Sec. 1811. Outer Continental Shelf energy infrastructure security. Establishes an Outer Continental Shelf Energy Infrastructure Security Program to be administered by the Secretary of the Interior. Under this program, states in proximity to leased OCS tracts (Alaska, Alabama, California, Florida, Louisiana, Mississippi and Texas) and political subdivisions will receive funding based on OCS oil and gas production to carry out activities pursuant to approved plans to secure critical OCS energy infrastructure facilities from human or natural threats, or to meet public service or transportation needs to maintain the safety and operation of critical OCS energy infrastructure facilities.

Subtitle C—Commercial Nuclear Facility Security

Sec. 1821. Commercial nuclear facility security. Reserved section for statutory language to be provided by the Senate Committee on Environment and Public Works when the bill is considered by the full Senate.

165

JOEL
RUBIN
02/16/2001 03:42 PM

To: MaryBeth Zimmerman/EE/DOE@DOE
cc:

Subject: Chapter 2 Re-send

fyi,

Joel

---------- Forwarded by Joel Rubin/EE/DOE on 02/16/2001 03:42 PM ----------

JOEL
RUBIN
02/16/2001 03:05 PM

To: Margot Anderson@HQMAIL@HQDOE
cc:

Subject: Chapter 2 Re-send

Margot -

My apologies for this... please use this attached version (entitled "Chapter 2_energy impacts_2.16.01"). There were a few minor edits that were added at the last minute to this version.

Thank you,

Joel

Chapter 2_Energy Impacts_2.16.01.d

JOEL
RUBIN
02/16/2001 03:00 PM

To: Margot Anderson@HQMAIL@HQDOE
cc: Abe Haspel, Buddy Garland, MaryBeth Zimmerman/EE/DOE@DOE, Nancy Jeffery/EE/DOE@DOE, Darrell Beschen/EE/DOE@DOE

Subject: National Energy Strategy: Chapter 2

Margot -

Please find chapter 2 attached... thank you!

Joel

Chapter 2_Impacts_2.16.01.dc

166

MaryBeth Zimmerman 02/16/2001 12:50 PM

To: Douglas Carter@HQMAIL @ HQDOE
cc:

Subject: Re: Section 5 material

Cleaning up right now, hopefully around 1:30.
Douglas Carter@HQMAIL on 02/16/2001 09:21:41 AM

Douglas Carter@HQMAIL on 02/16/2001 09:21:41 AM

To: MaryBeth Zimmerman/EE/DOE@DOE@HQMAIL, TREVOR COOK@HQMAIL
cc:

Subject: Section 5 material

Mary Beth & Trevor -

Please email your material for NEP / Section 5 at your earliest convenience.

Doug Carter (FE-26)
US DOE
Washington, DC 20585
202-586-9684

Douglas Carter@HQMAIL on 02/16/2001 09:21:41 AM

To: MaryBeth Zimmerman/EE/DOE@DOE@HQMAIL, TREVOR COOK@HQMAIL
cc:

Subject: Section 5 material

Mary Beth & Trevor -

Please email your material for NEP / Section 5 at your earliest convenience.

Doug Carter (FE-26)
US DOE
Washington, DC 20585
202-586-9684

167

JOEL
RUBIN
02/15/2001 06:30 PM

To: MaryBeth Zimmerman/EE/DOE@DOE, Darrell Beschen/EE/DOE@DOE
cc:

Subject: Chapter 2 Draft

Hi guys -

This draft has all the anecdotal data you could ever want, plus Kellihers questions / statement / answers, plus the structure we discussed earlier, plus some of my ideas...

I'm going to review it / rewrite it tonight, and be here by 7:30 AM tomorrow... it's also on the P drive... have a great nite!

Joel

Chapter 2_a.doc

168

MaryBeth Zimmerman 02/15/2001 05:56 PM

To: Ellyn Krevitz/EE/DOE@DOE
cc:

Subject: Re: PLEASE ADD ME TO YOUR NEP DISTRIBUTION LIST

Sure.
Ellyn Krevitz 02/15/2001 05:42 PM

Ellyn Krevitz 02/15/2001 05:42 PM

To: Darrell Beschen/EE/DOE@DOE, MaryBeth Zimmerman/EE/DOE@DOE
cc:

Subject: PLEASE ADD ME TO YOUR NEP DISTRIBUTION LIST

Unfortunately, no one from FEMP (besides Beth/Joan) has been receiving your NEP correspondence this week. Please add me to your list so I can make sure that our staff provides input to you.

Thanks,
Ellyn

169

Linda Silverman
02/15/2001 02:53 PM

To: Darrell Beschen/EE/DOE@DOE
cc: MaryBeth Zimmerman/EE/DOE@DOE, Michael York/EE/DOE@DOE

Subject: Re: update on NEP: good pictures and graphics are desired and do not count against space limits

here's some pics from OPT:

biopowerslide hts slides.i windgeopics

DARRELL BESCHEN

[redacted]
02/15/2001 09:53 AM

To: Kenneth Friedman/EE/DOE@DOE, Peggy Podolak/EE/DOE@DOE, Linda Silverman/EE/DOE@DOE, Ed Wall/EE/DOE@DOE, David Rodgers/EE/DOE@DOE, Jerry Dion/EE/DOE@DOE, Gail McKinley/EE/DOE@DOE, Lawrence Mansueti/EE/DOE@DOE
cc: John Sullivan/EE/DOE@DOE, Michael York/EE/DOE@DOE, Buddy Garland/EE/DOE@DOE, Nancy Jeffery/EE/DOE@DOE, Joel Rubin/EE/DOE@DOE, Sam Baldwin/EE/DOE@DOE, #EE-ADAS

Subject: update on NEP: good pictures and graphics are desired and do not count against space limits

170

DARRELL BESCHEN
02/15/2001 11:58 AM

To: MaryBeth Zimmerman/EE/DOE@DOE, Joel Rubin, Sam Baldwin, Michael York/EE/DOE@DOE, Tom Kimbis
cc:

Subject: RE: update on NEP: good pictures and graphics are desired and do not count against space limits

A kind reminder from kat foote,
this is a good source that you can keyword search if we dont get the graphics we want/need

---------- Forwarded by Darrell Beschen/EE/DOE on 02/15/2001 11:56 AM ----------

From: Katherine Foote/SMTP/NRELEX@NRELExchange on 02/15/2001 11:46 AM

To: Darrell Beschen/EE/DOE@DOE
cc:

Subject: RE: update on NEP: good pictures and graphics are desired and do not count against space limits

Hi Darrell -

You've probably already looked in the NREL Photographic Information Exchange, but it case you haven't try this URL:

http://www.nrel.gov/data/pix/pix.html

You can search by location and by technology.

- Katherine

Katherine Foote

LS Gallegos & Associates

U.S. Dept of Energy - Denver Regional Office

1617 Cole Blvd. MS 1721

Golden, CO 80401

Phone: 303-275-4841

Fax: 303-275-4830

E-mail: katherine_foote@nrel.gov

To learn more about sustainable energy and DOE's programs, please visit our World Wide Web Sites:
http://www.eren.doe.gov/dro/ and http://www.sustainable.doe.gov/

----Original Message----
From: Becker, Bill
Sent: Thursday, February 15, 2001 9:32 AM
To: DL DRO (All Users)
Subject: FW: update on NEP: good pictures and graphics are desired and do not count against space limits

—Original Message—

From: Beschen, Darrell
Sent: Thursday, February 15, 2001 9:20 AM
To: #RODeputy_Directors@DOE; #RODirectors@DOE
Subject: update on NEP: good pictures and graphics are desired and do not count against space limits

---------- Forwarded by Darrell Beschen/EE/DOE on 02/15/2001 11:19 AM ----------

<< OLE Object: Picture (Device Independent Bitmap) >>

02/15/2001 09:53 AM

To: Kenneth Friedman/EE/DOE@DOE, Peggy Podolak/EE/DOE@DOE, Linda Silverman/EE/DOE@DOE, Ed Wall/EE/DOE@DOE, David Rodgers/EE/DOE@DOE, Jerry Dion/EE/DOE@DOE, Gail McKinley/EE/DOE@DOE, Lawrence Mansueti/EE/DOE@DOE

cc: John Sullivan/EE/DOE@DOE, Michael York/EE/DOE@DOE, Buddy Garland/EE/DOE@DOE, Nancy Jeffery/EE/DOE@DOE, Joel Rubin/EE/DOE@DOE, Sam Baldwin/EE/DOE@DOE, #EE-ADAS

Subject: update on NEP: good pictures and graphics are desired and do not count against space limits

JOEL
RUBIN
02/15/2001 09:52 AM

To: Darrell Beschen/EE/DOE@DOE, Michael York, MaryBeth Zimmerman/EE/DOE@DOE
cc:

Subject: RE: Question re. National Energy Policy Writing Guidelines (Chapter Two)

fyi, from Margot

Joel

---------- Forwarded by Joel Rubin/EE/DOE on 02/15/2001 09:52 AM ----------

Margot Anderson@HQMAIL on 02/15/2001 09:13:36 AM

To: Joel Rubin/EE/DOE@DOE@HQMAIL
cc:

Subject: RE: Question re. National Energy Policy Writing Guidelines (Chapter Two)

Joel,

Tracy Terry (6,3383) on Section 2.

