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Annual Report

Bureau of Land Management



U.S. DEPARTMENT OF THE INTERIOR

Multiple Use for a Changing America

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Preface

The year 2001 marks the 25th anniversary of the Federal Land Policy and Management Act; this landmark legislation established the BLM's multiple-use mandate and provided for "the management, protection, development, and enhancement of the public lands."

WE IN THE BUREAU OF LAND MANAGEMENT (BLM) ADMINISTER MORE FEDERAL LANDS THAN ANY OTHER AGENCY: ALMOST 262 MILLION ACRES OF PUBLIC LANDS AND THEIR MYRIAD RESOURCES, PLUS A TOTAL OF 700 MILLION ACRES OF SUBSURFACE MINERAL ESTATE. MOST OF THESE PUBLIC LANDS ARE LOCATED IN THE WESTERN UNITED STATES AND ALASKA.

Our workforce comprises over 9,000 employees located at 185 headquarters, national center, and field offices. In managing the Nation's vast public land holdings, we perform many tasks: resource inventory, land use planning, environmental impact assessment, land surveying, road construction, fish and wildlife habitat restoration, and resource condition monitoring, to name just a few.

Special places abound on America's public lands. These include millions of acres of open rangelands; geological formations containing the oil, gas, and coal resources needed to sustain our economic well-being; wilderness and recreation areas with spectacular scenery and opportunities for solitude; nearly 117,000 miles of fishable streams; high forested slopes; alpine tundra;

majestic canyons; and rugged badlands. In today's fast-paced society, every acre of public land is special and productive in some way.

America's public lands are an asset belonging to all Americans. As we in the BLM carry out our complex multiple-use, conservation-and-development mission, we are working hard to ensure the health and productivity of all public lands under our stewardship.

We invite you to read our 2001 Annual Report and see what we have accomplished. Take a moment to reflect on the wealth of resources and opportunities offered by America's public lands. . . and this year, think about planning a visit to *your* public lands!

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Mission Statement

It is the mission of the Bureau of Land Management to sustain the health, diversity, and productivity of the public lands for the use and enjoyment of present and future generations.

Guiding Principles

To achieve its mission, the Bureau of Land Management follows these principles:

- I. Manage natural resources for multiple-use and long-term value, recognizing that the mix of permitted and allowable uses will vary from area to area and over time.
- II. Recognize the critical role the public lands play in providing open space and in preserving our Nation's cultural and natural heritage.
- III. Focus on customers and be responsive to customer needs, either meeting them or explaining why they cannot be met.
- IV. Understand the condition and use of the public lands and how they have changed over time, using the best available science and information.
- V. Understand the social and economic context in which we manage the public lands, including the impact of changing environmental, social, and economic conditions on land users and local communities.
- VI. Work in partnership with others, recognizing the importance of a shared, long-term vision of how the landscape and its use will evolve over time, a shared commitment of financial and human resources to achieve that vision, and a shared understanding of how progress will be monitored and management adjustments will be made in response to new information.
- VII. Provide efficient work processes and effective service delivery systems.
- VIII. Make sound business decisions, understanding cost and revenue flows and avoiding unanticipated long-term liabilities.
- IX. Provide broad public access to information we have on the condition and use of the public lands, our management and business practices, and how people's day-to-day lives are affected by our Nation's public lands and resources.
- X. Be an adaptive organization, building on existing efforts, preserving and using the "corporate memory," and maintaining options.

Director's Letter

I am pleased to present the Bureau of Land Management's 2001 Annual Report. This publication gives you specific information about what our agency has accomplished throughout this past fiscal year.

While our agency is small, our responsibilities are tremendous. This year's accomplishments reflect the BLM's increasingly complex and demanding workload. Our mandate—to manage the public lands and their vast array of resources in a way that benefits both today's and future generations—guides our day-to-day work.

As we prepare this Annual Report, the BLM is celebrating the 25th anniversary of the Federal Land Policy and Management Act, which was enacted into law on October 21, 1976. This landmark law changed the BLM and its workforce, as well as the face of the American West, forever. This ambitious Act recognizes the value of our Nation's public lands and provides a framework for managing them in perpetuity for the benefit of both present and future generations. It defined our mission as one of multiple use—a new concept for the 1970s that today stands as our agency's great strength.

One of the biggest challenges we are facing is the changing face of the American West. The public lands we manage are in the midst of the fastest growing region of the Nation; eight western states collectively had an average population growth rate of 30 percent between 1990 and 2000. This means that more and more people and urban communities are placing a greater variety of demands on the public lands for community expansion, recreation, commodity production, and other uses. As a result, once remote cultural heritage resources, hazardous waste sites, and pristine landscapes are now within a hour's drive of millions of people. This significantly increases our workload as we strive to ensure the well-being of both our Nation's public land resources and the people who visit and enjoy these lands.

The implementation of BLM's multiple-use mission adapts to the new expectations arising from rapid population growth and changing perceptions. Public demands over the last several years for both the conservation and productive use of America's public lands have required us to focus on updating our land use planning system; doing so will help us reach sustainable resource decisions that can better accommodate higher demand levels. This has been, and will continue to be, a primary focus for us.

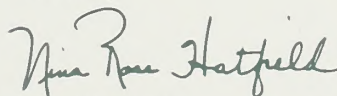
In addition, the BLM accomplished a wide range of other activities on behalf of the American public. Among the highlights:

- The BLM managed a myriad of commercial activities on the public lands such as oil and gas leasing, grazing, timber pro-

duction, and coal leasing, resulting in a fiscal year 2001 market value of production of \$18.65 billion. The direct and indirect economic impact of all commercial activities amounted to \$38.25 billion. States share in a large portion of the revenues generated by these activities.

- The Bureau continued to manage recreation on public lands in fiscal year 2001. Part of this effort included the Recreation Fee Demonstration program, under which money collected is returned to the campground, day-use area, or other developed site to maintain or enhance the fee site itself. In 2001, the BLM had 100 projects, with a total of \$7.1 million being collected from recreation fee demonstration sites. The BLM also addressed the issue of accessibility to its recreation facilities, programs, and activities for people with disabilities, and continued to update its land use plans to provide environmentally responsible off-highway vehicle opportunities and management.
- The BLM developed a strategic National Energy Action Plan to help increase both traditional and alternative energy sources, improve America's energy transportation network, and ensure sound environmental management. Central to this Plan are major Bureau programs such as the Alaska North Slope, oil and gas, renewable energy sources (biomass, hydropower, wind, and solar energy), geothermal resources, coal, rights-of-way, and land use planning.
- The BLM is committed to implementing Secretary Norton's "4-C's: communication, consultation, and cooperation, all in the service of conservation." The Bureau will ensure that local communities are fully involved in all decisions relating to activities on the public lands. This is particularly important in the management of BLM's special areas, including units of the National Landscape Conservation System.

I hope you find this year's Annual Report informative and useful. Please take advantage of the comment card in the back of this document to send us your concerns, ideas, and recommendations for better managing your public land heritage.



Nina Rose Hatfield
Acting Director, Bureau of Land
Management



Message from the Chief Financial Officer

We in the Bureau of Land Management are pleased to issue our 2001 Annual Report on Accountability. The report integrates performance results, audited financial statements, and financial reports to better meet the information needs of Congress and the public.

The BLM's land management responsibilities are broad, varied, and growing increasingly complex. The rapid population growth occurring in many western states and the demands imposed by new public land users are creating unique and difficult challenges for both program and business management in the Bureau. Growing revenues attest to the rising use levels on the public lands. People increasingly view BLM-administered lands as a destination point for recreation and nature study, as well as appreciating their potential as a resource base that can help meet our Nation's energy needs. Competing user interests and cumulative natural resource impacts all add to the challenge of managing our public lands and resources.

Compounding our management challenges are the changing demographics of the Federal workforce. Approximately 20.4 percent of the BLM's workforce is eligible to retire over the next 3 years, providing an opportunity to restructure and redesign the workforce to meet our changing needs. We are developing and training a new cadre of employees to meet tomorrow's challenges as part of a larger effort to integrate workforce planning, technology, and human resources management into our strategic planning and business practices.

The core of the BLM's mission is restoring and maintaining the health, diversity, and productivity of the Nation's public lands. Successfully achieving this requires strong internal business and support service functions. More than ever, today's business environment demands timely and accurate information to support our changing program needs. We must ensure that the business information and tools we provide to BLM employees add value in accomplishing the Bureau's work.

We are exploring new ways of conducting business. This includes capitalizing on new technologies; establishing and sustaining partnerships with other Federal, state, and local governments as well as industry and nonprofit groups; continuing to expand our broad base of volunteers; and utilizing the expertise and resources of the private sector through competitive sourcing.

All of this brings to the forefront the importance of a sound business

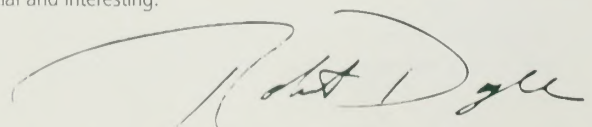
operation to manage and control resources and to assure that we use our resources as efficiently as possible. Reliance on the integrity of our financial management systems, processes, and data continues to grow in importance as business information becomes increasingly critical to informed decision making. The use of contractors to augment our resources and to acquire critical expertise requires skilled contract managers and creative acquisition tools.

The adoption of commercial business practices and the movement toward increased electronic transactions presents new opportunities for integrating our product and service delivery with our business operations. We envision continued expansion of E-Government well into the future and recognize its implications for and impacts on our customers, business practices, as well as our use of financial information.

Looking back on this past year, I am pleased to report a number of achievements and a strong financial position for the BLM. In addition to an unqualified audit opinion on our financial statements for 2001, we continue to develop, upgrade, and implement systems such as the Management Information System (MIS), the Rangeland Administration System (RAS), and the Collections and Billings System (CBS) to improve productivity, increase efficiencies, and to provide timely information for sound business decisions. We increased our E-Government activities in 2001, expanding our acquisition and sale of goods and services electronically using the Internet. And we made significant improvements to our Financial Management Information System, adding new reports and documentation to satisfy more rigorous oversight and financial standards.

Over the past year, we have taken on the challenge of better aligning our business and work processes to meet our customers' changing needs and to operate more efficiently. We are using our cost management information to identify business process re-engineering opportunities and to assess the efficiency and effectiveness of our business practices. In FY 2002, we will examine our oil and gas permitting so we can modify our business processes and respond more rapidly to growing energy demands.

We in the Bureau of Land Management are encouraged by our direction, even as we acknowledge the work we need to do as we address the financial, business, and resource management challenges that the future will certainly bring. I hope you find this report beneficial and interesting.



Robert E. Doyle, Jr., Chief Financial Officer
for the Bureau of Land Management



The 25th Anniversary of the Federal Land Policy and Management Act

The year 2001 marked the 25th anniversary of a law many people have probably never heard of. However, if you live and work, or even vacation, in the West, you have surely felt its impact.

The Federal Land Policy and Management Act of 1976, commonly called FLPMA (Flip-ma) by Bureau of Land Management employees, handed the BLM, a relatively small Interior Department agency, a broad, complex mandate to manage millions of surface and subsurface acres of public lands for the benefit of present and future generations.

FLPMA is an ambitious Act, one that recognized the value of our Nation's public lands and provided a framework under which they could be managed in perpetuity to benefit everyone. Until FLPMA was enacted, the BLM had the impossible task of managing public land resources under more than 3,000 land laws. With the passage of FLPMA, the BLM, for the first time, had a comprehensive framework for managing the wide array of public land resources.

The Act gave the BLM what we call a "multiple-use" mandate, which means that no one resource or use of the public lands would be primary. Instead, BLM employees would manage the public lands in a combination of ways that best meets the needs of our country. It expanded the scope of BLM programs to include not only traditional resources such as timber, range, and

minerals, but also newer disciplines such as archaeology, wilderness, recreation, water quality, and sociology.

Today, a BLM employee might be found evaluating a wild horse herd management area in the morning, reviewing a land-use plan on the impact of off-road vehicle use in the afternoon, and attending a public meeting in the evening on the construction of a recreational trail near a large urban area.

Across the United States almost 262 million acres of public lands are managed under FLPMA. If you've traveled across Wyoming and seen oil and gas wells, you've seen the effects of FLPMA. If you've stopped at the Red Rock Canyon National Conservation Area near Las Vegas and marveled at the scenic vistas, you've enjoyed some of the benefits of FLPMA.

In 1976, few anticipated the American West's rapid growth and the demographic, environmental, social, and economic impacts arising from this expansion. The West is currently the fastest-growing region of the Nation, and all of these new people are placing increased demands on the public lands. However, thanks to FLPMA, we have the tools we need to cooperatively and creatively manage our Nation's public lands.

After 25 years, FLPMA remains the right mission for our time and for the West.



Management's Discussion and Analysis

BLM's Mission and Organizational Structure

BLM'S MISSION AND HISTORY

THE BUREAU OF LAND MANAGEMENT'S MISSION IS TO SUSTAIN THE HEALTH, DIVERSITY, AND PRODUCTIVITY OF THE NATION'S PUBLIC LANDS FOR THE USE AND ENJOYMENT OF PRESENT AND FUTURE GENERATIONS.

The Bureau manages almost 262 million acres of public lands—about one-eighth of the land area of the United States—as well as a total of approximately 700 million acres of the subsurface mineral estate underlying both Federal surface ownerships and privately owned lands. Of this 700 million acres of mineral estate, about 165 million acres have been withdrawn from mineral entry, leasing, and sale, except for valid existing rights.

We in the BLM administer some of the most ecologically and culturally diverse and scientifically important lands in Federal ownership. Among our many varied responsibilities for managing and protecting our Nation's priceless natural and cultural legacy, we are stewards for:

- Recreation opportunities
- Commercial activities
- Wildlife habitat
- Transportation systems (roads, trails, and bridges)
- Paleontological resources and archaeological and historical sites, including museum collections derived from those areas
- Wild free-roaming horses and burros
- Wilderness and wilderness study areas
- Wild and Scenic Rivers

- Rare, vulnerable, and representative habitats, plant communities, and ecosystems
- Interpretative activities to meet scientific and educational needs
- Public land survey system plats and field notes

The BLM was created in 1946, when the Grazing Service was merged with the General Land Office to form the Bureau of Land Management within the Department of the Interior. When the BLM was initially created, there were over 2,000 unrelated and often conflicting laws for managing the public lands. The Bureau had no unified legislative mandate until Congress enacted the Federal Land Policy and Management Act of 1976 (FLPMA).

In FLPMA, Congress recognized the value of the remaining public lands by declaring that these lands would remain in public ownership. FLPMA also gave us the term "multiple use" management. This is defined as the "management of the public lands and their various resource values so that they are utilized in the combination that will best meet the present and future needs of the American people."

Increasingly, we are addressing the needs of a growing and changing West. The American West, where most BLM-managed public lands are located, is now the fastest growing region of the Nation. Eight of the 12 fastest-growing states are in the West, and the rate of growth in these western states averaged

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30 percent from 1990 to 2000—more than twice the national average of 13 percent during the same period! Literally millions of people in rapidly growing western communities are now within an hour's drive of formerly remote public lands.

As a result of these and other changes, public lands are increasingly viewed from the perspective of their diverse recreational opportunities, their cultural resources, and—in an increasingly urban world—their vast open spaces. However, the more traditional land uses—grazing, timber production, and energy and mineral extraction—also remain important, especially to the economic and social well-being of many rural Western communities.

Many diverse partners—the general public, various constituent groups, and other agencies and levels of government—have been eager to join with us in collaborative decision making and on-the-ground projects. These cooperative efforts continue to greatly benefit the

public lands and everyone who relies on them. We are very grateful for the valuable contributions of our many partners and look forward to continued successes.

One of our greatest challenges continues to be the development of more effective land management practices, while we simultaneously strive to become more efficient. We and our partners have already taken significant steps to reduce administrative costs, streamline work processes, focus on customer service, and improve our accountability to the American people. Our efforts in these areas will continue.

At the threshold of the 21st century, we look forward to continuing our service to the public while strengthening our partnerships with all who use or care about the public lands. Working together, we can maintain the legacy of America's public lands—vast open landscapes and abundant natural resources—for present and future generations to use and enjoy.

Performance Goals and Results

IMPLEMENTING THE GOVERNMENT PERFORMANCE AND RESULTS ACT IN THE BLM

THE GOVERNMENT PERFORMANCE AND RESULTS ACT REQUIRES FEDERAL AGENCIES TO SET PRIORITIES AND GOALS, DETERMINE STRATEGIES FOR REACHING THOSE GOALS, MEASURE PERFORMANCE, AND REPORT ON PROGRESS EACH YEAR. USING PROCEDURES SET FORTH IN THE ACT, THE BLM DEVELOPED AND PUBLISHED ITS FIRST BUREAUWIDE STRATEGIC PLAN IN 1997. WE SUBSEQUENTLY REFINED THIS STRATEGIC PLAN AS PART OF THE PROCESS OF PREPARING SUCCEEDING YEARS' ANNUAL PERFORMANCE PLANS.

In fiscal year 1998, we began implementing the Government Performance and Results Act throughout the BLM. Using our 1997 Strategic Plan, we utilized input from our field offices to establish long-term performance targets, along with annual goals and targets that are documented in the Bureau's Annual Performance Plans.

The Government Performance and Results Act requires agencies to revise their 5-year strategic plans at least every 3 years. We began revising our Strategic Plan in 1999 by simplifying its structure and refining its goals, and published our Strategic Plan for 2001-2005 in late fiscal year 2000. This new plan presents three goal categories and 33 long-term goals and is more closely linked to field operations and budget allocations.

In April 2001, the BLM sent forward its 2002 Annual Performance Plan/2000 Annual Performance Report to the President and Congress. This document outlines the long-term goals, annual performance goals, and specific performance measures we used to assess our progress,

as well as actual performance levels achieved in recent years.

In addition to the Annual Performance Report noted above, we publish this Annual Report, as required by the Chief Financial Officers Act of 1990, following the conclusion of the fiscal year to:

- Present our financial statements and notes, along with an overview of the information presented.
- Provide a management's discussion and analysis of performance goals and results, systems and controls in place to ensure legal compliance, and future effects of current risks and uncertainties.
- Present our "Stewardship Assets" report, which describes our fulfillment of our stewardship responsibilities for public lands/resources, natural heritage assets, museum collections, and paleontological and cultural heritage properties.

- Discuss deferred maintenance issues for the BLM's buildings, roads, bridges, recreation facilities, and other infrastructure assets.

The "Overview of Performance Goals and Results" narrative presented later in this section serves as a general overview and discussion of the BLM's performance goals and results for fiscal year 2001. The Bureau's 2003 Annual Performance Plan/2001 Annual Performance Report, scheduled for release in 2002, will present more detailed and specific information on performance goals and results.

Evaluations to assess performance are an important aspect of complying with the Government Performance and Results Act. Responding to this need, we are implementing a new approach to conducting evaluations for our offices and programs.

To detect and prevent problems, our new system uses two interlocking components: local self-assessment and national validation. Best performance practices are benchmarked and shared with others, resulting in productivity and efficiency gains over time and helping to ensure that American taxpayers are receiving the best value for their money.

OVERVIEW OF PERFORMANCE GOALS AND RESULTS

The Bureau has aligned its mission goals and internal objectives under three overall categories:

- Serve current and future publics.
- Restore and maintain the health of the land.
- Improve organizational effectiveness.

The following paragraphs present selected performance information for BLM's mission goals and highlight some important performance indicators.

Provide Opportunities for Environmentally Responsible Recreation

Studies indicate that over 90 percent of the population in the United States participates in some form of outdoor recreation. These studies also predict that the demand for outdoor recreation will continue to expand as our Nation's population increases. However, BLM field offices reported a change in this trend in FY 2001; there were 51.5 million recreation visits to BLM public lands and waters, representing a 5 percent decrease from the previous year.

While a detailed analysis of the reasons for this decline has not been undertaken, likely contributing factors include high fuel costs, economic trends, recent world events, and the BLM's issuance of standard guidelines for reporting recreation visitation on public lands. Though reported visits to public lands did show a decrease, the total amount of time spent on public lands, reported as visitor days, remained at the same level as the previous year. This indicates that, on the average, those who did visit public lands stayed longer.

BLM-administered public lands and waters provide visitors with a vast array of recreational opportunities. These include hunting, fishing, camping, hiking, boating, hang gliding, off-highway vehicle (OHV) driving, mountain biking, birding, and visiting natural and cultural heritage sites. In FY 2001, the highest participation (as recorded in millions of participants) was reported for camping (10.6); driving for pleasure (9.4); hiking, walking, and running (8.7); freshwater fishing (5.1); picnicking (4.3); wildlife viewing (4.2); swimming and waterplay (4.1); OHV driving (cars/trucks/SUVs) (3.8); photography (3.5); and big game hunting (3.4).

Approximately 49 percent of the visitor days on public lands were recorded in developed sites and areas. Most use was recorded in dispersed use areas, where visitors are not supported by developed recreation and visitor amenities and facilities. Only 18 percent of the recorded visitor days were associated with fee sites and areas, indicating that most recreational activity on public lands occurs in dispersed non-fee areas.

The BLM's focus is on providing quality recreation opportunities and adventures on the Nation's vast western landscapes. The public has the freedom to pursue



Camping near the Arkansas River in south-central Colorado.

unstructured recreation opportunities, but people are asked to respect other visitors and local cultures, and to practice stewardship principles and ethics, while using and enjoying the public lands. The BLM, in turn, focuses on preserving natural and cultural resources, resolving user conflicts, and providing for public health and safety.

Table 1 presents a summary of significant recreation accomplishments as measured against fiscal year 2001 annual performance goals.

The first Performance Measure was established to assess the percentage of facilities that are in good or fair condition at Special Recreation Management Areas. The BLM is committed to providing the public with the highest level of assurance that they will encounter BLM facilities that are maintained in an acceptable manner. A Bureauwide assessment of 2,042 recreation sites found that 1,713 sites, or nearly 84 percent, were maintained in good or fair condition in FY 2001.

The second Performance Measure reflects the BLM's commitment to providing the highest level of accessibility possible/feasible to its facilities, programs, and activities for people with disabilities, consistent with its mandate of multiple-use management and dispersed recreation use of the public lands. In FY 2001, the BLM began to conduct comprehensive accessibility evaluations of its facilities and programs, initially focusing on Recreation Fee Demonstration and other selected recreation sites. Based on BLM recreation and engineering databases, a total of 433 sites (including 369 Recreation Fee Demonstration sites) were targeted for evaluation. To date, 139 site evaluations encompassing 3,779 individual site components have been completed. Based on these evaluations, the BLM found that three percent of its Recreation Fee Demonstration Project

sites and other selected recreation sites are accessible to people with disabilities. This figure will increase as the Bureau begins making corrections and retrofits for the deficiencies identified during the evaluation process. Many of these deficiencies can be corrected with minimal effort and resources.

The third Performance Measure is drawn from a sample of 1,603 respondents across 25 recreation sites. The overall satisfaction number has declined slightly (93.6% in 2000 and 90.1% in 2001).

The fourth Performance Measure, which addresses environmental education and interpretation, continues to pose the BLM's greatest challenge in the recreation field. There has been almost a 10 percentage point drop in the satisfaction level for this measure since 2000 (75.8% in 2000 and 66.2% in 2001). This may partially be due to the sample used this year; this is the third year in a three-year customer survey cycle and most of the high-profile sites were included in the first two years. Nonetheless, this number reflects the level of importance the public places on environmental education and interpretation, as well as indicating that the BLM is not meeting those expectations. Focusing more resources in this area should generate a greater increase in user satisfaction than expending resources elsewhere to provide recreation opportunities.

The fifth Performance Measure measures the cumulative number of land use plans with updated off-highway vehicle (OHV) designations in place to provide environmentally responsible OHV opportunities. For FY 2001, the target was the completion of 15 plans in four states. Five plans from three states were updated, while ten, all in Montana, remained uncompleted. Montana completed a joint environmental impact statement (EIS) with the USDA Forest Service that was signed

Table 1: Summary of Recreation Accomplishments

FY 2001 Annual Goal	Target	Actual
Percentage of physical facilities in Special Recreation Management Areas that are in good or fair condition	81%	84%
Percent of Recreation Fee Demonstration Project sites and other selected recreation sites that are universally accessible	10%	3%
Percentage of recreation users satisfied with the quality of their recreation experience on the public lands	94%	90.1%
Percentage of recreation users satisfied with BLM's interpretation and environmental education at recreation sites	76%	66.2%
Number of land use plans having updated off-highway vehicle (OHV) designation decisions in place to provide environmentally responsible OHV opportunities	15	5

in January 2001. However, protests filed on the EIS were not resolved by the close of the fiscal year, so OHV designations could not be put in place.

In January 2001, the BLM signed and released its *National Management Strategy for Motorized Off-Highway Vehicle Use on Public Lands*. The final publication of this strategy culminated an effort that involved BLM personnel from all levels of the organization, as well as drawing from a great deal of involvement from the general public, including input from 49 "listening meetings" and over 19,000 written and electronic comments. The final Strategy document incorporated these recommendations into a series of Issues, Goals, and Management Actions designed to address critical needs to management improvements related to OHV access.

Additional accomplishments for the BLM OHV program during Fiscal Year 2001 included participating in the development of, and attending, five OHV Management Workshops conducted by the National OHV Conservation Council. The BLM also completed route inventories and related tasks in support of many new land use planning efforts underway, several cooperative projects in wild-fire rehabilitation efforts, the development of new mapping and inventory techniques, and several independent efforts to develop criteria for OHV activity and resource monitoring protocols.

