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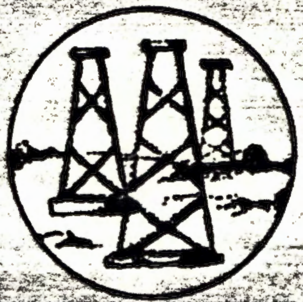

MARCHING BACKWARDS:

The Department of Interior Under James G. Watt

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NWF STAFF ANALYSIS OF

SECRETARIAL ACTIONS

January 1981 - April 1982

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FOREWORD

The Secretary of the United States Department of the Interior is the nation's chief conservation officer. Over seven hundred million acres of public lands--one third of the land mass of the United States--fall within National Parks, Wildlife Refuges, public rangeland, several wilderness areas, and a vast array of wetlands, rivers, lakes, and streams, as well as their fish and wildlife. This evaluation, conducted by the Resources Conservation Department of the National Wildlife Federation, evaluates the performance, over the first 15 months of the Reagan Administration, of Secretary James G. Watt in the exercise of this custodial responsibility. It is also a response to Secretary Watt's first year report to the President "A Year of Change: To Restore America's Greatness," Department of Interior, January 20, 1982.

INTRODUCTION

In April of 1982, after a little over a year in public office, Secretary of Interior James G. Watt has done the seemingly impossible: he has polarized public opinion over the issue of public land management. This accomplishment is not entirely unintended. A self-proclaimed soldier of the "Sagebrush Rebellion," Mr. Watt came to Washington to represent the frustrations felt by what he calls "50 years of bad management" of our public lands in the West. And he has succeeded. Historical consensus has been shattered. Polemics and rhetoric overshadow substantive debate. A man with strong views and great determination, Mr. Watt readily takes credit for the highly charged atmosphere in which he now operates. "The word compromise," he says, "is not in my vocabulary."

However, there is one issue on which Jim Watt and conservationists must agree: 1981 was a year of change at the Department of Interior. Budget priorities have changed, whole sub-agencies eliminated or reorganized, management regulations revised, and new program objectives adopted. Every former Presidential appointee has been removed from office. Career personnel have been reshuffled, transferred or "riffed" (reduced in force--meaning terminated). A strict, result-oriented "management by objectives" management program has been implemented.

For what purpose? Mr. Watt, in his first-year report to the President, asserts that his actions have been taken "to restore America's greatness." Mr. Watt claims he took over a department that was conducting a "war on the West" with the management pendulum "in far left field ... As we move the pendulum to the center ...," claims Mr. Watt, "we will find the balance that is necessary for a strong and vibrant America."

The National Wildlife Federation regards Mr. Watt's new management philosophy as ill-conceived, hastily implemented, poorly managed, and unnecessarily destructive of the living resources of our public lands. It will downgrade multiple-use public land management to secondary status behind energy development; a neglected stepchild, not a full partner. This is not change, it is a retreat from the Department's multiple-use management responsibilities. A strong patriot, Mr. Watt has either forgotten or ignored the simple management philosophy counseled by an equally patriotic founding father, Benjamin Franklin: "Waste not, want not."

Mr. Watt's first-year report, "A Year of Change: To Restore America's Greatness," identifies six objectives he adopted upon accepting stewardship responsibility for one-third of the land in America. However, the conflict he has created focuses primarily on the first two of these objectives: domestic energy development and the restoration, improvement, and preservation of our natural resource base. In order to assist the public in understanding the conflicts that have surfaced over resource management within the Department of Interior, we have prepared a summary response to Mr. Watt's representation of his first-year accomplishments in area of energy and natural resources. For further background, we suggest a reading of Mr. Watt's entire first-year report as well as NWF's previous analysis of Mr. Watt's tenure, "Secretary James G. Watt: The First Six Months," dated July 10, 1981.

Chapter I

ENERGY

Energy development, appropriately, is the subject of Chapter I of Secretary Watt's Annual Report. Entitled "A Year Of Change: To Enhance America's Ability To Meet Its Energy and Mineral Needs With Domestic Resources", this chapter lists statistics purporting to support the charge that our public lands are locked up to energy development and details actions taken during 1981 "to facilitate the orderly exploration and development of previously unavailable or underutilized domestic energy resources." This initiative is justified on the ground that the United States relies on foreign sources for 22 of 36 strategically critical minerals[1/] and that domestic sources of these minerals must be exploited immediately to avoid "development in a crisis situation (that) could have ecologically devasting consequences."

This focus on domestic energy development begs the question whether we should want to meet our energy and mineral needs entirely with domestic resources--a "drain America first" policy. In many instances, foreign sources are cheaper, equally reliable, and allow us to retain our resources for future use when foreign sources may not be available. The estimate, contained in the report, that 85 percent of undiscovered domestic crude oil is likely to come from public lands is undocumented and probably wrong. A recent report entitled "Distribution of Potentially Producible Petroleum and Natural Gas in the United States," issued by Economic Associates, Inc., (Washington, D.C.) on October 26, 1981 concludes that federal lands as a whole contain only 21.5 percent of the potentially producible oil and 16.5 percent of the potentially producible natural gas. The report bases its conclusions, in part, on Interior's own

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1/ Although these 36 minerals are not listed, it is assumed that all fuel minerals, oil and gas are included in this definition.

studies.[2/] Public access to offshore exploration is no barrier--over 72% of all offshore tracts offered for nomination to lease were dropped for lack of industry interest.[3/] The fact of the matter is, as Dr. Julian Simon points out in his book, The Ultimate Resource, undiscovered reserves remain undiscovered because, at present market prices, it does not pay to discover them.[4/] The question is one of economics, not public access.

Secretary Watt cites statistics to support his claim that energy developers are being denied access to the federal estate. Several are misleading. For example:

1) Charge: In January, 1981, less than 15 percent of federal onshore lands were under lease for oil and gas development.

Answer: The U.S.G.S. says that only about 260 million acres of the 765 million acres of federal land is prospectively valuable for oil and gas production.[5/] About 120 million acres--15 percent--is under lease. Hundreds of millions of additional acres are located in Alaska and were withdrawn by Congress in 1970 in order to study how these lands should be managed. With passage of

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2/ See Dollon, G.C. et al, "Estimates of Undiscovered Recoverable Resources of Conventionally Producible Oil and Gas in the United States, A Summary." Department of the Interior, Geological Survey, Open-file 81-192.

3/ GAO, "Issues in Leasing Offshore Lands for OIl and Gas Development," March 26, 1981. EMD-81-59.

4/ "... the technological inventory of the earth's 'contents' is at present quite incomplete, for the very good reason that it has never been worthwhile to go to the trouble of making detailed surveys." Simon, Julian, The Ultimate Resource, Princeton University Press, 1981, Princeton, N.J., p. 35.

5/ GAO, "Actions Needed to Increase Federal Onshore Oil and Gas Exploration and Development," February 11, 1981. EMD-81-59.

the Alaska Lands Act in December, 1980, the most promising oil and gas areas in Alaska became available for leasing. The small amount of public land that is both valuable for oil and gas leasing and entirely unavailable is primarily in our national parks. It represents less than 10 percent of our public lands.

2) Charge: No oil and gas leases had been issued in Alaska for 15 years.

Answer: Again, this was a Congressional decision pending resolution of the Alaska lands issue, which is now resolved. Meanwhile, the Prudhoe Bay reserve was vigorously developed. In December, 1979, a lease sale was held for areas in the Beaufort Sea, off the northern coast of Alaska. A lease sale was recently completed in the National Petroleum Reserve-Alaska, with bids received on only 29 of 59 tracts. Bids on another 4 tracts were rejected as inadequate. Demand is simply not high for new leasing in Alaska.

3) Charge: Only 4 percent of the OCS had been made available for oil and gas exploration, and less than 2 percent had been leased.

Answer: Over 70 percent of the area was not made available because industry showed no interest. Only areas of high interest were offered, and, as Mr. Watt points out, only about 50 percent of the areas offered were bid upon. Little geological and biological data exists on these areas, and will not exist as long as offshore drilling remains dangerous and costly.

4) Charge: Less than 1 percent of federal coal lands were under lease and new leasing had been at a virtual standstill since 1971.

Answer: Coal leasing was suspended in the early 1970's by Secretary of Interior Rogers Morton pending development of a national coal-leasing policy that considered multiple use of coal lands. Meanwhile, over 16 billion tons of federal coal--a 25-year supply--remain under lease, with another 10 billion tons subject to preferential lease applications. In 1980, the owners of these leases mined less than .5 percent of their coal. Additional coal leasing will be only for reserves and speculation--not production.

5) Charge: No tar sand leases had been issued since 1965.
Answer: Industry has shown almost zero interest in this costly energy source for any purpose other than speculation.

6) Charge: Geothermal energy development had been stifled by administratively imposed delays, and a Department apparently unwilling to issue new leases.
Answer: Not true. Over 1750 leases have been issued in the seven-year history of the Geothermal leasing program. While some administrative improvements are appropriate in this program, which suffers from overlapping jurisdiction between the Department of Energy and Interior, the major constraints on geothermal development are (1) lack of proven extraction technology, (2) lack of available information on environmental impacts, and (3) the existence of cheaper alternative energy sources.

