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USDA Forest Service

Before

The House Natural Resources Committee, Subcommittee on Energy and Minerals

On

"Examining the Policies and Priorities of the Bureau of Land management, the U. S. Forest Service, and the Power Marketing Administrations"

March 12, 2019

Mister Chairman and members of the Subcommittee, thank you for inviting me to discuss the USDA Forest Service's role in oil and gas leasing and mining on federal lands. Delivering dependable energy and providing jobs and economic benefits for rural communities while restoring ecosystems is a top priority of our agency.

The national forests and grasslands play an essential role in providing an adequate, affordable, and stable supply of mineral and energy resources to American industry and the American people. Energy and mineral production from national forests and grasslands contributes approximately $5 billion annually to the Gross Domestic Product and supports approximately 32,000 jobs.

The Forest Service administers mining operations on approximately 6,700 federal leases and 75,000 mining claims, manages approximately 2,600 mineral material contracts or permits, and has mitigated over 10,000 safety hazards since 1998.

The Forest Service energy and minerals program manages four groups of natural resources: leasable minerals, locatable minerals, salable resources, and geological features on national forests and grasslands. Leasable minerals include coal, oil, gas, and geothermal resources, as well as non-energy solid minerals on acquired lands, including phosphate, potassium, sodium, and hardrock minerals. Acquired lands are located predominantly in the eastern United States.

The Forest Service works most closely with the Bureau of Land Management (BLM) in the administration and management of leasable minerals. The mineral leasing laws split responsibilities between the Forest Service and the BLM for all leasing activities on national

forests and grasslands. The Forest Service is responsible for managing surface resources and regulating all surface-disturbing activities.

The Forest Service determines whether to make national forests and grasslands available for leasing and notifies the BLM of the specific lands available for lease. The BLM is then able to issue leases for future development on available lands. The lessee must submit a surface use plan of operations and an application for permission to drill before mineral operations begin.

Leasable mineral operations generate significant revenue. For example, except in Alaska, half of rent, royalties, and bonus payments from lands reserved from the public domain are returned to the State where the mineral operation is located, 40 percent is deposited in the Reclamation Fund administered by DOI, and 10 percent is returned to the General Fund of the U.S. Treasury. Fiscal Year 2017 returns to Treasury, States, and counties from leasable minerals underlying U.S. Forest Service lands totaled an estimated $385 million.

The Forest Service also oversees the use of national forest lands reserved from the public domain, which are located predominantly in the West, in connection private development of locatable minerals. Locatable minerals include gold, silver, lead, copper, zinc, iron, molybdenum, tungsten, nickel, platinum group metals, uranium, and rare earth elements. Again, the BLM plays a role in the management and administration of mining locatable minerals on reserved national forest lands. Mining claims are filed with the BLM and the Forest Service regulates and oversees mining operations to ensure the protection of surface resources. Operators are entitled to reasonable access, but must secure approval prior to taking action that may cause significant disturbance of surface resources.

Locatable mineral operations are not required to report production to the government or pay bonus bids, rents, or royalties, as is required for leasable minerals. In FY 2016, based on industry end-of-year reports, revenues generated from mines on National Forest System lands totaled more than $1 billion.

The Forest Service also manages salable resources on national forests and grasslands. Salable resources include common mineral materials, such as crushed stone, landscape stone, sand, and gravel. The Forest Service sells salable materials at fair market value and submits the receipts to the Treasury.

In addition, the Forest Service manages geologic resources on national forests and grasslands. Geologic resources include landforms, outcrops, groundwater and related resources, caves and karst terrain, paleontological resources, significant special areas, and recreational collecting sites. We protect, manage, and improve groundwater resources, including springs, fens, riparian areas, and groundwater-dependent ecosystems. In addition, we detect and manage geologic hazards like landslides, rock falls, mudflows, avalanches, floods, and earthquakes, as well as naturally occurring hazards, such as asbestos and radon.

The Forest Service frequently interacts with Department of the Interior agencies, such as BLM, Fish and Wildlife Service, National Park Service, Bureau of Reclamation, Office of Surface Mining Reclamation and Enforcement, and Bureau of Indian Affairs; Environmental Protection Agency; Federal Energy Regulatory Commission; Army Corps of Engineers; and others to permit energy and mineral development projects. State agencies and county and local governments are also heavily involved with permitting mineral projects on National Forest System lands.

That concludes my testimony, Mister Chairman. I would be happy to answer any questions you or the Subcommittee members have for me.