The BLM is a major supporter and sponsor of the *Leave No Trace* Program, which is one of the Bureau's outdoor educational tools. The *Leave No Trace* principles enhance visitors' awareness and experience on the public lands and waters while encouraging people to minimize adverse environmental impacts. The BLM's 130 Masters of *Leave No Trace* taught a third of a million users of public lands the principles of *Leave No Trace* during the year.

The BLM coordinated two *Leave No Trace* venues at the National Scout Jamboree held at Fort AP Hill Virginia with a 27-member staff composed of BLM, National Park Service, and U.S. Forest Service staff; volunteers; and private partners. More than 14,000 Scouts and Scout leaders were taught the *Leave No Trace* principles during the nine-day Jamboree.

Leave No Trace presentations were also given at several national events, including the National Recreation Parks Association Congress, National Association of Interpretation Conference, Society of American Foresters Conference, Outdoor Retailer Show, Rocky Mountain Elk Foundation Conference, Pre-Olympic Ski Events,

National Scout Camps, and the National Girl Scout Conference.

The BLM supports and uses the *Tread Lightly!* outdoor ethics program to provide land use ethics education to motorized recreationists. Principles of the program have been integrated into BLM's OHV Strategy and a "Tread Trainer" program was developed to train BLM OHV Coordinators and others in the principles of the program.

The BLM worked with Tread Lightly, Inc., the International Hunter Education Association, and Michigan State University to complete an outdoor ethics supplemental education curriculum. The module, now available, will be used by 55,000 hunter education instructors nationwide and internationally and will reach 740,000 youth and adults each year. It can also be used by school groups, OHV clubs, agency OHV coordinators, and others. The BLM also assisted Tread Lightly, Inc., with the third in a series of "Convergence Dialogues," bringing together Federal and state agencies, industry representatives, and conservation and enthusiast groups to determine ways to effectively administer OHV-related recreation activities.

The BLM participated in the planning and management of the 7th Conference on National Scenic and Historic Trails held in Casper, Wyoming, from August 17-21. Approximately 150 people attended this conference, which showcased many BLM trails efforts and the new National Historic Trails Interpretive Center currently under construction in Casper. Overall, the BLM manages over 4,000 miles of national trails, more than 13,000 miles of maintained trails and thousands of miles of unmaintained trails.

The Bureau is continuing to participate in the Recreational Fee Demonstration Program, under which public land visitors are charged a fee to use many of the Bureau's campgrounds, day use areas, and other developed recreation sites. All of the money collected is returned to the site of collection and is used to maintain or enhance the fee site itself, directly benefitting those who pay for and use the site. This program expanded from 10 projects in 1997 collecting \$419,000, to 95 fee projects in 1999 collecting \$5.2 million. The program continued to expand to the maximum of 100 projects in fiscal year 2001, with a total of \$7.6 million being collected from fee demonstration sites.

The BLM recreation program also participated in National Public Lands Day (NPLD) 2001 projects, which drew over 6,000 volunteers to 66-plus BLM sites across

the nation. Each year, NPLD events promote environmental awareness and ethical outdoor behavior, as well as enhancing BLM recreation sites by providing needed maintenance and improvements. NPLD 2001 volunteers built trails, transformed sites into universally accessible areas, renewed buildings, and made numerous other contributions to recreation opportunities and amenities on the public lands. Leave No Trace, a national sponsor of NPLD, donated educational materials and other items and provided no-cost training to site coordinators.

The most commonly used interpretive medium on BLM public lands is wayside exhibits. This technique effectively reaches dispersed visitors that are on public lands for self discovery and a rustic recreation experience. This year, over 35 sites or trails received new interpretive signs. The BLM also printed many new interpretive brochures.

Most BLM interpretive projects are completed with communities and other agencies. This enables everyone to work together to accomplish mutual goals and help the visiting public better understand and protect public land resources. The BLM's interpretive planning is commonly done through workshops and community meetings that involve broad public participation. At these sessions, interpretive themes are identified and diverse interests frequently discover mutual goals. Active community involvement has occurred for areas like the BLM's Grand Staircase Escalante National Monument, the West Eugene Wetlands Project, Pompey's Pillar National Monument, Red Rocks Canyon Visitor Center, Mules Shoe in the Galiuro Mountains of south-eastern Arizona, and the Headwaters Forest Reserve near Eureka, California.

Nine BLM Offices have started interpretive plans for recreation areas or visitor information areas. The Bureau is also partnering with the National Park Service and the USDA Forest Service in developing interpretive plans. BLM staff in our field offices have also been

very involved in conducting interpretive programs on resource issues at local schools during special events such as National Public Lands Days, as well as at many BLM recreation sites.

Provide Opportunities for Environmentally Responsible Commercial Activities

The public lands provide myriad opportunities for commercial activities. Commercially valuable natural resources include energy and mineral commodities, forest products, grazing forage, and special uses such as rights-of-way for pipelines and transmission lines. The BLM recognizes the Nation's need for a domestic source of minerals, food, timber, and fiber from the public lands.

During fiscal year 2001, the on-shore Federal mineral lands produced about 35 percent of the Nation's coal, 11 percent of its natural gas, and 5 percent of its oil. These public lands also produce a large portion of the Nation's fertilizer minerals, mineral materials, gold, silver, and other critical metals.

As of the end of fiscal year 2001, there were over 50,000 oil and gas leases, 282 geothermal leases, 311 coal leases, 458 other solid leasable mineral leases, and about 197,000 mining claims in effect. The "other solid leasable minerals" category includes combined hydrocarbons, phosphate, sodium, potassium, gilsonite, asphalt, some hardrock, and some sand and gravel.

Among these energy and mineral leases on the public lands, about 21,000 oil and gas leases, 55 geothermal leases, and 127 coal leases were in producing status. Public lands also provided 12 million cubic yards of sand and gravel and other mineral materials during the year. Over the past few years, the number of active mining claims has been declining, resulting in decreasing revenues from fee collection each year; the collected fees decreased from about \$24 million in FY 2000 to less than \$19 million in FY 2001.

Overall, the BLM exceeded its workload performance target for its FY 2001 annual goal related to Energy and Minerals on Federal Lands. Particularly noteworthy is the number of oil and gas Applications for Permit to Drill (APDs) processed. The number of APDs approved on Federal lands increased from 1,923 in 1999 to 3,413 in 2000 and 3,863 in FY 2001. There has also been a higher level of activity for developing coal-bed methane gas, primarily in Wyoming and, to a lesser degree, in the New Mexico region, because of the high demand for domestic uses of cleaner energy, i.e., natural gas.



Long-wall shearer for underground coal mining at Starpoint Mine, Utah.

Early this year, the Administration established goals and policies to increase the production of domestic energy. One of the objectives was to reduce the importation of oil. National debate on the need for the additional energy supply was intensified during California's energy crisis. Since the publication of the National Energy Policy in May 2001, the BLM has been taking steps to implement the Policy. Consistent with the high priority for energy development, the BLM has divided its Long-Term Strategic Goal for Energy and Minerals on the Federal lands into two separate Goals: one for energy minerals and one for non-energy minerals. This new long-term goal has been added to track the progress of the BLM's implementation of the policy.

Livestock grazing is also important uses of the public lands. Livestock grazing on the public lands is central to the livelihood and culture of many local communities. A significant portion of the cattle and sheep produced in the West graze on public rangeland. Among all the commodities, livestock grazing has the highest indirect effect as dollars recirculate through local communities, resulting in an economic multiplier effect of 4.3. The

BLM provided nearly 10 million animal unit months (AUMs) of grazing in fiscal year 2001.

The Bureau's forest management program produced 72 million board feet (MMBF) of sawtimber in FY 2001, down slightly from the 81 MMBF offered in FY 2000. Timber sale values declined from the \$14 million of value offered in FY 2000 to \$10.5 million in FY 2001, due primarily to the reduced timber offered and a decline in regional sawtimber values. Forest products are an important economic component in western Oregon, which has some of the most productive forest lands in Federal ownership. Portions of Idaho, Montana, Wyoming, and Colorado also rely on the steady flow of public sawtimber.

Woodland products are another important component of the BLM's forest management program. Woodland management in Nevada, Utah, New Mexico, and Colorado responds to the local demand for fuelwood, posts, poles, and other wood or vegetative products. The BLM is also exploring proposals for converting pinyon and juniper trees to chipped fuel to be used as a biomass

IMPLEMENTATION OF NATIONAL ENERGY POLICY

On May 16, 2001, the President released a comprehensive National Energy Policy. Under this policy, the Nation's public lands and resources play a key role in meeting domestic energy objectives. Using the National Energy Policy as the framework for a strategic National Energy Action Plan, the BLM developed more than 40 short- and long-term actions. These actions will help to increase both traditional and alternative energy sources, improve America's energy transportation network, and ensure sound environmental management.

The Bureau expects to accomplish many of the action items in the near term. However, the majority of BLM's implementation actions are long-term, requiring ongoing coordination and commitment. As the action items are completed, they will become a permanent part of the Bureau's policy. Central to the Action Plan are major Bureau programs such as the Alaska North Slope, oil and gas, renewable energy resources (biomass, hydropower, wind, and solar energy), geothermal resources, coal, rights-of way, and land use planning.

The BLM's Action Plan represents an integrated approach that maintains current environmental standards and good stewardship principles. The Plan covers a full range of options: from analyzing impediments to energy development to emphasizing direct coordination among all stakeholders; from using innovative approaches to streamlining complicated existing processes; and from evaluating incentives to increasing energy recovery from public lands. Another important aspect of the Action Plan is establishing an effective process for meaningful collaboration with other Federal agencies while working on specific energy initiatives.

The Bureau's National Energy Action Plan is a dynamic document. As new energy challenges arise, additional tasks or actions are being developed to resolve impediments to increasing domestic production, alleviate fluctuations in supplies, and ensure our Nation's energy security.



source for generating electricity. This directly supports the goals for renewable energy sources under the BLM's National Energy Action Plan.

Other commercial uses include rights-of-way and other permits and leases. Right-of-way actions are processed and grants issued to companies so they can use public lands for roads, pipelines, transmission lines, and communication sites. Many of these provide for the basic infrastructure of society, meeting the needs of local cities and towns. During fiscal year 2001, a total of 3,084 right-of-way actions were processed, resulting in 3,257 grants and amendments being issued.

As Table 2 shows, the estimated FY 2001 market value of production occurring on the public lands was \$18.65 billion, 99 percent of which was derived from energy

and minerals. The direct and indirect economic impact of all commercial activities amounted to \$38.25 billion. Of the total of nearly \$2.24 billion in annual revenues derived from BLM-managed public lands and mineral resources, energy and minerals generated \$2.20 billion (98 percent) from mineral royalties, rents, bonuses, sales, and fees. States share in a large portion of the revenues collected.

Preserve Natural and Cultural Heritage Resources

The public lands contain exceptional geologic formations; rare and vulnerable plant and animal communities; wild free-roaming horse and burro herds; wilderness areas and wild and scenic rivers; and innumerable paleontological, archaeological, and historical sites. These resources are scientifically, ecologically, educationally,

Table 2: Commercial Activities Summary

Public/Federal Land Commercial Activity	Value FY 2001 (millions \$)	Output Impact FY 2001 (millions \$)	Federal Revenue Generated [□] FY 2001 (millions \$)
Oil and Gas ² , Geothermal, & Helium ³	13,693	25,195	1,747
Coal Leasable Mineral	3,090	8,034	391
Other Leasable ⁴ and Salable Minerals	805	2,093	44
Locatable Minerals ⁵	931	2,420	19
Grazing	93	398	13
Timber ¹	17	56	11
Realty	21	50	11
Total	18,650	38,246	2,236

Note: Table does not include the economic value of commercial and non-commercial recreation activities on the public lands. Recreation is discussed in the previous section.

Special Notes for 2001 table:

¹ Leasable mineral revenues are generated by the BLM through its land use planning, minerals leasing, permit approval, and inspection and enforcement programs, including production verification; however, these revenues are actually collected and distributed by a separate agency, the Minerals Management Service.

² Oil and gas revenue went up significantly from last year, mainly due to high natural gas prices, even though the sales volume showed a slight decrease this year.

³ Starting in FY 1999, dollars from geothermal, CO₂, and helium were added to oil and gas. Previously, geothermal and CO₂ were included with other leasable minerals.

⁴ Leasable minerals include oil, gas, geothermal resources, helium, coal, and other leasable minerals such as combined hydrocarbons, phosphate, sodium, potassium, gilsonite, asphalt, some hardrock minerals, and some sand and gravel. "Other Leasable" refers to leasable minerals other than oil, gas, geothermal resources, helium, and coal.

⁵ The BLM does not collect locatable minerals production data. The production value was extrapolated from the 1995 estimate and adjusted for production patented out of the Federal mineral lands in subsequent years. This year, the patented production value further decreased by \$580 million. This reduction was offset by new production of \$307 million since FY 2000, resulting in a net reduction of \$273 million compared to FY 2000. The corrected production value for FY 2000 should be same as the FY 1999 value, i.e., \$1,204 million, not \$986 million.

⁶ Correction to the timber portion of footnote 1 for Table 2 in BLM's FY 2000 Annual Report: A decrease in timber sales occurred because (a) there was a 67 percent decline from 1998 to 2000 in the timber-offered target in the Pacific Northwest and (b) only 54 percent of the annual performance target was achieved in the Public Domain forest management program.

and recreationally important, representing a significant part of our Nation's natural and cultural heritage.

BLM-administered public lands encompass an estimated 4 to 4.5 million potential archaeological and historical properties. These sites range from 12,000-year-old mammoth kill sites associated with Paleo-Indian hunters to World War II and Cold War military sites.

Day-to-day management activities continue for 148 wilderness areas encompassing almost 6.3 million acres, 604 wilderness study areas encompassing 17 million

acres, 36 National Wild and Scenic Rivers comprising 1 million acres and over 2,000 river miles, 209 Herd Management Areas (for wild free-roaming horses and burros) totaling almost 30 million acres, 45 National Natural Landmarks encompassing almost 420,000 acres, and numerous other special management areas.

The Bureau managed a total of 15 National Monuments in FY 2001, 8 of which were newly created during the fiscal year, and 13 Congressionally designated National Conservation Areas. Tables 3 and 4 show acreages and locations for these areas.

Table 3: BLM-Managed National Monuments

National Monument	Location	Size in Acres
Agua Fria	Arizona	71,100
Grand Canyon-Parashant	Arizona	807,241
Ironwood Forest	Arizona	129,022
Sonoran Desert	Arizona	408,646
Vermilion Cliffs	Arizona	280,324
California Coastal	California	1,000
Carrizo Plain	California	204,107
Santa Rosa & San Jacinto Mountains	California	86,400
Canyons of the Ancients	Colorado	163,852
Craters of the Moon	Idaho	273,847
Pompeys Pillar	Montana	51
Upper Missouri River Breaks	Montana	377,346
Kasha-Katuwe Tent Rocks	New Mexico	4,148
Cascade-Siskiyou	Oregon	52,947
Grand Staircase-Escalante	Utah	1,870,800
Total Acreage		4,730,831

Table 4: BLM-Managed National Conservation Areas

National Conservation Area	Location	Size in Acres
Steese	Alaska	1,194,923
San Pedro Riparian	Arizona	56,400
Gila Box Riparian	Arizona	22,047
Las Cienegas	Arizona	41,960
California Desert	California	10,671,080
King Range	California	57,288
Gunnison Gorge	Colorado	57,725
Colorado Canyons	Colorado	122,182
Snake River Birds of Prey	Idaho	484,873
Red Rock Canyon	Nevada	196,890
Black Rock Desert-High Rock Canyon Emigrant Trails	Nevada	797,039
El Malpais	New Mexico	226,000
Steens Mountain Cooperative Management and Protection Area	Oregon	425,550
Total Acreage		14,353,957

These National Monuments and National Conservation Areas, along with wilderness and wilderness study areas, national wild and scenic rivers, national historic/scenic trails, and the Headwaters Forest Reserve in California, make up the BLM's new National Landscape Conservation System.

In fiscal year 2001, the Bureau continued its efforts to protect our Nation's cultural heritage by inventorying 525,695 acres for cultural resources, recording 10,403 properties, and issuing or continuing in effect a total of 586 study or management permits (excluding permits for paleontological collecting). To date, the Bureau has inventoried a total of 14,941,916 acres and recorded 245,977 cultural resource properties. Of these properties, 272 are listed on the National Register of Historic Places, with 22 listed as National Historic Landmarks, helping assure that these properties will be protected and preserved for future generations.

Noteworthy cultural heritage accomplishments occurred in the following specific areas:

- Automation continued for western State Historic Preservation Offices (SHPOs) systems, accommodating the BLM's use of cultural site and inventory information. The BLM continued to provide \$300,000 in

funding to the western SHPOs. Since the data sharing project began in 1997, the SHPOs have provided almost \$300,000 of in-kind services in turn. Assuming sustained funding, work will progress toward ensuring all BLM states have both site and inventory data available in GIS format at the field office level within the next five years.

- The delay associated with the historic preservation compliance process has been reduced by an estimated 75 to 95 percent, thanks to the implementation of the national Programmatic Agreement with the Advisory Council on Historic Preservation and the National Conference of State Historic Preservation Officers. This agreement relieves the Council and SHPOs from most day-to-day compliance review. BLM managers are now able to approve land- and resource-use applications much more quickly, without unproductive downtime or increased risk to historic properties.
- The Anasazi Heritage Center in southwestern Colorado hosted 28,189 visitors. At the close of fiscal year 2001, collections were estimated to consist of approximately 3 million specimens. For more detailed information, please refer to the Museum Collections section of the Stewardship Assets report later in this document.
- In FY 2001, the BLM formed a partnership with The Watercourse, a non-profit organization at Montana State University. Through the partnership, The Watercourse will meet the demand for *Project Archaeology*, a nationwide teacher training program with a strong antivandalism message, in all fifty states. Additionally, The Watercourse will tap into a broad range of funding sources. As *Project Archaeology* reaches more teachers, many more American children will understand the need to preserve and protect their nation's cultural resources.
- In fiscal year 2001, the BLM continued the *Museum Partnership Program* to support the scientific and educational use of museum collections originating from BLM public lands, providing \$60,000 in funding for eight external museum projects. For more detailed information on the specific museums supported, please refer to the Museum Collections section of the Stewardship Assets report.
- To date, the BLM has published or has pending 69 *Federal Register* Native American Graves Protection



A petroglyph (rock art) is shown, with the blue Arizona sky hanging over the 71,000-acre Agua Fria National Monument in the background.

and Repatriation Act (NAGPRA) "Notices of Inventory Completion," "Notice of Intent to Repatriate," and newspaper "Notices of Custody Determination." These notices resulted in identifying thousands of individual human remains and associated funerary objects which have been repatriated to the affiliated tribes, enabling the Bureau to honor its obligation to return human remains and funerary objects to federally recognized Indian tribes.

- In fiscal year 2001, the BLM received another of the highly competitive *Save America's Treasures* grants in the amount of \$350,000. *Save America's Treasures* is a public/private partnership between the White House Millennium Council and the National Trust for Historic Preservation; all *Save America's Treasures* grants must be matched dollar for dollar by non-Federal partners. This is the BLM's single largest *Save America's Treasures* grant; more than \$800,000 has been awarded to BLM in the first three years of the program under the six grants received. The \$350,000 will be used by BLM Nevada to restore, preserve, and interpret the cultural and architectural features at two of the remaining cemeteries found within the boundaries of the Virginia City National Historic Landmark.
- The BLM also continued its work on five *Save America's Treasures* grants received in fiscal years 1999 and 2000 to restore the Empire Ranch in Arizona, stabilize and protect Fort Egbert National Historic Landmark in Alaska, study and stabilize several mining sites in the San Juan Mining District in southwest Colorado, restore and curate collections from southwest Colorado, and preserve and study perishable prehistoric materials from the Feather Cave Complex in New Mexico. Some of these projects are nearing completion, at which time final project reports detailing accomplishments will be prepared and presented to the Administration, Congress, and the public.
- In fiscal year 2001, the BLM's *Heritage Education Program* continued to promote its preservation message through several mechanisms. In fiscal year 2001, *Project Archaeology* trained over 467 teachers in 25 workshops; 15 workshops are already planned for fiscal year 2002. These teachers will in turn have the capacity to deliver the preservation message to more than 14,000 students. The BLM's *Project Archaeology* partners spent over \$150,000 delivering programs.
- Paleontologists in Utah excavated the only known articulated skull, jaws, and neck of a sauropod dinosaur (similar to "brontosaurus"). The materials are repositied in the Cincinnati Museum Center. Paleontologists are studying the BLM's Cleveland-Lloyd Dinosaur Quarry in Utah to determine why so many dinosaur bones—more than 10,000—have been preserved in such a small area. Most of the bones belong to the meat-eater *Allosaurus*, but stegosaurs, sauropods, and duckbilled dinosaurs are also present.
- Several highly significant paleontological studies were undertaken on the public lands in New Mexico during fiscal year 2001: the Petersen Quarry has yielded two theropod dinosaurs, a large specimen (*Allosaurus*) and a small one (as yet unnamed) along with two large sauropod dinosaurs, *Diplodocus* and *Camarosaurus*; in southern New Mexico, two very complete mammoth tusks were excavated, only the second known occurrence of mammoths in this area.
- In Wyoming, study and research at the Red Gulch Dinosaur Tracksite has yielded over 1,000 dinosaur tracks in an area of less than 40 acres. These tracks have provided much new information on the geologic formation containing the tracks, the paleo-environment, and the dinosaurs that left the tracks. The BLM has nearly completed construction of a boardwalk, interpretive signs, picnic shelters, and other related recreational structures to allow for public access and interpretation at this heavily visited site.
- The BLM launched its new website, "Cultural Heritage and Fossil Resources on the Public Lands," (<http://www.blm.gov/heritage/>). The site is currently weighted toward Historic Preservation, with additional overviews of the BLM's Tribal Coordination, Heritage Education, Fossil Resource, Museum and NAGPRA program components.
- Tiering off the strategic report prepared in FY 2001, "BLM Cultural Resources At Risk," the Bureau's cultural heritage staff is working on a "Resources At Risk II" paper that provides detailed state-by-state profiles of cultural and fossil resources, what is known about them (their importance, how they are threatened, and to whom these resources are important), successful partnerships, and maps showing the location of publicly interpreted places. This document, expected to be published by the end of calendar year 2001, will be widely disseminated.

Reduce Threats to Public Health, Safety, and Property

In fiscal year 2001, the Bureau of Land Management addressed a wide range of public land situations posing risks to public land users. BLM-owned facilities represent a substantial public investment in roads, bridges, dams, administrative sites, campgrounds, and firefighting stations. Maintaining these facilities in a safe condition and operating them in compliance with all safety, health, and environmental requirements is a key Strategic Plan goal.

Historic and documented public land uses such as mining and milling operations; oil and gas production; landfills; military operations; and rights-of-way for powerlines, pipelines, and other commercial activities have resulted in environmental contamination from spills, leachate, emissions, exposure to the elements, and other types of releases. More recently, unlawful activities such as wire burning, illegal dumping of highly toxic wastes from drug production, and intentional dumping of toxic materials have resulted in toxic releases. Collectively, these activities represent a substantial potential for soil, water, and air pollution as well as threats to public health, safety, and property.

The BLM works to reduce threats and to protect employees, visitors, and other public land users in many ways. The Bureau evaluates safety concerns, identifies hazards and risks, studies past experiences and responses, trains employees, and educates the public. Regular inspections, maintenance, and repairs are completed for BLM-owned facilities, including administrative sites, campgrounds, other recreation sites, buildings, roads, bridges, trails, and dams.

BLM law enforcement officers enforce Federal laws and regulations relating to public lands and resources. Providing for the orderly and regulated use of BLM public land resources not only serves to reduce threats to public health, safety, and property; it also enhances the preservation of natural and cultural heritage resources. Investigations conducted by law enforcement officers also assist in collecting revenues owed to the government as a result of unauthorized uses, as well as restitution for the impacts to public health, safety, and property caused by contamination, damage, or destruction.

The Bureau accomplished the following in fiscal year 2001:

- Supported efforts to mitigate damage and loss of natural and cultural resources and property by mobilizing organized fire prevention teams. In periods of fire severity, team efforts significantly reduced the number of unwanted human caused ignitions, reducing losses and the risks to both civilians and firefighters.
- Assessed 770 sites for environmental contamination, including trespass dump locations, sites polluted from historic public land uses, and land undergoing exchange or transfer. Of the 178 response actions carried out in 2001, one concerned mercury waste at a historic mercury retort and mine, while another addressed cyanide waste at a "custom" mill operation. Many involved toxic waste from illegal drug laboratories.
- Established BLM State Office abandoned mine land (AML) websites to inform the public of AML projects in the various states. The websites link to the BLM's national AML website, which provides AML hazard information to the public and access to technical information. The national AML website has gained recognition as an important information source.
- Tripled the deferred maintenance workload by undertaking over 250 projects valued at \$39 million, compared with \$13 million of deferred maintenance work in 2000. The Bureau began a multiyear effort to assess the condition of 37,000 miles of roads requiring seasonal, scheduled, or preventative maintenance, which equates to nearly half of BLM's total road mileage.
- Maintained 84 percent of the BLM's recreation sites and 87 percent of the Bureau's administrative sites and other buildings in at least fair or good condition, consistent with the BLM's performance planning and work plan commitments.