The additional allegation that restrictions on energy development now will result in shortages later, with the warning that "development in a crisis situation could have ecologically devastating consequences," is belied by industry's failure to develop federal energy resources already under lease and its weak expression of interest in additional offerings, at least as reflected by bidding levels. As demonstrated below, Secretary Watt appears to have embarked upon an effort to resurrect industry interest by (1) reducing or eliminating environmental controls, (2) planning for single-purpose energy development instead of multiple uses, (3) allowing companies to lease for reserves and speculation rather than production, and (4) leasing extensively in a depressed market, thereby driving bids downward to bargain levels. The question remains, however, whether such a course of action benefits the public or only the beneficiaries of this large-scale transfer of public wealth.

An analysis of Secretary Watt's initiatives in each of the energy programs under his direction follows.

Offshore Oil and Gas

The United States owns over 1 billion acres of offshore submerged lands on the Outer Continental Shelf (OCS). Since the Outer Continental Shelf Lands Act (OCSLA) was enacted in 1953, the Department has leased approximately 27 million acres for oil and gas development, resulting in 8,000 producing wells yielding 5 billion barrels of oil and 44 trillion cubic feet of gas. Off-shore waters currently produce about 9% of our nation's oil and 20% of our domestic gas. In 1980, the Carter Administration proposed to double the amount of leased acreage by 1986.

Secretary Watt has proposed to accelerate the ambitious Carter proposal by a factor of 25--opening up an additional 875 million acres of the OCS to oil and gas development over the next five years.[1/] The stated objectives of this enormously ambitious program are to achieve energy independence, reduce our trade deficit, and provide a domestic source for strategic minerals--all worthwhile goals. However, this result will be achieved at the expense of (1) adequate environmental analysis of the areas offered for lease, (2) consultation with affected states, (3) a fair return on the sale of public resources, and (4) public control over the management of OCS lands. This

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1/ 46 FR 39226, (July 31, 1981). The final supplemental EIS for the plan was published March 15, 1982. The final plan appeared in the *Federal Register* March 19, 1982. 47 FR 11980-11985.

massive transfer of OCS development rights from the public to the private sector threatens to flood an already depressed energy market, depriving the public treasury of a fair return on the sale of the public wealth. Moreover, Secretarial actions relaxing "diligent development" requirements of lessees may actually result in less aggressive development of leased areas and encourage speculation. Some specifics of Secretary Watt's offshore oil and gas leasing program include:

1. Inadequate Environmental Analysis and Protection of Critical Areas

Total funding for environmental analysis of OCS leased areas has dropped from $45.7 million in FY 1980 to a proposed $29.5 million in FY '83, at the same time that leasing is accelerating by a factor of ten. "Streamlining" of leasing will be achieved by eliminating the present practice of (1) asking industry to identify tracts of interest, (2) environmental analysis of those areas, and (3) leasing of non-environmentally critical areas, in favor of a one-step leasing of broad areas (up to 100 million acres) without initial targetting and analysis.[2/] These broad lease offerings preclude even minimal assessment of environmental impacts--the scope is just too large. The result is to (1) increase the danger that environmentally critical areas--including sensitive commercial and sport fishing areas--will be leased, (2) preclude assessment of long-term degradation, and (3) increase the possibility of a major spill or blow-out due to inadequate assessment of site-specific drilling problems.

2/ 46 FR 58264-58266 (Nov. 30, 1981).

2. Disregard for State and Local Concerns

Accelerated OCS oil and gas development threatens on-shore as well as off-shore habitat. Problems include disposal of drilling muds, construction of on-shore support facilities, operational as well as catastrophic oil spills, and aesthetic impacts. Damage to local economies dependent on tourism and commercial fisheries is of significant concern to the Governors of coastal states, especially California, North Carolina, and Alaska. Two states were forced into court to prevent lease sales off their coasts.3/ Secretary Watt then asked the Commerce Department to propose revisions to the Coastal Zone Management Act (CZMA) to exempt pre-leasing activities from the requirement that they be consistent with state coastal management plans.4/ Commerce instead issued regulations stating that pre-leasing activities did not "directly affect" state interests and therefore state consultation was unnecessary.5/ These regulations were subsequently withdrawn in the face of Congressional opposition. Nevertheless, Secretary Watt has failed to be a "good neighbor" to states on OCS leasing and has pursued a policy that puts state commercial and resource interests at significant risk.6/

3/ In California v. Watt, 520 F.Supp. 1359 (D.C. Cal. 1981), the lease sale was enjoined for failure to consult with the state. In North Carolina v. Watt, the suit was dropped when no bids were received for the contested tracts.

4/ Letter from Secretary James Watt to Secretary Malcolm Baldridge, March 17, 1981.

5/ 46 FR 35253 (July 8, 1981).

6/ The Department is circulating a new draft policy that would provide federal coastal zone planning funds only to the extent the recipient state allowed OCS drilling off its coast. The

3. Lack of Fair Market Return

By flooding the energy market with lease offerings, Secretary Watt is depriving the American public of a fair return for the sale of the public wealth. Bids are depressed due to (1) industry's lack of financial resources to bid competitively on all leases, (2) reduced competition as smaller energy companies drop out of the bidding process, and (3) uncertainty of tract value due to lack of geological and biological information. Already, bids on several tracts offered for lease have been rejected due to the failure of the bids to meet the Department's computation of the minimally acceptable bid.

However, rather than undertaking studies to establish tract value, the Department instead proposed revisions in its rules for computing minimum tract value.[7/] The revised proposal would rely principally on the competitive bidding process, thereby dropping the bottom out of the minimum acceptable bid computation.[8/] The result is that the public will get only the price industry chooses to pay in a flooded market, at a time of an energy glut, when the economy is in a recession,

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effect of this new policy, if adopted, would be to eliminate coastal zone planning funds where no leasing is planned (such as the Great Lakes states) and coerce other coastal states into acceptance of OCS drilling through this "no drilling-no money" policy.

7/ 47 FR 5694-5698 (Feb. 5, 1982).

8/ In its assessment of the 1982 OCS leasing schedule, the Oil and Gas Journal of Feb. 15, 1982, concludes ". . . the Interior Department's objective of leasing as much federal off-shore acreage as possible probably will reduce company bid exposures in individual sales."

and when production is suffering an absolute decline. This is not the time to put virtually our entire inventory of off-shore energy wealth on the auction block.9/

4. Accelerated Leasing May Not Increase Production

Secretary Watt's accelerated OCS leasing program is not likely to result in significant increases in energy production. In fact, production appears to be less a function of the amount of acreage leased than it is a function of industry interest. Between 1975-1980, industry leased only 1% of the area in the Gulf of Mexico that Interior initially considered for lease.10/ Outside of the Gulf of Mexico the record was not much better--only 3% of the area initially considered was leased.11/ "Lack of industry interest" accounted for 72% of the reduction in leased areas.12/ Moreover, between 1970 and 1979, most of the land leased was not drilled. In the Pacific, only 26% of the tracts leased were actually drilled, in the Atlantic 9%, and off Alaska 8%. Moreover, recent studies indicate that industry will experience severe capital shortfalls by 1984 at the same time that serious technological problems arise as exploration takes place in

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9/ The same Oil and Gas Journal article mentioned above contains this assessment of revenue expectations from the new leases: "OCS lease bonus expenditures will decline partly because of the type of acreage to be offered this year. Much of it is in areas with modest resource estimates, and some of it is in deep water, increasing company risk assessments and lowering bids accordingly."

10/ GAO, "Issues in Leasing Offshore Lands for Oil and Gas Development" (March 26, 1981), EMD-81-59, p. 54.

11/ Id. at 54.

12/ Id. at 45.

greater depths or in hazardous frontier areas such as the Beaufort Sea off the northern coast of Alaska.[13/] Instead of encouraging industry to explore leased areas, however, Secretary Watt has proposed to extend the period of the initial lease from 5 to 10 years[14/] and to allow the U.S.G.S. to unilaterally extend the period of the lease upon a finding that a company has experienced "inordinate delays in obtaining governmental permits and consents."[15/] The result will be to encourage leasing for speculation, not production.[16/] Without any assurance that the new crash leasing program will result in increased production, Secretary Watt's actions appear to be little more than a determined effort to privatize our public resources at the expense of our coastal states, competing recreational and commercial interests, the marine resources involved, and the U.S. Treasury.

13/ Tinney, Richard, Offshore Petroleum Exploration Capabilities and Constraints (Center for Environmental Education, 1981).

14/ DOI News Release (BLM) August 11, 1981 "Proposed Third Mid-Atlantic Oil and Gas Lease Sale (OCS #59) Announced by Interior Department."

15/ 46 FR 42286 (Aug. 20, 1981).

16/ Robert Burford, Director of the agency which conducts Interior's offshore leasing program, has admitted that the accelerated leasing plan "won't necessarily mean more drilling." However, he asserts that "it will give (companies) a chance to use their proprietary knowledge to drill where they think they have the best chance of success." Pastor, Andy, "Watt Takes Political, Policy Gamble with Plan on Offshore Leasing." Wall Street Journal, March 15, 1982. Since the major constraint on unrestricted leasing is the concerns of other users, such as commercial and sport fishermen, as well as tourism and other on-shore industries, Mr. Burford is frankly stating that these competing interests must defer to energy development whenever these interests conflict.

