

**Statement of
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**Before the
House Committee on Natural Resources
Subcommittee on Energy and Mineral Resources**

Concerning:

**“Natural Gas-America’s New Energy Opportunity: Creating Jobs, Energy
and Community Growth”**

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Field Hearing, Steubenville, Ohio

Mr. Chairman and members of the Subcommittee, it is a privilege to be here today to discuss the development of natural gas on National Forest System lands and the implications for job development, energy production and community growth. My name is Faye Krueger, Associate Deputy Chief for the National Forest System. Accompanying me today is Anne Carey, Supervisor of the Wayne National Forest. I would like to describe the national perspective and then describe the situation here in southeast Ohio on the Wayne National Forest.

This Administration believes natural gas development is an important component of the all-of-the-above energy portfolio that supports our nation’s energy security, improves air quality, and creates jobs. The responsibility of the U.S. Forest Service and the rest of the Administration is to contribute to that portfolio while ensuring the well-being of surrounding communities, and protecting our landscapes and watersheds.

Across the country, National Forests and Grasslands currently host over 19,000 operating oil and gas wells. Approximately 4,200 of those 19,000 wells overlay Federal minerals where the subsurface is federally owned, not privately owned. Our current estimate is that these wells are producing approximately 16 million barrels of oil and 1 trillion cubic feet of natural gas per year. Our analysis shows that this development has supported over 52,500 jobs, with labor income estimated at over 3.5 billion dollars per year (Henry Eichman, Forest Service Economist, Sept. 20, 2011 - IMPLAN MODEL). In addition, we are currently processing approximately 200 permits for drilling or Master Development Plans across the nation, which could potentially add significantly to the amount of oil and gas produced and jobs supported.

Federal gas leases currently cover over 5.5 million acres of National Forest System lands. Federal royalties from leases on National Forest System lands were more than 135 million dollars in calendar year 2009. We are currently working with the Department of the Interior's Office of Natural Resource Revenue to update those figures. Across the country, the Forest Service is analyzing additional lands which could be made available for leasing.

Three-fourths of the oil and gas wells on National Forest System lands overlay privately held minerals. Where the subsurface mineral estate is privately held, the Forest Service works closely with state and local government to coordinate appropriate protection of surface resources.

Where National Forests overlay Federal minerals, the Forest Service works closely with the Bureau of Land Management (BLM). Coordination between the two agencies is outlined in a national memorandum of understanding (MOU) where the BLM has primary responsibility for sub-surface impacts and the Forest Service has primary responsibility for surface impacts. (Memorandum of Understanding between United States Department of Interior Bureau of Land Management and United States Department of Agriculture Forest Service Concerning Oil and Gas Leasing and Operations, signed by Kathleen Clarke, BLM on April 5, 2006 and signed by Dale Bosworth, Chief, U.S. Forest Service, on April 14, 2006)

Here on the Wayne National Forest there are 1,283 oil and gas wells, two-thirds (62% or 790 of 1283) of which overlay privately held, non-Federal minerals. A total of 12 wells have been drilled since 2006, 3 of which overlay Federal minerals and 9 of which overlay non-Federal

minerals, and all are conventional vertical oil and gas wells. The typical foot print for each of these wells, once drilled and initial reclamation is completed, is less than an acre. They produce relatively modest amounts of oil and gas. The companies drilling these wells are generally local independent producers. Although shale plays (oil and gas trapped in geologic formations of shale rock typically 6-8000 feet below the surface), are known to exist beneath the Wayne National Forest, the Forest has not yet experienced the deep and horizontal drilling and the associated high volume water use needed for that type of multi-stage hydraulic fracturing.

Last year, responding to an expression of interest from industry, 5 parcels with Federal minerals totaling approximately 3,300 acres were considered for a lease sale. These parcels had been identified as being available for leasing in a 2006 analysis during the revision of the Wayne National Forest Plan. These parcels are in close proximity to the City of Nelsonville along the Hocking River which flows through the City of Athens. Local government officials, the President of Ohio University and others sent letters of concern asking that the parcels be withdrawn from the sale until environmental impacts could be more closely examined.

Prior to moving forward with leasing the specific lands in question the Forest Service and the BLM are working together to conduct a "Review of New Information (RONI)." This review simply reflects the need, based on existing regulations, for the Forest Service and the BLM to evaluate new technical and environmental information and consider any changed circumstances since it last made these lands available for leasing in 2006. This review will inform the decision maker whether to proceed with the sale or update the environmental analysis, thereby making sure the leasing analysis in the Forest Plan adequately addresses anticipated impacts and that any future leases will be legally sound. Ensuring that the Forest Plan makes use of the best scientific and technical information before issuing drilling leases is significantly better, and more efficient, than having drilling leases successfully challenged in court.

The parcels lay on the edge of the Utica Shale, an underground geologic formation stretching across several mid-western states and containing large amounts of trapped gas and oil deposits within the shale. There may be potential for use of horizontal drilling and multi-stage hydraulic fracturing and associated use of larger water volumes to extract the oil and gas. While potential surface and subsurface impacts would need to be analyzed, the Forest Service and BLM, through this review, will look at potential environmental impacts that are associated with developing

shale gas to determine if the effects are still accurate as described in the 2006 environmental analysis. Together with the BLM, the Forest Service anticipates completing the review within the next several months to determine whether to proceed with sale of leases based on the 2006 analysis or whether changed circumstances warrant continuing a more thorough environmental analysis initiated with the RONI and providing for further public involvement. We are committed to working with local and state government and other members of the public in this process in the review of new information.

I would note that while we are re-examining potential leases on federally owned minerals on the Wayne National Forest, including the 3,300 acres of the current lease parcels, three-fourths of the 241,000 acre Wayne National Forest is available for oil and gas development. This includes almost 39,000 acres which overlay Federal minerals and 142,250 acres which overlay private minerals for which the Federal government does not have a leasing role.

Again, we are committed to contributing to the nation's energy needs and look forward to moving forward in developing our nation's natural gas resources while protecting the well-being of surrounding communities, as well as the landscapes and watersheds of our National Forests and Grasslands.

Thank you for the opportunity to appear before you today and I look forward to answering any questions you may have.