Drums of hazardous materials found in a mill building at the Twin Peak Mine, (Salmon Field Office, Upper Columbia-Salmon Clearwater BLM District).

- Maintained 15 percent of the 76,793 miles of roads that make up the BLM road system. Scheduled maintenance was completed on 24 percent of the BLM's system of trails. Bridges were inspected to ensure structural soundness and work was performed to maintain them in fair or good condition; 91 percent of the BLM's bridges are in the fair or good category.
- Assessed natural resource damages resulting from an oil spill from the wreckage of the M/V New Carissa off the Oregon coast. Damages included significant loss of public recreation use and bird mortality, including more than 250 threatened marbled murrelets. The BLM recovered assessment costs from the National Pollution Fund Center.
- Expanded the scope of its Compliance Assessment—Safety, Health, and the Environment (CASHE) Program to include all safety and health protocols pertaining to facility compliance, and launched an initiative to address compliance associated with ground and aerial ignition prescribed fire equipment and transportation of fuel. Having completed baseline assessments at 135 organizational units, the BLM began follow-up assessments, completing 30 in 2001. The Bureau's CASHE Program is recognized by both the Environmental Protection Agency (EPA) and the Department of the Interior as being one of the best environmental auditing programs in the Federal government.
- Removed 77,163 marijuana plants from public lands, seized 2,282 pounds of processed marijuana being smuggled across public lands, and investigated 64 incidents related to drug laboratories. BLM law enforcement officers also investigated 552 fire offenses that led to 341 enforcement actions, 2,637 off-highway vehicle related offenses that resulted in 2,428 enforcement actions, and 67 wild horse and burro offenses that led to 50 enforcement actions.
- Entered into 71 reimbursable law enforcement agreements that provided a total of \$1,386,142 to local law enforcement agencies for assistance with law enforcement on BLM public lands. BLM law enforcement officers also supported local communities by assisting in 275 search and rescue incidents.

Improve Land, Resource, and Title Information

The BLM has extensive historical records and maintains current land title information for determining land ownership, condition, location, rights, and authorized uses

on most of the private, public, and tribal lands in the United States. The agency performs cadastral surveys and completes land transactions, producing voluminous amounts of information that supports land management activities for many agencies. Historical data on patented lands, along with current information on the mineral estate, resource conditions, and permits or leases on Federal lands, is updated and provided on a daily basis. In fiscal year 2001, over 8,250 miles were surveyed to determine the boundaries of public as well as tribal lands. A total of 990 survey plats were produced and approved, along with thousands of updates to land records and use authorizations.

The BLM responds to thousands of requests for information every year and has improved customer access to and use of this information. Cadastral survey information for 32,220 townships and almost 4.2 million General Land Office (GLO) land title records has been converted to digital form. These records are now more readily accessible to decision makers as well as the public, thanks to Internet and GIS technologies.

In fiscal year 2001, more than 772,000 townships of data were downloaded into multiple data bases across the country to support applications ranging from wilderness, open space, planning, recreation, and commercial activities (oil and gas, timber, coal, etc.), to tax assessment and 911 emergency dispatch. As energy development and urban growth become a major issue in the western United States, the BLM's cadastral and land records become a critical foundation for addressing these issues.

In fiscal year 2001, the BLM continued to integrate its boundary records with the USDA Forest Service, with other Federal agencies, and with tribes, states, counties,



BLM surveyor talking with a neighboring landowner.

and the private sector to build a common cadastral/ lands information base across the landscape that can serve multiple stakeholders. The national website established for downloading Geographic Coordinate Data Base (GCDB) data proved to be successful and is providing the most accurate digital portrayal of parcel boundaries.

The BLM is working hand-in-hand with the Western Governors' Association Geographic Information Council to support livable communities, encourage economic development, and better enable community leaders to achieve both of these by providing integrated cadastral boundary information. To support this, the Western Governors' Association recently passed Policy Resolution 00-005, Public Lands Survey System and Ownership Data Base. This resolution recognizes BLM's GCDB as the "best hope of standardizing PLSS [the Public Land Survey System] across the West" and urges the BLM, in collaboration with states, counties, and tribal governments to complete, enhance and maintain the GCDB. In addition, the Governors called on Congress to "provide the necessary funding for BLM to undertake this important effort." The collaborative planning efforts called for in the resolution have already been initiated, with state governments taking the lead for many areas.

The public is performing online Internet searches for information and subsequently downloading digital data or filing requests for historical information directly with BLM offices. One example is the Bureau's General Land Office Records website (<http://www.glorerecords.blm.gov>). Since going online in May 1998, this site has recorded almost 3.8 million individual visitors who have accessed 122 million pages of information and ordered more than 55 million copies of patents contained on the site. The demand for the Bureau's land title records is increasing,

as demonstrated in Table 5 by the large number of users accessing the BLM's Eastern States GLO website.

Cadastral survey plats and notes are the first baseline inventory of the BLM's natural and cultural resources for most of the country. Major initiatives have been undertaken to produce and maintain this information in partnership with local and state governments, as well as other Federal agencies, to ensure that consistent and accurate information is provided.

The BLM has the lead responsibility for the National Integrated Land System (NILS). This system is a collaborative project with the U.S. Forest Service, states, counties, tribes, and other Federal agencies to provide a business solution for land managers, who face an increasingly complex environment of complicated transactions, legal challenges, deteriorating and difficult-to-access records, and a deteriorating system of property boundaries. This joint development effort will provide tools needed to collect, manage, and share survey data, cadastral data, and land records information. The requirements phase for the four NILS modules has been completed and GeoCommunicator, the first module, will be deployed in fiscal year 2002.

Provide Economic and Technical Assistance

Each year, the Bureau calculates Payments in Lieu of Taxes (PILT) under a Congressional formula and disburses these payments to individual counties. These payments are intended to offset property tax shortfalls (under the Congressional formula) occurring in counties with tax-exempt Federal lands administered by the BLM and other agencies. In FY 2001, PILT payments totaled \$199.2 million.

Table 5: GLO Website Usage

Time Frame	Hits	Requests	Visitors
May 01, 1998 - July 31, 1998	7,615,107	2,761,486	196,824
August 01, 1998 - November 02, 1998	5,038,543	2,080,662	176,091
November 03, 1998 - April 30, 1999	14,999,937	5,924,412	345,381
May 01, 1999 - September 30, 1999	14,174,358	5,206,187	334,819
October 01, 1999 - September 30, 2000	40,403,516	19,509,348	1,240,544
October 01, 2000 - September 30, 2001	40,388,863	20,211,366	1,511,341
Total	122,620,324	55,693,461	3,805,000

As part of its trust responsibility, the BLM provides technical assistance to Tribes by supervising post-lease mineral operations on 56 million acres of Indian trust lands. These operations generate royalty incomes for Indian mineral owners and economic impacts for communities, as well as providing local employment to Tribes.

As Table 6 shows, the estimated fiscal year 2001 market value of mineral production occurring on Indian trust lands was \$2,337 million. Direct and indirect economic impacts of all mineral activities amounted to \$4,754 million. The mineral royalty generated was \$335 million, a significant source of income for Tribes. High natural gas prices during the year account for the significantly increased economic impact and mineral royalty figures, compared to last year's totals.

The BLM has been delegated the Secretary of the Interior's statutory responsibility to survey Indian land and Indian Reservations. In fiscal year 2001, the BLM provided essential cadastral surveys and services requested and funded by the Bureau of Indian Affairs (BIA) or Tribal governments. These technical services defined and marked 303,100 acres, surveyed 2,070 miles, and set 4,470 survey monuments. The BIA and Tribes estimated a tangible benefit value of \$38 million to Indian trust assets resulting from these services. This is the approximate dollar value of resources to be identified, trespass to be abated, and other benefits to Tribes or allottees. BLM surveyors worked with BIA and Tribal employees as well as contractors in providing the Geographic Coordinate Data Base, which benefits land management, land status depiction, mapping projects, GIS applications, and BIA and Tribal cadastral coverage efforts.

The BLM has a long history of providing support for community and statewide economic needs through

land disposal and conveyance for many purposes under several authorities and programs. During FY 2001, the BLM conveyed about 720,000 acres in Alaska and 246,000 acres outside of Alaska. While conveyances outside of Alaska reached 98 percent of the BLM's projected target, conveyed acreage within Alaska exceeded the target.

One of the BLM's most innovative land conveyance authorities is the Southern Nevada Public Land Management Act, enacted in October 1998, which authorizes the Bureau to sell public land tracts that are interspersed with or adjacent to private land in the Las Vegas Valley (the fastest-growing urban area in the United States). Properties are sold to the highest bidder and may not be offered for less than their appraised fair market value. A total of 85 percent of the revenues collected are then invested in interest-bearing Treasury securities. These land sale and interest revenues can be used for four specified purposes:

- Acquisition of environmentally sensitive land in the State of Nevada, with priority given to lands in Clark County.
- Capital improvements at the National Park Service's Lake Mead National Recreation Area, the U.S. Fish and Wildlife Service's Desert National Wildlife Refuge, and the BLM's Red Rock Canyon National Conservation Area, as well as at other areas administered by the BLM in Clark County.
- Development of a multispecies habitat conservation plan in Clark County, Nevada.
- Development of parks, trails, and natural areas in Clark County.

Table 6: Mineral Production on Indian Trust Lands

Mineral Commodities	Value FY 2000 (million \$)	Output Impact FY 2001 (million \$)	Royalty Generated FY 2001 (million \$)
Oil and Gas	1,741.1	3,204	263.2
Coal	529.5	1,377	63.9
Other Minerals *	66.4	173	7.8
Total	2,337.0	4,754	334.9

Note: All minerals on Indian trust lands are leasable. Royalties generated are collected and distributed by the Minerals Management Service.

* The "Other Minerals" category includes copper, gypsum, sand-gravel, silica sand, sulfur, and uranium.

The Southern Nevada Public Land Management Act allows the BLM to sell land in an open, competitive process, ensuring that the Federal government receives fair market value and ultimately generating the greatest return for the taxpayer. Additionally, the revenues generated enable the BLM and other government entities to acquire environmentally sensitive lands and build or maintain trails, day-use areas, campgrounds, or other facilities to benefit public land visitors.

As of the end of fiscal year 2001, the BLM's land sales Treasury account had over \$70 million invested; interest earned during the year amounted to approximately \$2,222,000. In June 2001, Directors of the BLM, U.S. Fish and Wildlife Service, and National Park Service, in partnership with the Chief of the USDA Forest Service, recommended \$45.5 million worth of expenditures: \$27.6 million for land acquisitions; \$5.3 million for capital improvements (visitor centers, water systems, trails, etc.); \$8.0 million for developing parks, trails, and natural areas; and \$4.6 million for development of a multi-species habitat conservation plan in Clark County. The Secretary of the Interior approved these expenditures.

Two other laws with similar provisions—the Lincoln County Lands Act and the Ivanpah Valley Airport Public Lands Transfer Act—were enacted in October 2000. The first sale under the Lincoln County Lands Act occurred

on October 12, 2001; three parcels totaling 6,478 acres were offered. It is anticipated that the lands sold will be used to support community expansion in Lincoln County adjacent to the city of Mesquite. Under the Act, five percent of the proceeds go the State of Nevada for the general education program and 10 percent to Lincoln County for schools. The BLM will use the remainder for archaeological protection, a multispecies habitat conservation plan, and, in partnership with other Federal land management agencies, the purchase of environmentally sensitive lands.

The Ivanpah Valley Airport Public Lands Transfer Act has also seen some activity, with land survey work and other preparations now occurring. Lands will be sold to Clark County for the construction of a new general aviation airport after the Airspace Management Plan and other requirements are satisfied. The sale will be for fair market value and is expected to occur late in 2002. Sale proceeds will be used for acquiring private in-holdings in the Mojave National Preserve and for managing petroglyphs in Clark County, Nevada.

Another recently enacted bill, the Federal Land Transaction Facilitation Act, provides the authority to sell public lands and used sale proceeds to purchase other lands to benefit BLM or other Federal agencies. This Act, which applies nationally, not just to southern



The BLM Cadastral Survey Program provides on-the-ground surveys to establish Federal and Tribal land boundaries. These legal boundaries provide for better management of valuable trust assets near the Navajo Nation Coal Power Plant.

Nevada, enables the BLM to retain up to 20 percent of the sales money to cover administrative costs, and mandates that the remainder (i.e., at least 80 percent) be used to purchase in-holdings. Inholdings comprise any non-Federal lands located within special designated areas managed by the BLM, National Park Service, U.S. Fish and Wildlife Service, or USDA Forest Service, including the Wild and Scenic River System, the National Trail System, wilderness areas, or wilderness study areas.

A memorandum of understanding among the applicable Federal agencies is currently being developed to implement the Act. This agreement, once completed, will provide the guidelines on how fund disbursements are to be made in the future.

Lands must be purchased using proceeds from the same state in which sales occurred, and sale property must already be identified for disposal in an existing land use plan. The Act does not mandate any sales or establish quotas for sale or purchase. In fiscal year 2001, about \$1,207,000 was collected from sales of public land under the Federal Land Transaction Facilitation Act; these funds are available for land purchases under the Act.

Understand and Restore the Condition of the Public Lands and Resources

Working with partners at all levels of the BLM to restore and maintain the health of the land represents the fulfillment of the BLM's mission. Livestock grazing, timber harvesting, hunting, fishing, and other benefits from the public lands will be sustained over time only if these public lands are healthy and productive.

The BLM has developed an overall strategy for assessing the health of the public lands. This strategy uses watersheds as the basic geographic units. At the broadest scale, priority subbasins are identified. These subbasins are then further reviewed to delineate subunits where more detailed assessments are to be focused. Land health assessments are then carried out using a common process applied across programs at the field office level. A *Land Health Standards Handbook*, currently in development, will help guide this common process.

An additional effort is underway to identify any new indicators needed to extend land health standards to forest lands. The BLM is also developing a national format for reporting the land health standards evaluated,



Livestock grazing and oil and gas production on BLM lands near Price, Utah.

causes for nonachievement, and actions taken to ensure progress in meeting those standards.

Table 7 summarizes significant accomplishments in fiscal year 2001 in several key areas.

The following narrative presents some highlights from fiscal year 2001:

- Restoring and maintaining the health of the public lands is the foremost consideration in every use authorized by the BLM. Working with stakeholders, partners, and others, the Bureau is implementing the Healthy Lands Initiative. In FY 2001, the BLM completed watershed assessments on about 10 million acres of public rangelands and evaluated 1,361 grazing allotments. The BLM uses the results of these assessments to identify and coordinate corrective

actions, which are then included with use authorizations as conditions for continued operation. This process is ongoing.

- As noted in the "Future Effects" section of this report, the BLM is pursuing water-quality-based abandoned mine lands cleanup projects under the Administration's Clean Water efforts. The BLM has already completed 68 sites. At the end of fiscal year 2001, work was underway on a similar number of sites.
- Under level funding, we were able to prevent significant additional amounts of total dissolved solids (salts) from entering the waters of the Colorado River system. At the end of fiscal year 2001, approximately 5,400 tons of additional salt retention was accomplished by the end of fiscal year 2000 through vege-

Table 7: Summary of Land Health Accomplishments

FY 2001 Annual Goals	Accomplishments	Units of Measure
Assessment of the condition of the public lands within priority subbasins	5	cumulative number of subbasins
Evaluation of BLM's existing land use plans and associated NEPA documents	89	cumulative number of plans evaluated
Preparation or amendment of land use plans to reflect new information	2/16	cumulative number of plans prepared/amended
Implementation of water quality improvement prescriptions within priority subbasins	50	number of watersheds
Abandoned mine land sites in the remediation process	47	number of sites
Plugging/reclaiming of orphan well sites	47	number of well sites
Achievement of proper functioning condition or upward trend in riparian/wetland areas within priority subbasins	143	cumulative number of watersheds
Achievement of an upward trend in uplands within priority subbasins	84	cumulative number of watersheds
Acreage treated with wildland fire, prescribed fire, and mechanical fuels treatments to restore natural ecological processes	448,729	acres
Acreage treated to prevent the spread of noxious weeds and undesirable plants	251,943	acres
Achievement of a stable or increasing trend in resident populations of species listed or proposed for listing under the Endangered Species Act	80	cumulative number of species
Achievement of a stable or increasing trend in resident populations for species identified by BLM as "sensitive"	122	cumulative number of species

tation manipulation, prescribed fire, soil stabilization, improved grazing and riparian management, off-road vehicle management, and a variety of maintenance activities. The BLM has achieved a current, cumulative rate of 55,400 tons per year of salt retention through fiscal year 2001.

- In August 2000, the BLM completed a programmatic Canada lynx conservation agreement with the U.S. Fish and Wildlife Service to ensure appropriate consideration of Canada lynx in the BLM's land use activities. Through this agreement, the BLM received a Biological Opinion from the U.S. Fish and Wildlife Service stating that revising and implementing land use plans (LUPs) in accordance with the conservation agreement would not jeopardize the lynx. Approximately 40 BLM land use plans are affected.
- The Bureau is aggressively implementing aggressive strategies for multispecies conservation in two major ecosystems: sagebrush (encompassing both sagebrush steppe and arid sagebrush habitats) and prairie grasslands. These actions address the needs of hundreds of special status species—including listed, candidate, and proposed threatened and endangered plant and animal species—on 40 million acres of sagebrush habitats and 10 million acres within the short and mid-grass prairie ecosystem.
- In the Great Basin, the BLM administers 75 million acres and is in the early stages of implementing the Great Basin Restoration Initiative. This initiative promotes the diversity and structure of plant communities to make them more resilient following disturbance and more resistant to invasion by exotic species over the long-term. This initiative is an effort to reverse the effects of disastrous wildfires and the conversion of 25 million acres of BLM public lands in the Great Basin to highly flammable exotic annual grasses.
- The BLM and the USDA Forest Service are cooperating in developing a coordinated, scientifically sound, broad-scale management strategy for 63 million acres of public lands in areas of Idaho, Oregon, Montana, and Washington through the Interior Columbia Basin Ecosystem Management Plan.
- In late summer 2000, the Western Association of Fish and Wildlife Agencies, the USDA Forest Service, the U.S. Fish and Wildlife Service, and the BLM signed an Interagency Sagebrush/Sage Grouse Conservation Memorandum of Understanding (MOU). This agree-

ment provides for cooperation among state and Federal land and wildlife management agencies in developing a rangewide strategy to conserve and manage sage grouse and their habitat. Through this agreement, an interagency Conservation Planning Framework Team has been established to provide guidance to state-level working groups on the contents of state and local conservation plans. State and local working groups convened under the MOU are also developing conservation plans. This coordination and cooperation will affect management on well over 100 million acres of sagebrush habitat.

Evaluate Needs and Conduct Bureauwide Workforce Planning

The fundamental viability of the public lands, and the well-being of those who use and work upon them, depend largely upon the professional skills and personal dedication of the men and women who staff the Bureau's nationwide organization. The BLM recognizes its responsibility for maintaining and protecting the natural and cultural resources that make up America's public domain, and it likewise accepts its concurrent obligation to professionally develop and prepare those who will become its stewards in the future.

The challenge for the BLM will be to maintain a dedicated, professional workforce capable of meeting changing mission needs in the years ahead. As is the case with many Federal agencies, the BLM's workforce is aging, and much of its critical expertise will be leaving over the next 5 to 10 years. For this reason, management has implemented a comprehensive approach to managing its human resources. This includes a broad workforce planning initiative to ensure that the BLM



Programs at the Yaquina Head Outstanding National Area's universally accessible tidepools.

has the right skills in the right place at the right time. The BLM is also applying the principles of return-on-investment analysis and management reform by requiring the development of a specific business case for all components of its human resources management program.

Equal employment opportunity and workforce diversity are key elements in the BLM's strategy for managing its human resources. Cooperation with diverse populations and interest groups is a key element in managing our Nation's public lands and resources for the enjoyment of all. This is illustrated by the Bureau's continuing emphasis on outreach to all demographic groups and the promotion of inclusion in decisionmaking and in employment. Today, where mobility between jobs has become a largely accepted practice, the BLM is working hard to promote careers in natural resources management among all of its customers.

Despite the transitional nature of today's skills marketplace, the BLM is modernizing its approach to human resources management through the use of sound planning and program management techniques. Concurrently, the agency is using targeted recruitment programs to build a diverse organization capable of responding effectively to both the present and future needs of America's increasingly multicultural society. Table 8 illustrates this ongoing commitment to maintaining diversity in the workforce.

Ensure Sound Financial Management

Sound financial management is a key element of the BLM's overall strategic effort to improve organizational effectiveness. The primary indicator of sound financial

management is an unqualified (clean) audit opinion from the independent auditors. Additional indicators include paying invoices promptly, using electronic funds transfer, collecting delinquent debt, distributing receipts, handling collections, and maintaining a reconciled fund balance with Treasury.

The Prompt Payment Act requires that payments be made within 30 days of receiving an invoice. One key indicator of a Federal agency's financial health is its ability to make on-time payments to vendors. The BLM tracks its on-time payment record each month both by specific office and across the overall organization. By closely monitoring prompt payment data and trends and analyzing late payments, the BLM has been able to meet or exceed the Department of the Interior's goal of 97 percent of all invoices paid on time. In FY 2001, the BLM paid 97.4 percent of its invoices on time.

The Debt Collection Improvement Act of 1996 requires that all payments be made by electronic funds transfer unless covered by waiver. The Department's and Bureau's goal is to use electronic funds transfer to the maximum extent possible, except for payments covered by waivers. The BLM is consistently working with commercial vendors to maximize the BLM's electronic payments. The Bureau tracks electronic payment percentages by numbers and dollars in two categories—travel and other. In FY 2001, the BLM paid 58,012 travel vouchers totaling \$25.5 million using electronic funds transfer and 2,653 vouchers totaling \$966,000 by issuing a check. A total of 53,605 vouchers totaling \$609.4 million in the "all other" category were paid electronically, while 15,459 vouchers totaling \$91.0 million were paid by check.

Table 8: BLM's Workforce Diversity

Employee Category	1999		2000		2001	
	Number of Employees	Percentage of Workforce	Number of Employees	Percentage of Workforce	Number of Employees	Percentage of Workforce
Permanent Employees						
Minority Women	669	7.5	665	7.4	699	7.4
Minority Men	647	7.2	659	7.3	723	7.6
White Women	2,523	28.2	2,554	28.4	2,725	28.6
White Men	5,104	57.1	5,115	56.9	5,361	56.4
Total Workforce	8,943	100.0	8,993	100.0	9,508	100.0
Persons With Disabilities	496	5.5	508	5.6	521	5.5

The collection of delinquent debt due from the public is a major goal of the Debt Collection Improvement Act. The Department's and Bureau's goal is to refer all 180-day and older eligible debt to the Department of the Treasury for collection. At the conclusion of FY 2001, the Bureau had referred 67 percent of eligible debt to Treasury.

Distribution of receipts involves payments to local government entities. In FY 2001, the BLM made payments to states and counties, under various public laws, totaling \$214,954,596. This figure includes Payments in Lieu of Taxes (PILT) of \$199,160,880, Mineral Leasing Act payments of \$1,073,599, and grazing payments amounting to \$2,300,232. Payments from FY 2001 timber sales for Oregon and California (O&C) grant lands and Coos Bay Wagon Road grant lands will be made in FY 2002 in accordance with Public Law 106-393 and are therefore not included in the above total. However, these amounts are accrued for in the accompanying financial statements.

Payments are made either monthly (oil and gas pipeline rights-of-way), semiannually (petroleum reserves and Oklahoma royalties), or annually (National Grasslands and Santini-Burton) as soon as possible after December

31; other distributions are made at the end of the fiscal year (11 months), and the beginning of the next fiscal year, (12th-month payment).

Collections from vendors and the public begin in the BLM's field offices, where receipts are collected and deposited into Federal depositories. Collections are made through the Collections and Billings System (CBS), based upon the assigned roles of individual BLM employees. The CBS system has quality assurance edits designed into it. For FY 2001, the BLM had total collections from revenues and other sources of approximately \$310 million. A portion of these collections are classified as receipts and are subject to distribution to states and counties.

The fund balance with Treasury is an asset representing the future economic benefit of monies that can be spent for authorized transactions. Agencies must reconcile their accounts with Treasury on a monthly basis, similar to reconciling a personal checking account. This reconciliation is essential to enhancing internal controls, improving the integrity of various financial reports, and providing a more accurate measurement of budget results. The BLM reconciles its accounts with Treasury each month and corrects and reports any discrepancies.



Coal production near Price, Utah.

Systems, Controls, and Legal Compliance

MANAGERIAL, ADMINISTRATIVE, AND FINANCIAL CONTROLS

THE BUREAU OF LAND MANAGEMENT COMPLETED AN ASSESSMENT OF ITS SYSTEMS OF MANAGERIAL, ADMINISTRATIVE, AND FINANCIAL CONTROLS IN OCTOBER 2001 IN ACCORDANCE WITH THE STANDARDS, OBJECTIVES, AND GUIDELINES PRESCRIBED BY THE FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT (FMFIA) AND THE OFFICE OF MANAGEMENT AND BUDGET (OMB). THE OBJECTIVES OF THIS ASSESSMENT WERE TO ENSURE THAT:

- **Programs achieved their intended results;**
- **Resources were used consistent with the agency's mission;**
- **Resources were protected from waste, fraud, and mismanagement;**
- **Laws and regulations were followed; and**
- **Reliable and timely information was maintained, reported, and used for decision making.**

In performing its assessment, BLM management relied on its knowledge and experience gained from the daily operation of Bureau programs and systems of accounting and administrative controls. The BLM's assessment was also based on information obtained from sources such as management control assessments, the Office of Inspector General (OIG) audit of the Bureau's financial statements in the prior year, program evaluations/studies, and performance plans and reports. Table 9 outlines the specific management control assessments conducted by the Bureau and the audit conducted by the OIG that were relied upon.