On-Shore Energy Development

Onshore public lands--about 765 million acres located primarily in the West and Alaska--contain enormous energy resources, including oil, gas, coal, geothermal energy, tar sands, and hardrock energy sources such as uranium and oil shale. In addition, we own about 370 million acres of subsurface mineral estate underlying other ownerships. Collectively, these resources represent hundreds of billions of dollars in public wealth, a wealth shared in equal measure by every citizen of this country. However, these energy resources are located on lands that are managed for other multiple purposes, including parkland, wildlife refuges, wilderness, public recreation, water development, livestock grazing, agriculture, and fish and wildlife habitat. Management of the land to meet national energy demand, in a manner that protects other multiple uses, while providing the public with a fair return on sale of the public estate, is a complex and time-consuming job.

Despite the many competing interests involved in the use of our public lands, Secretary Watt has plunged forward to transfer the public's energy wealth into private ownership in a manner that can only be described as reckless. Planning for competing uses is ignored except to the extent that it does not interfere with the immediate privatization of the public wealth. However, as is the case with Mr. Watt's offshore oil and gas initiatives and his coal leasing program (discussed earlier), there is no assurance that increased leasing will result in increased production, or that the public is receiving fair value for sale of the federal energy wealth.

While Mr. Watt's attempt to push forward with energy leasing in designated or proposed wilderness areas has received by far the most public attention, this controversy has camouflaged actions which may prove, in the long run, to be even more detrimental to the long-term productivity of our public lands. These actions include:

1) Adding 99 full-time personnel and $3.8 million to the FY '83 onshore oil, gas, and geothermal leasing budget--primarily to process leases--while reducing staff for forest, range, recreation, soil, water, air, and wildlife management by 195 positions and $12.8 million.

2) Approving oil and gas leases in the National Forests. Over 22,000 BLM-issued oil and gas leases are presently outstanding in our National Forests.1/ BLM is making little effort to determine which lands are best managed for other multiple uses; it is leasing everywhere.

3) Leasing without adequate environmental analysis. While virtually all federal leasing programs (e.g. OCS oil and gas, coal, grazing) are preceded by preparation of full environmental impact statements (EIS's), onshore oil and gas leasing--even in Natural Forests and Wilderness Study areas--is proceeding with only environmental assessments and no in-depth environmental review.

4) Amending BLM planning regulations to "streamline" the planning process.2/ This simply means that BLM is eliminating whatever impediments the BLM land use planning process presents to immediate leasing by putting leasing on a separate fast-track. Similar "streamlining" proposals have been proposed for geothermal leasing, oil shale leasing, and tar sands leasing.

1/ Personal Communication, U.S. Forest Forest, March 17, 1982.

2/ 46 FR 57448 (November 23, 1981).

3/ 46 FR 20607 (April 6, 1981).

5) Reducing the standard of care for oil and gas leasing in wilderness study areas from "non-impairment" of wilderness values, to "no unnecessary or undue degradation" of wilderness values for leases issued before 1976.3/

6) Approving slant-drilling into the Capitan Wilderness in New Mexico.

7) Attempting to obtain administrative release (without Congressional approval) of wilderness study areas found by Mr. Watt to be unsuitable for wilderness designation.4/

8) Initiating a call for expressions of industry interest in oil and gas leasing in wildlife refuges in Alaska.5/

The result of these actions will be to transfer development rights to our public lands to the private sector at bargain rates while relaxing the "diligent development" requirement--the requirement that industry explore and produce energy rather than simply speculate with the public wealth. Land use planning will proceed <u>around</u> the dominant purpose of energy development rather than planning for <u>all</u> multiple uses equally. speculative leasing and single-purpose energy development was precisely what Congress intended to stop when

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3/ 46 FR 20607 (April 6, 1981).

4/ Mr. Watt sent a letter to the President recommending that the Pygmy Sage Wilderness Study Area in Nevada be administratively released. The President apparently did not feel he had the authority to do so since a provision allowing for administrative release is contained in the President's proposed Wilderness legislation.

5/ 46 FR 45694 (September 14, 1981).

it passed the Federal Land Plan and Management Act (FLPMA) in 1976. Yet the reinstatement of these policies is the linchpin of Secretary Watt's onshore energy program.[6/]

3. Strip Mining/Coal Leasing

A. Strip Mining

Strip mining in the United States has historically imposed large and unjustifiable social and environmental costs on the public in many areas of the country in the form of unreclaimed lands, water pollution, erosion, floods, slope failures, loss of fish and wildlife resources, and a decline in natural beauty. Uncontrolled surface coal mining, especially in Appalachia, has resulted in an unjustifiable and intolerable degradation in the quality of life in local communities. Each week a thousand acres of land are disturbed by surface mining for coal. Over ten thousand miles of streams have been ruined by either acid drainage or siltation. Thousands of miles of highwalls stand unreclaimed. Still more thousands of acres of prime farmland have been destroyed in the midwest. In the west, removal of the coal by surface mining operations intersects aquifers that are the source of water for many wells. Flow patterns in such aquifers are changed and some

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6/ To President of Mountain States Legal Foundation, Secretary Watt stated, in the 1979-1980 Annual Report, that "It is MSLF's intention to move to check the power of the Federal Government whenever possible in issues pertaining to the use of federal lands and the development of the West." Through his administrative repeal of FLPMA and other federal planning requirements, this is precisely what he is doing.

areas will undoubtedly be dewatered, resulting in reduced availability of water for other uses. A study in the mid-70's concluded that it would cost over $10 billion to partially repair the previous damage done to the land by strip mining.

In 1977 Congress passed the Surface Mining Control and Reclamation Act to end the gross abuse of the environment caused by strip-mining.[1/] However, Secretary Watt has worked diligently to gut the protections afforded by this Act. Shortly after he took office, he announced plans to completely revise the regulatory program for strip mining to make it "less burdensome." In his specific proposals, Mr. Watt has systematically weakened enforcement powers, eliminated citizen rights and substituted weaker performance standards, thus allowing significant environmental damage to occur. Specific actions include:

- Secretary Watt withdrew final regulations, without opportunity for public comment, which were designed to protect the nation's prime farmlands from the destructive consequences of strip mining.
- Since Mr. Watt took office, inspections by Office of Surface Mining officials have been cut in half.
- Since Mr. Watt took office, enforcement actions against coal operators have decreased by over 50%.
- The Office of Surface Mining has failed to assess and collect over 40 million dollars of mandatory reclamation fees owed the government by coal operators.

1/ Surface Mining Control and Reclamation Act of 1977, P.L. 95-87, 91 Stat. 445 (Aug. 3, 1977), 30 U.S.C. SS 1201 *et seq*.

- Secretary Watt weakened the standard for approval of state strip mine programs and, using the new, weaker standard, is approving state programs which fail to provide adequate environmental controls and contain inadequate reclamation requirements.

- The Office of Surface Mining has proposed the elimination of most significant enforcement powers for federal inspectors, preventing effective oversight of state performance.

- The Office of Surface Mining adopted a policy of allowing coal operators to "pay for highwalls". Under this policy coal operators could evade the most important performance standard in the Act--the return of land after mining to approximate original contour--and save millions of dollars in operating costs by paying a fine of a few thousand dollars.

- Secretary Watt has drafted rules to relinquish to the states all environmental controls in the Act over mining on federal lands.

- The Office of Surface Mining has decided to essentially ignore the requirement of the Act that every coal mine in the United States (over 17,000) be re-permitted in the next year.

- The Office of Surface Mining has drafted regulations which would severely curtail the rights of citizens to have lands declared unsuitable for mining.

The process selected to implement these changes is as disturbing as the substance of these actions. Although Secretary Watt's "reforms" represent a significant weakening of existing regulations to (1) protect water supplies, (2) prevent collapse of mine waste dams, (3) assure revegetation of strip-mined land, (4) protect fish and wildlife habitat, (5) protect topsoil and agricultural land, and (6) promote reclamation, he chose not to study the consequences of his actions through preparation of an environmental impact statement. Instead, he issued 46 separate rulemakings claiming that each one, in isolation, did not merit full environmental review or public comment through a public hearing. It was only after NWF filed suit, on behalf of itself and its affiliates, that Secretary Watt agreed to write an EIS on 34 of these rulemakings, to hold public hearings, and to hold up his assault on the strip-mining program until these studies and hearings are completed.[2/]

The clear result of these Secretarial initiatives will be to increase societal costs of strip mining, costs that will be paid in the form of polluted streams, unreclaimed land, loss of wildlife resources, erosion, the loss of prime farmland, and the degradation of the quality of life of the citizens of the coalfields. It can only be hoped that, by subjecting Secretary Watt's plan to destroy the strip-mining program to environmental analysis and public review, some of the most ill-conceived and destructive proposals will be blunted.

B. Coal Leasing

Under the Mineral Leasing Act of 1920, coal leasing on federal lands was virtually unregulated. Leasing occurred upon industry request and was conducted at giveaway prices. If coal was discovered in "commercial quantities," the claimant to the land was given a "preference right" to mine--no matter how environmentally destructive the consequences. However, few requirements existed for actual production on these leases, resulting in widespread "stockpiling" of leases for speculation. As a result, coal operators acquired enormous holding of preference right leases covering over 16 billion tons of recoverable federal coal reserves.

2/ National Wildlife Federation v. James G. Watt, Civil No. 82-0320 (D. D. C.) (proposed settlement signed April 16, 1982).

In response to these abuses, Interior placed a moratorium on new coal leasing in 1971 and Congress reformed the program through enactment of the Federal Coal Leasing Act Amendments of 1976.1/ The Act requires leasing for production, not speculation, and requires owners of pre-1976 preference right leases to commence "diligent development" by 1986. It also promotes competitive leasing and the integration of leasing with multiple-use planning under the Federal Land Policy and Management Act of 1976 (FLPMA).2/ Nevertheless, by 1981, over half of all outstanding federal coal leases had never been mined.