Regarding section 3 - we are more reviewers than contributors. Treasury has the lead. Will you want to take a look at what they produce?

Margot

-----Original Message-----
From: Joel Rubin
Sent: Thursday, February 15, 2001 8:32 AM
To: Anderson, Margot
Cc: Beschen, Darrell; Zimmerman, MaryBeth; Michael York@DOE%HQ-NOTES
Subject: Question re. National Energy Policy Writing Guidelines (Chapter Two)

Hi Margot -

I'm working with Darrell Beschen on Chapter Two of the NEP and will be that chapter's lead author. I noticed that it was mentioned in the Authors' Guidance Memo that PO will assist on Chapter Two... would you be able to tell me who the contact person will be from PO for Chapter Two, as well as for Chapter Three?

Thanks so much and I look forward to hearing from you.

Joel

JOEL
RUBIN
02/15/2001 08:31 AM

To: Margot Anderson@HQMAIL@HQDOE
cc: Darrell Beschen/EE/DOE@DOE, MaryBeth Zimmerman/EE/DOE@DOE, Michael York

Subject: Question re. National Energy Policy Writing Guidelines (Chapter Two)

Hi Margot -

I'm working with Darrell Beschen on Chapter Two of the NEP and will be that chapter's lead author. I noticed that it was mentioned in the Authors' Guidance Memo that PO will assist on Chapter Two... would you be able to tell me who the contact person will be from PO for Chapter Two, as well as for Chapter Three?

Thanks so much and I look forward to hearing from you,

Joel

171

Martin, Adrienne

From: Breed, William
Sent: Monday, May 07, 2001 11:35 AM
To: Anderson, Margot
Subject: RE: citations update

Dave is working on Chap one, which Andy is still working on -- can compile when they are done --

William Breed
Acting Director, Office of Energy Efficiency,
Alternative Fuels, and Oil Analysis (PO-22)
202-586-4763

-----Original Message-----
From: Anderson, Margot
Sent: Monday, May 07, 2001 11:29 AM
To: Breed, William
Subject: FW: citations update

Bill,

From Andy. Let's wait and compile and then send to WH.

Margot

-----Original Message-----
From: KYDES, ANDY
Sent: Monday, May 07, 2001 2:09 PM
To: Anderson, Margot
Cc: Zimmerman, MaryBeth; Braitsch, Jay
Subject: RE: citations update

Margot,

I didn't have Bill Breeds(SP?) email. Please forward to him.

We have alot of the information responded to alraedy. I will merge Chapter
1
together and simply forward the rest. I'll attach our reviews so far for 2,
4.
5. Chapter one to follow shortly.

Andy

-----Original Message-----
From: Margot Anderson_at_HQ-EXCH at X400PO
Sent: Monday, May 07, 2001 10:37 AM
To: Kydes, Andy; TREVOR COOK_at_HQ-EXCH at X400PO; William Breed_at_HQ-EXCH at X400PO; Jay Braitsch_at_HQ-EXCH at X400PO; Douglas Carter_at_HQ-EXCH at X400PO; MaryBeth Zimmerman_at_HQ-NOTES at X400PO
Subject: citations update

Can I get an update on how things are going and do we need to bring more folks in on this?

172

Martin, Adrienne

From: Tom Kimbis
Sent: Monday, May 07, 2001 11:38 AM
To: Anderson, Margot
Subject: RE: copy of last NEP version

ok - we'll be there - we need a copy of renewables.

Margot Anderson@HQMAIL on 05/07/2001 11:31:36 AM

To: Tom Kimbis/EE/DOE@DOE@HQMAIL
cc:

Subject: RE: copy of last NEP version

Which chapter? MB just asked for renewables. Sure, stop up.

-----Original Message-----
From: Tom Kimbis
Sent: Monday, May 07, 2001 11:19 AM
To: Anderson, Margot
Subject: copy of last NEP version

Hi Margot
Michael York and I are working on this data check and could use a copy of the latest NEP draft with your hand written comments... Can we stop up and get that from you? Email back when it's ready.... Thanks....

Tom

23087

Martin, Adrienne

173

From: Price, Robert S
Sent: Monday, May 07, 2001 12:43 PM
To: Pumphrey, David; Anderson, Margot
Subject: RE: Strike China Oil and Gas Forum

-----Original Message-----
From: Pumphrey, David
Sent: Monday, May 07, 2001 12:37 PM
To: Anderson, Margot; Price, Robert S
Subject: RE: Strike China Oil and Gas Forum

-----Original Message-----
From: Anderson, Margot
Sent: Monday, May 07, 2001 11:34 AM
To: Pumphrey, David
Subject: FW: Strike China Oil and Gas Forum

David,

Margot

-----Original Message-----
From: McManus, Matthew T [mailto:McManusMT@state.gov]
Sent: Monday, May 07, 2001 11:21 AM
To: Anderson, Margot; 'Andrew Lundquist, OVP'; 'Karen Knutson at OVP'; 'John Fenzel, Task Force/Special Forces'; 'Charles Smith at NEPD'
Cc: Gallogly, Stephen J; Borg, Anna
Subject: Strike China Oil and Gas Forum

174

Martin, Adrienne

From: Elena_S._Melchert@ovp.eop.gov%internet [Elena_S._Melchert@ovp.eop.gov]
Sent: Monday, May 07, 2001 1:50 PM
To: Anderson, Margot
Subject: NEPD additional citation for Ch2

Ch2Citations needed as of May .

(See attached file: Ch2Citations needed as of May 7.doc)
Margot: please add this to the list of citation needed. Thanks!
Elena

Martin, Adrienne

From: Elena_S._Melchert@ovp.eop.gov%internet [Elena_S._Melchert@ovp.eop.gov]
Sent: Monday, May 07, 2001 1:07 PM
To: Anderson, Margot
Cc: Karen_Y._Knutson@ovp.eop.gov%internet
Subject: May 7th release of May 2001 Short Term Outlook

Margot: Karen asks that someone look at the above document and let us/her know if there is anything we need to be aware of .
Thanks!
Elena

Martin, Adrienne

175

From: Elena_S._Melchert@ovp.eop.gov%internet [Elena_S._Melchert@ovp.eop.gov]
Sent: Monday, May 07, 2001 1:05 PM
To: Anderson, Margot
Subject: Citations and Notes for Chapter 1

Ch1Citations needed as of May .

(See attached file: Ch1Citations needed as of May 6.doc)

Margot: thanks for you help on all of this. Attached is a list of addtional facts for which Cites are needed.
thanks!
Elena

176

Martin, Adrienne

From: Elena_S._Melchert@ovp.eop.gov%internet [Elena_S._Melchert@ovp.eop.gov]
Sent: Monday, May 07, 2001 2:11 PM
To: Anderson, Margot
Subject: NEPD add cites for Chapter 3

(See attached file: Ch3Citations Needed as of May 6.doc)

thanks!
Elena

23092

DOE024-0498

177

Martin, Adrienne

From: Tom Kimbis
Sent: Monday, May 07, 2001 11:19 AM
To: Anderson, Margot
Subject: copy of last NEP version

Hi Margot
Michael York and I are working on this data check and could use a copy of the latest NEP draft with your hand written comments... Can we stop up and get that from you? Email back when it's ready.... Thanks....

Tom

178

Martin, Adrienne

From: KYDES, ANDY
Sent: Monday, May 07, 2001 2:11 PM
To: Anderson, Margot
Subject: RE: Please cc me anything you send to WH on citations

Margot,

Evidently someone from the WH contacted Mary directly and she got Susan to stay
late. I don'y know if Mary forwarded them yet but I had just mailed them to you.

Andy

-----Original Message-----
From: Margot Anderson_at_HQ-EXCH at X400PO
Sent: Monday, May 07, 2001 10:24 AM
To: Kydes, Andy; TREVOR COOK_at_HQ-EXCH at X400PO; William Breed_at_HQ-EXCH
at X400PO; Jay Braitsch_at_HQ-EXCH at X400PO; Douglas Carter_at_HQ-EXCH at X400PO; MaryBeth Zimmerman_at_HQ-NOTES at X400PO
Subject: Please cc me anything you send to WH on citations

179

Martin, Adrienne

From: Cook, Trevor
Sent: Monday, May 07, 2001 10:30 AM
To: Anderson, Margot
Subject: RE: Please cc me anything you send to WH on citations

I sent my files to you on Friday, was I supposed to send them to WH?