Based on the results of the FY 2001 assessment, the BLM Director concluded that the Bureau's systems of managerial, administrative, and financial controls provide reasonable assurance that the objectives of the FMFIA have been achieved. The Director also concluded that BLM's sensitive information systems provide reasonable assurance that the objectives of OMB's Circular A-130, Management of Federal Information Resources, have been achieved. Finally, the Director concluded that the BLM's financial systems generally conform to governmentwide standards and requirements.

During the fiscal year 2001 review of management controls, the BLM identified one new material weakness in the Appraisal function. A corrective action plan has been developed and will be monitored to ensure appropriate corrective actions are implemented. Proposed corrective actions include revising the delegation of authority for approving the transaction price and soliciting comments on these proposed revisions; meeting with State lead appraisers to increase awareness and identify actions to improve the quality of appraisals and reviews; briefing the executive leadership team on proposed new delegation, workload, staffing, and training concerns; and conducting an Acquisition Strategy Meeting to streamline the appraisal contracting process.

Table 9: FY 2001 Assessments and Audits

Assessment/Audit	Date Completed	Results (material weakness or best practice)
Rangelands (land health evaluations and grazing permits)	August 2001	See the accompanying text
Rangeland Improvement	May 2001	None found
Weed Validation	August 2001	None found
Recreation Fee Demonstration	August 2001	None found
Bonding of Non-Energy Leasable Permits and Leases	August 2001	None found
Land Exchange	September 2001	See the accompanying text
Appraisal	August 2001	See the accompanying text
Safety Management	July 2001	See the accompanying text
GPRA Performance Data Validation and Verification	August 2001	None found
<i>Financial Procedures</i>		
Eastern States	April 2001	None found
Nevada	July 2001	None found
New Mexico	July 2001	None found
Utah	August 2001	None found
<i>General Support Systems</i>		
National Information Management Resource Center (NIRMC)	June 2001	None found
National Human Resource Management Center (NHRMC)	June 2001	None found
Oregon State Office	June 2001	None found
Nevada State Office	June 2001	None found
Montana State Office	June 2001	None found
Wyoming State Office	June 2001	None found
<i>Major Applications</i>		
National Interagency Land System (NILS)	June 2001	None found
Land Records 2000 (LR2000)	June 2001	None found
<i>Non-major Applications</i>		
Automated Fluid Minerals Support System (AFMSS)	June 2001	None found
Alaska Land Information System (ALIS)	June 2001	None found
Cadastral Survey System	June 2001	None found

Table 9: FY 2001 Assessments and Audits (continued)

Assessment/Audit	Date Completed	Results (material weakness or best practice)
<i>Bureauwide Targeted Reviews</i>		
Administration of the Contracting Officer's Technical Representative Program	August 2001	None found
Convenience Checks Use - Charge Card Purchase Business Line	August 2001	None found
Personal Property Management "Greening" Implementation - E.O. 13149 & E.O. 13101	August 2001	None found
Personal Property Management - Staffing Levels	August 2001	None found
<i>Joint Internal Acquisition and Property Management</i>		
National Interagency Fire Center	August 2001	None found
New Mexico State Office (and some Field Offices)	August 2001	None found
Nevada State Office (and some Field Offices)	August 2001	None found
OIG Audit Used as Alternative Review		
Financial Statement Audit	March 2001	Corrected 9/01

The BLM implemented corrective actions in fiscal year 2001 to address four carryover material weaknesses: inadequate range monitoring; administration and oversight of the wild horse and burro herd management program; management and oversight of the land exchange program; and inadequate supervisory accountability, training, and staffing for the agency's safety management program.

In FY 2001, the Bureau took final corrective actions to address the material weakness in the range monitoring program. These actions included issuing Manual Section Handbook H-4180—Rangeland Health Standards, which provides guidance for monitoring and evaluating rangeland health; developing Technical Reference 1734-6—Interpreting Indicators of Rangeland Health; and providing Annual Work Plan guidance for setting priorities for completing monitoring, assessments, and evaluations. The BLM believes that the corrective actions taken to date have corrected the material weakness in this program, and that no additional corrective actions are needed.

To address the administration and oversight of the wild horse and burro herd management program, the Bureau applied a single-shot, one-year immuno-contraceptive

vaccine to approximately 450 mares; implemented the recommendations from the Adoption Marketing Strategy to increase the number of animals adopted; and awarded another marketing study contract to provide a more in-depth study and marketing plan. To implement this plan, the BLM is creating a marketing/promotion team at the national level that will provide leadership and products to support a national promotional effort and increase adoption success. The BLM also developed a process to track animals and costs, from gather to adoption, and has improved the flow of animals from removal to adoption.

The BLM has secured increased funding to implement its strategy to achieve appropriate management levels on all herd management areas in four years. To implement the strategy, the BLM increased gathers from 8,631 animals in FY 2000 to 13,041 animals in FY 2001, and increased adoptions from 6,192 animals in FY 2000 to approximately 8,000 in FY 2001. In addition, the BLM has contracted for four new long-term holding facilities for the placement of excess unadoptable animals.

To address the management and oversight of the land exchange program, the Bureau conducted joint BLM/USDA Forest Service lands training for managers

and line officers; completed field work for the land exchange program review/assistance visits in three of the state organizations; and issued a contract for an agreed-upon procedures review of 23 assembled land exchanges conducted between 1993 and 2000. All planned reviews were completed, and the BLM continues to support and emphasize BLM State Office management oversight and administration of the land exchange program while providing appropriate Headquarters review of feasibility reports and decision documents in conformance with established Bureau policy.

The Bureau is nearing completion of the corrective actions planned to address the supervisory oversight of the safety management program. During FY 2001, the Bureau completed the following actions.

- Issued an instruction memorandum (IM No. 2001-105) requiring that BLM State and Field Office Safety Committees be chaired by a top management official
- Integrated Risk Management into all the BLM decision-making processes
- Briefed the Field Committee and Deputy State Directors on Risk Management Procedures
- Issued an information bulletin (IB No. 2001-071) directing managers to utilize Risk Management procedures
- Provided State Safety Managers with Risk Management "Train-the-trainer" training
- Established a BLM Safety website:
<http://ncweb.sc.blm.gov/safety>

A total of nine BLM State organizations have provided Risk Management training to senior leaders and managers/supervisors. As a result of the management focus on correcting the material weakness, the BLM Safety Program has now achieved high visibility and increased supervisory oversight.

BUSINESS AND FINANCIAL SYSTEMS INTEGRATION AND CONTROLS

The Bureau's accounting system, the Federal Financial System (FFS), is composed of a number of interrelated subsystems that handle the BLM's complex financial processing needs. FFS capabilities include recording the

BLM's budget authority at various levels (appropriations, apportionments, allotments, allocations, etc.) and tracking the execution of the budget at each of these levels. FFS records the amounts billed and collected for services rendered by the BLM; this information is used to prepare bills and dunning notices.

The system also supports buying goods and services and paying vendors, including complying with prompt payment requirements and maintaining relationships with various purchasing documents, e.g., commitments, obligations, requisitions, receiving reports, and payment vouchers. FFS supports the processing of travel documents and payroll, cost allocation, the collection of costs, and the application of indirect support rates to calculate the full costs of projects. All transactions recorded to various tables in each FFS subsystem support accounting functions that update the general ledger.

The system accounts for every type of Federal appropriated and nonappropriated fund within the BLM's budget authority, including annual, multiyear, and no-year appropriations. Nonappropriated funds include revolving and working capital funds, budget clearing accounts, and deposit and receipt accounts.

Payments to commercial vendors are generally subject to the Prompt Payment Act, as implemented under OMB Circular A-125. FFS automatically determines if a payment is subject to prompt payment based on the type of vendor and the type of transaction. If a payment is subject to prompt payment, FFS ensures compliance in terms of scheduling the payment, automatically evaluating discount terms, paying any interest due if the payment is late, and taking into account any payment terms unique to the order or vendor.

FFS distinguishes numerous collection types: revenue (billed and unbilled), vendor refund, advance received from a customer, and repayment of a travel advance. Collections and disbursements can involve either a cash or noncash transaction.

Strict edits on all input data ensure the validity of data entered into the system. Editing logic includes a verification of valid accounting distribution and spending controls, along with the completion of required data elements. Once a transaction passes all edits, all relevant tables and the general ledger are simultaneously updated.

FFS also includes a number of processes to ensure the integrity of the database and to assist in administering the system. Processing routines include system assurance programs which verify that header and line tables are in agreement, that all journal postings are in balance, and that all budget records are properly posted. To detect any out-of-balance conditions that might occur due to equipment or system software failures, the system assurance programs verify that components of the online system (reference and inquiry tables, including the General Ledger and budget tables) balance with the historical sequential journal that is the official audit trail.

The Fixed Assets subsystem of FFS allows tracking of all personal property items valued at over \$10,000, as well as items designated as "Bureau sensitive" or "Field sensitive." Bureau-sensitive items include personal computers, firearms, surveying equipment, and Global Positioning System (GPS) equipment valued at more than \$500. Field-sensitive items include property that a BLM field office might want to track regardless of the acquisition cost, such as binoculars. The Fixed Assets subsystem tracks these items, as well as other property such as motor vehicles.

The Fixed Assets subsystem reconciles property items actually received and accounted for with items purchased. Once a property item is officially documented as "received," a custodial officer and property number are assigned, and the item is then inventoried every year. The Fixed Assets subsystem also records when an item is disposed of through public sale, transferred to another agency, or donated to a school or college.

The Bureau was one of the first agencies in Interior to establish an interface between the Interior Department Electronic Acquisition System (IDEAS) and FFS. With this interface, once an obligation document (i.e., a purchase order, task order, delivery order, contract, or modification) is created in IDEAS, the obligation can be electronically posted to FFS. If the obligation passes successfully to FFS, a confirmation is posted in IDEAS. In addition, IDEAS can pass a funding commitment document to FFS so that funds can be set aside pending actual obligation.

With the level of integration and cross-checking in place between the BLM's acquisition, accounting, and property management/accounting systems, the Bureau has fulfilled the requirement to establish sound management controls and ensure legal compliance.



A BLM vehicle drives along a primitive road in the Grand Canyon-Parashant National Monument.

Future Effects of Existing, Currently Known Demands, Risks, Uncertainties, Events, Conditions, and Trends

NATURAL AND HUMAN-CAUSED DISASTERS

OVER THE PAST DECADE, SEVERAL BLM OFFICES HAVE BEEN DAMAGED OR DESTROYED BY FIRE, FLOODING, OR EXPLOSIONS. NUMEROUS OTHER INCIDENTS SUCH AS NATURAL GAS LEAKAGE, WHILE CAUSING NO ACTUAL DAMAGE, HAVE SERVED AS AN IMPORTANT REMINDER THAT DISASTERS CAN STRIKE ANYWHERE AT ANY TIME.

BLM offices in the western states and Alaska, as well as in the East, are vulnerable to floods, earthquakes, severe winter storms, tornadoes, and lightning, as well as human-caused events such as fire, terrorism, sabotage, roof leakage, electrical failure, or other events. Recognizing these threats and their potential to disrupt government operations and services provided to the public, the Department of the Interior directed all of its bureaus in fiscal year 1999 to prepare Continuity of Operations Plans that spell out specific disaster responses.

Continuity of Operations Plans typically list:

- **Alternate work sites if an office's staff and functions need to be relocated.**
- **Procedures for a crisis management team and emergency operations center.**
- **Responses ranging from pre-incident planning and preparation to reestablishment of normal operations.**
- **Training and employee orientation procedures, including the need for regular simulated plan exercises to ensure everything works as anticipated.**

Plans usually include detailed checklists, key employees' telephone numbers, and specific steps to be followed under a variety of scenarios. These plans are updated as needed.

Possible Future Effects: Possible future effects of natural and human-caused disasters run the gamut from minor damage or disruption, on the one hand, to large-scale catastrophes resulting in extensive employee injuries and destruction of facilities and property, on the other. The BLM's Employee Emergency Action/Fire Prevention Plans and Continuity of Operations Plans are designed to save lives, prevent damage, and minimize adverse consequences. However, no amount of planning and preparation can totally prevent disasters from striking.

WILDLAND FIRES

The Bureau provides fire protection on 388 million acres of public and state lands. The BLM's fire and aviation program works cooperatively with its Federal and state land management partners to suppress and manage wildland fire, conduct prescribed fires, and promote fire safety awareness through education and prevention programs. The Bureau's fire program also works closely with the BLM's other resource programs to improve the health of the land, reduce the risks of hazardous buildup of fuels, protect communities at risk, and improve wildlife habitat.



Hot Shot crew members being briefed on a fire situation.

The BLM's National Office of Fire and Aviation is headquartered at the National Interagency Fire Center in Boise, Idaho, where fire experts develop policy, conduct wildland fire research, and coordinate with fire managers from other firefighting organizations, both nationally and internationally. Because wildland firefighting is a demanding and hazardous profession, the BLM takes every measure to ensure firefighter safety and the protection of life, property, and natural resources.

The public lands and their myriad resources—soil, vegetation, wildlife habitat, and human structures/improvements—are frequently at risk, particularly during a drought year. The 2001 fire season had the potential to be one of the worst in decades. Record drought conditions persisted in the Southeast and across much of the West. Many areas had an abundance of fuels and light snowpacks. Summer rain was infrequent; however, when it occurred, it rained in the right places at the right time to give some areas an average or below average fire season. Other regions, such as the Northwest and Northern Rockies, had a notably active fire season. Four states—Florida, Nevada, Oregon, and Washington—accounted for over half of the acres burned nationwide.

Parched by a three-year drought, Florida was again hit hard by fire. Almost 427,000 acres burned in Florida, second only to Nevada's total of 554,000 acres, as of late October. For two weeks in August, firefighting agencies were at Preparedness Level Five, the highest level of readiness. A battalion of military personnel from Fort Lewis, Washington, was mobilized and assisted in suppression efforts.

As of October 1, 2001, a overall total of 63,221 fires nationwide had burned just under 3.2 million acres. This is about one-quarter million acres less than the 10-year average. The figures for October 1, 2000, were dramati-

cally different: 67,765 fires burned a total of 6.9 million acres.

From a firefighting standpoint, 2001 was a remarkable success. Funding increases in 2000 and 2001 enabled the BLM and its land management partners to bring more firefighters, equipment, aircraft, and other resources to bear than at any other time in history. Aggressive initial attacks kept fires small.

A number of fire-related deaths occurred in 2001. Four firefighters died in a burnover on July 10 in Washington state, two pilots were killed in an aircraft collision on August 27 over California, and three helicopter crew members died on August 31 while on a fire in Montana.

Possible Future Effects: While the BLM is taking steps to reduce the number of human-caused fires, fires caused by natural events such as lightning strikes will always present a risk to public lands and resources. The 2001 fire season demonstrated that adequate firefighting resources and a high level of preparedness can control fires and prevent extensive destruction. Historically, every fire season has at least one or two unusually active regions. An overabundance of fuel still exists and will for years to come. Consequently, severe fire outbreaks, widespread damage to public lands and resources, and even loss of human life can be anticipated. This, in turn, would require extensive emergency fire rehabilitation efforts to control soil erosion, as well as long-term efforts to restore fire-damaged lands to full productivity and health.

Implementation of the National Fire Plan, expected to cost \$1.6 billion overall, will help to reduce the impacts from wildfires, provide for more aggressive rehabilitation and restoration efforts, and encourage extensive collaboration among Federal wildland management agencies, the states, and municipalities. A substantial increase in base program funding and one-time additions in 2001 enabled the BLM to make significant progress in building the most efficient level of readiness by recruiting more firefighters and investing in air tanker bases, fire stations, warehouses, fire caches, and radio towers. The 10-Year Comprehensive Strategy, entitled "A Collaborative Approach for Reducing Wildland Fire Risks to Communities and the Environment," was released in 2001.

CRIME AND UNAUTHORIZED USE

The remote nature of many of the BLM's public lands, combined with the rapid growth of urban areas in the West, has resulted in a moderate level of criminal activity on BLM-administered public lands. For example, tens of thousands of marijuana plants are cultivated on BLM public lands each year and illegal drug laboratories are set up that produce hazardous wastes.

The designation of additional special management areas (wilderness areas, areas of critical environmental concern, etc.) results in a greater degree of regulated use and restrictions. However, there are still some public land users who deliberately violate these restrictions and cause impacts to lands and resources.

The BLM issues permits for many commercial uses of public lands. However, numerous individuals use or take resources on the public lands without obtaining the required authorizations. These individuals bypass the normal environmental analysis process and cause adverse impacts that would otherwise be avoided by prohibiting certain uses or attaching stipulations to protect natural and cultural resources.

To ensure that visitors have safe and positive experiences on BLM public lands, rangers and special agents maintain a capability for providing public assistance and responding to illegal activities that compromise public safety or damage public lands or facilities. The BLM's law enforcement program works cooperatively with county and local law enforcement agencies to meet the growing workload. BLM law enforcement officers responded to and investigated a total of 16,571 incidents in 2001.

In the aftermath of the terrorist attacks on September 11, 2001, the BLM's law enforcement program responded to numerous national security-related requests from other Federal agencies. An average of 21 law enforcement officers are now on national security assignments outside of BLM each week.

Possible Future Effects: Crime and unauthorized use will continue to be a problem on the public lands, given the huge acreages involved and the impossibility of keeping track of every activity occurring across the Bureau's nearly 262 million acres. Unauthorized use will continue to result in the loss of the resources taken, as well as costing the BLM significant money to rehabilitate and restore public lands and resources to former levels of health and productivity. Perhaps the most dramatic example is the millions of dollars in lost resources from human-caused fires, as well as the funds expended for fire suppression efforts.

DEFERRED MAINTENANCE

The Bureau of Land Management is responsible for maintaining 3,753 buildings and structures, 701 administrative sites, 2,042 recreation sites, 76,793 miles of roads, 934 bridges, 15,569 miles of trails, and 1,133 dams. These

assets permit the enjoyment and use of the public lands for recreation, revenue generation, and other purposes.

As of September 30, 2001, the estimated total maintenance backlog stood at \$333 million, an increase of \$140 million over 2000. Approximately \$80 million of this increase could be the result of a statistical anomaly in the 2000 data for roads and trails due to the extrapolation of data from a small sample. The other \$60 million is the result of many years of insufficient funding for regularly scheduled repairs and preventive maintenance. At the same time, maintenance costs have increased and the Administration and Congress have added to the BLM's capital asset base. Adequate funding and staffing for regularly scheduled repairs and preventive maintenance is essential for maintaining facilities in good functioning condition and reducing accumulated deferred maintenance.

The Deferred Maintenance section presented later in this document provides more detailed information on how the BLM tracks its capital assets and estimates maintenance costs.

The Bureau received a substantial increase in deferred maintenance funding in 2001, which more than tripled the deferred maintenance workload. Title VIII of the



More than 60 National Public Lands Day volunteers helped with many projects at the Beaverhead River site near Dillon, Montana. Boy Scouts hauled away brush and debris, while other volunteers cleaned and bird-proofed the homestead cabin, which dates from the 1880s.

Appropriations Act for the Department of the Interior and Related Agencies, 2001, created a new six-year Land Conservation, Preservation, and Infrastructure Improvement program. Among other provisions, Title VIII provides funding for land management agencies to "address critical maintenance backlogs." Title VIII specified \$25 million for the BLM "in addition to baseline funding for maintenance . . . provided in the operational accounts."

Possible Future Effects: Unless funding for regularly scheduled repairs and preventive maintenance is increased to reflect the BLM's true annual maintenance needs, the maintenance backlog will not diminish. Protection of capital investments is contingent upon the BLM's ability to perform preventive maintenance and make timely repairs. Maintenance that is deferred becomes more costly over time. If delayed long enough, the result is deterioration or even loss of facilities on public lands. This, in turn, could result in resource damage. For example, not maintaining a hiking trail on steep terrain could result in gulying, soil erosion, and vegetation loss. In some instances, a critical health and safety problem could result, affecting both BLM employees and the public.

CONTINGENT LIABILITIES: JUDGEMENTS AND CLAIMS

The BLM is a party to a number of lawsuits where the plaintiff is seeking monetary damages. The lawsuits involve a variety of issues, including lost revenues when timber contracts were suspended because of environmental

issues; injuries or death that occurred on BLM-managed land or roads; issues regarding takings and suspension of mining claims; and other issues. The resultant outcomes will not materially affect the BLM's future financial condition. The U.S. Treasury's judgement fund would likely bear most of the costs incurred to pay any judgements or settlements.

Possible Future Effects: As of the end of FY 2001, nine cases had estimated liabilities totaling \$20,900,000. In the opinion of BLM management and legal counsel, a reasonable estimate of the potential outcome or liability of all other remaining claims cannot be made.

CONTINGENT LIABILITIES: ENVIRONMENTAL CLEANUP

The Comprehensive Environmental Response, Compensation, and Liability Act of 1980, the Clean Water Act of 1977, and the Resource Conservation and Recovery Act of 1976 require Federal agencies to report sites where (1) hazardous substances have been released or (2) hazardous wastes are or have been stored, treated, or disposed of. These Acts also require responsible parties, including Federal agencies, to clean up releases of hazardous substances, to restore injured natural resources, and to manage hazardous wastes.

The Bureau faces major challenges in cleaning up hazardous substance releases on the public lands. Virtually all of these releases arise from non-BLM uses of the lands, such as illegal dumping, transportation spills, landfills, mineral development operations, pipelines, and airstrips. Significant portions of the costs of cleanup will be incurred by or recovered from responsible parties external to the BLM.

The Bureau has identified contingent liabilities at 181 contaminated sites. Where costs are available, the estimated cost of cleanup activities and studies ranges from \$68,465,000 to \$118,970,000. The BLM's share of these costs is estimated to be \$4,378,000. The remaining costs are expected to be incurred by or recovered from responsible parties. There are also 138 sites where environmental contamination is suspected and some cleanup might be needed; however, the BLM has not determined these costs.

Possible Future Effects: Undetected or unmitigated releases of hazardous substances on public lands could result in resource damage (soil or water contamination, vegetation loss, wildlife habitat destruction, etc.). Loss of human life, harm to human health, and damage to property is also possible, especially in the rapidly growing urban interface areas of the West and in the more heavily used recreation areas, although the larger areas of rural, undeveloped tracts of public lands tend to



Field analysis for volatile organic vapors, using a photo ion detector (Cottonwood Field Office, Upper Columbia - Salmon Clearwater BLM District).

minimize the odds of impacts to the public. The Bureau is working aggressively to identify and clean up sites posing a danger to humans or natural resources.

CONTINGENT LIABILITIES: ABANDONED MINE LANDS

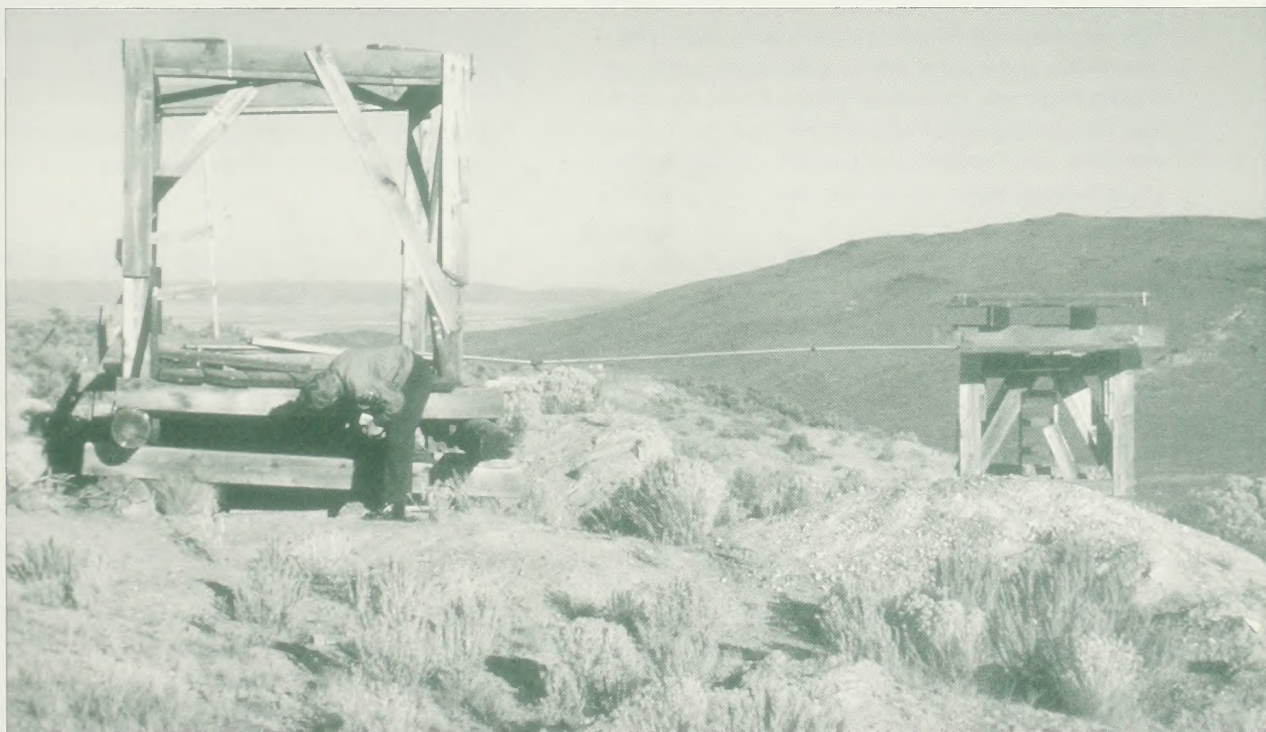
Approximately 1,600 abandoned mine land (AML) records were added to the Abandoned Mine Land Inventory System in 2001, bringing the total number of field-checked AML sites in the database to about 9,600. These sites constitute the BLM's working inventory of sites targeted for cleanup as funding becomes available. Additional sites are added to the inventory as they become known to the BLM's field offices.