On December 16, 1981, Secretary Watt proposed amendments to the Coal Management Program Regulations.3/ Amendments to the "diligent development" requirement were proposed December 22, 1981, by the Department of Energy4/ and on January 7, 1982, by the Department of Interior.5/ These proposed regulations, if adopted in final form, will turn back the clock to the destructive leasing policies of the early 1970s. Specifically:

1. Coal companies would again be able to lease for reserves rather than for national production needs.
2. Diligent development requirements would be relaxed, resulting in more leasing for speculation.
3. The coal industry would again be able to dictate where and how much coal should be leased through an industry nomination process that by-passes FLPMA's integrated land use planning process. The FLPMA process requires BLM to decide where leasing is appropriate in a multiple use context.

1/ 30 U.S.C. 2020, *et seq*.

2/ Pub. L. No. 94-579, 90 Stat. 2746 (Oct. 21, 1976).

3/ 46 FR 61390, *et seq*. (Dec. 16, 1981).

4/ 46 FR 62228, *et seq*. (Dec. 22, 1981).

5/ 47 FR 819 (Jan. 7, 1982). The diligence rulemaking authority reverted to Interior from the Department of Energy by virtue of the 1982 Interior Department Appropriations Act. Pub. L. 97-100, Dec. 23, 1981.

4. It would "grandfather" use of existing mining plans, rather than requiring compliance with the land use planning requirements of FLPMA, including the designation of certain areas as "unsuitable" for mining. It would entirely exempt existing non-producing coal leases from application of the "unsuitability" criteria.

Secretary Watt's proposed coal leasing policy makes a travesty of all efforts over the last ten years to integrate coal leasing into a multiple-use planning process and would deprive the American public of a fair return on sale of interests in the public mineral wealth. A greatly expanded leasing program will only result in low bids and a loss to the U.S. Treasury. It would also require land use planning to occur <u>around</u> coal development, exposing land environmentally unsuitable for mining to coal development. Other coal actions Secretary Watt has taken that threaten multiple use values, include:

1) He is proceeding with a huge lease of coal in the Powder River Basin area of Wyoming and Montana even before the new leasing policy is finalized. This lease, scheduled to occur April 28, 1982, is over five times larger than the largest lease sale ever held.

2) He attempted (unsuccessfully) to rescind a decision by his predecessor, Cecil Andrus, declaring certain lands in the vicinity of Bryce Canyon National Park in Utah unsuitable for strip-mining. A federal court upheld Andrus' decision over Secretary Watt's objection.

3) He is attempting to amend the "fair market value" test for coal leasing to base fair market value on competitive bids rather than on an independent assessment of the value of the coal. The coal market is so depressed that, at a recent coal lease sale in Utah where the value of the coal deposit was based in the existing fair market value test, no bids were received that met this minimum bid threshold.

On the basis of this record, Secretary Watt has indicated a clear intention to adopt the same policy with respect to coal leasing as he has with respect to oil and gas leasing: (1) lease for reserves, not for demand, (2) encourage speculation and "lock up" of coal through relaxation of diligent development requirements, (3) drive the return on the sale of the public wealth down by flooding a glutted market with new leases, (4) divorce the leasing program from the multiple-use planning process, (5) cut the public out of the planning process, and (6) reduce environmental controls on coal leasing and production. Coal speculators will be the big winners. Losers include sportsmen, fish and wildlife, ranchers, other recreational users, and the U.S. Treasury.

Hardrock and Non-Fuel Strategic Minerals

When Secretary Watt appeared February 21, 1982, on NBC's "Meet the Press," he stated, "Right now, the United States is vulnerable to a resource attack or war. A year ago, we were vulnerable to a strategic mineral short-fall to such a degree that we are now dependent upon Russia and South African nations to meet our needs." Watt uses this claim of national vulnerability to a "resource war" to support his policies of accelerated mining of our hardrock minerals, both onshore and offshore. Not only are these charges of a pending "resource war" unsubstantiated, his "drain America first" strategy is unlikely to prove effective in decreasing our strategic minerals dependency.

It is true that the United States imports a substantial portion of many critical minerals, but this does not necessarily mean we are facing a "hidden crisis," as Secretary Watt claims in his annual report. Dependence on foreign sources of minerals is not a problem unless suppliers are unfriendly or unstable and no alternative sources are available. A review of net import reliance data shows that the U.S. has, for the most part, stable trading partners from which it can import large quantities of the minerals and metals it needs to run its economy.[1/]

The U.S. imports more than 85 percent of 16 industrial minerals, 11 of those from reliable sources (primarily Australia and Mexico). The other five are imported from potentially unstable countries--Zaire and South Africa.[2/] The U.S. also imports between 50 and 85 percent of nine other minerals, all supplied by reliable trading partners. According to the U.S. General Accounting Office:

> ... Assessments have found that political, military, and economic ties between the mineral producing countries and the industrialized consuming countries including the United States appear to substantially reduce the probability of

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1/ Minerals and the Public Lands, Environmental Policy Center, et al., October 1981, p. 31.

2/ The five minerals are chromium, cobalt, corundum, gemstones, and platinum group metals.

> long-term supply disruptions or sharp price increases and that the chance of a nonfuel mineral cartel successfully controlling the market price is low ...3/

The United States has a long history of importing necessary minerals. In many cases, it would be less economically efficient to try to develop domestic resources than it is to import materials from foreign sources. In addition, international trade relations could be severely disrupted if the U.S. decided to withdraw from the strategic minerals market. Self-sufficiency in strategic mineral supply "is either physically impossible or so costly in diverted manpower and capital expenditures ... that it has no reality," according to the National Commission on Materials Policy.4/

Rather than pushing ahead with exploitation of domestic strategic minerals resources, alternatives for reducing our foreign mineral dependence should be considered. Recycling, improved mining and manufacturing processes, substitution of more available materials for critical ones, and refined product design should all be investigated. All these alternatives are technically feasible, and some have already been proven economically viable. All have significant potential for reducing our foreign mineral dependence. An active research program is needed to explore the economic and technical

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3/ General Accounting Office, letter to Senator Henry Jackson, Subject: Minerals Critical to Developing Future Energy Technologies and Their Availability and Projected Demand, June 25, 1981.

4/ National Commission on Materials Policy, Material Needs and the Environment, Today and Tomorrow, Washington, D.C. 1973.

possibilities of these conservation alternatives for the various strategic minerals. To use Mr. Watt's phrase, instead of "reaching out to grab for more" strategic minerals, we should take better care of the way we use the minerals in commerce to make sure they are not wasted.

For these reasons, Mr. Watt's determination to exploit domestic sources of strategic minerals regardless of cost appears misguided to many conservationists. It is also destructive of our natural resources. Mr. Watt has taken the following specific actions:

- He cut personnel in the Environmental Technology Division of the Bureau of Mines, the people who evaluate the effect of hard rock mining in public lands, from 437 to 224 positions, close to a 50 percent reduction.

- He added personnel in the Resource Development Division of the Bureau of Mines, the people who develop technologies for mineral extraction on public lands, from 698 to 903 positions.

- He reduced the standard for harm from mining in wilderness study areas, for leases issued before 1976, from "non-impairment" of the resource to "no unnecessary or undue degradation" of the resource.5/

- He proposed legislation (H.R.5603) that would allow designated wilderness areas to be administratively opened for mining upon a funding by the President that an "urgent national need" for the minerals existed. No criteria was offered for what constitutes an "urgent national need," and the President could make such a finding on the basis of information "available to him", i.e., classified and unreviewable.

5/ 46 Fed. Reg. 20607 (April 6, 1981). On April 8, 1981 Secretary Watt directed his assistant secretaries to review the wilderness study procedures with the objective of "allowing more flexibility for mineral exploitation within wilderness study areas."

- He lobbied (successfully) to have the United States pull out of the Law of the Sea Treaty negotiations, writing Secretary of State Alexander Haig that "if the existing negotiating text is not markedly changed, the U.S. deep seabed mining industry will collapse for want of a secure investment climate."6/ The treaty, still not signed, would have brought 160 nations under uniform environmental regulations, extended the coverage of the other international marine treaties such as the London Ocean Dumping Convention, and required international standards for seaworthiness of large vessels.

- He has ordered BLM and U.S.G.S. to "expedite" hardrock mineral leasing efforts, and has approved a program for offshore hardrock mineral leasing. Although it is too early to assess the resource consequences of these initiatives, overzealous application of untested technologies could present a significant threat to the marine environment.

Secretary Watt has also proposed to "streamline" mineral leasing regulations for the purported purpose of eliminating unnecessary adminstrative burdens to mining on public lands, but which in fact will subsidize mining activity at the expense of the environment and the public treasury. The proposed regulations would eliminate two important environmental safeguards. First, there is presently as requirement that industry submit, and BLM approve, a "plan of operation" before actually mining federal lands. This operations plan specifies measures that must be taken to minimize environmental harm during mining and to reclaim the lands upon termination of mine operations. The requirement is waived for mining activities that effect less than five acres of land except when environmentally sensitive lands are involved such as conservation areas, areas in the wilderness system, or along wild and scenic rivers. Secretary Watt has proposed to now extend the operation plan waiver to these environmentally sensitive lands.7/

6/ Letter of Secretary James G. Watt to Secretary of State Alexander Haig, Jr., Feb. 18, 1981, at 1.