Trev.

-----Original Message-----
From: Anderson, Margot
Sent: Monday, May 07, 2001 10:24 AM
To: KYDES, ANDY; Zimmerman, MaryBeth; Cook, Trevor; Breed, William; Braitsch, Jay; Carter, Douglas
Subject: Please cc me anything you send to WH on citations

180

Martin, Adrienne

From: Cook, Trevor
Sent: Friday, May 04, 2001 2:42 PM
To: Anderson, Margot
Subject: RE: I am at Germantown today, 3-7046

Jay sent me the 5 page list, I am working the nuclear part now

TLC

-----Original Message-----
From: Anderson, Margot
Sent: Friday, May 04, 2001 2:33 PM
To: Cook, Trevor
Subject: RE: I am at Germantown today, 3-7046

It may not help. Almost no time to even figure out what to do but stay tuned in case we need to call you

-----Original Message-----
From: Cook, Trevor
Sent: Friday, May 04, 2001 2:31 PM
To: Anderson, Margot
Subject: RE: I am at Germantown today, 3-7046

no, but I can participate electronically

Trev.

-----Original Message-----
From: Anderson, Margot
Sent: Friday, May 04, 2001 2:29 PM
To: Cook, Trevor
Subject: RE: I am at Germantown today, 3-7046

can you fly down?

-----Original Message-----
From: Cook, Trevor
Sent: Friday, May 04, 2001 2:28 PM
To: Anderson, Margot
Subject: I am at Germantown today, 3-7046

-----Original Message-----
From: Anderson, Margot
Sent: Friday, May 04, 2001 2:25 PM
To: Braitsch, Jay; Carter, Douglas; Cook, Trevor; Magwood, William; Zimmerman, MaryBeth; KYDES, ANDY; Breed, William; Contu, John
Cc: Knipowicz, Robert; Haspel, Abe; PETTIS, LARRY; Kelliher, Joseph; McSlarrow, Kyle
Subject: Urgent , Read me

All,

DOE just received a request from the WH to provide sources for over 450 facts in the NEP (yes, I know - we argued to include references on day 1). By 5:00 today, I have just asked the WH to reconsider the deadline and to send the most recent drafts (all I have are the fact-checked versions I sent in this week, which I know have been revised at the WH). WH will not be sending us the latest draft so we have to use the latest version I have. **We need a brief coordination meeting at 3:00 today to figure out where we are going to do this. I'll photocopy everything I'll have and hand out then.**

Let me know if you can attend this meeting.

181

Martin, Adrienne

From: Breed, William
Sent: Monday, May 07, 2001 3:40 PM
To: Anderson, Margot
Subject: FW: some additions

Margot:

here is the Chap 1 cites that my office and Dave have put together; covers q's 1-40; goes with package that Andy K sent you -- you had indicated that you wanted to send as a package?

Bill

William Breed
Acting Director, Office of Energy Efficiency,
Alternative Fuels, and Oil Analysis (PO-22)
202-586-4763

-----Original Message-----
From: Schoeberlein, Dave
Sent: Monday, May 07, 2001 3:37 PM
To: Breed, William
Cc: Conti, John
Subject: RE: some additions

Attached is the file with my reponses for questions 20 through 40.
I'm working on the new stuff that you sent now.

Dave S.

PO2[illegible] Citations
CHAPTER 1 doc

-----Original Message-----
From: Breed, William
Sent: Monday, May 07, 2001 2:52 PM
To: Schoeberlein, Dave
Subject: some additions
Importance: High

<< File: Ch1Citations needed as of May 6.doc >>

Dave

can you check on any electricity-related items in here?

how is this mornings set going?

Thanx. bill

William Breed
Acting Director, Office of Energy Efficiency,
Alternative Fuels, and Oil Analysis (PO-22)
202-586-4763

-----Original Message-----
From: Schoeberlein, Dave
Sent: Monday, May 07, 2001 10:49 AM
To: Breed, William
Cc: Conti, John
Subject: my e-mail address

Bill,

Please send any e-mail correspondences to me via reply to this e-mail. I don't think that EIA (where I worked until October) removed me completely from their mail server and once in a while I get e-mail that went to the EIA server, hung out there for a week or two, and was then forwarded to me.

Dave Schoeberlein

152

Martin, Adrienne

From: Cook, Trevor
Sent: Monday, May 07, 2001 3:59 PM
To: Anderson, Margot
Subject: RE: found an error,...

was chapter 3...

-----Original Message-----
From: Anderson, Margot
Sent: Monday, May 07, 2001 3:41 PM
To: Cook, Trevor
Subject: RE: found an error,...

what chapter?

-----Original Message-----
From: Cook, Trevor
Sent: Monday, May 07, 2001 3:30 PM
To: Anderson, Margot
Subject: found an error,...

made a correction in citation No. 58, shown in red and strikethrough.

<< File: NE - CitationsCH3.doc >>

182

Martin, Adrienne

From: SITZER, SCOTT
Sent: Monday, May 07, 2001 7:04 PM
To: Anderson, Margot
Cc: HUTZLER, MARY; KYDES, ANDY
Subject: RE: More NEP

CH1CITAT DOC

Attached are citations for the two new facts indicated in Chapter 1.

Scott Sitzer
Director, Coal and Electric Power Division
EI-82
Washington, DC 20585
Phone: (202) 586-2308
Fax: (202) 586-1876

Martin, Adrienne

From: Elena_S._Melchert@ovp.eop.gov%internet [Elena_S._Melchert@ovp.eop.gov]
Sent: Monday, May 07, 2001 4:16 PM
To: Anderson, Margot
Subject: RE: May 7th release of May 2001 Short Term Outlook

ok I'll call her.
e

154

Martin, Adrienne

From: KYDES, ANDY
Sent: Monday, May 07, 2001 7:37 PM
To: Anderson, Margot
Subject: FW: this just in from WH.


CITATI~1.DOC


CITATI~2.DOC

I haven't checked these.

-----Original Message-----
From: Skinner, Bill
Sent: Monday, May 07, 2001 3:50 PM
To: Kydes, Andy
Subject: FW: this just in from WH.

Sorry, I forgot to attach the first file. Here is the second one, too. There
was very little in it that I could document or even check. Let me know if you
need more.

-----Original Message-----
From: Skinner, Bill
Sent: Monday, May 07, 2001 3:25 PM
To: Kydes, Andy
Subject: RE: this just in from WH.

This is what I have been able to do so far. I left the forecasts to you, since
you are more familiar with them. Since I did not supply the numbers, I have no
idea what the real sources are, but I have supplied references which can be
used. I will work on the next package now.

-----Original Message-----
From: Kydes, Andy
Sent: Monday, May 07, 2001 11:49 AM
To: Skinner, Bill
Cc: Hutzler, Mary; Pettis, Larry
Subject: FW: this just in from WH.

Bill,

Any chance you can fact check these by COB today? If you can, please let me
know ASAP and send me and Margot a copy of the responses. Thanks.

Andy

-----Original Message-----
From: Margot Anderson_at_HQ-EXCH at X400PO
Sent: Monday, May 07, 2001 7:51 AM
To: Kydes, Andy; TREVOR COOK_at_HQ-EXCH at X400PO; William Breed_at_HQ-EXCH at X400PO; Jay Braitsch_at_HQ-EXCH at X400PO; Douglas Carter_at_HQ-EXCH at X400PO; MaryBeth Zimmerman_at_HQ-NOTES at X400PO
Subject: this just in from WH.

I'll make copies of the latest versions of chapters 7 and 8 for distribution.

Should be ready about 9:00. Please stop by for pickup at Jocelyn

Mitchell's desk (7C-034).

Margot

185

Martin, Adrienne

From: MaryBeth Zimmerman
Sent: Monday, May 07, 2001 4:59 PM
To: Anderson, Margot
Subject: Efficiency chapter fact checks

CitationsCHAPTER 4 with regrun...

Attached as best we could pull together today. Renewables & Impacts coming along.

NOTE: Looking at Mark's CEF material now.

186

Martin, Adrienne

From: KYDES, ANDY
Sent: Monday, May 07, 2001 8:21 PM
To: Anderson, Margot
Subject: FW: More NEP


CITAT~10.DOC

Margot,

chapter 1 add ons.

Andy

-----Original Message-----
From: Holte, Susan
Sent: Monday, May 07, 2001 3:35 PM
To: Kydes, Andy; Sitzer, Scott
Cc: Hutzler, Mary
Subject: RE: More NEP

Here is my take on Chapter 1 additional facts.