Work priorities are established on the basis of threats to water quality and partnership opportunities. The Bureau received \$10 million for water-quality-based abandoned mine lands cleanups in priority watersheds in 2001. The affected states determine the priority watersheds. The Bureau and other government and private landowners then direct available funding to clean up AML sites affecting those watersheds, leveraging results through combined funding and coordinated cleanup efforts. These projects are typically complex, multiyear efforts.

In 2001, the BLM carried out watershed-based work on 47 AML sites; Colorado and Idaho accounted for 32 of these sites. The work involved a wide range of activities, from preliminary studies to final remediation. The BLM undertook site evaluation and site characterization studies in Alaska, Idaho and Nevada. The Bureau also prepared complex environmental assessments, contracting documents, and other documentation for Alaska, Nevada, and Utah. Additionally, the Bureau carried out extensive mine investigations in Idaho and installed bioreactor and water treatment systems.

A total of 300,000 pounds of solid mining waste was removed from a drainage in northern Alaska. The results will be monitored in 2002 and beyond to determine if long-term improvements in water quality are achieved, as demonstrated by healthier fisheries and cleaner drinking water.

Additionally, the BLM mitigated physical safety and/or health hazards at over 500 AML sites in 2001. Most of the mitigation took place in states with few if any abandoned mine lands in priority watersheds. The Bureau provided funding for cooperative initiatives with Nevada and Wyoming that involved the collection and preliminary analysis of new AML data. Subsequently, these



BLM employee looking into an old mining shaft on a canyon ridge in the Vale BLM District, Oregon.

states performed work to eliminate many of the hazards on BLM public lands. Even though Nevada has no water-quality based sources of funding to address physical safety issues, the partnership resulted in the fencing, filling, or barricading of 315 physical hazards.

Every western state, to some extent, contributed to the reduction of physical hazards in 2001; Colorado and Idaho accounted for 138 of the 500 total physical hazard sites. Much of the mitigation was completed in the course of other AML watershed work or as a result of AML surveys in the vicinity of recreation areas. Highly volatile explosives were discovered at an AML site in a wilderness area along a popular white water rafting stretch of the Owyhee River in Idaho. The explosives were detonated, eliminating an immediate threat to the public. And, after elevated levels of mercury, lead and zinc from mine waste were found in the soil and water at a popular campground at Silver City, Idaho, a remediation plan was developed and the area was cleaned up.

Possible Future Effects: Given the large number of abandoned mine sites estimated to exist on BLM-administered lands, there is a significant potential for serious injuries or death for people who wander across these sites or who deliberately set out to explore old mine tunnels and buildings. The Bureau faces exposure to lawsuits or claims for damages resulting from injury or death at these sites. As population sprawl continues in the West, and as more visitors come to the public lands for recreation and to experience open space, more people can be expected to come into contact with what once were remote abandoned mine sites. The Bureau has no basis for estimating the future financial impact of this situation.

AML program managers continue to look for program efficiencies and creative new sources of funding to eliminate the large number of AML physical hazards remaining on public lands.

The Bureau continues its abatement efforts and has taken significant actions to warn the public about the dangers of abandoned mines. In 2001, each BLM State Office established an AML website that provides descriptions and progress reports on AML projects within the state. The Bureau also maintains a national AML website that provides AML hazard information to the public, access to technical information, and links to the state AML websites.

Additionally, the BLM continued its participation in the Mine Hazard Awareness Campaign, a Federal and state cooperative effort initiated by the U.S. Department of Labor's Mine Safety and Health Administration to increase the public's awareness of the dangers of active and abandoned mines. Again this year, BLM field offices distributed several thousand AML safety brochures. The campaign also provides teaching resources; for its part, the BLM offers traveling AML safety exhibits for classroom presentations and public outreach.

The Bureau participated in several Federal and industry-sponsored AML workshops and conferences, as well as hosting a national workshop for BLM coordinators to bring greater focus to their own program. In addition, the BLM represented the United States at the United Nations' "Environmental Programme" in Santiago, Chile, where it presented America's regulatory approach to environmental issues associated with abandoned mines.

Discussion and Analysis of the Financial Statements

THIS ANNUAL REPORT PRESENTS THE BLM'S FINANCIAL STATEMENTS.

THERE ARE FOUR BASIC OBJECTIVES FOR FINANCIAL REPORTING IN THE

FEDERAL GOVERNMENT:

- **Budgetary integrity (accounting for resources obtained and resources spent),**
 - **Operating performance (the cost of programs and the results achieved for the dollars spent),**
 - **The government's stewardship over governmental assets such as land and heritage assets (improvement or deterioration in these assets over the reporting period), and**
 - **Systems and controls (the presence of cost-effective systems and controls to adequately safeguard assets).**
- Combined Statement of Budgetary Resources and the Consolidated Statement of Financing: The Combined Statement of Budgetary Resources shows the budgetary resources made available through appropriations and other sources, obligations incurred against those resources, and the dollar amount of cash outlays. The Consolidated Statement of Financing explains and reconciles the relationship of budgetary obligations to the net cost of operations.
 - Supplementary Stewardship Report: This report displays the nature and condition (not dollar values) of stewardship assets. Stewardship assets are property entrusted to or owned by the Federal government for the long-term benefit of the Nation (such as public land). The government is charged with safeguarding and maintaining these assets. Valuation would be extremely difficult in most cases. Expenditures for stewardship assets are included as part of net cost on the Statement of Net Cost.
 - Supplementary Report on Deferred Maintenance: This displays the estimated dollar value of maintenance that was not performed when scheduled, and that has been delayed to a future period, for general property, plant, and equipment and for stewardship assets. Deferred maintenance includes preventative maintenance, normal repairs, replacement of parts and structural components, and other activities needed to preserve the asset so that it continues to provide acceptable services and achieves its expected life.

To meet these reporting objectives, the BLM is presenting the following financial reports in this Annual Report:

- Consolidated Balance Sheets: These statements report on the operating assets and liabilities related to the delivery of goods and services. They display the dollar value of unspent funds, assets (such as accounts receivable, inventory, investments, and property, plant and equipment), and liabilities (such as accounts payable and various accrued liabilities).
- Consolidated Statements of Net Cost of Operations and the Consolidated Statement of Changes in Net Position: These two statements report the costs of providing government goods, services, and benefits, and provide information on the changes in financial position from one year to the next. They contain the total costs of operations, revenues generated from operations, and appropriations (dollars) used to fund the net cost of operations.

The BLM believes the statements are a fair and accurate presentation of its financial position, net cost of operations, changes in net position, and budgetary resources, as well as details regarding financing. This is reflected in the unqualified (clean) audit opinion rendered on the BLM's financial statements by the independent auditors. Sound financial management is a top priority for the BLM at all levels of the organization.

LIMITATIONS OF THE FINANCIAL STATEMENTS

The financial statements have been prepared pursuant to the requirements of the Chief Financial Officers Act of 1990. While the statements have been prepared from the BLM's books and records in accordance with the guidance provided by the Office of Management and Budget, the statements differ from financial reports used to monitor and control budgetary resources that are prepared from the same books and records.

The statements should be read with the realization that they are for a component of a sovereign entity, that liabilities not covered by budgetary resources cannot be liquidated without enactment of an appropriation, and that payment of all liabilities other than for contracts can be abrogated by the sovereign entity.

SIGNIFICANT FINANCIAL STATEMENT ISSUES

The BLM was involved in financial transactions during the year that resulted in significant changes in various line items on the financial statements between FY 2001 and 2000:

- During FY 1999, the BLM received nearly \$109 million in bonus bids and first-year rentals from the National Petroleum Reserve-Alaska (NPR-A) Oil and Gas Sale 991. Nearly \$28 million of the \$109 million was held in a special suspense account for leases in the Kuukpik Selection Area; this area was set aside for the Kuukpik Village Corporation and the Arctic Slope Regional Corporation to select their entitlement lands under the Alaska Native Claims Settlement Act, as amended (85 Stat. 688). The Kuukpik Corporation has no legal deadline for identifying their selections to the BLM. Near the end of FY 2000, Amendment No. 3787 authorized the investment of the funds being held for the Kuukpik Village Corporation, with back interest to be paid from the time of the original sale in 1999. The investment of the original \$28 million, along with the continued collections of oil and gas rent, began in FY 2001. During FY 2001, these investments earned \$1.5 million. Additionally, back



Exploring a patch of poison hemlock (a noxious weed) in bloom by a river bank near Albuquerque, New Mexico

interest of \$1.8 million was appropriated from the Treasury Department and subsequently invested during FY 2001.

- The Southern Nevada Public Land Management Act (SNPLMA), enacted in October 1998, authorizes the BLM to sell public land tracts that are interspersed with or adjacent to private land in the Las Vegas Valley. A total of 85 percent of the revenues collected are then invested in interest-bearing Treasury securities. The revenues generated from the land sales and investments enable the BLM and other government entities to acquire environmentally sensitive lands and build or maintain trails, day-use areas, campgrounds, etc., to benefit public land visitors. As of the end of FY 2000, the BLM maintained just over \$17 million in investments related to the SNPLMA land sales. During FY 2001, the BLM had more and larger land sales than in any previous fiscal year. The BLM was able to invest \$56 million of the proceeds from these sales. Additionally, the BLM collected more than \$2 million of interest revenue related to the SNPLMA investments. A total of \$5 million of investments were redeemed during FY 2001 to pay for expenditures within Southern Nevada Public Land Management fund.

- During FY 2001, the BLM distributed more than \$100 million of prior years' collections. The Coos Bay Wagon Road Act of May 24, 1939, and its subsequent legislation allows the BLM to retain a portion of the Coos Bay Wagon Road Grant Fund receipts for timber salvage, while requiring a portion to be paid annually to Coos and Douglas Counties in the state of Oregon to provide funding for schools and roads. The remaining portion of the receipts are paid to the Treasury Department every ten years. A payment of \$27 million was made to Treasury during FY 2001 for the previous ten years' collections. Additionally, over \$77 million of FY 1999 and FY 2000 receipts related to the Timber Pipeline Restoration Fund were distributed during FY 2001. These amounts were being held until the USDA Forest Service and BLM could calculate and confirm the correct amounts to be distributed.
- Due to the extraordinary FY 2000 fire season and its financial impact, the appropriations that the BLM received in FY 2001 were \$487 million more than in FY 2000. As a result of these increased appropriations and a more "normal" fire season in FY 2001, unexpended appropriations in the fire fund increased by \$137 million over FY 2000.



Riparian area stream restoration from mining damage near Pinecreek (Couer D'Alene Field Office, Upper Columbia - Salmon Clearwater BLM District).

Financial Statements

*Bureau of Land Management
Consolidated Balance Sheets
September 30, 2001 and 2000
(dollars in thousands)*

	2001	2000 (Restated)
Assets (Note 2):		
Intragovernmental:		
Fund Balance with Treasury (Note 3)	\$ 899,870	\$ 772,900
Investment in U.S. Treasury Securities (Note 4)	102,511	17,363
Accounts Receivable, Net (Note 5)	7,869	13,600
Advances and Prepayments	2,877	
Total Intragovernmental	<u>1,013,127</u>	<u>803,863</u>
Accounts Receivable, Net (Note 5)	10,195	12,648
Travel Advances	262	134
Cash in Imprest Funds	48	46
Inventory, Net (Note 6)	315	4
Gas and Storage Rights, Net (Note 6)	1,076	1,071
Stockpile Materials (Note 6)	355,075	357,620
General Property, Plant, and Equipment, Net (Note 7)	<u>252,906</u>	<u>233,817</u>
Total Assets (Note 8)	<u>\$ 1,633,004</u>	<u>\$ 1,409,203</u>
Liabilities and Net Position:		
Liabilities (Note 9):		
Intragovernmental:		
Accounts Payable	\$ 21,902	\$ 8,999
Accrued Payroll and Benefits	6,643	5,850
Undistributed Collections (Note 10)	58,825	151,794
Deferred Credits (Note 11)	14,901	27,665
Other Liabilities (Note 12)	16,232	14,619
Debt to Treasury (Note 13)	<u>1,319,204</u>	<u>1,329,204</u>
Total Intragovernmental	<u>1,437,707</u>	<u>1,538,131</u>
Accounts Payable	46,501	32,622
Accrued Payroll and Benefits	37,541	32,903
Deposit Funds (Note 14)	78,093	90,465
Deferred Credits	847	2,341
Accrued Contingent Liabilities (Note 15)	25,278	23,349
Actuarial Liabilities (Note 16)	84,165	69,773
Other Liabilities (Note 12)	<u>142,306</u>	<u>45,384</u>
Total Liabilities	<u>1,852,438</u>	<u>1,834,968</u>
Net Position:		
Unexpended Appropriations	471,043	286,698
Cumulative Results of Operations	<u>(690,477)</u>	<u>(712,463)</u>
Net Position	<u>(219,434)</u>	<u>(425,765)</u>
Total Liabilities and Net Position	<u>\$ 1,633,004</u>	<u>\$ 1,409,203</u>

The accompanying notes are an integral part of these financial statements.

*Bureau of Land Management
Consolidated Statements of Net Cost of Operations
for the Fiscal Years Ended September 30, 2001 and 2000
(dollars in thousands)*

	2001	2000 (Unaudited)
(Note 23)		
Preserve Natural and Cultural Heritage Resources		
Gross Cost	\$ 151,769	\$ 137,705
Earned Revenue	<u>69,456</u>	<u>18,505</u>
Net Cost	<u>82,313</u>	<u>119,200</u>
Understand the Condition of the Public Lands		
Gross Cost	138,708	107,098
Earned Revenue	<u>1,187</u>	<u>827</u>
Net Cost	<u>137,521</u>	<u>106,271</u>
Restore At-Risk Systems and Maintain Functioning Systems		
Gross Cost	190,521	136,601
Earned Revenue	<u>8,230</u>	<u>10,748</u>
Net Cost	<u>182,291</u>	<u>125,853</u>
Provide Opportunities for Environmentally Responsible Recreation		
Gross Cost	86,497	84,706
Earned Revenue	<u>11,445</u>	<u>10,835</u>
Net Cost	<u>75,052</u>	<u>73,871</u>
Provide Opportunities for Environmentally Responsible Commercial Activities		
Gross Cost	248,323	261,976
Earned Revenue	<u>126,814</u>	<u>128,620</u>
Net Cost	<u>121,509</u>	<u>133,356</u>
Reduce Threats to Public Health, Safety, and Property		
Gross Cost	518,709	473,410
Earned Revenue	<u>74,352</u>	<u>54,445</u>
Net Cost	<u>444,357</u>	<u>418,965</u>
Improve Land, Resource, and Title Information		
Gross Cost	119,638	119,288
Earned Revenue	<u>7,535</u>	<u>6,912</u>
Net Cost	<u>112,103</u>	<u>112,376</u>
Provide Economic and Technical Assistance		
Gross Cost	332,564	279,770
Earned Revenue	<u>837</u>	<u>1,529</u>
Net Cost	<u>331,727</u>	<u>278,241</u>
Elimination of Intra-Bureau Activity		
Gross Cost	(44,585)	(25,149)
Earned Revenue	<u>(44,585)</u>	<u>(25,149)</u>
Net Cost	<u>0</u>	<u>0</u>
Totals		
Gross Cost (Note 17)	1,742,144	1,575,405
Earned Revenue	<u>255,271</u>	<u>207,272</u>
Net Cost of Operations	<u>\$ 1,486,873</u>	<u>\$ 1,368,133</u>

The accompanying notes are an integral part of these financial statements.

*Bureau of Land Management
 Consolidated Statement of Changes
 in Net Position for the Fiscal Year Ended
 September 30, 2001
 (dollars in thousands)*

Net Cost of Operations	<u>\$(1,486,873)</u>
Financing Sources:	
Appropriations Used	1,379,376
Imputed Financing (Note 18)	47,832
Other Financing Sources (Note 19)	10,011
Total Financing Sources	<u>1,437,219</u>
Intragovernmental Transfers In, Net	<u>71,640</u>
Change in Cumulative Results of Operations	21,986
Change in Unexpended Appropriations	<u>184,345</u>
Change in Net Position	206,331
Net Position, Beginning Balance, as Restated (Note 20)	<u>(425,765)</u>
Net Position, Ending Balance	<u>\$ (219,434)</u>

The accompanying notes are an integral part of these financial statements.

*Bureau of Land Management
 Combined Statement of Budgetary Resources
 for the Fiscal Year Ended September 30, 2001
 (dollars in thousands)*

Budgetary Resources:

Budget Authority	\$ 1,805,559
Unobligated Balances, Beginning of Year	243,566
Spending Authority from Offsetting Collections	135,216
Adjustments (Note 21)	<u>29,768</u>
Total Budgetary Resources	<u>\$ 2,214,109</u>

Status of Budgetary Resources:

Obligations Incurred	\$ 1,838,049
Unobligated Balances--Available (Note 21)	375,719
Unobligated Balances--Not Available (Note 21)	<u>341</u>
Total Status of Budgetary Resources	<u>\$ 2,214,109</u>

Outlays:

Obligations Incurred	\$ 1,838,049
Spending Authority from Offsetting Collections and Net Recoveries of Prior Years' Obligations	<u>(169,665)</u>
Subtotal	1,668,384
Obligated Balances, Net, Beginning of Year	303,384
Obligated Balances, Net, End of Year	<u>(490,593)</u>
Total Outlays	<u>\$ 1,481,175</u>

The accompanying notes are an integral part of these financial statements.

*Bureau of Land Management
 Consolidated Statement of Financing
 for the Fiscal Year Ended September 30, 2001
 (dollars in thousands)*

Obligations and Nonbudgetary Resources:

Obligations Incurred	\$ 1,838,049
Spending Authority from Offsetting Collections and Net Recoveries of Prior Years' Obligations	(169,665)
Imputed Financing (Note 18)	47,832
Exchange Revenue Not in the Budget	(68,723)
Appropriated Revenue	(105,213)
Other Financing Sources (Note 19)	10,011
Total Obligations as Adjusted, and Nonbudgetary Resources	<u>1,552,291</u>

Less: Resources that Do Not Fund Net Cost of Operations:

Change in Goods and Services Ordered But Not Yet Received	162,471
Costs Capitalized	49,135
Financing Sources that Fund Costs of Prior Periods	30
Other	13
Total Resources that Do Not Fund Net Cost of Operations	<u>211,649</u>

Costs that Do Not Require Resources:

Depreciation and Amortization	27,084
Cost of Goods Sold	2,708
Loss on Disposition of Assets	1,478
Bad Debt Expense	75
Total Costs that Do Not Require Resources	<u>31,345</u>

Financing Sources Yet to be Provided

114,886

Net Cost of Operations

\$1,486,873

The accompanying notes are an integral part of these financial statements.

Note 1 - Summary of Significant Accounting Policies

A. REPORTING ENTITY

The Bureau of Land Management (BLM or Bureau), a bureau of the Department of the Interior (DOI), was established on July 16, 1946, through the consolidation of the General Land Office and the Grazing Service in accordance with the provisions of Sections 402 and 403 of the President's Reorganization Plan No. 3 of 1946 (60 Stat. 1097). The BLM's functions are set forth in Section 301 of the Federal Land Policy and Management Act of 1976 (43 USC 1731).

On March 12, 1996, the Department's Helium Operations were transferred from the U.S. Bureau of Mines to the BLM. This was done under the authority of Section 2 of Reorganization Plan No. 3 of 1950 (64 Stat. 1262), as amended. The helium production fund was established by the Helium Act (50 U.S.C. 10), enacted March 3, 1925, and amended by the Helium Act Amendments of 1960 (P.L. 86-777).

In fulfilling its mission, the BLM administers a variety of funds:

1. **General Funds:** These funds consist of expenditure accounts used to record financial transactions arising from Congressional appropriations as well as receipt accounts. The principal general fund expenditure accounts maintained are:
 - a. Management of Lands and Resources
 - b. Wildland Fire Management
 - c. Payments in Lieu of Taxes
 - d. Oregon and California Grant Lands
2. **Special Funds:** The BLM maintains both special fund receipt accounts and special fund expenditure accounts. Collections made into special fund expenditure accounts are available receipts and are considered the BLM's revenue. Collections made into special fund receipt accounts are earmarked by law for a specific purpose but are not generated from a continuing cycle of operations. Receipts are deposited as collected. Funds deposited into special fund receipt accounts typically arise from sales of public lands and materials, sales of timber, fees and

commissions, mineral leases, and other charges for services provided by the BLM to users of the public lands. Amounts deposited into special fund receipt accounts are subject to various distribution formulas as specified by law.

3. **Revolving Funds:** This type of fund is used to finance and manage a continuous cycle of business-type operations. The BLM maintains a Working Capital Fund (WCF) as a single administrative unit established to finance and account for services and commodities furnished to various program activities. The WCF was established in 1978 under Section 306 of the Federal Land Policy and Management Act of 1976 (Public Law 94-579) with an initial investment of \$2,000 in appropriated funds. Since that time, additional equity has been provided through intragovernmental transfers or donations of inventories, capital equipment, and other assets. Transfers or donations are made without reimbursement to the donating activity. All additional income to the WCF has been generated through charges to the BLM's programs or other government agencies. The services provided by the WCF include motor vehicles, stores, a sign shop, a Departmental forms center, and the collection and disbursement of receipts from surface management of the Naval Oil Shale Reserve under an October 2, 1987, memorandum of understanding with the Department of Energy. In addition, the WCF provides funding for travel advances and petty cash funds held by imprest fund cashiers.

In addition to the WCF, Helium Operations are funded through a public enterprise revolving fund. This fund was established with monies from the U.S. Treasury to manage the Federal helium program, which includes helium production, storage, conservation, and sales activities. Funding for current management of this program is provided by sales of helium. Helium production and refining were discontinued on April 1, 1998, pursuant to the Helium Privatization Act of 1996 (P.L. 104-273). Crude helium storage and sale of the helium stockpile will continue through January 1, 2015.

4. **Trust Funds:** The BLM maintains two trust accounts to carry out specific programs under trust agreements and statutes. The Land and Resource Management Trust Fund contains monies contributed by non-Federal organizations for resource development, protection, and management; conveyance of lands omitted in original surveys; and public surveys

requested by individuals. The Alaska Townsite Trustee Fund receives money from the sale of town lots to non-natives and is available to cover the expenses involved in selling and maintaining town sites.

5. **Deposit Funds:** These funds are maintained to account for receipts awaiting proper classification or receipts held in escrow until ownership is established, at which time proper distribution can be made. Refer to Note 14.

Statement of Federal Financial Accounting Standards (SFFAS) No. 4, *Managerial Cost Accounting Concepts and Standards For the Federal Government*, requires agencies to report the full cost of programs, activities, and outputs. The standard includes requirements for accumulating and reporting costs on a regular basis for management use, establishing responsibility segments to match costs with outputs, determining the full cost of government goods and services, recognizing the costs of services provided between agencies within the government, and using appropriate costing methodologies to accumulate and assign costs to outputs.

In FY 1998, the BLM selected Activity Based Costing (ABC) as the agency's methodology to accumulate cost data for effective management use and to assign costs to outputs. The accumulated cost data is aggregated by program activity, to reflect BLM's Government Performance and Results Act (GPRA) performance goals. The Consolidated Statements of Net Cost of Operations are presented using the following GPRA program activities:

Preserve Natural and Cultural Heritage Resources - The BLM will preserve and protect natural, historical, landscape, and cultural resource values for current and future generations.

Understand the Condition of the Public Lands - The BLM will comprehensively assess and report the condition of the lands it manages and ensure the adequacy of land use plans.

Restore At-Risk Systems and Maintain Functioning Systems - The BLM will implement strategies to restore priority watersheds and resources to functioning condition.

Provide Opportunities for Environmentally Responsible Recreation - The BLM will provide

the public with diverse opportunities to recreate on the public lands while maintaining its lands and facilities in good environmental condition.

Provide Opportunities for Environmentally Responsible Commercial Activities - The BLM will provide commercial opportunities for use of the public lands while maintaining or improving environmental conditions.

Reduce Threats to Public Health, Safety, and Property - The BLM will ensure that the public lands and facilities are safe for the public and for employees.

Improve Land, Resource, and Title Information - The BLM will provide the public with improved information about the land, its resources, and land records.

Provide Economic and Technical Assistance - The BLM will meet trust responsibilities while providing economic and other assistance to Federally recognized Tribes.