7/ 47 FR 12197-12198 (March 22, 1982).

Second, there is presently a requirement that BLM review all leases to determine if a valuable deposit exists before allowing mining to occur. The purpose of this requirement is to avoid speculative mining at the expense of other multiple uses in the absence of a threshold determination that a valuable deposit exists. Secretary Watt now proposes to lower this threshold by redefining valuable deposit a "a deposit of a character that justifies further expenditure of means and labor with a reasonable prospect of success in developing a valuable mine."8/ Since almost anybody willing to take a gamble on a mine can show a "reasonable prospect" of success, this new definition virtually eliminates the valuable deposit requirement. And, just in case the mine operator guesses wrong, Secretary Watt's proposal provides for the waiver of rents and royalties "whenever the Secretary determines it is necessary to promote development or finds that leases cannot be successfully operated under the terms of the lease."9/ In short, this proposal gives the green light to environmentally destructive speculative mining while shifting the risk of failure to the public treasury, not the mine operator. On the other hand, if the gamble pays off and valuable deposits are recovered, the royalties are limited or non-existant.10/

We recognize that there are significant public benefits to be gained from encouraging a strong domestic hardrock minerals industry. However, this development should not occur in a crisis atmosphere, should be well-planned, and should recognize the strategic benefits of international economic commitments as

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8/ 47 FR 13472, 13473 (March 30, 1982.)

9/ Id. at 13474.

10/ In fact, under the 1872 Mining Act, between $12-15 billion in hardrock minerals is extracted from public lands each year with no royalties whatsoever paid into the public treasury.

well as the liabilities of such commitments. A "fortress America" mentality will not contribute to a stable climate for international trade. By fanning the flames of a crisis mentality with respect to strategic minerals, Secretary Watt may in fact be injuring our strategic interests as well as our natural resource base.

Chapter II

NATURAL RESOURCE MANAGEMENT

Chapter II of Secretary Watt's annual report is entitled "A Year of Change: to restore, improve, and preserve our national parks, wilderness, and wildlife refuge systems." This title reveals reveals many of the reasons why he finds himself in conflict with conservationists over public land management. First, the word "expand" is omitted from the title. Secretary Watt has attempted to stop acquisition of inholdings, adjacent properties, and new parks, refuges, and recreation areas already selected by Congress for protection. Second, there is no mention of natural resource management on public lands not specifically included in a park, refuge, or wilderness area, yet over 345 million acres of BLM lands outside of these areas contain some of our best fish and wildlife habitat and are required to be managed for these non-commercial multiple uses. Third, there is a sharp controversy over the meaning of the word "improve." Conservationists argue that the word "improve" should apply to the resource itself, to enhance the long-term health of our trees, birds, plants, animals, grasslands, wetlands, and other living resources. Secretary Watt, however, uses the word "improve" to apply primarily to man's incursions on these resources--roads, buildings, restrooms, fire equipment, etc. Conservationists are frustrated by the fact that, although they use the same vocabulary as Secretary Watt, they speak a different language.[1/] This makes effective communication very difficult.

Our response to Mr. Watt's claim to be a good steward of our nation's natural resources follows.

1/ Another example of the different meaning given to the English language by Secretary Watt is his statement of his conservation policy, delivered at the 46th North American Wildlife and Natural Resources Conference on March 23, 1981. At the conference he outlined the "four solid cornerstones" of his conservation policy, none of which has anything to do with conservation. They are:

1. America must have a sound economy if it is to be a good steward of its fish and wildlife, its parks, and all of its natural resources.

2. American must have orderly development of its vast energy resources to avert a crisis development which could be catastrophic to the environment.

3. America's resources were put here for the enjoyment and use of people, now and in the future, and should not be denied to the people by elitest groups.

4. America has the expertise to manage and use resources wisely, and much of that expertise is in State government and in the private sector.

Fish and Wildlife

Wildlife refuges cover 84 million acres of our public lands--an area twice the size of our six New England States. In addition, our entire 765 million acre store of public lands is supposed to be managed for multiple uses, one of which is conservation of fish and wildlife.[1/] Finally, wildlife habitat in state, local, or private ownership is protected against federally-assisted destruction by the Fish and Wildlife Coordination Act which requires the permitting or constructing agencies to consult with the U.S. Fish and Wildlife Service before destroying wildlife habitat, and by Section 404 of the Clean Water Act, which requires a U.S. Corps of Engineers permit (after consultation with the FWS) before dredged or fill materials are deposited in wetlands or other waters.

Protection of fish and wildlife requires good planning, both to avoid habitat destruction whenever possible and to mitigate the effects of unavoidable use of habitat. When planning cannot adequately protect the resource, outright acquisition of habitat is a last resort. But Secretary Watt has decimated wildlife planning requirements, downgraded wildlife protection in his crash energy development programs, and slashed funds for acquisition of wildlife habitat. A review of his claimed achievements in the stewardship of our wildlife reveals how weak the Department's wildlife conservation initiatives really are:

Claim: U.S. FWS purchased 24,349 acres of wetland under the duck stamp program.

1/ FLPMA, Sec. 103(c), 43 U.S.C § 1702, Pub. L. No. 94-579, 90 Stat. 2745 (Oct. 21, 1976).

Response: True, but inadequate. In 1977 FWS identified 1,947,000 acres of wetland in need of protection through acquisition under its 10-year duck stamp program. At the present rate of acquisition, it would take 78 years to complete the protection program. Meanwhile, we continue to destroy wetlands at the rate of between 300,000-600,000 acres per year, and accelerating.

Claim: Initiated acquisition of two new National Wildlife Refuges (Bogue Chitto, La., and Bon Secour, Ala).

Response: Funds for these acquisitions were appropriated by Congress over Secretary Watt's objection to FY '82. Watt proposed zero funding for new Wildlife Refuge acquisition in FY '82 2/ and a minuscule $1.6 million in FY '83, for partial acquisition of endangered species habitat (American Crocodile in Florida, Kirtland's Warbler, Michigan). Conservationists (including NWF) are lobbying Congress for $54 million in priority refuge acquisitions in FY '83 to protect habitat in authorized refuges from development (list attached).

Claim: Approved acquisition of inholdings in refuges in New Jersey, California, and Maine.

Response: These acquisitions were funded out of the duck stop program and were approved by the Migratory Bird Conservation Commission, not Secretary Watt. Duck Stamp funds can only be used to acquire waterfowl habitat and are therefore exempt from Secretary Watt's moratorium on refuge acquisitions.

2/ Secretary Watt not only withdrew a $35.4 million request for refuge acquisition put forth by the Carter Administration for FY'82, he requested (and received) authority to rescind $12.9 million in refuge acquisition funds remaining in the approved FY'81 budget.

<u>Claim</u>: Initiated recovery plans for 168 endangered species, doubled the number of plans completed, and continued listing plant and animal species.

<u>Response</u>: Misleading. In FY '82 Secretary Watt proposed a 34 percent cut ($7.9 million) in the endangered species program. Congress allowed only a 24 percent cut, but Secretary Watt has proposed an additional $1.2 million cut in FY '83. Only four species packages were listed during Watt's first year, all of which were finalized by President Carter and delayed five times before Watt released them for listing.[3/] 70 additional listing packages remain bottled up in the Office of the Solicitor. Watt proposed a 20 percent cut in the recovery program in FY '82 ($7.5 million to $6.0 million) but Congress refused to go along and actually appropriated a small increase in recovery funds.

<u>Claim</u>: Completed an ecological mapping inventory of fish and wildlife resources on the Pacific Coast, initiated mapping of the Gulf of Mexico coast.

<u>Response</u>: True. Secretary Watt deserves credit for accelerating the ecological mapping program.

<u>Claim</u>: Apportioned $107 million in federal funds to the states under the Dingell-Johnson and Pittman-Robertson Acts.

<u>Response</u>: True, but these programs are mandated by Congress. Secretary Watt has no control over these expenditures. As for discretionary grants, Watt eliminated federal funding for state endangered species programs ($3.9 million) and state habitat acquisition grants under the Land and Water Conservation Fund (40 percent of annual

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<u>3/</u> These four species are:
1) Hawaiian Tree Snails (Genus <u>Achatinella</u>) 46 FR 2178-3182, January, 13, 1981.
2) Texas Poppy-Mallow (<u>Callirho scabriuscula</u>) 46 FR 3184-3186, January 13, 1981.
3) <u>Eriogonum gypsophilum</u>, 46 FR 5730-5733, January 19, 1981.
4) <u>Hedeoma todsenii</u>, 46 FR 5730-5733, January 19, 1981.

appropriations). Total state grants for wildlife management and protection have declined sharply over the last year.

Claim: Conducted a successful "sting" operation of illegal importation of endangered plants and animals.

Response: Secretary Watt has proposed to reduce the endangered species law enforcement staff by $987,000 and 13 agents in FY '83. Overall, the federal wildlife law enforcement staff will be cut from over 200 agents in FY'81 to about 160 in FY'83.

Claim: Implemented a plan to protect the humpback whale in Glacier Bay.

Response: The plan does nothing to reduce the cause of the Glacier Bay problem--tour boats and small commercial power boats. In fact, his plan may increase tour boat traffic in Glacier Bay.

Claim: Approved a land use plan for 12 million acres in the California Desert Conservation Area.