-----Original Message-----
From: Kydes, Andy
Sent: Monday, May 07, 2001 3:04 PM
To: Sitzer, Scott
Cc: Hutzler, Mary; Holte, Susan
Subject: FW: More NEP

Can you deal with Chapter 1 additional facts? Just answer them in the text and
send them back to Margot Anderson and Copy me. The other facts on chapter 3 we
cannot verifuy so don't bother at all. Thanks

Andy

-----Original Message-----
From: Margot Anderson_at_HQ-EXCH at X400PO
Sent: Monday, May 07, 2001 2:45 PM
To: Kydes, Andy; TREVOR COOK_at_HQ-EXCH at X400PO; William Breed_at_HQ-EXCH at X400PO; Jay Braitsch_at_HQ-EXCH at X400PO; Douglas Carter_at_HQ-EXCH at X400PO; John Conti_at_HQ-EXCH at X400PO; MaryBeth Zimmerman_at_HQ-NOTES at X400PO
Cc: Pettis, Larry; WILLIAM MAGWOOD_at_HQ-EXCH at X400PO; Robert Kripowicz_at_HQ-EXCH at X400PO; Abe Haspel_at_HQ-NOTES at X400PO
Subject: More NEP

Not quite sure how to break this to you but these are additional facts that need citations (both well less than a page). WH informs me that these are inserts from the various folks who are reviewing the NEP. I suggested that all new facts should be accompanied by a source NEP but .....

What concerns me is that several of the new facts added in are points we fact-checked or deleted before (because we could not substantiate), yet they

are not changed.

Margot

Martin, Adrienne

From: Elena_S._Melchert@ovp.eop.gov%internet [Elena_S._Melchert@ovp.eop.gov]
Sent: Monday, May 07, 2001 5:47 PM
To: Anderson, Margot
Subject: Re: FW: Citations for chapter 5

Margot: got it! THANK YOU! Sorry for the confusion. Really appreciate your help.
Elena

Martin, Adrienne

From: Elena_S._Melchert@ovp.eop.gov%internet [Elena_S._Melchert@ovp.eop.gov]
Sent: Monday, May 07, 2001 5:48 PM
To: Anderson, Margot
Subject: Re: FW: More NEP

got it
e

Martin, Adrienne

From: Elena_S._Melchert@ovp.eop.gov%internet [Elena_S._Melchert@ovp.eop.gov]
Sent: Monday, May 07, 2001 5:48 PM
To: Anderson, Margot
Subject: Re: FW: chapter 6

got it.
e

Martin, Adrienne

From: HOLTE, SUSAN
Sent: Monday, May 07, 2001 9:08 PM
To: Anderson, Margot
Cc: HUTZLER, MARY; KYDES, ANDY
Subject: NEP - Chapter 7

CITATI~9.DOC

Some fact checking on Chapter 7. Not much could come from EIA data.

Susan H. Holte
202/586-4838

Martin, Adrienne

From: HOLTE, SUSAN
Sent: Monday, May 07, 2001 9:20 PM
To: Anderson, Margot
Cc: HUTZLER, MARY; KYDES, ANDY
Subject: NEP Chapter 8

CITATI-8.DOC

This is as far as we could get on Chapter 8.

Susan H. Holte
202/586-4838

Martin, Adrienne

From: MaryBeth Zimmerman
Sent: Monday, May 07, 2001 6:30 PM
To: Anderson, Margot
Subject: Economics chapter citations

CitationsCHAPTER 2
as sent to

Martin, Adrienne

From: MaryBeth Zimmerman
Sent: Monday, May 07, 2001 8:24 PM
To: Anderson, Margot
Subject: Re: do I have everything you are going to send?

We did Economics chapter (limited items were ourse), efficiency & renewables. I thought 2 was the economics chapter & 3 the environment chapter (which we did not do). Have I dropped the ball on something?

[illegible]@HQMAIL on 05/07/2001 06:19:24 PM

To: MaryBeth Zimmerman/EE/DOE@DOE@HQMAIL, TREVOR COOK@HQMAIL, William Breed@HQMAIL, Jay Braitsch@HQMAIL, Douglas Carter@HQMAIL, John Conti@HQMAIL, ANDY KYDES@HQMAIL

cc:

Subject: do I have everything you are going to send?

Okay, I received:

Overview (EIA, PO); 1 (lots of files from EIA, PO); 3 (EE); 5 (FE); 6(EE); 7 (EIA); and 8 (EIA). Did anybody look at 2?

187

Martin, Adrienne

From: Breed, William
Sent: Tuesday, May 08, 2001 8:33 AM
To: Anderson, Margot
Subject: RE: do I have everything you are going to send?

that was all from here -- did not look at #2 --

what's next?

Bill

-----Original Message-----
From: Anderson, Margot
Sent: Monday, May 07, 2001 6:19 PM
To: KYDES, ANDY; Zimmerman, MaryBeth; Cook, Trevor; Breed, William; Braitsch, Jay; Carter, Douglas; Conti, John
Subject: do I have everything you are going to send?

Okay, I received:

Overview (EIA, PO); 1 (lots of files from EIA, PO); 3 (EE); 5 (FE); 6(EE); 7 (EIA); and 8 (EIA). Did anybody look at 2?

Martin, Adrienne

From: Cook, Trevor
Sent: Tuesday, May 08, 2001 8:37 AM
To: Anderson, Margot
Subject: RE: do I have everything you are going to send?

I sent you mine on friday... you did recieve it I trust... chapters 5 and 3.

Trev

-----Original Message-----
From: Anderson, Margot
Sent: Monday, May 07, 2001 6:19 PM
To: KYDES, ANDY; Zimmerman, MaryBeth; Cook, Trevor; Breed, William; Braitsch, Jay; Carter, Douglas; Conti, John
Subject: do I have everything you are going to send?

Okay, I received:

Overview (EIA, PO); 1 (lots of files from EIA, PO); 3 (EE); 5 (FE); 6(EE); 7 (EIA); and 8 (EIA). Did anybody look at 2?

Martin, Adrienne

From: Kelliher, Joseph
Sent: Tuesday, May 08, 2001 8:55 AM
To: Carrier, Paul
Cc: Anderson, Margot
Subject: FERC hydro projects

According to the FERC website, they regulate 2,600 projects, presumably including both licensed and exempted projects.

Martin, Adrienne

From: Carrier, Paul
Sent: Tuesday, May 08, 2001 10:04 AM
To: Anderson, Margot
Subject: RE: FERC hydro projects

I'm working on it.

I have a call in to the knowledgable person at FERC.

Paul

-----Original Message-----
From: Anderson, Margot
Sent: Tuesday, May 08, 2001 9:03 AM
To: Kelliher, Joseph; Carrier, Paul
Subject: RE: FERC hydro projects

Paul,

Can you clarify for Joe?

Margot

-----Original Message-----
From: Kelliher, Joseph
Sent: Tuesday, May 08, 2001 8:55 AM
To: Carrier, Paul
Cc: Anderson, Margot
Subject: FERC hydro projects

According to the FERC website, they regulate 2,600 projects, presumably including both licensed and exempted projects.

Ed/Elaine (OPS): Please address #4, and 6-30.
Jeanne (FRA/DOT): Please address #5, and 64-68.
Manson and Bill (USCG/MARAD): Please address #46-63.
Tom/Sue Ellen (DOI): Please address #88-91.
Kevin (DOC): Please address #93-94.

In addition to the attachment listing the numbered statements from which we are working, I am attaching a second document which is an old, outdated version of the chapter in question. This for the sole purpose of providing you with additional context, should you need it. However, keep in mind the statements you're working from reflect edits to the older document. Make no edits to the attachments. Send your citations separately, directly to Elena.

As always, please treat this information as CONFIDENTIAL.

Thanks,
Michelle

Michelle Poché
Office of Secretary Norman Y. Mineta
U.S. Department of Transportation
202-366-0251

-----Original Message-----
From: Elena_S._Melchert@ovp.eop.gov
[mailto:Elena_S._Melchert@ovp.eop.gov]
Sent: Monday, May 07, 2001 2:27 PM
To: Poche, Michelle
Subject: National Energy Policy: citations request

(See attached file: CitationsCHAPTER 7.doc)

Michelle: Would you please provide citaitons for the facts in the attachement? There are almost 100 facts to cite.
We want to pin down every fact we can with a specific reference. If in going thorugh, your staff realizes that the fact needs to be corrected, please provide the correct information and the complete citation.
If the fact cannot be cited, please so state. We need to know what we've got.
We need this soonest, so send what you have as you get it. No need to wait until the whole list is completed. I did receive cites for #31-43 from DOE.
Please call me if you have any questions.
Thanks fo ryour help on this.
Elena
202/456-5348

188

Martin, Adrienne

From: Elena_S._Melchert@ovp.eop.gov%internet [Elena_S._Melchert@ovp.eop.gov]
Sent: Tuesday, May 08, 2001 11:28 AM
To: Anderson, Margot
Subject: complete reference for the "Five Labs Study" needed

Margot: one fo the cites I got back simply said "Five Labs Study". I'll need a complete citation on that, please ASAP.
Thanks!
Elena

Martin, Adrienne

From: Breed, William
Sent: Tuesday, May 08, 2001 11:54 AM
To: 'Elena_S._Melchert@ovp.eop.gov%internet'
Subject: RE: citations for Chap 1 & overview

The citation is --

Scenarios for a Clean Energy Future, prepared by the Interlaboratory Working Group on Energy-Efficient and Clean-Energy Technologies, ORNL/CON-476, LBNL-44029, November 2000.

