

**Statement of
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Deputy Chief, National Forest System
U.S. Forest Service
before the
House Committee on Natural Resources
Subcommittee on Energy and Mineral Resources
and the
House Agriculture Committee
Subcommittee on Conservation, Energy and Forestry
concerning:**

**Challenges Facing Domestic Oil and Gas Development: Review of Bureau of
Land Management/U.S. Forest Service Ban on Horizontal Drilling on Federal
Lands**

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Chairman Lamborn, Chairman Thompson, Ranking Member Holden, Ranking Member Holt and members of the Subcommittees, thank you for the opportunity to provide testimony today on “Challenges Facing Domestic Oil and Gas Development: A Review of Bureau of Land Management/U.S. Forest Service Ban on Horizontal Drilling on Federal Lands.” I am Joel Holtrop, Deputy Chief of the National Forest System. Accompanying me today is Tony Ferguson, Director of Minerals and Geology Management and Maureen Hyzer, Supervisor of the George Washington and Jefferson National Forests.

To begin, I want to be clear, the U.S. Forest has no policy nor do we have any plans to develop any policy to ban horizontal drilling and the associated hydraulic fracturing. I also want to emphasize that Forest Plans are place based plans, based on local community concerns which we take very seriously.

We would like to first describe the role of the U.S. Forest Service in oil and gas leasing and operations on National Forest System (NFS) Lands, then provide the committees with an overall scope of the oil and gas program on the NFS lands, and finally directly address concerns regarding horizontal drilling which have prompted this hearing. The Forest Service is committed to doing our part to contribute to the nation’s energy goals while at the same time protecting the landscapes and watersheds that are precious to so many.

The Forest Service and the Bureau of Land Management (BLM) work closely in managing and delivering the mineral and energy program in the United States. The agencies follow Congressionally authorized mandates that allow for the responsible development of domestic energy and mineral resources. Generally speaking, the Forest Service manages the surface of National Forest System lands while the BLM manages the subsurface. The BLM issues leases for exploration and development of energy minerals after receiving consent from the Forest Service for leasing those NFS lands. The Forest Service bases its decision on whether to consent to leasing on guidance provided in our Forest Plans. Forest Plans guide the management of NFS

lands and are developed in an open process, gathering input from local and state government, interest groups and private citizens. In the Forest Planning process, the agency strives to balance resource development with protecting the landscapes and watersheds that communities depend upon. Subsequently, when a request for an oil and gas drilling permit is received by BLM on NFS lands where leasing has been approved, the Forest Service and BLM coordinate the development of the conditions for issuing the permit, using their separate authorities for surface and subsurface management.

The current oil and gas production on NFS lands is sizeable. 16.7 million barrels of oil and 194 million cubic feet of natural gas were produced in 2010 from almost 3,200 “federal” wells on NFS lands (lands where the subsurface is part of the federal estate). In addition, there are almost 12,800 additional wells located on NFS lands where the subsurface is privately owned, the majority of which are located on the Allegheny National Forest in Pennsylvania. In fiscal year (FY) 2010, production from “federal wells” generated an estimated \$361 million in bonus and royalty payments to the U.S. Treasury. A large portion of this revenue will be returned to states and counties, specifically 25% of the revenue from Acquired Lands, 25% of the revenue from National Grasslands, and 50% of the revenue from Public Domain Lands will be returned to the states and counties. The Forest Service is committed to providing these energy resources and their benefits to the American people in a way that is consistent with our mission to safeguard the health, diversity and productivity of our nation’s forests and grasslands.

We understand that some members of the Subcommittees are concerned about direction in the draft Forest Plan for the George Washington National Forest (GWNF) in western Virginia that proposes several options for public comment, one of which is a preferred option that provides for oil and gas leasing but would prohibit horizontal drilling and associated hydraulic fracturing in certain areas of the forest. Specifically, we understand that members of the Subcommittee have concerns regarding agency jurisdiction, potential impacts of drilling to resources such as groundwater, and decisions which would restrict the ability of the Forest Service to contribute to meeting the nation’s energy demands.

This draft plan was developed through an open and collaborative process with a diversity of stakeholders, including local governments and private citizens. It includes several alternatives besides the draft plan, several of which would allow for horizontal drilling. We are currently working to clarify the roles of our respective agencies in oil and gas development and will carefully consider all public comments prior to making a final decision in the George Washington National Forest Plan. The Forest Service is accepting comments on the *Draft* Forest Plan through September 1, 2011. As I noted earlier, this plan is place-specific based on the particular circumstances of the GWNF, and does not represent a broader policy with regard to hydraulic fracturing. There are no Forest Service discussions or efforts underway to develop a national policy to *ban* horizontal drilling. On the contrary, the Administration believes that the recent technological advancements that have allowed industry to access abundant reserves of natural gas, particularly from shale formations, provides enormous potential benefits to the country, as long as it is done in a way that protects public health and the environment. The Environmental Protection Agency is currently studying potential impacts to water resources from hydraulic fracturing, and a subcommittee of the Secretary of Energy Advisory Board is developing recommendations on practices and steps that can be taken to improve the safety and environmental performance of shale extraction. The Forest Service will move forward to allow the safe and responsible development of domestic oil and gas resources consistent with the expert recommendations from these and other efforts.

Thank you for the opportunity to provide information about the oil and gas program on the National Forests and clarify the situation related to horizontal drilling and associated hydraulic fracturing. I look forward to answering any questions you may have.