Response. True. Well done. However, the BLM land use planning process is now being unravelled to accommodate energy and grazing interests (see BLM).

Viewed in context, Secretary Watt's claim to good stewardship of our wildlife refuges and non-refuge wildlife habitat remains unsubstantiated. It is further discredited by the following actions which he fails to mention in his report.

- He proposed zero funding for wetland acquisition under the Wetland Loan Act in both FY '82 and FY '83, although over $54 million in authorized funds will expire if they remain unappropriated this year.

- He has accelerated plans for oil and gas exploration in wildlife refuges in Alaska.

- He has withdrawn draft regulations implementing the Fish and Wildlife Coordination Act that would have elevated the importance of wildlife habitat values in federal permits and federally-funded projects.

- He proposed the elimination of the Cooperative Research Unit Program in both FY '82 and FY '83, which would close 50 Cooperative Units located at 31 universities. These programs train many of our best wildlife professionals.

- He proposed new rangeland and coal policies that emphasize red meat production and coal development at the expense of wildlife values.

- He systematically cut funding for BLM and FWS vegetative inventories, habitat evaluations, instream flow studies, environmental analyses, and other programs to identify the carrying capacity of public lands to support fish and wildlife, while adding funds for energy development, thereby increasing the need for the very studies that are being cut.

- He has failed, despite repeated pleas by NWF and its affiliates, to address the increasing threat to fish and wildlife caused by "acid rain." He has also failed to defend the Section 404 wetland protection program from attack by other federal agencies.

All in all, it was a very bad year for wildlife within the Department of Interior. Based on his performance to date, Secretary Watt cannot claim to be a good steward of our wildlife resources.

National Parks

The National Park System of the United States comprises over 320 areas covering some 76 million acres in 49 states, the District of Columbia, Guam, Puerto Rico, Saipan, and the Virgin Islands. Included in the system are national parks, monuments, preserves, lake shores, and seashores, wild and scenic rivers, trails, historic sites, memorials, recreation areas, parkways, wilderness areas, sites for performing arts, and a net work of open spaces in the nation's capital. This domain includes many of the nation's most precious natural and historic resources.

For more than a century, Congress has continually added to the park system, by designating suitable lands from the public domain and by buying additional land. In 1965, Congress set up the Land and Water Conservation Fund Act, funded mainly by income from offshore oil and gas leasing, to provide up to $900 million a year for buying land for national parks, refuges, and forests, and helping states buy and develop state parks. In this way, Congress arranged that revenues from nonrenewable resources belonging to all Americans will be used, at least in part, to conserve irreplaceable natural landscapes and historic places.

The National Park System Organic Act of 1916 says the purpose of the system is "to conserve the scenery and the natural and historic objects and the wildlife ... and to provide for the enjoyment of the same in such manner ... as will leave them unimpaired for the enjoyment of future generations." In his annual report, Secretary Watt states categorically that "We (have) pledged that the national parks are inviolate and will be protected from mining, drilling, and logging." That is not only a pledge; that is the law. However, many discretionary actions within Mr. Watt's management authority can, and do, inflict substantial damage to our parks. Here are some of the actions he has taken that threaten the long-term health of our parks:

1. <u>Stopping Growth of the Park System</u>

Secretary Watt opposes buying parkland already authorized by Congress, creating any new parks, helping states buy and develop parks, or supporting urban parks. This total cutoff of parkland acquisition is a radical departure from policies over 100 years old. It violates the intent of Congress to devote at least a modest share of offshore oil and gas revenues (which amounted to $9.8 billion in 1981) to growth of national, state, and community parks. It means that critical lands will be lost, or will be bought at much higher prices when these authorized lands are finally acquired.

Secretary Watt has taken the following actions to stop the growth of parks:

- Shortly after taking office, Secretary Watt imposed a complete moratorium on all federal land purchases from the Land and Water Conservation Fund except for emergency and court ordered purchases. He also stopped all federal grants from the Fund to the states. He stated publicly that he believes most "truly unique" park areas have already been acquired, and that the federal government should not provide urban or regional parks. In other words, the park system need grow no further.

- In his budget request for FY 1982, Secretary Watt asked for less than $40 million from the Land and Water Conservation Fund. This compares with an average appropriation of $500 million for the previous five years. The funds were to cover only court awards and administrative costs for purchases already in progress. Watt asked for no money for state grants. Congress actually appropriated $150 million last year.

- For FY 1983, Secretary Watt has again asked for only enough money for court awards and administrative costs (about $70 million), and nothing for the states.

The Watt policy would simply abandon authorized parkland in 32 states, worth $1 billion at present land value, which Congress has designated for addition to the park system but which it has not yet bought.[1/] These are critical lands, needed to protect unique natural areas, or to guard existing parks against adjacent development, or to meet the needs of growing numbers of Americans for the National Park experience. These areas include the Appalachian Trail corridor, the Channel Islands off California, the Big Cypress Swamp in Florida, and the Santa Monica National Recreation Area near Los Angeles. Secretary Watt's moratorium on acquiring any of these lands violates his duty as trustee for the National Park System as well as the clear intent of Congress.

1/ The value of all lands Congressionally authorized to be acquired, but which remained unacquired, approaches $3 billion. Secretary Watt's moratorium extends to these lands as well.

Secretary Watt justifies his moratorium on park acquisition by claiming that "good stewardship means taking care of what we have rather than continuing to reach out for more land than the government can properly manage." True, but the fact of the matter is that both our population and park visitations are increasing. In 1980, about one American in four visited a national park. Total visitations exceeded 300 million visitor-days, ten times the number of visits in 1950 and 300 times the number of visits in 1930. If additional parkland is not acquired to accommodate these higher visitation levels, the existing resource will deteriorate, no matter how much money is poured into maintenance and crowd-control activities.

2. Ignoring Threats to the Parks

Secretary Watt's announced policy for the National Park System is to emphasize restoration, improvement, and maintenance of facilities in existing parks (at the expense of acquisition). He has asked Congress to amend the Land and Water Conservation Fund Act to allow the Fund to be used for this purpose, and has asked Congress to appropriate $105 million for maintenance in FY 1983.[2/]

Laudable as it may be to maintain properly our often over-used parks, the maintenance Watt is recommending goes in the wrong direction. Not only would his program rob funds needed for buying additional parkland, the funds he is seeking

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2/ Congress has refused to allow the Land and Water Conservation Fund to be tapped for park maintenance. Increases in the maintenance budget are funded out of general revenues.

would go almost entirely to refurbishing roads, buildings, rest rooms, and other park facilities, rather than for protection of the natural resources which are the park system's reason for existence. Indeed, emphasis on restoration of roads and park facilities may promote further heavy use of much-visited parks, and add to the wear and tear on natural resources.

In a 1980 report to the Congress, the National Park Service listed threats to all kinds of parks which are causing severe degradation of their resources.[3/] Commercial development adjacent to parks, air and water pollution, soil erosion, and noise are sources of some of the worst threats. However, Secretary Watt has asked for almost no funds for these measures, nor has he taken any other action to safeguard the parks' natural resources. In fact, Secretary Watt, in his capacity as Chairman of the Cabinet Council on Natural Resources and Environment, helped shape the Reagan Administration's proposed amendments to the Clean Air Act that propose to reduce protection of air quality and scenic vistas in national parks and wilderness areas. Air pollution and reduced visibility--a closing in of vistas and hazing over the sky--is already a major problem in national parks that are near large power plants, such as the Four Corners complex in New Mexico.[4/]

3/ U.S. Dept. of Interior, National Park Service: State of the Parks Report, 1980. Washington: National Park Service, May 1980.

4/ Secretary Watt was required to identify, by March 2, 1981, views perceived from points within National Parks and Wilderness areas where visibility is an important value, and to take measures to protect these values ("Integral Vistas"). He has not done so.

3. <u>Favoring Private Interests</u>

Secretary Watt is creating vested private interests in the national parks. He has reversed a Park Service decision to phase out motorized rafts operated by private concessioners in the Grand Canyon, and has supported proposals by snowmobile, off-road vehicle, and airboat organizations to open up national park and seashore areas to their uses. The greatest threat, however, is his new policy of giving private concessioners a greater role in park management, handing them advantages--such as long-term contracts, forgiveness of fees, and possession of park facilities--in return for more capital investments. In his annual report, Mr. Watt calls this a "new partnership with the private sector to improve visitor service." What it really means is that capital investments in park facilities will be decided on the basis of potential commercial return, not maximum resource protection.

Other asserted "accomplishments" of Mr. Watt's reform of the National Park Service fail to tell the full story of the resource consequences of his actions. <u>Yes</u>, he enlarged the National Park System by over 6,000 acres around Karupa Lake in Alaska, <u>but</u> he gave up 5,600 acres of high-value waterfowl nesting aras on Cape Halkett in return, including Teshepuk Lake, plus prime polar bear and caribou habitat. <u>Yes</u>, he gave state and local governments more responsibilities for historic preservation, <u>but</u> what he means is that he cut off all federal funds for state historic preservation activities. <u>Yes</u>, he added Arizona's Aravaipa Canyon to the Wilderness System, <u>but</u> he has tried to reduce total acreage in wilderness study through administrative release (without Congressional approval) and redefinition of what constitutes wilderness study areas in the first instance. With Jim Watt, it is the "but's" that are dangerous.