William Breed
Acting Director, Office of Energy Efficiency,
Alternative Fuels, and Oil Analysis (PO-22)
202-586-4763

-----Original Message-----
From: Elena_S._Melchert@ovp.eop.gov%internet
[mailto:Elena_S._Melchert@ovp.eop.gov]
Sent: Tuesday, May 08, 2001 11:19 AM
To: Breed, William
Subject: Re: citations for Chap 1 & overview

Bill: can you please provide the complete ciataiton for the "Five Labs Study". Thanks!
Elena

Sent: Monday, May 07, 2001 2:27 PM
To: Poche, Michelle
Subject: National Energy Policy: citations request

(See attached file: CitationsCHAPTER 7.doc)

Michelle: Would you please provide citaitons for the facts in the attachement? There are almost 100 facts to cite.
We want to pin down every fact we can with a specific reference. If in going thorugh, your staff realizes that the fact needs to be corrected, please provide the correct information and the complete citation.
If the fact cannot be cited, please so state. We need to know what we've got.
We need this soonest, so send what you have as you get it. No need to wait until the whole list is completed. I did receive cites for #31-43 from DOE.
Please call me if you have any questions.
Thanks fo ryour help on this.
Elena
202/456-5348

189

Martin, Adrienne

From: Breed, William
Sent: Tuesday, May 08, 2001 12:07 PM
To: Anderson, Margot
Subject: RE: complete reference for the "Five Labs Study" needed

I also told her to call Mark F as he was working on the rebuttal -- (trying to point her to some kind of central control)

seems odd to reference that study in the NEP; I would have expected that such would have been pulled -- especially considering its status as persona-non-grata at DOE...

Bill

-----Original Message----
From: Anderson, Margot
Sent: Tuesday, May 08, 2001 12:04 PM
To: Breed, William
Subject: FW: complete reference for the "Five Labs Study" needed

Bill,

This is what I sent to Elena. I also called her. As I recall any mention of "5 Labs" was in the environ chapter. If she sends you any text, please let me know. We've been working on the NYT response for S1.

Margot

-----Original Message-----
From: Anderson, Margot
Sent: Tuesday, May 08, 2001 11:47 AM
To: 'Elena_S._Melchert@ovp.eop.gov%internet'
Subject: RE: complete reference for the "Five Labs Study" needed

What's the full reference? There is a 1997 Five labs study and a newer study that many refer to as 5 labs. What chapter is it in?

As it might be the latter (which was the subject of a NY Times story Sunday), I NEED TO SEE THE FINAL TEXT.

-----Original Message-----
From: Elena_S._Melchert@ovp.eop.gov%internet
[mailto:Elena_S._Melchert@ovp.eop.gov]
Sent: Tuesday, May 08, 2001 11:28 AM
To: Anderson, Margot
Subject: complete reference for the "Five Labs Study" needed

Margot: one fo the cites I got back simply said "Five Labs Study". I'll need a complete citation on that, please ASAP.
Thanks!
Elena

23122

Martin, Adrienne

From: Breed, William
Sent: Tuesday, May 08, 2001 12:22 PM
To: Anderson, Margot
Subject: RE: complete reference for the "Five Labs Study" needed

learning by doing I guess...

any further requests will be directed to you for assignment and coordination

Bill
-----Original Message-----
From: Anderson, Margot
Sent: Tuesday, May 08, 2001 12:12 PM
To: Breed, William
Subject: RE: complete reference for the "Five Labs Study" needed

-----Original Message-----
From: Breed, William
Sent: Tuesday, May 08, 2001 12:07 PM
To: Anderson, Margot
Subject: RE: complete reference for the "Five Labs Study" needed

I also told her to call Mark F as he was working on the rebuttal -- (trying to point her to some kind of central control)

seems odd to reference that study in the NEP; I would have expected that such would have been pulled -- especially considering its status as persona-non-grata at DOE...

Bill

-----Original Message-----
From: Anderson, Margot
Sent: Tuesday, May 08, 2001 12:04 PM
To: Breed, William
Subject: FW: complete reference for the "Five Labs Study" needed

Bill,

This is what I sent to Elena. I also called her. As I recall any mention of "5 Labs" was in the environ chapter. If she sends you any text, please let me know. We've been working on the NYT response for S1.

Margot

-----Original Message-----
From: Anderson, Margot
Sent: Tuesday, May 08, 2001 11:47 AM
To: 'Elena_S._Melchert@ovp.eop.gov%internet'
Subject: RE: complete reference for the "Five Labs Study" needed

What's the full reference? There is a 1997 Five labs study and a newer study that many refer to as 5 labs. What chapter is it in?

As it might be the latter (which was the subject of a NY Times story Sunday), I NEED TO SEE THE FINAL TEXT.

-----Original Message-----
From: Elena_S._Melchert@ovp.eop.gov%internet
[mailto:Elena_S._Melchert@ovp.eop.gov]
Sent: Tuesday, May 08, 2001 11:28 AM

To: Anderson, Margot
Subject: complete reference for the "Five Labs Study" needed

Margot: one fo the cites I got back simply said "Five Labs Study". I'll need a complete citation on that, please ASAP.
Thanks!
Elena

'90

Martin, Adrienne

From: Carrier, Paul
Sent: Tuesday, May 08, 2001 2:38 PM
To: Anderson, Margot; Kelliher, Joseph
Subject: RE: FERC hydro projects

Importance: High

Joe,

I've checked with John Paquin in the hydro office at FERC. He is the individual responsible for tracking FERC's projects. He says that there are a total of 1,600 projects under either license or exemption. These projects include a total of 2,600 dams (sometimes referred to as developments).

Paul

-----Original Message-----
From: Anderson, Margot
Sent: Tuesday, May 08, 2001 9:03 AM
To: Kelliher, Joseph; Carrier, Paul
Subject: RE: FERC hydro projects

Paul,

Can you clarify for Joe?

Margot

-----Original Message-----
From: Kelliher, Joseph
Sent: Tuesday, May 08, 2001 8:55 AM
To: Carrier, Paul
Cc: Anderson, Margot
Subject: FERC hydro projects

According to the FERC website, they regulate 2,600 projects, presumably including both licensed and exempted projects.

23125

191

Martin, Adrienne

From: Elena_S._Melchert@ovp.eop.gov%internet [Elena_S._Melchert@ovp.eop.gov]
Sent: Tuesday, May 08, 2001 4:11 PM
To: Anderson, Margot
Subject: Fact Check Please

Please verify the date of expiration of the Price-Anderson Act. This appears to be related to nuclear energy.
thanks!
Elena

23126

192

Martin, Adrienne

From: Elena_S._Melchert@ovp.eop.gov%internet [Elena_S._Melchert@ovp.eop.gov]
Sent: Tuesday, May 08, 2001 4:29 PM
To: Anderson, Margot
Subject: Fact Check and Citation


CH5Figure 1.doc

(See attached file: CH5Figure 1.doc)Margot: please have EIA verify the figures in the attached table. The source is listed as EIA but (1) I don't know if EIA made this table or someone else used their data, and (2) I need a complete citation.
Thanks!
Elena

23127

193

Martin, Adrienne

From: KYDES, ANDY
Sent: Tuesday, May 08, 2001 8:19 PM
To: Conti, John; Anderson, Margot
Cc: Braitsch, Jay; Freitas, Christopher; Breed, William; Schoeberlein, Dave
Subject: RE: DOT request for Infrastructure chapter

Here's what we have on questions 69-86.

Andy

-----Original Message-----
From: John Conti_at_HQ-EXCH at X400PO
Sent: Tuesday, May 08, 2001 3:30 PM
To: John Conti_at_HQ-EXCH at X400PO; Margot Anderson_at_HQ-EXCH at X400PO
Cc: Kydes, Andy; Jay Braitsch_at_HQ-EXCH at X400PO; Christopher Freitas_at_HQ-EXCH at X400PO; William Breed_at_HQ-EXCH at X400PO; Dave Schoeberlein_at_HQ-EXCH at X400PO
Subject: RE: DOT request for Infrastructure chapter

Andy,

We were able to cite 73 and 77. Have you had any luck with 76?