Direct costs are reported in the appropriate GPRA program activity, while administrative costs and various indirect costs are allocated to the activities in a manner appropriate for each type of cost.

B. BASIS OF ACCOUNTING AND PRESENTATION

These financial statements have been prepared to report the financial position, net cost of operations, changes in net position, budgetary resources, and reconciliation of budgetary resources to net costs of the BLM, as required by the Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994. The financial statements have been prepared from BLM's financial records in accordance with accounting principles generally accepted in the United States of America (GAAP) using guidance issued by the Federal Accounting Standards Advisory Board (FASAB) and the Office of Management and Budget (OMB); the BLM accounting policies that are summarized in this note have also been followed. These financial statements include all funds and accounts under the control of BLM and allocations from other Federal agency appropriations transferred to the BLM under specific legislative authority.

The accounting structure of Federal Government agencies is designed to reflect both accrual and budgetary accounting transactions. Under the accrual method of

accounting, revenues are recognized when earned, and expenses are recognized when incurred, without regard to the receipt or payment of cash. The budgetary accounting principles, on the other hand, are designed to recognize the obligation of funds according to legal requirements, which in many cases is before the occurrence of an accrual-based transaction. The recognition of budgetary accounting transactions is essential for compliance with legal constraints and controls over the use of federal funds. These budgetary-based financial statements are different from the financial reports submitted to OMB for purposes of monitoring and controlling the obligation and expenditure of budgetary resources.

Intragovernmental assets and liabilities arise from transactions with other Federal agencies. Non-entity assets are not available to finance the BLM's operations, and consist of various revenues that must be returned to the U.S. Treasury. See Note 2. Significant interfund balances and transactions have been eliminated in consolidation.

The financial statements should be read with the realization that they are for a component of the United States Government, a sovereign entity. One implication of this is that liabilities cannot be liquidated without legislation that provides resources and legal authority to do so.

C. REVENUES AND OTHER FINANCING SOURCES

The BLM receives most of the funding needed to support its programs through appropriations authorized by Congress. The Bureau receives annual, multiyear, and no-year appropriations that may be used, within statutory limits, for operating and capital expenditures. Additional amounts are obtained through reimbursements for services performed for other Federal agencies, state and local governments, and the private sector. These revenues may be used to offset the cost of producing products or furnishing services, and to recover overhead costs. Finally, the BLM receives imputed financing from the Office of Personnel Management (OPM) for current and future pension and retirement benefits paid by OPM on behalf of the BLM and from the U.S. Department of the Treasury (Treasury) Judgement Fund for payment of any settlements resulting from litigation against the BLM.

Receipts are either available to the BLM for expenditure or are received by the BLM on behalf of others and are passed on to the Treasury or distributed to other gov-

ernmental agencies. Transfers of receipts to Treasury and others are reported on the accrual basis. That portion of the transfers that will not be disbursed until subsequent fiscal years is included in undistributed collections.

Helium fund sales are authorized by Chapter 10 of Title 50 of the United States Code, enacted March 3, 1925, as amended by Public Law 86-777, dated September 13, 1960, entitled "Helium Act Amendments of 1960". Paragraph 167a(4) authorizes the Secretary to, "dispose of, by lease or sale, property, including wells, lands, or interest therein, not valuable for helium production, and oil, gas, and byproducts of helium operations not needed for Government use, except that property determined by the Secretary to be 'excess' within the meaning of section 3(e) of the Federal Property and Administrative Services Act of June 30, 1949, as amended (40 U.S.C. 471 et. seq.); and to issue leases to the surface of lands or structures thereon for grazing or other purposes when the same may be done without interfering with the production of helium;..." Amounts accumulating in the fund in excess of amounts the Secretary deems necessary to carry out the Helium Act and contracts negotiated thereunder are paid to Treasury and credited against any amounts borrowed from Treasury.

The Helium Privatization Act of 1996 (Public Law 104-273), enacted October 9, 1996, directs the privatizing of the Department of the Interior's Federal Helium Refining Program. Under this law, Interior ceased producing, refining, and marketing refined helium as of April 1, 1998. Interior is authorized to store, transport, and withdraw crude helium and maintain and operate crude helium storage facilities in existence on the date of enactment. The Department may also enter into agreements with private parties for the recovery and disposal of helium on Federal lands and may grant leasehold rights to any such helium. The sale of stockpile crude helium will commence no later than January 1, 2005, and will continue until January 1, 2015, at which time the helium reserves should be reduced to 600 million cubic feet.

The helium fund is authorized to retain all receipts, which include, but are not limited to, fees, penalties, interest, and administrative charges on past due receivables and proceeds from the sale of its assets. Fees, penalties, interest, and administrative charges are credited to a revenue account and are recorded as a financing source. Gains and losses are computed when assets are sold and recorded as a financing source or use of finances respectively.

D. FUND BALANCE WITH TREASURY AND CASH

The BLM receipts and disbursements are processed by Treasury. Fund balance with Treasury includes appropriated, revolving, and trust funds that are available to pay current liabilities and finance authorized purchase commitments. Also included are various other receipt and expenditure funds. Cash balances held outside of Treasury are imprest funds. No cash is held in commercial bank accounts. Further details on fund balance with Treasury are contained in Note 3.

E. INVESTMENTS

The BLM is authorized to invest in special non-marketable par value, and market-based book entry Treasury securities. These securities include U.S. Treasury bills, notes, bonds, and one-day certificates which may be purchased and sold as necessary to meet operating needs and legislated requirements. The BLM invests in securities of the U.S. Treasury pursuant to authorizing legislation for two accounts: the proceeds of certain land sales as authorized by the Southern Nevada Public Land Management Act enacted in October 1998, and the proceeds of certain oil and gas lease sales authorized by the Alaska Native Claims Settlement Act and the Alaska National Interest Lands Conservation Act, as amended July 17, 2000. Note 4 provides investment details.

F. ACCOUNTS RECEIVABLE

Accounts receivable consist of amounts owed to the BLM by other Federal agencies and the public. Amounts due from the public are stated net of an allowance for uncollectible accounts that is based on an analysis of outstanding receivable balances and past collection experience. No allowance is established for intragovernmental receivables, as they are considered fully collectible from other Federal agencies. See Note 5 for additional information concerning accounts receivable.

G. INVENTORY, GAS AND STORAGE RIGHTS, AND STOCKPILE MATERIALS

Except for Helium Operations, BLM's inventory consists of items that will be consumed in future operations. Inventory is held by the WCF for use in BLM's resource management programs and is also maintained for sign construction, employee uniforms, and the DOI forms function. Inventory is stated at cost using the average cost method.

The helium stockpile inventory is stored in a partially depleted natural gas reservoir. The cost to purchase the stockpile helium was \$12.058 per mcf. The volume of helium is accounted for on a perpetual inventory basis. Each year, the amount of helium is verified by collecting reservoir data and using generally accepted petroleum engineering principles to calculate the volume. The calculated volumes support the volume carried in the inventory. At a reservoir abandonment pressure of 25 psia, 95 percent of the stockpile is deemed recoverable. The amount of helium that is eventually recovered will depend on the future price of helium and the ability to control the mixing of native gas and stockpile helium. The values shown for stockpile helium are net of the estimated unrecoverable amount, so no allowance is required. Gas and storage rights for the storage of helium are recorded at cost. A depletion allowance is computed annually to record the gas consumed in the processing of helium for sale.

Except for Helium Operations, the BLM's inventory is not held for sale, nor is any of the inventory balance held in reserve for future use or sale. There is no excess, obsolete, or unserviceable inventory, nor is there any inventory held for repair. The BLM does not hold any other related property, including forfeited property, foreclosed property, seized property, commodities, or stockpile materials. Note 6 provides more information on the BLM's inventory, gas and storage rights, and stockpile materials.

H. GENERAL PROPERTY, PLANT, AND EQUIPMENT

This category consists of acquired lands; structures, facilities and improvements; data processing software; equipment and vehicles; construction in progress; data processing software in development and property being held pending disposition.

SFFAS No. 6, *Accounting for Property, Plant, and Equipment*, and SFFAS No. 8, *Supplementary Stewardship Reporting*, have been issued by the (FASAB). These standards recommend different accounting treatments for different types of property, plant, and equipment (PP&E), and provide for a distinction between general PP&E and stewardship PP&E. The former are PP&E used to provide general government services or goods. The latter include stewardship land—all land held by the Federal government that is not acquired for or in connection with an item of general PP&E—and heritage assets, including PP&E that have historical or natural significance.

SFFAS No. 10, *Accounting for Internal Use Software*, has been issued by the FASAB. This standard provides accounting standards for internal use software utilized by each agency. Internal use software includes purchased commercial off-the-shelf software, contractor-developed software, and internally developed software using agency employees.

The standards provide for capitalized property to continue to be reported on the Balance Sheet. PP&E that are not capitalized—because they are under the capitalization threshold, or because they are stewardship PP&E—are to be expensed in the year of acquisition. The standards require a separate stewardship report to provide relevant information regarding stewardship PP&E. That report can be found following the section on Financial Statements.

Capitalized property and equipment are recorded as follows:

1. General PP&E real property is capitalized at cost if the aggregate cost of the site/facility is \$250 or more. Acquired land associated with capitalized assets is recorded separately from the structures, facilities, and improvements. Structures such as buildings that are used by the BLM but administered by the General Services Administration or other Federal agencies are not recognized as BLM assets.
2. Software is capitalized at cost if the acquisition cost is \$100 or more (\$10 or more in FY 1999 and FY 2000, and \$5 or more prior to FY 1999) and the estimated useful life is 2 years or more. Prior to FY 2001, internally developed software was not capitalized.
3. Equipment and vehicles are capitalized at cost if the acquisition cost is \$10 or more (\$5 or more prior to FY 1999) and the estimated useful life is 2 years or more.
4. Costs are accumulated in a construction-in-progress account for capitalizable general PP&E under construction or being acquired in incremental stages until the property is completed or totally acquired. At that time, the property is transferred to the appropriate asset account(s).

Depreciation for general PP&E real property is based on a useful life of 15 to 30 years for land improvements, 30 years for buildings, and 20 years for structures. The salvage value of general PP&E real property is zero.

Depreciation for WCF vehicles and heavy equipment is recorded using the straight-line method, based upon useful lives ranging from 2 to 20 years and a 20 to 60 percent residual value.

Depreciation for non-WCF equipment is based on useful lives of up to 20 years, with a residual value of 10 to 20 percent.

Amortization for software is based on a useful life of 5 years, with a residual value of 10 percent.

The basis for capitalization of donated property and equipment is the estimated fair market value.

Information on general property, plant, and equipment values is found in Note 7.

I. LIABILITIES

Liabilities represent the amount of monies or other resources that are likely to be paid by the BLM as the result of transactions or events that have already occurred. However, no liability can be paid by the BLM absent an appropriation. Liabilities for which an appropriation has not been enacted are, therefore, classified in these notes as liabilities not covered by budgetary resources, with no certainty that the appropriations will be enacted. See Note 9. In addition, BLM liabilities arising from sources other than contracts can be abrogated by the Government, acting in its sovereign capacity.

Accrued payroll and benefits represent salaries and benefits earned by employees but not yet paid at the close of the fiscal year. The portion of this liability representing accrued employer benefit and payroll tax expense payable to other governmental agencies is shown as an intragovernmental liability; the remainder is the amount owed to employees.

Debt to Treasury is a liability of the Helium Fund. Borrowings occurred at various dates. Amounts borrowed became due 25 years from the date the funds were borrowed and are now past due.

Net worth debt is the amount due for the net capital and retained earnings of the Helium Fund established under 50 U.S.C. 10, Section 164, enacted March 3, 1925 (prior to amendment by the Helium Act Amendments of 1960), as determined by the Secretary of the Interior as of September 13, 1960, plus any monies expended thereafter by the Department of the Interior from funds provided in the Supplemental Appropriation Act, 1959,

for construction of a helium plant at Keyes, Oklahoma. See Note 13.

Additional borrowing from Treasury refers to funds borrowed under 50 U.S.C. 10, Section 167j, which authorizes borrowings to acquire and construct helium plants and facilities and for other related purposes including the purchase of helium. See Note 13.

Interest on the helium debt that has not been repaid to Treasury is compounded. While the debt was current, interest was calculated annually at rates determined by the Secretary of the Treasury, taking into consideration the current average market yields of outstanding marketable obligations of the United States having maturities comparable to the investments authorized. The interest rate on the net capital and retained earnings was determined as of September 13, 1960, and the interest rate on additional borrowing was determined as of the time of each borrowing. The U.S. Treasury short-term borrowing rate was used to calculate the annual interest expense while the debt was past due. With the passage of the Helium Privatization Act of 1996, Public Law 104-273, enacted October 9, 1996, no further interest expense is incurred. The Act defines the amount repayable to the United States as all funds required to be repaid as of October 1, 1995, with no further interest accruing on the debt.

Additional information on debt to Treasury appears in Note 13.

J. ACCRUED LEAVE

Amounts associated with the payment of annual leave are accrued while leave is being earned by employees, and this accrual is reduced as leave is taken. Each year the balance in the accrued annual leave account is adjusted to reflect current pay rates. To the extent current or prior year appropriations are not available to finance annual leave, future financing sources will be used. Accrued leave is included in Other Liabilities; see Note 12.

Sick leave and other types of leave are expensed as taken because they are nonvesting in nature.

K. CONTINGENT LIABILITIES

The BLM is a party to various administrative proceedings, legal actions, environmental suits, and claims brought by or against it. Contingent liabilities are recorded in the accounting records when the event potentially leading to the recognition of a liability is probable, and a reasonable estimate of the scope of the potential liability is available. In accordance with fed-

eral accounting guidance, the liability for future cleanup of environmental hazards is "probable" only when the government is legally responsible for creating the hazard or is otherwise related to it in such a way that it is legally liable to clean up the contamination. Thus, expected future payments for the cleanup of environmental hazards caused by others are not recognized as liabilities by the BLM. Rather, any BLM payments related to these environmental hazards are recognized in the financial statements as remediation work is performed. Further information on contingent liabilities is found in Note 15.

L. RETIREMENT PLAN

Nearly half of the BLM's employees participate in the Civil Service Retirement System (CSRS), to which the BLM makes matching contributions. The BLM does not report CSRS assets, accumulated plan benefits, or unfunded liabilities, if any, applicable to its employees. Reporting such amounts is the responsibility of the Office of Personnel Management (OPM).

On January 1, 1987, the Federal Employees Retirement System (FERS) became effective pursuant to Public Law 99-335. Most employees hired after December 31, 1983, are automatically covered by FERS and Social Security. Employees hired prior to January 1, 1984, were authorized to elect to join FERS and Social Security or to remain in CSRS. FERS offers a savings plan to which the BLM contributes 1 percent of pay and matches any employee contribution up to an additional 4 percent of pay. For employees in FERS, the BLM contributes the employer's matching share for Social Security; the BLM contributes the employer's matching share of Medicare, 1.45 percent, for both FERS and CSRS employees.

The BLM recognizes its share of the expense of employee benefit programs and future pension outlays incurred by OPM and the imputed financing source applicable to the expense. Further information on imputed financing is available in Note 18.

M. NET POSITION

The components of Net Position are defined as follows:

1. Unexpended appropriations include undelivered orders and unobligated balances; the latter may include both available and unavailable amounts.
2. Cumulative results of operations is comprised of (1) the difference between revenues and expenses, (2) the net amount of transfers of assets in and out

without reimbursement, and (3) donations, all since inception of the fund(s). Cumulative results of operations is a net deficit, as a result of expensing accrued interest on the Helium debt to Treasury in prior years.

N. USE OF ESTIMATES

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported

amounts of revenue and expenses during the reporting period. Actual results could differ significantly from those estimates.

O. COMPARATIVE DATA

The Balance Sheets and the Statements of Net Cost of Operations present comparative data for the prior fiscal year, in order to provide an understanding of changes in BLM's financial position and operations. Certain FY 2000 amounts have been restated or reclassified to conform to the FY 2001 financial statement presentation, as disclosed in Note 20.

Note 2 - Entity and Non-entity Assets

September 30, 2001:	Entity	Non-Entity	Total
Intragovernmental:			
Fund Balance with Treasury	\$ 795,412	\$ 104,458	\$ 899,870
Investment in U.S.			
Treasury Securities	70,080	32,431	102,511
Accounts Receivable	7,869		7,869
Advances and Prepayments	2,877		2,877
Total Intragovernmental	<u>876,238</u>	<u>136,889</u>	<u>1,013,127</u>
Accounts Receivable, Net	9,833	362	10,195
Travel Advances	262		262
Cash in Imprest Funds	48		48
Inventory, Net	315		315
Gas and Storage Rights, Net	1,076		1,076
Stockpile Materials	355,075		355,075
General Property, Plant, and Equipment, Net	<u>252,906</u>		<u>252,906</u>
Total Assets	<u>\$ 1,495,753</u>	<u>\$ 137,251</u>	<u>\$ 1,633,004</u>
September 30, 2000 (restated):	Entity	Non-Entity	Total
Intragovernmental:			
Fund Balance with Treasury	\$ 531,496	\$ 241,404	\$ 772,900
Investment in U.S.			
Treasury Securities	17,363		17,363
Accounts Receivable	13,600		13,600
Total Intragovernmental	<u>562,459</u>	<u>241,404</u>	<u>803,863</u>
Accounts Receivable, Net	11,826	822	12,648
Travel Advances	134		134
Cash in Imprest Funds	46		46
Inventory, Net	4		4
Gas and Storage Rights, Net	1,071		1,071
Stockpile Materials	357,620		357,620
General Property, Plant, and Equipment, Net	<u>233,817</u>		<u>233,817</u>
Total Assets	<u>\$ 1,166,977</u>	<u>\$ 242,226</u>	<u>\$ 1,409,203</u>

Note 3 - Fund Balance with Treasury

U.S. Government cash is accounted for on an overall consolidated basis by Treasury. The amounts shown on the Consolidated Balance Sheets represent the BLM's right to draw on Treasury for valid expenditures. The amounts consist of general fund receipt accounts, general fund expenditure accounts, trust funds, revolving funds, special fund receipt accounts, special fund expenditure accounts, and deposit funds. Refer to Note 1(A). Fund balance as shown on the BLM's records is reconciled monthly with Treasury's records. The fund balance increase between FY 2000 and FY 2001 is a direct result of a significant increase in appropriations within the BLM's fire fund.

Fund Balances:	2001	2000 (Restated)
Appropriated Funds	\$ 643,304	\$ 388,082
Revolving Funds	85,750	72,221
Trust Funds	22,461	20,223
Available Receipt Funds	43,897	50,970
Other Fund Types	<u>104,458</u>	<u>241,404</u>
Total	<u>\$ 899,870</u>	<u>\$ 772,900</u>
Status of Fund Balance with Treasury:	2001	2000 (Restated)
Unobligated Balance:		
Available	\$ 270,469	\$ 193,173
Unavailable	103,209	242,821
Obligated Balance not yet Disbursed	<u>526,192</u>	<u>336,906</u>
Total	<u>\$ 899,870</u>	<u>\$ 772,900</u>

The amounts shown as Unobligated Balance—Unavailable represent year end balances in special fund receipt accounts and deposit funds.

Note 4 - Investments

Investments consist of U.S. Treasury Bills, maturing within one year. Amounts shown on the balance sheets are at par value, less discounts amortized using the interest method. The large increase between FY 2000 and FY 2001 can be attributed to (1) revised legislation allowing the BLM to invest funds being held on behalf of the Kuukpik Village Corporation and (2) a significant increase in land sales related to the Southern Nevada Public Land Management Act, which allows the BLM to invest the proceeds from these sales.

	2001	2000
Par Value	\$ 102,987	\$ 17,694
Unamortized Discount	<u>(476)</u>	<u>(331)</u>
Net Book Value	<u>\$ 102,511</u>	<u>\$ 17,363</u>

Additional information regarding investments may be found in Note 1(E).

Note 5 - Accounts Receivable, Net

The reported amount for accounts receivable consists of amounts owed to the BLM from other Federal agencies (intragovernmental), or from the public.

September 30, 2001: Intragovernmental Public		
Accounts Receivable, Billed	\$ 6	\$ 7,636
Allowance for Uncollectible Accounts		<u>(1,237)</u>
Net Accounts Receivable, Billed	<u>6</u>	<u>6,399</u>
Accounts Receivable, Unbilled	<u>7,863</u>	<u>3,796</u>
Total Accounts Receivable, Net	<u>\$ 7,869</u>	<u>\$ 10,195</u>

September 30, 2000: Intragovernmental Public		
Accounts Receivable, Billed	\$ 68	\$ 9,489
Allowance for Uncollectible Accounts		<u>(3,791)</u>
Net Accounts Receivable, Billed	<u>68</u>	<u>5,698</u>
Accounts Receivable, Unbilled	<u>13,532</u>	<u>6,950</u>
Total Accounts Receivable, Net	<u>\$ 13,600</u>	<u>\$ 12,648</u>

Note 6 - Inventory, Gas and Storage Rights, and Stockpile Materials

	2001	2000 (Restated)
Inventory, Net:		
Working Capital Fund:		
Inventory	\$ 447	\$ 136
Allowance for Loss on Inventory	<u>(132)</u>	<u>(132)</u>
Inventory, Net	<u>\$ 315</u>	<u>\$ 4</u>
Gas and Storage Rights, Net:		
Gas and Storage Rights	\$ 1,538	\$ 1,538
Accumulated Depletion Allowance	<u>(462)</u>	<u>(467)</u>
Gas and Storage Rights, Net	<u>\$ 1,076</u>	<u>\$ 1,071</u>
Stockpile Materials:		
Recoverable Below-Ground Crude Helium	<u>\$ 355,075</u>	<u>\$ 357,620</u>

Valuation methods and other information regarding inventories are presented in Note 1(G).

Note 7 - General Property, Plant, and Equipment, Net

September 30, 2001:	Acquisition Value	Accumulated Depreciation	Net Book Value
Acquired Land	\$ 19,704	\$	\$ 19,704
Structures, Facilities, and Improvements	193,377	(103,241)	90,136
Construction in Progress	20,250		20,250
Equipment and Vehicles	232,053	(118,744)	113,309
Data Processing Software	4,826	(2,287)	2,539
Data Processing Software in Development	4,628		4,628
Property Being Held Pending Disposition	<u>5,005</u>	<u>(2,665)</u>	<u>2,340</u>
Total	<u>\$ 479,843</u>	<u>\$ (226,937)</u>	<u>\$ 252,906</u>
September 30, 2000 (Restated):	Acquisition Value	Accumulated Depreciation	Net Book Value
Acquired Land	\$ 19,199	\$	\$ 19,199
Structures, Facilities, and Improvements	189,473	(98,000)	91,473
Construction in Progress	16,764		16,764
Equipment and Vehicles	219,921	(120,086)	99,835
Data Processing Software	6,109	(1,903)	4,206
Property Being Held Pending Disposition	<u>5,005</u>	<u>(2,665)</u>	<u>2,340</u>
Total	<u>\$ 456,471</u>	<u>\$ (222,654)</u>	<u>\$ 233,817</u>

Depreciation is recorded using the straight line method over a period of 2 to 30 years. Capitalization criteria are discussed in Note 1(H).

Note 8 - Total Assets

For financial reporting purposes, the BLM has not recognized the value of negotiable securities or certificates of deposit pledged to guarantee performance of contracts. These instruments are accepted in lieu of bond coverage in the following programs: solid or fluid energy minerals extraction (oil, gas, coal, etc.), rights-of-way on the pub-

lic or other lands, and certain contracts (performance bonds). Interest earned is paid to the owner of the security or certificate of deposit and is not available to the BLM. At September 30, 2001, the value of these securities was \$12,349; at September 30, 2000, the value was \$4,337. Since these assets are not available to the BLM unless a customer defaults on an agreement, they are not recognized as the BLM's assets or liabilities.

Note 9 - Liabilities Covered or Not Covered by Budgetary Resources

September 30, 2001:	Covered by Budgetary Resources	Not Covered by Budgetary Resources	Total
Intragovernmental:			
Accounts Payable	\$ 21,902	\$	\$ 21,902
Accrued Payroll and Benefits	6,643		6,643
Undistributed Collections	58,825		58,825
Deferred Credits	14,901		14,901
Other Liabilities		16,232	16,232
Debt to Treasury	<u>1,319,204</u>		<u>1,319,204</u>
Total Intragovernmental	1,421,475	16,232	1,437,707
Accounts Payable	46,501		46,501
Accrued Payroll and Benefits	37,541		37,541
Deposit Funds	78,093		78,093
Deferred Credits	847		847
Accrued Contingent Liabilities	374	24,904	25,278
Actuarial Liabilities		84,165	84,165
Other Liabilities		<u>142,306</u>	<u>142,306</u>
Total Liabilities	<u>\$ 1,584,831</u>	<u>\$ 267,607</u>	<u>\$ 1,852,438</u>
September 30, 2000 (restated):	Covered by Budgetary Resources	Not Covered by Budgetary Resources	Total
Intragovernmental:			
Accounts Payable	\$ 8,999	\$	\$ 8,999
Accrued Payroll and Benefits	5,850		5,850
Undistributed Collections	151,794		151,794
Deferred Credits	27,665		27,665
Other Liabilities		14,619	14,619
Debt to Treasury	<u>1,329,204</u>		<u>1,329,204</u>
Total Intragovernmental	1,523,512	14,619	1,538,131
Accounts Payable	32,622		32,622
Accrued Payroll and Benefits	32,903		32,903
Deposit Funds	90,465		90,465
Deferred Credits	2,341		2,341
Accrued Contingent Liabilities	404	22,945	23,349
Actuarial Liabilities		69,773	69,773
Other Liabilities		<u>45,384</u>	<u>45,384</u>
Total Liabilities	<u>\$ 1,682,247</u>	<u>\$ 152,721</u>	<u>\$ 1,834,968</u>

Note 10 - Undistributed

Collections

Amounts collected into unavailable special receipt funds, and reported as revenue, are subject to distribution based on formulas specified in various authorizing pieces of legislation. These distributions occur at various times during the year or in subsequent years based on the related legislation, and the reported amounts represent those which are undistributed at the end of the fiscal year. Undistributed collections, which are principally due to Treasury, are considered a current liability. The significant decrease between FY 2000 and FY 2001 is due to sizable distributions of prior years' collections occurring during FY 2001.