Perhaps the best (or worst) example of the difficulty conservationists face in dealing with Secretary Watt, and an example which contradicts his pledge to leave parks "inviolate," is his "Wilderness Protection Act" which he announced with a flourish on Meet the Press, February 21, 1982.[5/] In fact, upon study of the actual proposal, it was found that Mr. Watt proposed to close all designated wilderness areas to oil, gas, or mineral development "until the year 2000," but that such areas would be reviewed for possible development at that time. This compares to perpetual protection for wilderness areas, under the existing Wilderness Act, after December 31, 1983. Since many wilderness areas were carved out of existing parks and are still part of the National Park System, this proposed legislation provides a potential mechanism for opening up certain parks to "mining, drilling, and logging" within 18 years. This is precisely the consequence Mr. Watt has pledged he would avoid.

On the basis of his record to date, Mr. Watt cannot claim to be a "good steward" of our national parks.

Bureau of Land Management/Wilderness

The Federal Government administers 341 million acres of public lands, an area twice the size of Texas, to be managed for multiple-purpose values. This includes 45 recreational and White Water Rivers, four Wild and Scenic Rivers, the 12-million acre California Desert Conservation Area, 250 developed recreation areas, 250 primitive campgrounds and 29 million acres of wilderness or wilderness study areas. This is in

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5/ This legislative proposal, H.R.5603, was introduced into Congress, at the request of the Administration, by Rep. Manuel Lujan (R-NM) on February 25, 1982.

addition to the 190 million acres of National Forest, 84 million acres of National Wildlife Refuges, and 72 million acres of National Parks in the public domain.

174 million acres of public lands are administered by the Bureau of Land Management in the 16 western states (excluding Alaska) and of those, 170 million acres are classified as rangelands. These rangelands provide forage for 4.4 million head of livestock, and feed and habitat for 75,000 wild horses and burros, 2 million big game animals, and countless millions of small game animals, birds, fish, and reptiles. BLM manages more wildlife and habitat than any other federal agency.

In 1976, Congress passed the Federal Land Policy and Management Act which directed the nation's largest landowner, the Bureau of Land Management, to manage these lands for multiple resource use and sustained yield, in a manner to protect their scientific, scenic, historical, ecological, environmental, air and atmospheric, water resource, and archaeological values. The law calls for land use plans consistent with the purposes of the Act, to be developed promptly with adequate public involvement.

The following actions by the Secretary of Interior threaten the principles of multiple use of our public lands:

1. <u>Reallocation of land management away from resource conservation towards resource exploitation</u>.

Secretary Watt has stated publicly that he intends "to use the budget process to be the excuse to make major policy decisions." In no sub-agency is this initiative so explicitly enforced as in the Bureau of Land Management. In FY 1982 he proposed a net increase of 40 full-time personnel for accelerated onshore and offshore oil and gas leasing, with an additional 144 positions proposed in FY 1983. While increased energy development implies a need to increase personnel devoted to analyzing the resource impacts of these activities, he proposed a personnel cut of 130 positions in FY 1982 for resource inventories and environmental analyses in the area of forest, range, and recreation management, and soil, water, air, and wildlife habitat management, with a further cut of 195 full-time staff proposed for FY 1983. This does not include an additional cut of 28 positions for technical studies and environmental analyses of onshore coal development, although he has proposed to lease an estimated 2.24 billion tons of recoverable coal reserves in the Powder River Basin in Wyoming and Montana--five times larger than the previous record sale. The lease sale is scheduled for April 18, 1982.

Historically, the staff and resources directed to the management, enhancement and conservation of our public lands has closely matched the resources committed to commercial exploitation of these resources. Under the Reagan Administration, however, this balance is destroyed, with economic development activities accelerating and resource conservation activities plunging. This shift in management strategy will cause commercial use to substantially exceed carrying capacity and threatens serious harm to the long-term health of our public lands.

2. <u>BLM Planning</u>

The Federal Land Policy and Management Act (FLPMA) requires BLM to prepare land use plans which are then used to determine the various uses to which the public lands are put. FLPMA also requires BLM to allow public review and comment, not only of the draft plans, but the standards and criteria used to develop those plans.[1/] It is at this early planning stage, when

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1/ Pub.L. No. 94-579, 90 Stat. 2767 (Oct. 21, 1976), FLPMA, Sec. 309(e), 43 U.S.C. § 1739.

management principles are established, that the public has the best opportunity to express its views on how best to implement FLPMA's multiple use mandate. This commitment to public participation is reflected in the existing BLM planning regulations.2/

On November 23, 1981, however, BLM proposed amendments to these regulations.3/ Claiming that many of the public participation regulations were "burdensome, unnecessary and unneeded" BLM proceeded to cut the public out of the planning process. Specifically: (1) instead of publishing all proposed planning criteria for comment, BLM would make them available only upon request; (2) changes in the criteria would no longer be required to be made public; (3) the land use plan could be selected on the basis of internal agency "guidance" (not subject to public review) rather than the planning criteria; (4) BLM managers would be allowed to take any action that does not "clearly contradict" the land use plan whereas previously such actions were to be "clearly consistent with" the plan.

The result of these changes would be to cut the connections between the criteria and the plans, between the plans and the real decisions, and between the public and the whole process. The last change would all but eliminate judicial review of planning decisions, since the difficulties of proving that an action "clearly contradicts" a land use plan may be insurmountable. In short, decisions on the use of public lands will be made behind closed doors by Interior Department officials unwilling to subject those decisions to the light of public review.

2/ 44 FR 46386-46401 (August 7, 1979).

3/ 46 FR 57448-57453 (November 23, 1981).

3. Rangeland Management Policy

BLM manages about 170 million acres of public rangeland in the 48 continental United States. About 55 percent of this land is in "low or moderately low" condition--with low meaning that soils and vegetation meet 20 percent or less of site potential. Without intense human use, almost all rangeland would fall into the high or moderately high category--with high meaning that vegetation and soils meet 60 percent or more of site potential. Clearly, we have abused our public rangeland, primarily by allowing grazing to exceed the carrying capacity of the land.

Rather than working to heal the wounds caused by overgrazing, however, Secretary Watt has instead worked to drastically reduce government regulation of domestic livestock grazing. This has been done through (1) adoption of a new rangeland policy[4/] and (2) proposed revisions to BLM grazing regulations [5/]. The new policy (still in proposed form but already being implemented) divides rangeland into three management categories--custodial ("c"), maintain ("m"), and improve ("i"). Rangeland improvement funds are then targeted for the "i" category with the objective of yielding "maximum economic return." This policy hurts wildlife and other non-economic values by (1) reducing improvement funds for the "m" and "c" categories, thus allowing the continued unwise grazing policies that caused these lands to deteriorate in the first place and (2) focussing improvement funds and management efforts on red meat production to the detriment of non-economic rangeland values. This policy contradicts FLPMA's multiple-

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4/ 46 FR 36948-36949 (September 14, 1981).

5/ 46 FR 56132-56137 (November 13, 1981).

use mandate which requires consideration of "the relative values of resources and not necessarily to the combination of uses that will give the greatest economic return or the greatest unit output.[6/] The new policy also virtually eliminates the influence of the BLM planning regulations in grazing management. This is done by changing the existing rule that land use decisions shall be "clearly consistent" with approved land use plans[7/] to a proposed rule that such decisions "shall clearly not contradict" such plans. The intent and effect of this change is to separate grazing decisions from the overall BLM planning process, rendering the planning process meaningless and allowing the overgrazing of our public rangeland to proceed unencumbered by non-grazing values.[8/]

6/ Pub. L. No. 94-579, 90 Stat. 2746 (Oct. 21, 1976) FLPMA, Sec. 103(c), 43 U.S.C. 1702.

7/ 43 C.F.R. Part 1601.0-5(d).

8/ Secretary Watt is also continuing gross subsidies of livestock grazing in the public lands. The public land grazing fee in 1982 will be $1.86 per animal unit month (AUM), which is the grazing of one cow or five sheep in one month. This compares with a private grazing lease rate of $8.83 per AUM. The artificially cheap price for grazing on the public lands positively invites the overgrazing which has badly damaged so much of the land.

4. BLM Water Rights

He who owns the water owns the land. That is a western axiom. Until recently, BLM has exercised its right to appropriate water for use on public lands in the same manner and to the same extent that private landowners appropriate water for use on their own lands. BLM uses water for floodwater and sediment detention, waterfowl habitat, recreation, wildlife and livestock drinking, and other multiple-use purposes. However, under a new policy proposed by BLM on December 3, 1981, permittees or lessees of public lands will be allowed to file either as exclusive holders or co-holders of all water rights for improvements on BLM lands.[9/] This means that, even if BLM pays for the total cost of the improvement, the permittee can file an ownership interest in the water supplied by the improvement. If BLM then decides to cancel the permit or terminate the lease, it may have to condemn or bid for the water right at great public expense. In some states the permittee could sell the water to a downstream user, leaving BLM with no water with which to manage the public lands, or the permittee could use the water for purposes wholly inconsistent with BLM's multiple-use objectives. In effect, this new water policy transfers control, if not title, of our public rangelands to private interests.

5. Wilderness Release

Eighty million acres--about 12 percent of our public lands--are designated wilderness areas. In the words of the

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9/ Memorandum from Director, Bureau of Land Management to Secretary, December 3, 1981. Subject: BLM Water Rights - Stockwatering.

Wilderness Act of 1964, wilderness is "an area where the earth and its community of life are untrammeled by man, where man himself is a visitor who does not remain."