-----Original Message-----
From: Conti, John
Sent: Tuesday, May 08, 2001 2:51 PM
To: Conti, John; Anderson, Margot
Cc: Braitsch, Jay; Freitas, Christopher; KYDES, ANDY; Breed, William; Schoeberlein, Dave
Subject: RE: DOT request for Infrastructure chapter

Attached please find my comments/fact checking. You'll wish you hadn't asked.

-----Original Message-----
From: Conti, John
Sent: Tuesday, May 08, 2001 1:34 PM
To: Anderson, Margot
Cc: Braitsch, Jay; Freitas, Christopher; KYDES, ANDY; Breed, William; Schoeberlein, Dave
Subject: RE: DOT request for Infrastructure chapter

Andy,

Why don't you take nos. 73, 76, 77. Dave and I will take a shot at 1, 69-72, 74-75, 78-86.

-----Original Message-----
From Anderson, Margot
Sent: Tuesday, May 08, 2001 12:10 PM
To Conti, John
Cc: Braitsch, Jay; Freitas, Christopher; KYDES, ANDY; Conti, John; Breed, William
Subject: RE: DOT request for Infrastructure chapter

23128

John Conti,

See Andy's note below. Can you do today?

When responding to these notes, please cc everybody as it saves me time and helps everyone keep track of who is doing what. Thanks.

-----Original Message-----
From: KYDES, ANDY
Sent: Tuesday, May 08, 2001 2:52 PM
To: Anderson, Margot
Subject: RE: DOT request for Infrastructure chapter

We'll see what might be doable on questions 69-86 but it seems to me that John
Conti would be a good source for alot of the policy-like statements with no numbers.

Andy

-----Original Message-----
From: Margot Anderson_at_HQ-EXCH at X400PO
Sent: Tuesday, May 08, 2001 11:25 AM
To: William Breed_at_HQ-EXCH at X400PO
Cc: Kydes, Andy; Jay Braitsch_at_HQ-EXCH at X400PO; Christopher Freitas_at_HQ-EXCH at X400PO; John Conti_at_HQ-EXCH at X400PO
Subject: RE: DOT request for Infrastructure chapter

Bill,

Confirmed. PO 21 sent in answers to 31-44. EIA took a crack at several scattered throughout. (Both sent to WH yesterday)

Please respond to all when answering so each of knows what has been covered.

Margot

-----Original Message-----
From: Breed, William
Sent: Tuesday, May 08, 2001 11:22 AM
To: Anderson, Margot
Subject: RE: DOT request for Infrastructure chapter
Importance: High
Sensitivity: Confidential

M:

we sent in cites for 31 - 44 yesterday for the infrastructure chapter -- that should cover our area...

I will look at rest to see what I can help with...

William Breed
Acting Director, Office of Energy Efficiency,
Alternative Fuels, and Oil Analysis (PO-22)
202-586-4763

-----Original Message-----
From: Anderson, Margot
Sent: Tuesday, May 08, 2001 11:21 AM
To: Braitsch, Jay; Freitas, Christopher; Conti, John; Breed, William; KYDES, ANDY
Subject: DOT request for Infrastructure chapter
Importance: High
Sensitivity: Confidential

Jay and John,

I have now officially gone crazy. This just in from DOT asking for help on their infrastructure chapter. EIA sent in some citations yesterday but DOT needs more, specifically to #1, 3, 44-45, 69-86. I know longer know who wrote what. Can we help? 69-86 are on electricity.

Let each of us know (by responding to all) which questions you can do, so we don't duplicate effort.

Margot

-----Original Message-----
From: Poche, Michelle [mailto:Michelle.Poche@ost.dot.gov]
Sent: Tuesday, May 08, 2001 10:55 AM
To: Anderson, Margot; Lawson, Linda; Joost, Elaine (060)RSPA(062); Brigham, Edward (060)RSPA(062); O'Leary, Jeanne; Kelliher, Joseph; 'Moss.Jacob(a)epamail.epa.gov'; 'Kmurphy(a)osec.doc.gov'; Ebersold, Bill (060)MARAD(062); Brown, Manson CAPT(060)USCG(062); 'Tom(u)Fulton(a)OS.DOI.gov'; 'Sue(u)Ellen(u)Wooldridge(a)IOS.DOI.gov'
Cc: 'Elena(u)S.(u)Melchert(a)ovp.eop.gov'
Subject: URGENT: National Energy Policy: citations request
Importance: High
Sensitivity: Confidential

URGENT - DEADLINE 3:00 PM TODAY

Per message below from Office of the Vice President, we need citations to support the statements being developed for the National Energy Policy Report.

Please provide your information directly to Elena Melchert's email address (see below) with a cc to michelle.poche@ost.dot.gov and linda.lawson@ost.dot.

gov

Margot/Joe (DOE): I understand you already addressed #31-43. Please also address #1, 3, 44-45, 69-86. I assume you might want to coordinate some of those w/EPA, so I've included Jacob Moss on the list of addressees for this email as well.
Ed/Elaine (OPS): Please address #4, and 6-30.
Jeanne (FRA/DOT): Please address #5, and 64-68.
Manson and Bill (USCG/MARAD): Please address #46-63.
Tom/Sue Ellen (DOI): Please address #88-91.
Kevin (DOC): Please address #93-94.

In addition to the attachment listing the numbered statements from which we are working, I am attaching a second document which is an old, outdated version of the chapter in question. This for the sole purpose of providing you with additional context, should you need it. However, keep in mind the statements you're working from reflect edits to the older document. Make no edits to the attachments. Send your citations separately, directly to Elena.

As always, please treat this information as CONFIDENTIAL.

Thanks,
Michelle

Michelle Poche'
Office of Secretary Norman Y. Mineta
U.S. Department of Transportation
202-366-0251

194

-----Original Message-----
From: Elena_S._Melchert@ovp.eop.gov
[mailto:Elena_S._Melchert@ovp.eop.gov]
Sent: Monday, May 07, 2001 2:27 PM
To: Poche, Michelle
Subject: National Energy Policy: citations request

(See attached file: CitationsCHAPTER 7.doc)

Michelle: Would you please provide citaitons for the facts in the attachement? There are almost 100 facts to cite.
We want to pin down every fact we can with a specific reference. If in going thorugh, your staff realizes that the fact needs to be corrected, please provide the correct information and the complete citation.
If the fact cannot be cited, please so state. We need to know what we've got.
We need this soonest, so send what you have as you get it. No need to wait until the whole list is completed. I did receive cites for #31-43 from DOE.
Please call me if you have any questions.
Thanks fo ryour help on this.
Elena
202/456-5348

Martin, Adrienne

195

From: Elena_S._Melchert@ovp.eop.gov%internet [Elena_S._Melchert@ovp.eop.gov]
Sent: Tuesday, May 08, 2001 6:24 PM
To: Anderson, Margot
Subject: Another Fact check and citation

Margot: please check and cite for the following statemetn in the International chapter

"Natural gas deposits in Alaska [Estimated? Discovered?] and Northwest Canada exceed 70 trillion cubic feet, representing over three years of total U.S. consumption at present levels.

thanks!
Elena

Martin, Adrienne

From: Elena_S._Melchert@ovp.eop.gov%internet [Elena_S._Melchert@ovp.eop.gov]
Sent: Tuesday, May 08, 2001 5:37 PM
To: Anderson, Margot
Subject: RE: Fact Check Please

thanks! we had the wrong year. Thanks for checking on this.
E

Martin, Adrienne

From: Elena_S._Melchert@ovp.eop.gov%internet [Elena_S._Melchert@ovp.eop.gov]
Sent: Tuesday, May 08, 2001 6:27 PM
To: Anderson, Margot
Subject: RE: Fact Check and Citation

Margot: can you check with FE? I've seen pie charts with this type of data in it. Maybe they can validate and cite. Please try Guido.
thanks!
E

Martin, Adrienne

From: Elena_S._Melchert@ovp.eop.gov%internet [Elena_S._Melchert@ovp.eop.gov]
Sent: Tuesday, May 08, 2001 6:40 PM
To: Anderson, Margot
Subject: RE: Another Fact check and citation

Let's try to get it from EIA tomorrow. thanks!
e

Martin, Adrienne

From: Elena_S._Melchert@ovp.eop.gov%internet [Elena_S._Melchert@ovp.eop.gov]
Sent: Tuesday, May 08, 2001 10:51 PM
To: Anderson, Margot
Subject: RE: Fact Check and Citation

Yes, that 's the table. Ask Guido.
thanks!
Elena

Martin, Adrienne

From: Albayrak, Feridun
Sent: Wednesday, May 09, 2001 10:08 AM
To: Anderson, Margot
Cc: DeHoratiis, Guido
Subject: Table: U.S. Dependence on Fossil Fuels

Ms. Anderson: Per the request of Guido DeHoratiis, attached is the revised table -- corrections and additions are indicated with strikeouts and bold text.