Note 11 - Intragovernmental Deferred Credits

Intragovernmental deferred credits consist principally of the unspent Title V and Title VI funds remaining at the end of the year. Title V and Title VI funds are advanced to BLM from the Department of Interior's Office of the Secretary and are classified as a liability until expensed.

Title V - Priority Land Acquisitions, Land Exchanges, and Maintenance of Public Law 105-83 provided over \$310,000 in funding to the BLM for land acquisitions, land exchanges, and critical maintenance work. These funds were available to the BLM for obligation through FY 2001.

Title VI of the FY 2000 Consolidated Appropriations Act, Public Law 106-113, provided \$30,250 to the BLM for land and mineral rights acquisitions, and to protect and preserve the California desert. These funds remain available through FY 2003.

	2001	2000
Intragovernmental:		
Unspent Title V and Title VI Funds	\$ 11,321	\$ 21,332
Other	<u>3,580</u>	<u>6,333</u>
Total	<u>\$ 14,901</u>	<u>\$ 27,665</u>

Note 12 - Other Liabilities

	2001	2000
Amounts reported as intragovernmental include:		
Workers' Compensation Payable	\$ 14,707	\$ 13,619
Unemployment Compensation Payable	765	1,000
Judgement Fund Payable	<u>760</u>	<u> </u>
Total	<u>\$ 16,232</u>	<u>\$ 14,619</u>
Other liabilities to the public include:		
Accrued Annual Leave Payable under Rural Schools Act	\$ 48,495	\$ 45,384
	<u>93,811</u>	<u> </u>
Total	<u>\$ 142,306</u>	<u>\$ 45,384</u>

The Secure Rural Schools and Community Self Determination Act of 2000 is new legislation passed during FY 2001. The Act provides for increased payments to eligible States as compensation for the deprivation of revenues they would otherwise receive if BLM owned lands were held in private ownership. Prior to this Act, payments to eligible States were based on a percentage of revenue that the BLM earned on these lands, which has been steadily decreasing. The difference between the new, increased payments and the prior legislated payments is compensated for by an appropriation from the Treasury General Fund. The \$93,811 noted in the table above is the amount that will be appropriated from Treasury during FY 2002 for these increased payments.

Note 13 - Debt to Treasury

The Helium fund's debt to Treasury is as follows:

	2001	2000
Principal:		
Net Worth Debt	\$ 37,343	\$ 37,343
Additional Borrowing from Treasury	<u>251,650</u>	<u>251,650</u>
Total Principal	288,993	288,993
Interest:		
Beginning Balance	1,040,211	1,050,211
Repayments	<u>(10,000)</u>	<u>(10,000)</u>
Total Interest	<u>1,030,211</u>	<u>1,040,211</u>
Total Debt to Treasury	<u>\$ 1,319,204</u>	<u>\$ 1,329,204</u>

For the last several years the BLM has paid \$10,000 annually on its debt to Treasury. At this rate of repayment, it will take approximately 130 years to fully repay the debt.

Refer to Note 1(I) for a description of net worth debt, additional borrowing from Treasury, and interest.

Note 14 - Deposit Funds

The BLM processes collections from various sources for activities related to public land administration. The collections include mining claim fees, natural resource sales, as well as various other fees and payments. These amounts are held as deposits pending adjudication, resolution, or further classification. Deposit funds are considered a current liability.

Alaska Mineral Lease Revenue includes money for the native Alaska corporation and interest on the investment of those funds. Oil and Gas includes the lease revenues waiting for adjudication. Mineral Materials and Leases includes locatable minerals, leasable minerals, coal, and various leasing fees. Lands and Realty Management includes (but is not limited to) land sales, leases, timber sales, and vegetative material sales. Other includes overpayments waiting for refund, declining deposit accounts, recreation, geothermal leases, and all other miscellaneous categories.

	2001	2000
Alaska Mineral Lease Revenue	\$ 32,431	\$ 28,507
Oil and Gas	23,437	12,410
Mineral Materials and Leases	12,077	37,300
Lands and Realty Management	4,158	6,420
Other	<u>5,990</u>	<u>5,828</u>
Total	<u>\$ 78,093</u>	<u>\$ 90,465</u>

Note 15 - Accrued Contingent Liabilities

Judgements and Claims. The BLM is a party to a number of lawsuits where the plaintiff is seeking monetary damages. These lawsuits involve a variety of issues, including lost revenues when timber contracts were suspended because of environmental issues, injuries or death which occurred on the BLM-managed land or roads, issues regarding takings and suspension of mining claims, and other matters. In the opinion of

the BLM's management and legal counsel, a reasonable estimate of the potential outcome or liability of most of these claims cannot be made. The resultant outcomes will not materially affect BLM's future financial condition. The U.S. Treasury's Judgement Fund would likely bear most of the costs incurred to pay any judgements or settlements.

At the end of FY 2001, nine cases which were probable had reasonably estimable liabilities totaling \$20,900; at the end of FY 2000 there were two cases totaling \$833. These liabilities have been accrued in the accompanying financial statements as of September 30, 2001, and September 30, 2000.

In addition to the nine cases above, at the end of FY 2001 there were 15 other cases where the likelihood of an outcome unfavorable to the BLM was reasonably possible. Of these 15 cases, those with reasonably estimable liabilities aggregated approximately \$55,000.

Environmental Cleanup. The Comprehensive Environmental Response, Compensation, and Liability Act of 1980, the Clean Water Act, and the Resource Conservation and Recovery Act require Federal agencies to report sites where (1) hazardous substances have been released or (2) hazardous wastes are or have been stored, treated, or disposed of. These Acts also require responsible parties, including Federal agencies, to clean up releases of hazardous substances and to manage hazardous wastes.

The BLM faces major challenges in cleaning up hazardous substance releases on the public lands. Virtually all of these releases arise from non-BLM uses of the lands, such as illegal dumping, transportation spills, landfills, mineral development operations, pipelines, and airports. Significant portions of the costs of cleanup will be incurred by, or recovered from, responsible parties external to the BLM.

The BLM typically has a number of time critical removal actions in progress as of the end of the fiscal year that will require future funding. This type of action is usually mitigated using only a preliminary engineering study and, generally, no viable responsible party is found, which results in BLM bearing the expense.

Larger sites require one or more studies to determine the scope of the contamination and the cleanup strategy and techniques. Cleanup costs cannot be estimated until these studies are completed. Several cleanup options are generally suggested, along with the

approximate range of cost of each, and BLM management determines the most appropriate course of action.

For these larger sites, commensurately greater efforts are made to identify and locate potentially responsible parties who can be held liable for the cost of the studies and cleanup. Litigation or enforcement is required to obtain payment or cleanup from potentially responsible parties.

As of September 30, 2001, a total of 181 sites were identified as being includable among one or other of these groups. Total costs are estimated to be between \$68,465 and \$118,970. The BLM will probably pay \$4,378 of these costs, and this amount is reflected in the financial statements for FY 2001. As of September 30, 2000, the number of sites totaled 143, the range of costs was \$130,667 to \$395,867, and the BLM was expecting to pay approximately \$22,516 of that amount. The BLM accrued \$22,516 for these liabilities in the FY 2000 financial statements.

In addition to the above, as of September 30, 2001, the BLM is aware of 138 sites where no work has been done at all and where the Bureau has insufficient information to make any estimates at all regarding the actions needed to mitigate the sites or the likely costs. As of September 30, 2000, there were 204 such sites.

Abandoned Mine Lands. Approximately 1,600 abandoned mine land (AML) records were added to the Abandoned Mine Land Inventory System in 2001, bringing the total number of field-checked AML sites in the database to about 9,600. The cost of cleanup at these sites is not reasonably estimable.

Total accrued contingent liabilities are summarized as follows:

	2001	2000
Judgements and Claims	\$ 20,900	\$ 833
Environmental Cleanup Liabilities	<u>4,378</u>	<u>22,516</u>
Total	<u>\$ 25,278</u>	<u>\$ 23,349</u>

Note 16 - Actuarial Liabilities

Pursuant to OMB guidance, the presentation of Federal Employees' Compensation Act actuarial liabilities for workers' compensation benefits is a liability based on Department of Labor computations. This liability includes the expected future liability for death, disability, medical, and other approved costs relating to current compensation act claims.

Note 17 - Gross Cost

Gross cost as reported in the Statements of Net Cost is detailed as follows:

	2001	2000 (Unaudited)
Personal Services and Benefits	\$ 725,040	\$ 685,791
Travel and Transportation	54,235	50,407
Rental, Communication, and Utilities	67,622	63,490
Printing and Reproduction	3,758	3,617
Contractual Services	317,152	285,224
Supplies and Materials	110,524	99,833
Property and Equipment Not Capitalized	46,449	29,295
Cost of Goods Sold	2,708	3,011
Stewardship and Heritage Assets	33,003	37,010
Settlement of Claims	4,504	2,233
Contributions to States	329,271	253,749
Depreciation and Amortization	27,084	27,729
Interest Expense	54	52
Loss (Gain) on Disposition of Assets, Net	(275)	2,673
Change in Environmental Cleanup Liabilities	(18,108)	10,688
Change in Other Contingent Liabilities	20,067	(867)
Change in Unfunded Annual Leave Liabilities	3,111	2,559
Change in Workers' and Unemployment Compensation Liabilities	854	741
Change in FECA Actuarial Liabilities	14,393	17,756
Other	<u>698</u>	<u>414</u>
Total Gross Cost	<u>\$ 1,742,144</u>	<u>\$ 1,575,405</u>

Note 18 - Imputed Financing

SFFAS No. 5, *Accounting for Liabilities of the Federal Government*, establishes accounting and reporting standards for liabilities relating to the Federal employee benefit programs, including retirement, health benefits, and life insurance. The Office of Personnel Management (OPM) is responsible for paying the cost of these benefits.

Under the provisions of SFFAS No. 5, employer agencies must recognize the cost of pensions and other retirement benefits during their employees' active years of service, and must recognize the current annual cost of the Federal Employee Health Benefit (FEHB) program and the Federal Employee Group Life Insurance (FEGLI) program.

OPM actuaries have provided the employer agencies with rates for calculating the estimated cost of pension and other retirement benefits. They have also provided rates for use in calculating the cost of FEHB and FEGLI. The Department provided labor cost data for the BLM to use in applying the OPM rates to calculate the total imputed cost of these benefits. While the BLM's funds are not used to pay the cost of these personnel benefits, these are a BLM operating expense which must be reported to accurately reflect the cost of doing business. The use of OPM funds for this purpose is an imputed source of financing for the BLM.

The Department of the Treasury Judgement Fund is another imputed source of financing. The BLM is a party to numerous lawsuits where the plaintiff is seeking monetary damages. In many cases, when the BLM is required to pay the plaintiff, either as a result of settlement or adjudication, payment is actually made from the Judgement Fund rather than the BLM's appropriations. Treasury provides agencies with information regarding the month and amount of payments actually made.

Imputed Financing from OPM:	
Pension Costs	\$ 18,360
Health Benefit and Life Insurance Costs	<u>24,968</u>
	43,328
Imputed Financing from Treasury:	
Department's Judgement Fund	<u>4,504</u>
Total Imputed Financing for FY 2001	<u>\$ 47,832</u>

Note 19 - Other Financing Sources

Other financing sources consist of Title V and Title VI monies, used for the purchase of land, construction, and maintenance.

Title VI Funding	\$ 690
Title V Funding	<u>9,321</u>
Total Other Financing Sources for FY 2001	<u>\$10,011</u>

Note 20 - Restatements and Reclassifications

As part of the financial statement reporting process for FY 2001, certain FY 2000 balances have been restated or reclassified. These restatements and reclassifications changed balances on BLM's FY 2000 Balance Sheet, Statement of Net Cost of Operations, and Statement of Changes in Net Position. The restatements that affected BLM's net position are noted below and their effect on BLM's net position as of September 30, 2000, is displayed in the following table. The restatements and reclassifications that had no effect on net position are shown after the net position table.

The following restatements affected BLM's net position as of September 30, 2000:

- The helium inventory held for sale was decreased by \$2,722.
- Property accounts were increased \$1,776 for property that was acquired in prior years, but was not added to the property accounting system until FY 2001.
- Construction in progress was decreased \$14,729 for items that were moved into the appropriate property accounts in prior years, but not removed from construction in progress.

Net Position - September 30, 2000, as previously reported	\$ (410,090)
Cumulative Results of Operations Adjustments:	
Helium Inventory	\$ (2,722)
Property	1,776
Construction in Progress	<u>(14,729)</u>
Subtotal	<u>(15,675)</u>
Net Position - September 30, 2000, as restated	<u>\$ (425,765)</u>

The following restatements and reclassifications had no effect on the BLM's net position as of September 30, 2000:

- Unmatured timber sales contracts of \$32,612 were removed from the asset side of the Balance Sheet, and the same amount was removed from deferred credits on the liability side.
- An undistributed collections liability of \$139,911 was reclassified from non-governmental to intragovernmental.
- An unexpended balance of \$846 was reclassified from unexpended appropriations to cumulative results of operations.
- Revenue of \$11,888 was restated as a transfer-in.
- Expenses of \$23,210 were reclassified between two GPRA program activities.

Note 21 - Combined Statement of Budgetary Resources

Adjustments to Budgetary Resources

Adjustments to budgetary resources during FY 2001, shown on the Combined Statement of Budgetary Resources, consist of:

Net Recoveries of Prior Years' Obligations	\$ 34,449 ¹
Permanently Not Available	(4,679) ²
Cancellation of Available Resources	<u>(2)³</u>
Total Adjustment to Budgetary Resources	<u>\$ 29,768</u>

¹ Recoveries result from the Bureau's normal transactions processing whereby expenditure documents—prepared in the current fiscal year—reference undelivered orders established in prior fiscal years and resolve those items for a lesser amount than originally recorded.

² Public Law 106-553 mandates appropriation reduction for general debt reduction.

³ According to Public Law 101-510, available resources pertaining to annual funds must be cancelled five years after they are enacted.

Legal Arrangements Affecting the Use of Unobligated Balances of Budget Authority

The BLM's FY 2001 operating programs were financed, and its financial activity summarized, under 51 distinct Treasury fund symbols. All of the Bureau's funding needs are authorized in a number of appropriation laws, which are a combination of current and permanent authority. Current authority includes funding that is legislatively re-authorized each fiscal year, while permanent authority is issued once and remains in effect in future fiscal years until revised or rescinded.

Most of the BLM's 51 Treasury funds are classified as no-year, which signifies that the Bureau may utilize its fiscal year end unobligated resources to execute its operating programs in subsequent fiscal years. In FY 2001, the BLM had three funds classified as current annual funds, whose available budget resources, to the extent there are any, expire at the end of the fiscal year. Expired available resources may be used by the Bureau in the ensuing five fiscal years to settle business arising in the year the funds were enacted. These expired resources are reported as "Not Available." At the end of FY 2001, the BLM had five expired funds whose available resources were classified as unavailable.

All appropriation language contains specific and/or general authorizations. These authorizations may be defined as legislative parameters that frame the funding and federal agency policy for executing its programs. For example, Public Law 106-291, the appropriation law that is the major source of funding for the BLM's operating programs, directs that a definite sum of the Bureau's wildland firefighting authority be applied to construction of fire facilities. Also, these authorizations direct how the Bureau must treat other assets it may acquire as a result of executing its operating programs. As an example, a specific authorization in that same public law referring to the Bureau's Central HAZMAT fund directs that monies collected from a party for remedial action may be recorded as a reimbursement to its appropriation. Since both specific and general authorizations are integral components of all legislation, BLM does not view them as restrictions or legal encumbrances on BLM's available funding.

Permanent Indefinite Appropriations

As of September 30, 2001, the Bureau has 23 permanent indefinite appropriations, with total budgetary resources of \$147,928, representing \$57,594 of obligations incurred, and an available unobligated balance of

\$90,334. These funds do not require annual appropriation action by the Congress, as they are subject to the authorities of permanent law and are available indefinitely.

Differences Between Amounts Reported in the Statement of Budgetary Resources and Amounts Reported in the Budget of the U.S. Government

The BLM is both a transferor and transferee of budget resources with other government agencies. As a transferee of budget resources, the BLM reports the budgetary activity in its Statement of Budgetary Resources, while the transferring agency reports the budgetary activity in the Budget of the U.S. Government. Conversely, as the transferor of budget resources, the BLM reports the budgetary activity in the Budget of the U.S. Government, but does not report the budgetary activity in its Statement of Budgetary Resources.

At the end of FY 2001, the BLM reported \$5,769 of total budgetary resources from the Federal Highway Administration, as well as \$1,074 from the Minerals Management Service, in its Statement of Budgetary Resources. Additionally, the BLM reported \$623 of total budgetary resources in the Budget of the U.S. Government, but not in its Statement of Budgetary Resources, for funds transferred to the Federal Highway Administration.

Note 22 - Leases

The BLM has operating leases for various types of space acquired through the General Services Administration (GSA) and directly from commercial sources, as well as operating leases for vehicles and miscellaneous equipment.

GSA charges rent that is intended to approximate commercial rental rates. For Federally-owned property, the

Bureau generally does not execute an agreement with GSA, nor is there a formal expiration date. Typically these leases have terms up to 20 years and most contain provisions for cancellation prior to the full term of the lease. GSA space leases are cancellable with 120 days notice. The Bureau is normally required to give notice to vacate, and the amount of these leases remains constant from year to year.

For non-Federally owned property, an occupancy agreement is executed, and again the Bureau may normally cancel these agreements with 120 days notice.

The GSA real property amount for 2002 is based on information received from GSA. For the subsequent years of 2003 and after the amounts are inflated each year at 3 percent over the previous year.

The other real property amount for 2002 is based on the annual rent for all property within the category. For the subsequent years of 2003 and after the amounts are inflated each year at 1 percent over the previous year.

Government vehicles and equipment rentals are included in personal property. Government vehicles are leased from GSA for indefinite periods of time, frequently exceeding one year. The personal property amount for 2002 is based on a 3 percent increase over the actual personal property expense amount for 2001. For the subsequent years of 2003 through 2006, the amounts are inflated each year at 3 percent over the previous year. The after 5 years amounts are indeterminate through this process.

The aggregate of the Bureau's estimated real property rent payments to GSA for FY 2002 through FY 2006 and future years and the Bureau's future payments due to other parties under noncancellable operating leases for real property and personal property is as follows:

Fiscal Year Ending September 30:	GSA Real Property	Other Real Property	Personal Property	Total
2002	\$ 18,667	\$ 16,657	\$ 16,806	\$ 52,130
2003	18,492	15,866	17,310	51,668
2004	17,497	15,327	17,830	50,654
2005	17,258	14,704	18,365	50,327
2006	17,401	14,624	18,915	50,940
After 5 Years	<u>63,092</u>	<u>119,400</u>	—	<u>182,492</u>
Total Future Lease Payments	<u>\$152,407</u>	<u>\$196,578</u>	<u>\$ 89,226</u>	<u>\$438,211</u>

Note 23 - Net Cost of Operations by Responsibility Segment

During the year ended September 30, 2001, the BLM revised the presentation of the Consolidated Statements of Net Cost of Operations and related disclosures to present gross cost, earned revenue, and net cost by responsibility segment and GPRA program activity. The Bureau's presentation is consistent with the strategic

goals included in its strategic plan and in accordance with the Government Performance and Results Act.

The Bureau restated the Consolidated Statement of Net Cost of Operations and related disclosures for the year ended September 30, 2000, to conform with the current year presentation. The restated Consolidated Statement of Net Cost of Operations and disclosures for the year ended September 30, 2000, have not been audited.

The table on the following page presents the Bureau's net cost of operations by responsibility segment and by GPRA program activity.

*Bureau of Land Management
Consolidating Statements of Net Cost of Operations
for the Fiscal Years Ended September 30, 2001 and 2000
(dollars in thousands)*

	Preserve Natural and Cultural Heritage Resources	Understand the Condition of the Public Lands	Restore At-Risk Systems and Maintain Functioning Systems	Provide Opportunities for Environmentally Responsible Recreation	Provide Opportunities for Environmentally Responsible Commercial Activities
FY 2001					
Public Land Management					
Gross Cost	\$ 107,667	\$ 134,441	\$ 190,469	\$ 85,693	\$ 236,471
Earned Revenue	69,456	1,187	8,230	11,445	111,128
Net Cost	<u>38,211</u>	<u>133,254</u>	<u>182,239</u>	<u>74,248</u>	<u>125,343</u>
Construction, Cleanup, and Land Acquisition					
Gross Cost	35,153	4,267	52	804	
Earned Revenue					
Net Cost	<u>35,153</u>	<u>4,267</u>	<u>52</u>	<u>804</u>	
Helium and Working Capital					
Gross Cost					11,852
Earned Revenue					15,686
Net Cost					<u>(3,834)</u>
Payments to Entitled States and Organizations					
Gross Cost	8,949				
Earned Revenue					
Net Cost	<u>8,949</u>				
Elimination of Intra-Bureau Activity					
Gross Cost					
Earned Revenue					
Net Cost					
Totals					
Gross Cost	151,769	138,708	190,521	86,497	248,323
Earned Revenue	69,456	1,187	8,230	11,445	126,814
Net Cost of Operations	<u>\$ 82,313</u>	<u>\$ 137,521</u>	<u>\$ 182,291</u>	<u>\$ 75,052</u>	<u>\$ 121,509</u>
FY 2000 (Unaudited)					
Gross Cost	\$ 137,705	\$ 107,098	\$ 136,601	\$ 84,706	\$ 261,976
Earned Revenue	18,505	827	10,748	10,835	128,620
Net Cost of Operations	<u>\$ 119,200</u>	<u>\$ 106,271</u>	<u>\$ 125,853</u>	<u>\$ 73,871</u>	<u>\$ 133,356</u>

Reduce Threats to Public Health, Safety, and Property	Improve Land, Resource, and Title Information	Provide Economic and Technical Assistance	Elimination of Intra-Bureau Activity	Consolidated FY 2001	Consolidated FY 2000 (Unaudited)
\$ 495,762	\$ 119,638	\$ 80,340	\$	\$ 1,450,481	\$ 1,271,582
29,350	7,535	636		238,967	185,099
<u>466,412</u>	<u>112,103</u>	<u>79,704</u>		<u>1,211,514</u>	<u>1,086,483</u>
4,899		2,215		47,390	56,873
11				11	1
<u>4,888</u>		<u>2,215</u>		<u>47,379</u>	<u>56,872</u>
18,048				29,900	31,090
44,991				60,677	47,321
<u>(26,943)</u>				<u>(30,777)</u>	<u>(16,231)</u>
		250,009		258,958	241,009
		201		201	
		<u>249,808</u>		<u>258,757</u>	<u>241,009</u>
			(44,585)	(44,585)	(25,149)
			<u>(44,585)</u>	<u>(44,585)</u>	<u>(25,149)</u>
518,709	119,638	332,564	(44,585)	1,742,144	1,575,405
74,352	7,535	837	(44,585)	255,271	207,272
<u>\$ 444,357</u>	<u>\$ 112,103</u>	<u>\$ 331,727</u>	\$	<u>\$ 1,486,873</u>	<u>\$ 1,368,133</u>
\$ 473,410	\$ 119,288	\$ 279,770	\$ (25,149)	\$ 1,575,405	
54,445	6,912	1,529	(25,149)	207,272	
<u>\$ 418,965</u>	<u>\$ 112,376</u>	<u>\$ 278,241</u>	\$	<u>\$ 1,368,133</u>	

*Bureau of Land Management
 Supplementary Statement of Budgetary
 Resources by Major Budget Accounts
 for the Fiscal Year Ended September 30, 2001
 (dollars in thousands)*

	Maintaining Public Lands and Services	Economic and Technical Assistance	Asset Improvement	Self- Financing Enterprises	Combined
Budgetary Resources:					
Budget Authority	\$1,504,341	\$221,498	\$ 89,720	\$ (10,000)	\$1,805,559
Unobligated Balances, Beginning of Year	122,976	8,199	45,945	66,446	243,566
Spending Authority from Offsetting Collections	69,321	201	2,907	62,787	135,216
Adjustments	<u>26,434</u>	<u>740</u>	<u>1,441</u>	<u>1,153</u>	<u>29,768</u>
Total Budgetary Resources	<u>\$1,723,072</u>	<u>\$230,638</u>	<u>\$140,013</u>	<u>\$120,386</u>	<u>\$2,214,109</u>
Status of Budgetary Resources:					
Obligations Incurred	\$1,499,434	\$218,298	\$ 66,038	\$ 54,279	\$1,838,049
Unobligated Balances--Available	223,569	12,068	73,975	66,107	375,719
Unobligated Balances--Not Available	<u>69</u>	<u>272</u>			<u>341</u>
Total Status of Budgetary Resources	<u>\$1,723,072</u>	<u>\$230,638</u>	<u>\$140,013</u>	<u>\$120,386</u>	<u>\$2,214,109</u>
Outlays:					
Obligations Incurred	\$1,499,434	\$218,298	\$ 66,038	\$ 54,279	\$1,838,049
Spending Authority from Offsetting Collections and Net Recoveries of Prior Years'					
Obligations	<u>(99,799)</u>	<u>(1,384)</u>	<u>(4,542)</u>	<u>(63,940)</u>	<u>(169,665)</u>
Subtotal	1,399,635	216,914	61,496	(9,661)	1,668,384
Obligated Balances, Net, Beginning of Year	281,953	1,119	14,493	5,819	303,384
Obligated Balances, Net, End of Year	<u>(445,769)</u>	<u>(3,526)</u>	<u>(21,608)</u>	<u>(19,690)</u>	<u>(490,593)</u>
Total Outlays	<u>\$1,235,819</u>	<u>\$214,507</u>	<u>\$ 54,381</u>	<u>\$ (23,532)</u>	<u>\$1,481,175</u>

See accompanying independent auditors' report.