In 1976, Congress directed BLM to identify all roadless areas with wilderness characteristics and evaluate them forpossible inclusion in the National Wilderness Preservation System.[10/] About 24 million acres have been so identified and BLM is proceeding with its evaluations. In the interim, BLM is required to manage these wilderness study areas (WSAs), with minor exceptions, as if they were designated wilderness.

Secretary Watt made it a major goal of his first year in office to "open wilderness areas" to development.[11/] Mostly, he has failed. The White House has not accepted his assertion that the President has the power to release WSAs for development without the approval of Congress. His initiatives to lease designated wilderness areas for oil and gas development caused such a flurry in Congress that he has agreed to a temporary moratorium for such leasing. He has been specifically prohibited by a Congressional Committee, acting under an emergency provision of FLPMA, from leasing the Bob Marshall Wilderness in Montana for oil and gas development. Nevertheless he has made some progress, such as a reduction in the standard of care to be used when developing pre-FLPMA leases in WSA's, mentioned elsewhere.[12/] In November, 1981, oil and gas leases were issued for the Capitan Wilderness in New Mexico without public notice or comment.

10/ FLPMA, Section 603.

11/ Memorandum from the Secretary to Assistant Secretaries and the Solicitor, May 7, 1981.

12/ See Hardrock Mining/Strategic Minerals section.

Secretary Watt's major wilderness initiative is contained in proposed legislation drafted by his agency and entitled "The Wilderness Protection Act of 1982."13/ It is anything but. While closing all designated wilderness areas to development immediately--an event that will automatically occur on December 31, 1983 anyway under the terms of the Wilderness Act of 1964--the bill weakens existing protections for wilderness by (1) allowing Presidential release of wilderness areas to development upon an unreviewable finding by the President that an "urgent national need" exists for development, (2) prohibits further wilderness designations after specific dates, (3) prohibits BLM and the U.S. Forest Service from managing WSAs after such dates to protect their wilderness character, and (4) opens all wilderness areas for potential development in the year 2000. For these reasons, Secretary Watt's legislation has been dubbed a "Wilderness Sunset Act" by Congressional opponents of his proposal.

Bureau of Reclamation/Water Resources

America is blessed with bountiful water supplies--about 675 billion gallons of usable fresh water from lakes, rivers, and streams per year. In contrast, we use only about 110 billion gallons per year, of which 82 percent is for agriculture use (irrigation). Domestic and commercial production represents only about 8 percent of our water budget.

Nevertheless, we are running out of water--at least in the arid Southwest and in southern California--to meet the demands of a burgeoning population and agricultural industry. California pumps ground water much faster than rainfall recharges the water table, resulting in a net loss of about 2.5 million acre-feet of water per year.[1/] Arizona's net loss is over 2.0 million acre-feet per year. Loss of ground water causes the water table to drop, triggering a sinking of the overlying land ("subsidence") and the dewatering of overlying rivers, lakes, and streams. Over 5,000 square miles of California's San Joaquin Valley has subsided as much as 29 feet due to overdrafting of the ground water.[2/] Over 100 years ago John Wesley Powell, explorer and Director of the U.S. Geological Survey, noted that there was not sufficient water in the arid Southwest to supply the land and its population. At that time, 3 of every 100 Americans lived in these arid areas--a total population of about 1.5 million. Now 14 of every 100 Americans live there--a total population of over 28 million.[3/]

1/ One acre-foot is the amount of water necessary to cover one acre with water a foot deep--about 325,851 gallons.

2/ GAO, "Groundwater Overdrafting Must be Controlled," CED-80-96 (Sept. 12, 1980), p. 3.

3/ An arid area is generally defined as an area that receives less than twenty inches of rainfall per year.

Secretary Watt recognizes that the West has a severe water problem. In fact, he devotes a separate chapter in his annual report to water resources and predicts a "water crisis" in the 1990's if measures are not taken immediately to address this problem. His solution, however, is to drill deeper and dam faster, while eliminating twenty years of cooperative federal-state efforts to develop a national water policy that meets present demand without mortgaging the economic future of the West. While a "develop faster" strategy may delay the day of reckoning for an area that cannot live within its water budget, it is a strategy that threatens short-term environmental disaster as water needed for fish and wildlife habitat is diverted to other uses, and long-term economic disaster as ever-increasing demand pursues an ever-dwindling resource.[4/]

One of Secretary Watt's first acts upon taking office was to strike the name of the Water and Power Resources Service (WPRS) in favor of its old name, the Bureau of Reclamation. The "BuRec" has as its objective water development, not water conservation or water management in its natural (i.e. free-flowing) state. This bodes ill for fish and wildlife that depend on instream flows for their very survival. In a deliberate effort to bust our national water budget, he has--

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4/ Overdrafting can also have significant energy consequences, due to the energy cost of pumping water from great depths. In Kern County, California (San Joaquin Valley) in the 1940s, about 23,000 kilowatt hours was needed to pump water from a 45-foot depth to irrigate a 160-acre farm to three acre-feet per acre--about 48 barrels of oil, equivalent. By 1976, the same area required water to be pumped from 200 feet and cost about 100,000 kilowatts, or 211 barrels of oil, equivalent. GAO, op. cit. at 7.

1. Proposed a 23 percent increase in the BuRec budget for FY 83--mostly for construction of water projects that fail to meet existing cost-benefit criteria. He has also proposed to reduce or eliminate efforts to mitigate the fish and wildlife impacts of these projects through deep cuts in the consultation budget of the U. S. Fish and Wildlife Service.
2. Proposed elimination of the Water Resources Council, the primary inter-departmental water planning agency, while proposing an overall reduction in the FY82 national water planning budget from $71.8 million to $2.5 million, a cut of over 96 percent. Over $1.8 million of this remaining amount will fund an Office of Water Policy under Secretary Watt's direct supervison. This would eliminate the inter-departmental, legislative, and public scrutiny needed to develop a truly comprehensive national water policy.
3. Proposed elimination of the "Principles and Standards"--uniform water resource planning regulations--to be replaced by discretionary guidance documents. If the repeal of the rules is achieved, there will be no procedure available to interested third parties to independently evaluate the merits--both economic and environmental--of proposed water projects. Secretary Watt's determination to shield water project proposals from mandatory cost-benefit analysis betrays the weakness of these proposals and is simply poor business practice.

4. Eliminated the provision in the Bureau of Reclamation's water supply contracts that requires beneficiaries of BuRec projects to develop water conservation plans. Without such plans, BuRec will be able to justify additional water projects on the basis of "unmet needs" without first requiring beneficiaries to determine whether they can meet these needs through water conservation.
5. Eliminated public participation in Bureau of Reclamation water delivery contract negotiations.
6. Eliminated the concept of federal non-reserved water rights. This means that the federal government will not be able to appropriate water in the west for federal purposes on unreserved public land if the federal purpose is not recognized under state law as a "beneficial use." Since "beneficial use," as defined by state law, generally requires diversion of water out of the streambed, the federal government will no longer be able to protect instream flows needed to sustain fish and wildlife on federal lands.

Water conservation and use in the West will never achieve a balance that protects long-term economic and environmental values until water is priced at a level that reflects not only the cost of developing the water, but also the cost of diverting it from other beneficial uses (i.e., fish and wildlife, recreation, stock watering, fire protection, etc.). Without full-cost pricing, inefficient water use will continue to be controlled only by a cumbersome and, in itself, inefficient overlay of federal and state regulatory programs. Secretary Watt has chosen to attack the federal regulatory effort--the one sustained program favoring efficient water use in federally funded projects--while ignoring both state laws that promote inefficient water use and federal laws that require full cost recovery for federally-assisted water projects.5/ These actions mean that there will be less water in western streams and rivers for use by fish and wildlife. It also means economic disaster at some point in the future when years of overdrafting critically depletes the water resources of the arid West.6/

5/ State water laws are complex and cannot be adequately described here. However, the biggest culprit in the promotion of inefficient water use in the West is the "doctrine of prior appropriation" that is the basis of western water law. This doctrine, which was designed to promote settlement, allows any first owner to take as much water from a river as he can beneficially use on a first-in-time, first-in-right basis. Under this doctrine, the more you used, the greater your entitlement. Therefore, first owners used great quantities of water very inefficiently. Even though new irrigation techniques reduce the demand for water, these owners have every incentive to use water inefficiently because, if they don't use the water to which they are entitled, they lose the entitlement. Until "beneficial" use is defined to mean "efficient" use under state law, much of the water in the West will continue to be wasted.

6/ An additional Secretarial initiative with significant water resource consequences is discussed above at p. 46, "BLM Water Rights."

III. Conclusion

This analysis has attempted to provide a comprehensive overview of Secretary James G. Watt's most significant substantive decisions during his first year in office. We submit that the impact on fish and wildlife habitat of the vast majority of these actions is substantial and adverse. However, considerable attention has also been given to process decisions, changes in the way multiple-use planning is conducted, the budget is structured, the public is involved, environmental factors are considered, and leases are processed. These process changes don't by themselves, result in "on the ground" damage to fish and wildlife habitat. But, by virtue of the effect they have on the way public officials make decisions, they "stack the deck" in favor of single-purpose commercial interests, not the broad public interest. These process changes have allowed the commercial users of public lands to capture the reins of power in the Department of the Interior, power that they will not freely share with multiple-purpose, non-commercial users. This shift in power no longer depends on Secretary Watt's continued tenure in office and, for that reason, may well be his most significant legacy.