Percentages are calculated from the EIA data reported for 1999 in the **Annual Energy Outlook 2001** document.

Feridun Albayrak
6-7441

CH5Figure 1 Revised.doc

Martin, Adrienne

From: Breed, William
Sent: Wednesday, May 09, 2001 10:27 AM
To: Anderson, Margot
Subject: RE: Question from Joe


Transportation fuels breakdown...

Margot:

here is a one-pager that should lay out the answers and caveats for the Q's below -- please call if you need clarification -- Bill

William Breed
Acting Director, Office of Energy Efficiency,
Alternative Fuels, and Oil Analysis (PO-22)
202-586-4763

-----Original Message-----
From: Anderson, Margot
Sent: Monday, May 07, 2001 7:54 AM
To: Breed, William
Subject: FW: Question from Joe

Bill,

Please have someone look up. I could but someone ran off with my latest copy of MER!. I don't recall that EIA keeps tabs on MTBE. Can you double-check with Barry?

Margot

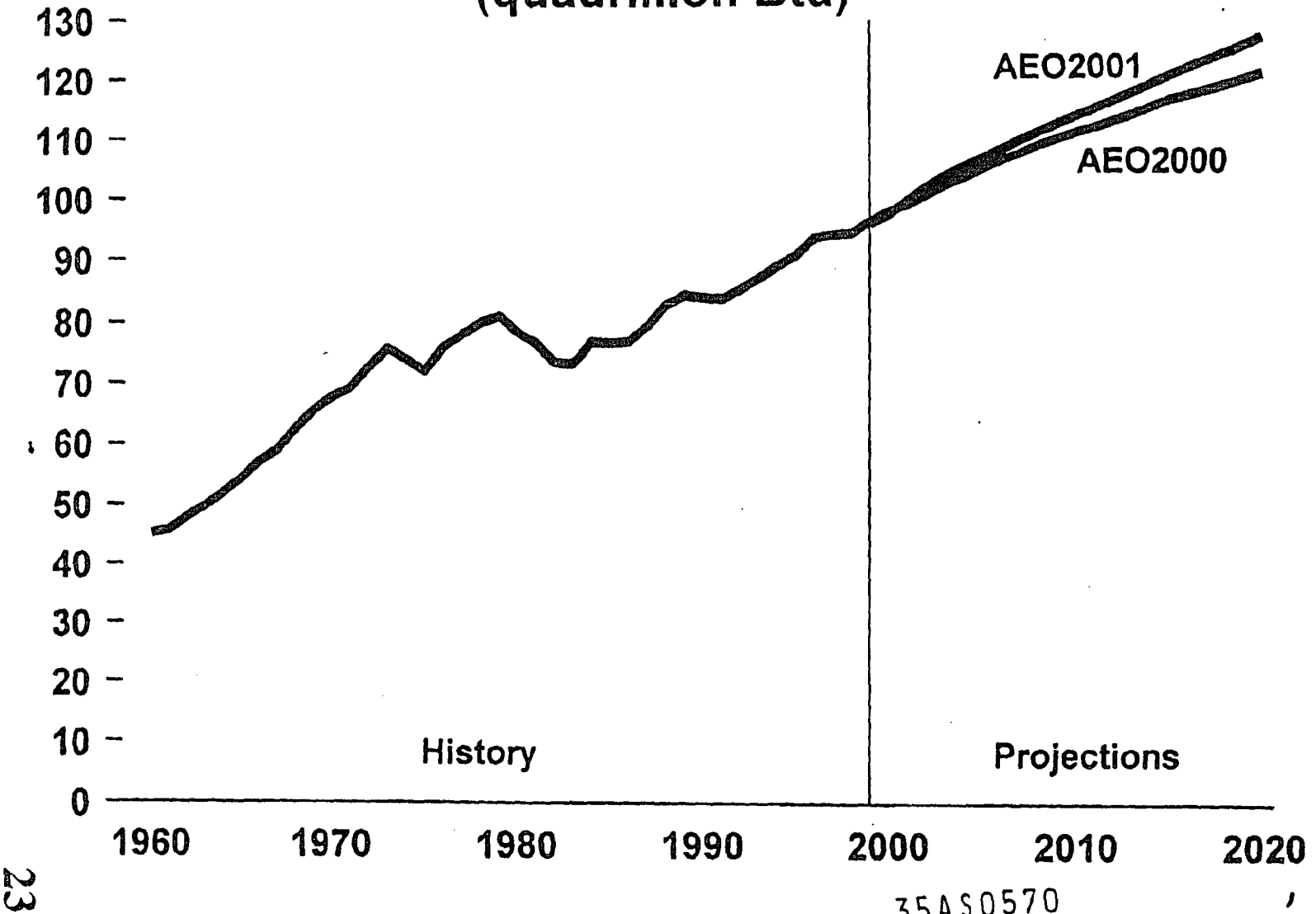
-----Original Message-----
From: Karen_Y._Knutson@ovp.eop.gov%internet
[mailto:Karen_Y._Knutson@ovp.eop.gov]
Sent: Saturday, May 05, 2001 12:22 PM
To: Anderson, Margot
Subject: Question from Joe

What percent of our transportation fuel does MTBE and Ethanol account for? What percent does oil account for? What percent does natural gas account for?

Annual Energy Outlook 2001

Mary J. Hutzler
Director
Office of Integrated Analysis and Forecasting
Energy Information Administration

Primary Energy Consumption, 1960-2020
(quadrillion Btu)

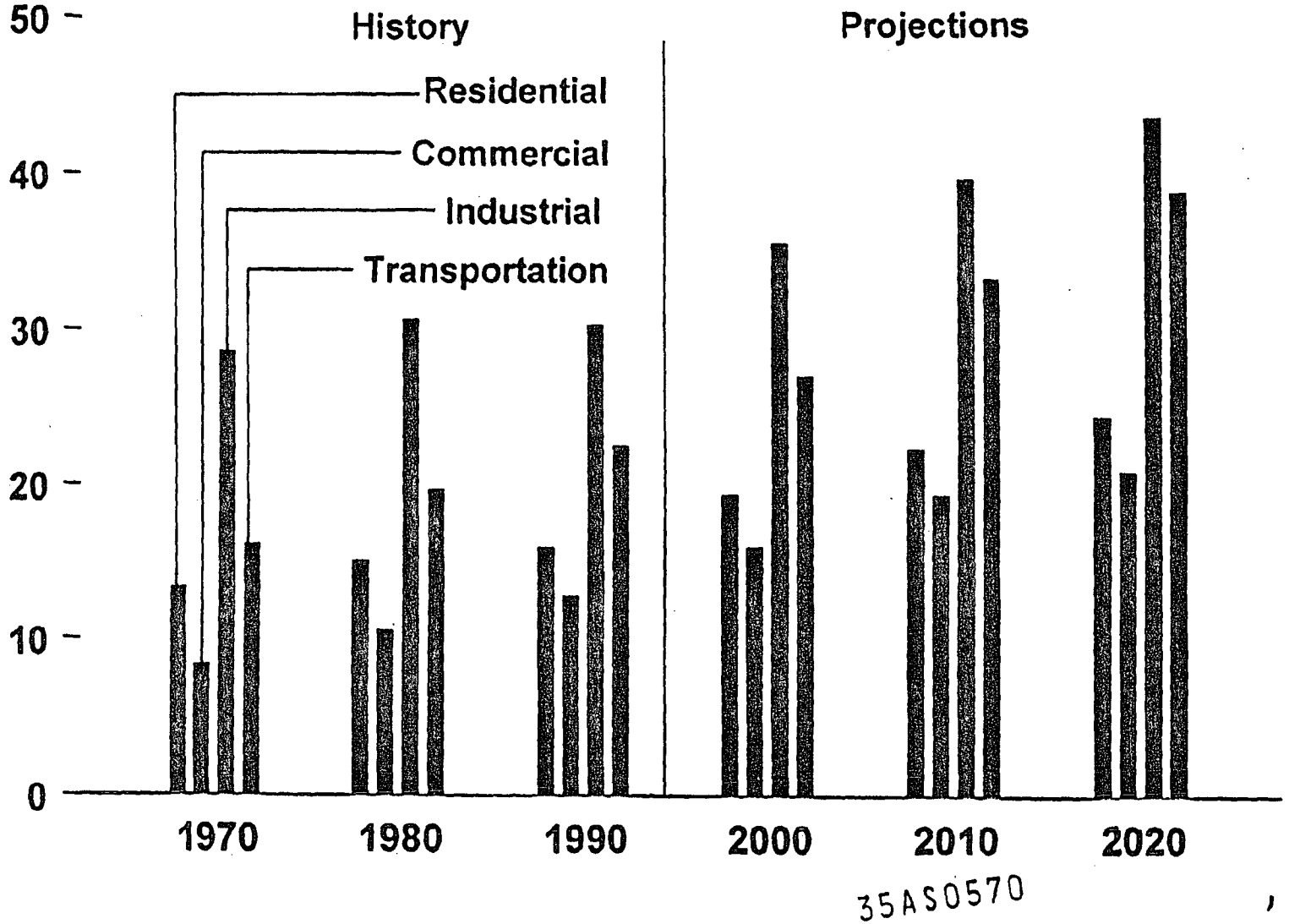


35AS0570

DOE024-0546

23140

Primary Energy Consumption by Sector, 1970-2020 (quadrillion Btu)

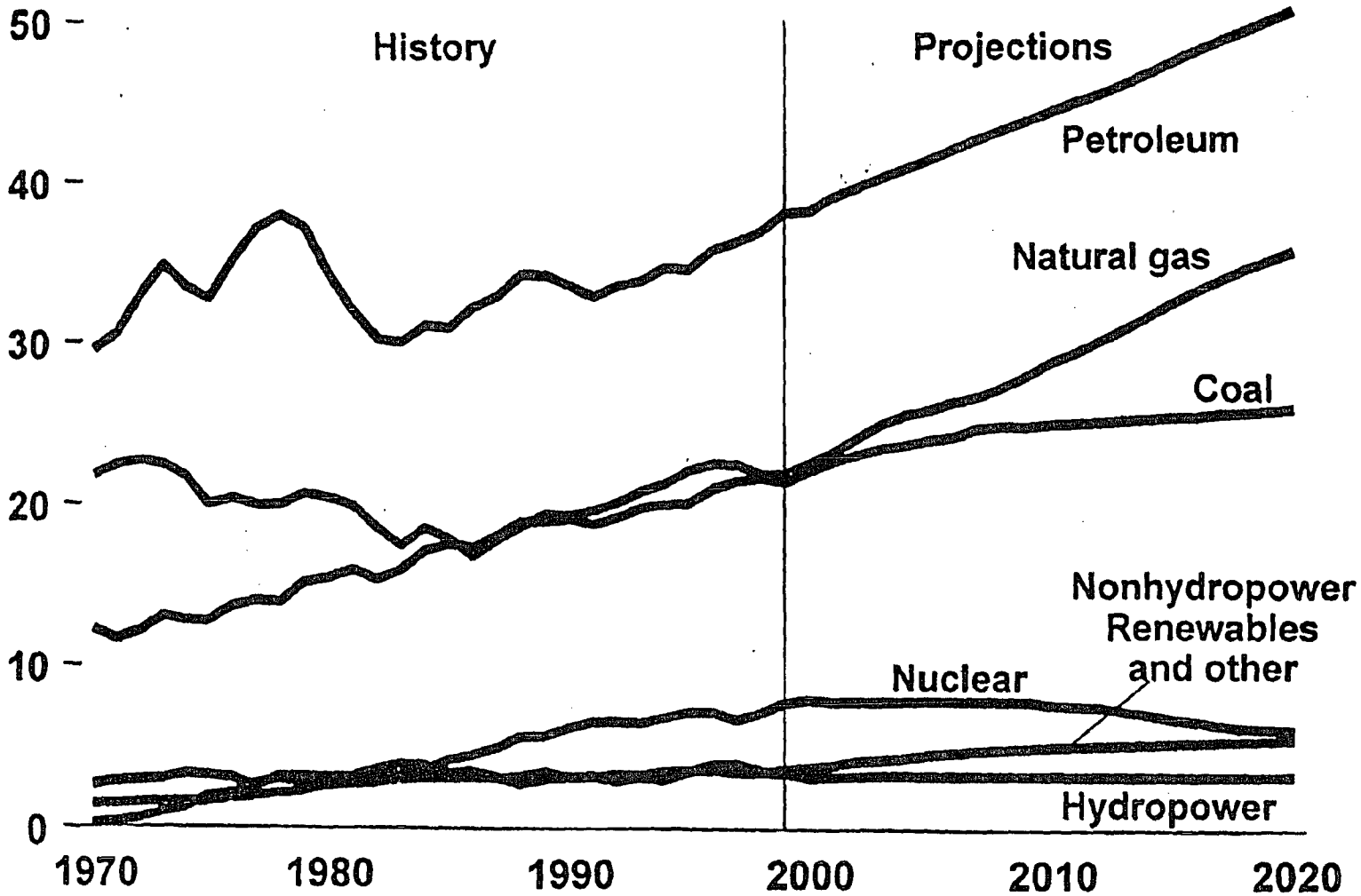


35AS0570

DOE024-0547

23141

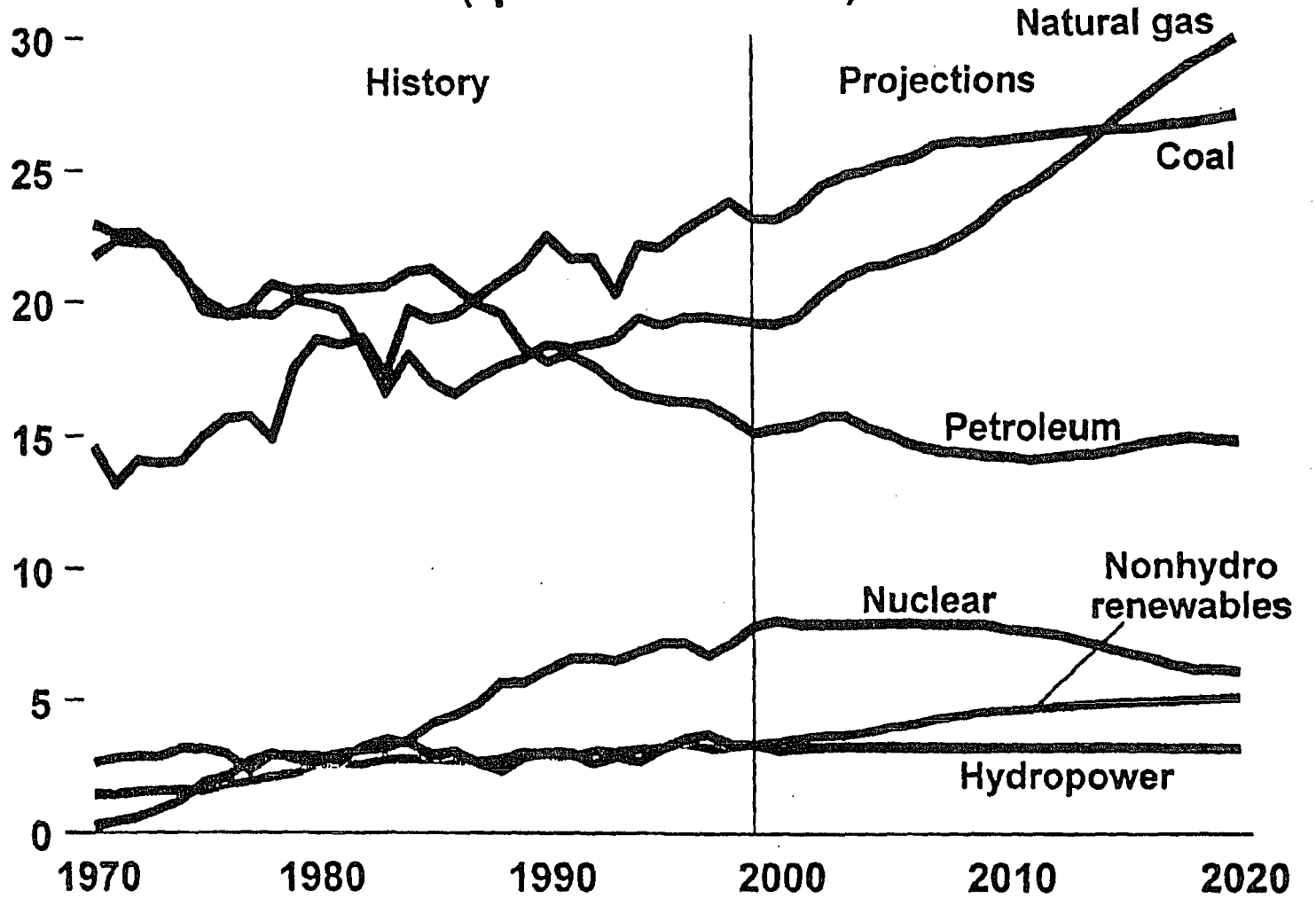
Energy Consumption by Fuel, 1970-2020
(quadrillion Btu)



DOE024-0548

23142

Energy Production by Fuel, 1970-2020
(quadrillion Btu)



35ASO570

DOE024-0549

23143