Stewardship Assets

The BLM has been entrusted with stewardship responsibility for the multiple-use management of natural resources on almost 262 million acres of public land. The agency also supervises mineral leasing and operations on 700 million acres of mineral estate that underlie BLM and other Federal surface ownerships, as well as private surface ownerships. About 165 million acres of this subsurface mineral estate have been withdrawn from mineral entry, leasing, and sale, except for valid existing rights. Our Nation's public lands are valued for their environmental resources, their recreational and scenic values, the cultural and paleontological resources they contain, their vast open spaces, and the resource commodities and revenue they provide to the Federal government, states, and counties.

BLM-managed land used for field office sites, employee housing, seed orchards, recreation facility sites, and other administrative purposes is not included in the category of stewardship land. Land used for these purposes is considered to be administrative or recreation real property. All other BLM-managed lands are considered to be stewardship lands.

Stewardship Lands

LOCATION OF STEWARDSHIP LANDS

Most of the public lands for which the BLM serves as steward were once a part of the 1.8 billion acres of

"public domain" lands acquired by the Nation between 1781 and 1867. Lands managed by the BLM represent about one-eighth of America's land surface, or approximately 42 percent of the lands under Federal ownership. The BLM manages lands in 27 states, but most of the public lands are located in Alaska and the 11 western states, encompassing Arizona, California, Colorado, Idaho, Montana, New Mexico, Nevada, Oregon, Utah, Washington, and Wyoming. Figure 1 shows the percentage of each state's surface acreage that is managed by the BLM.

USE OF STEWARDSHIP LANDS

The BLM is guided by the principles of multiple use and sustained yield in managing the public lands—principles that are shaped by both tradition and statute. Historically, multiple use has meant that the same area of land can be used simultaneously for two or more purposes, often by two or more different persons or groups. These uses might be complementary, or, as is frequently the case, competitive with one another. This long-term BLM management practice was codified in 1976 with the enactment of the Federal Land Policy and Management Act (FLPMA). Recognizing the value of the remaining public lands to the American people, Congress declared that these lands generally would remain in public ownership and defined multiple use as "management of the public lands and their various resource values so they are utilized in the combination that will best meet the present and future needs of the American people."

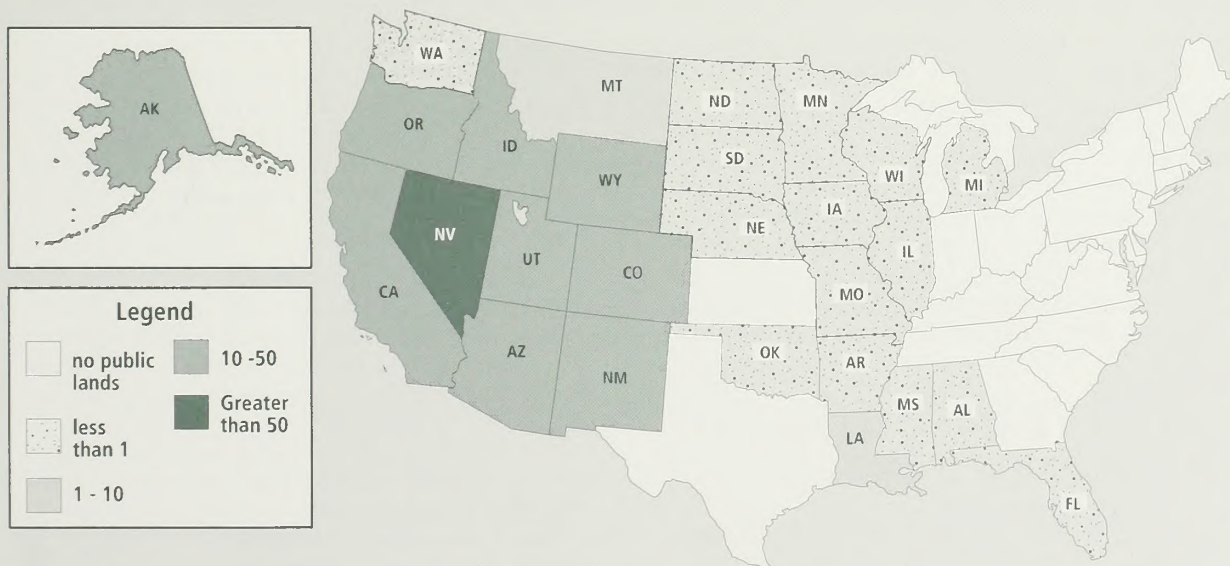


Figure 1 - Percentage of Each State's Surface Acreage Managed by the BLM

FLPMA requires not only that BLM's management of the public lands avoid permanent impairment of the productivity of the land, but also that it not lead to the permanent impairment of "the quality of the environment." The act identifies the uses that are embraced by the multiple use concept to include mineral development; natural, scenic, scientific, and historical values; outdoor recreation; livestock management; timber; watershed; and habitat for wildlife and fish. In managing the public lands for these uses, the BLM is constrained by the legal mandate to "protect the quality of scientific, scenic, historical, ecological, environmental, air and atmospheric, water resource, and archeological values . . . and provide for . . . human occupancy and use."

Water is an essential requirement of life and plays a critical role in supporting many aspects of public land and resources management. The BLM recognizes that the states have the authority and responsibility for allocating and managing water resources within their boundaries, except as otherwise specified by Congress. The Bureau cooperates with states to protect Federal reserved water rights and appropriative rights for water the United States is entitled to under state law. The BLM also cooperates with state governments to protect all water uses as designated under state law for public land management purposes, including the meeting of state and tribal water quality requirements needed to support beneficial uses of water.

For the BLM, land use planning is the process by which the multiple use concept is put into practice on any tract of public land. Use of the public lands and the riches they contain has changed throughout our Nation's history and continues to evolve. Identifying the predominant use of BLM-managed lands does not adequately portray the multiple use and sustained yield concept that guides the BLM in accomplishing its basic mission.

In adhering to the concept of multiple use and sustained yield, the Bureau's land management programs include significant efforts in restoring riparian areas and wetlands; preserving significant cultural and natural features; creating opportunities for commercial activities; protecting endangered species; developing opportunities for recreation and leisure activities; protecting public health, safety, and resources; managing wild horses and burros; managing wildlife habitat and fisheries; administering mining laws; managing rangelands; overseeing forest management, development, and protection; protecting wilderness; and managing wild and scenic rivers.

TYPES AND CONDITION OF STEWARDSHIP LANDS

The BLM is responsible for managing a variety of land types. Table 1 shows the primary land types that are managed by the BLM, along with their general condition.

Rangelands: The BLM manages 161 million acres of rangelands, primarily in the 13 western states, along with another 5 million acres in Alaska. Rangeland is a type of land on which the native vegetation (climax or natural potential) is predominately grasses, grass-like plants, forbs, or shrubs; rangelands are managed as a natural ecosystem. Rangeland includes lands revegetated naturally or artificially when routine management of that vegetation is through manipulation of grazing. Rangelands encompass natural grasslands, savannahs, shrublands, most deserts, tundra, alpine communities, marshes, and meadows.

Rangeland Management: Well-managed rangelands produce forage and habitat for domestic and wild ungulates, neotropical birds, threatened and endangered plant and animal species, other forms of wildlife, and wild horses and burros. As a result of their watershed function of capturing and filtering water, rangelands supply water to communities, municipalities, and agricultural producers, as well as serving as areas for the natural recharge of aquifers from rain and snow. Rangelands also provide open space and room for a growing number of people wanting to hunt, fish, camp, hike, sightsee, operate off-highway vehicles, ride motorcycles, and participate in other forms of outdoor recreation.

The use of rangelands for grazing is supported not only by FLPMA, but also by the Public Rangelands Improvement Act of 1978 (PRIA) and the Taylor Grazing Act of 1934, as amended. The Taylor Grazing Act confers broad powers upon the Department of the Interior for the multiple use management of natural resources. It also contains very direct language requiring the BLM to stop injury to the public grazing lands by preventing overgrazing and soil deterioration; to provide for their orderly use, improvement, and development; and to stabilize the livestock industry that depends upon the public rangelands.

The BLM plays a significant role in managing the grazing of domestic livestock on public lands. Most of the permitted use on the public lands is committed and has been since the early days of the Bureau. The primary domestic livestock that are issued permits for grazing use are cattle and sheep. Horses, goats, and bison are also permitted.

Field office managers and their resource staffs assess rangelands in accordance with each state's Standards for Rangeland Health (43 CFR 4180). These assessments are completed on areas to ensure, at a minimum, that grazing practices incorporate the following principles: (1) maintain or achieve properly functioning ecosystems; (2) achieve properly functioning riparian systems; (3) maintain, restore, or enhance water quality that meets or exceeds state standards; and (4) maintain or restore the habitat of threatened or endangered and category 1 or 2 candidate species. Each state has developed its own standards for rangeland health with

Table 1 - Type and Condition of Lands Managed by the BLM

Land Type	Acres/Miles	Condition ¹
Rangeland a. Alaska Rangeland (Reindeer)	5 Million Acres	Late seral (good)All
b. Continental USA Rangelands	161 Million Acres	2 - 3 - 4 Potential natural community (excellent)6% Late seral (good).....31% Mid seral (fair)35% Early seral (poor).....12% Unclassified ⁵16%
Forested Land a. Forestlands	11 Million Acres	35 Million AcresHealthy
b. Woodlands	36 Million Acres	12 Million AcresNeeding Restoration ⁶
Riparian Areas and Wetlands a. Riparian Areas	178,000 Miles 10 Million Acres	Alaska Properly Functioning.....91% Functioning but at RiskTrace Nonfunctional.....1% Unknown8% Lower 48 States Properly Functioning.....42% Functioning but at Risk.....43% Nonfunctional.....11% Unknown4%
b. Wetlands	13 Million Acres	Alaska Properly Functioning98 % Unknown2 % Lower 48 States Properly Functioning.....51% Functioning but at Risk.....14% Nonfunctional.....2% Unknown33%
Aquatic Areas (Lakes, Reservoirs, and Streams)	3 Million Acres 116,485 Miles	Alaska: Good Lower 48 States: Unknown
Other Habitat	23 Million Acres	Unclassified

- 1 The cumulative direct impacts of the identified future liability hazardous materials sites will be very small nationally or even regionally. It is the goal of the BLM to achieve cleanup of these sites, and as needed, to restore the functions of adversely affected natural resources.
- 2 Invasive and noxious weeds currently infest more than 8.5 million acres, or 5 percent of BLM's 161 million acres of rangeland in the continental United States. BLM incorporates Integrated Pest Management techniques. BLM's strategy for preventing and controlling the spread of invasive and noxious weeds on BLM-administered public lands is outlined in the "Partners Against Weeds" (PAW) Action Plan.
- 3 This is a composite of rangeland condition classification since most of the public lands have not been classified under the newer ecologically based classification. The older range condition classification as depicted here rates the rangelands' ability to produce forage.
- 4 Bureauwide, only 59 percent of rangeland has been inventoried using Ecological Site Inventories or the Soil-Vegetation Inventory Method. The percentage by state is as follows: Arizona, 76 percent; California, 16 percent; Colorado, 55 percent; Idaho, 42 percent; Montana (including North Dakota and South Dakota), 79 percent; Nevada, 52 percent; New Mexico, 80 percent; Oregon (including Washington), 82 percent; Utah, 62 percent; and Wyoming, 51 percent.
- 5 The unclassified condition for "Rangeland" refers to lands such as dry lakebeds, rock outcrops, and other areas for which data has not been gathered or estimates are not available.
- 6 Experts in the BLM estimate that approximately 12 million acres are in need of ecological restoration work, including mechanical forest thinning/fuel reduction, prescribed fire treatments, and tree species reintroduction.

the help of Resource Advisory Councils. These councils are composed of individuals representing commodity interests, conservation groups, elected officials, state government agencies, Indian tribes, and academic institutions.

In FY 2001, field offices completed rangeland health evaluations on 1,361 grazing allotments encompassing 11,923,822 acres. To date, 6,413 allotments have been reviewed encompassing 53,438,991 acres.

Another ongoing effort for BLM is the renewal of expiring term grazing permits and leases. This effort requires a review of each permit and lease to ensure

conformance with land use plans and compliance with the National Environmental Policy Act (NEPA).

During FY 2001, BLM issued 2,584 grazing permits and leases.

Rangeland Condition: The condition of rangeland managed by the BLM is expressed as the degree of similarity of present vegetation to the potential natural plant community:

- "Potential natural community" means current vegetation is between 76 and 100 percent similar to the potential natural plant community.
- "Late seral" means current vegetation is between 51 and 75 percent similar to the potential natural plant community.
- "Mid seral" means current vegetation is between 26 and 50 percent similar to the potential natural plant community.
- "Early seral" means current vegetation is between zero and 25 percent similar to the potential natural plant community.

Forestlands and Woodlands: Approximately one-sixth of the land under BLM jurisdiction is forest or woodland. Forestlands managed by the BLM include black and white spruce in Alaska; aspen, lodgepole pine, ponderosa pine, interior Douglas fir, and associated species of the Intermountain West; the pinyon-juniper woodlands of the Great Basin and the Southwest; and the Douglas fir, hemlock, and cedar forests of western Oregon and northern California.

Forestlands are generally defined as lands with at least ten percent cover of trees, of any species and size, or lands capable of ten percent cover. Commercial forests are capable of growing 20 or more cubic feet of wood fiber per acre per year. Other forested lands not capable of this growing capacity, generally because of poor site condition, are classified as woodlands. Woodland areas have smaller trees, generally less than 20 feet in height, and are interspersed with grass and brush.

Forests and woodlands encompass approximately 47 million acres. About 22 million acres are in Alaska, with the remaining 25 million in the 11 western states. Of this 47 million acres, less than 4 million acres outside of Alaska are actually classified as commercial forest. Although Alaska has about 7 million acres that are capable of producing timber, most of this land is inaccessible or too far from established markets to make commercial timber harvest feasible. Timber development has also been deferred in Alaska until state selection, Native claims, withdrawals, and other dispositions



Cattle on the Agua Fria National Monument in Arizona.

are completed. Of the 2.1 million acres of commercial forest in western Oregon, about 496,000 acres are available to be intensively managed for timber. Table 2 shows the distribution of the 47 million acres of forest and woodlands by state.

Table 2 - Forestland and Woodland Distribution by State

State	Forestland (thousand acres)	Woodland (thousand acres)
Alaska	7,000	15,000
Arizona	17	1,241
California	186	861
Colorado	470	3,535
Idaho	332	527
Montana	475	339
Nevada	87	4,488
New Mexico	450	1,875
Oregon	2,146	1,627
Utah	4	6,418
Wyoming	210	211
Total Acreage	11,377	36,122

Forestland and Woodland Management: All BLM forestlands are managed under the principles of multiple use, sustained yield, and protection of environmental quality in accordance with the Federal Land Policy and Management Act (FLPMA). Management of values and uses such as recreation, aesthetics, water quality, wildlife habitat, and wilderness, as well as timber production, is accomplished through an ecologically based program that emphasizes biological diversity, sustainability, and the long-term health of forests and woodlands.

Outside of western Oregon, Idaho, and Montana, forest and woodlands management is largely custodial, consisting of basic resource protection and providing recreation, wildlife habitat, and livestock grazing opportunities. Where local demand exists, woodlands management includes the sale of forest products such as fuelwood, posts and poles, wildings, edibles, medicinals, Christmas trees, and other commodities generally purchased by individuals for their own consumption.

The Eastern Nevada Landscape Restoration Coalition, located in BLM's Ely District, has proposed an aggressive woodland management program to restore historic landscapes and halt pinyon juniper expansion that has resulted from a hundred years of fire suppression. This proposal, although principally for Rocky Mountain Elk and sage grouse habitat improvement, will increase the health and vigor of thousands of acres of woodlands each year.

By far the most valuable and intensively managed forestlands of the BLM are the 2.1 million acres in western Oregon known as the "Oregon and California (O&C) railroad grant lands" and the "Coos Bay Wagon Road (CBWR) grant lands." These highly productive lands are managed under the Northwest Forest Plan to provide a sustainable supply of both timber and non-timber resources. The O&C and CBWR lands produce about 95 percent of the total volume of timber annually harvested from BLM forests.

For the O&C, CBWR, and Public Domain lands combined, the BLM forestry program offered about 71 million board feet of timber for sale, harvested approximately 59 million board feet, and applied forest management or restoration treatments on about 69,000 acres of BLM forestlands in FY 2001.

Forestland and Woodland Condition: BLM forests and woodlands provide for recreation use and forest products, as well as wildlife habitat and watershed protection.

In the past few years, the traditional emphasis of forest management has changed. Attention is now focused on the ecological condition of forests and woodlands managed by the BLM, expressed in terms of forest health. Forest health is characterized by such factors as age, structure, composition, function, vigor, presence of unusual levels of insects or disease, and resilience to disturbance. Overall forest health on BLM forests is declining due primarily to the exclusion of frequent, low-intensity fires. Exclusion of natural fires in forest ecosystems has led to tree population explosions, dead fuel accumulation, and landscape-level species composition changes that now seriously threaten the health of public forests. One consequence has been extensive insect and disease epidemics. Another consequence has been large, catastrophic wildfires that far exceed historic fire severity. Congress recognized this impending disaster after the 2000 fire season and has dramatically increased funding to begin to address the problem. The BLM is responding by developing projects to reduce hazardous fuels and utilize small-diameter trees for roundwood, small sawtimber, and, in support of the National Energy Policy, for biomass energy production.

The BLM has actively addressed forest health issues by using an ecosystem approach, where the objective is to

enhance or conserve other resource values. Interagency assessment of forest health is underway for the Columbia River Basin. The BLM is in the final stages of preparing, for field release, the Forest Vegetation and Inventory System (FORVIS), which is a condition assessment tool. The first release is scheduled for fiscal year 2002. From the information available at this time, it is estimated that nearly 12 million acres of forests and woodlands are in need of ecological restoration work, including mechanical forest thinning and fuel reduction, prescribed fire treatments, and tree species reintroduction.

Riparian Areas and Wetlands: Riparian areas are linear "riverine wetlands" adjacent to flowing or standing bodies of water where vegetation is strongly influenced by the presence of water. This definition excludes ephemeral stream reaches where water flows for only brief periods during storm runoff events. Riparian areas may constitute less than 1 percent of the land area in the western part of the United States, but they are among the most productive and valuable of all lands

Early attempts to track the condition of these natural linear features using an area unit (acres) rather than a linear unit (miles) proved difficult because the width, or distance from the stream, is difficult to estimate and would require costly field investigation. Remotely sensed estimates using aircraft or satellite images

would be highly inaccurate and variable because of normal climatic variation. In light of this, the BLM has improved its linear estimates while conducting assessments of riparian condition status, but has discontinued its efforts to measure riparian acreage. The 10 million acres reported in Table 1 is a broad estimate of the total riparian acreage, but this figure lacks precision for the reasons noted above. Table 3 shows the distribution of both riparian areas and wetlands by state.

Table 3 - Riparian Areas and Wetlands Distribution by State

State	Riparian Miles	Wetland Acreage
Alaska	144,304	12,565,000
Arizona	879	21,899
California	2,509	15,351
Colorado	4,198	9,412
Eastern States	10	4,300
Idaho	3,883	2,733
Montana	3,896	62,513
Nevada	2,550	30,363
New Mexico	426	3,327
Oregon	6,378	146,704
Utah	4,328	15,601
Wyoming	5,080	16,457
Totals	178,441	12,893,660

On the BLM public lands with a subhumid climate in western Oregon, northern California, northern Idaho, central Colorado, and high elevation areas of Montana, Wyoming, and Utah, riparian areas are characterized by a zone of deciduous trees and shrubs between the streams and conifer forests. In Alaska, riparian areas are composed of willows, alders, and meadow grasses along rivers, lakes, and bogs. In the arid climate of the Great Basin and Southwest, riparian areas are gems in the desert, characterized by grasses, forbs, sedges, woody shrubs, and trees; these areas are easily distinguished from drier upland vegetation.

Wetlands are generally defined as areas inundated or saturated by surface water or groundwater at a frequency and duration sufficient to support vegetation that is typically adapted for life in saturated soil. Wetlands



Riparian area Birch Creek Idaho Falls Field Office USRD Upper Snake River District

include bogs, marshes, shallows, muskegs, wet meadows, and estuaries.

Healthy riparian-wetland systems purify water as it moves through the vegetation by removing sediment, and act like a sponge by retaining water in streambanks and ground water aquifers. Riparian-wetland vegetation along upper watershed streams can absorb and dissipate the energy of floodwaters before they reach high-value agricultural lands in lower valleys.

Riparian and Wetland Management: The BLM has placed special emphasis on the inventory, assessment, and management of riparian and wetland areas through its Riparian-Wetland Initiative. This initiative, which provides the blueprint for managing and restoring riparian-wetland areas, encompasses about 13 million acres of wetlands and 178,000 miles of riparian areas on BLM's public lands. Overall, riparian-wetland areas account for about 9 percent of the almost 262 million acres of land under BLM management.

Many wildlife species depend upon the unique and diverse habitat niches offered by riparian-wetland areas. These habitats provide food, water, shade, and cover; they are valuable sources of forage for big game and livestock.

Riparian-wetland areas provide habitat for more than 42 percent of all the mammals in North America. They are also stop-over areas for thousands of migrating birds. Riparian-wetland vegetation is of critical importance for fish, especially for trout in desert streams, where the vegetation provides escape cover. Riparian vegetation also lowers summer water temperatures through shading and reduces streambank erosion that can silt-in spawning and rearing areas.

Finally, riparian areas are focal points for recreation, including fishing, camping, boating, and hiking.

Riparian and Wetland Condition: The condition of riparian-wetland areas is determined by the interaction of geology, hydrology, soil, water, and vegetation:

- "Proper functioning" means that adequate vegetation, landform, or large woody debris is present to dissipate stream energy associated with high waterflows; to filter sediment, capture bedload, and aid floodplain development; to improve floodwater retention and groundwater recharge; to develop root masses that stabilize streambanks against cutting action; to develop diverse ponding and channel characteristics; and to support greater biodiversity.
- "Functioning at risk" means that areas are in functional condition but are susceptible to degradation due to soil, water, or vegetation characteristics.

- "Nonfunctional" means that areas do not provide adequate vegetation, landform, or large woody debris to dissipate stream energy, and consequently do not reduce erosion or improve water quality.
- "Unknown" applies to areas where sufficient information has not been collected to determine condition.

Aquatic Areas: Aquatic areas encompass both flowing and standing bodies of water. These areas encompass almost 2.9 million acres of lakes and reservoirs and more than 116,000 miles of fishable streams on BLM-administered lands. Table 4 shows the distribution of lakes and reservoirs in acres and fishable streams in miles by state.

Table 4 - Lakes, Reservoirs, and Fishable Streams
Distribution by State

State	Lake Acreage	Reservoir Acreage	Fishable Steam Miles
Alaska	2,600,000	0	96,424
Arizona	1,164	10,160	160
California	129	65	1,071
Colorado	561	18,149	2,934
Idaho	687	36,924	3,350
Montana	3,500	34,000	1,234
Nevada	24,570	11,300	2,381
New Mexico	21	1,131	278
Oregon	59,375	14,146	3,534
Utah	2,906	24,828	2,644
Wyoming	3,573	33,181	2,475
Totals	2,696,486	183,884	116,485

These areas contain a wide variety of aquatic species, from rare, highly localized endemic native species such as desert pupfish, to broad-ranging endangered and threatened anadromous species such as steelhead and chinook salmon. These species and their aquatic environments depend on sound BLM land stewardship (protection and management) of all BLM land types (forestland, rangelands, and riparian-wetland areas) on a landscape or watershed basis, in cooperation with other management jurisdictions, state and Federal agencies, and interest groups.

The watershed approach is a tool for moving in an orderly fashion towards Clean Water goals. This is required pursuant to the Unified Federal Policy for a Watershed Approach, which was published in October 2000 by the Departments of the Interior and Agriculture, as well as other Federal departments and agencies having responsibilities for Federal land and resource management.

Aquatic Area Management: Many BLM activities directly or indirectly affect, or are affected by, the management of aquatic resources. In addition to resident and anadromous fisheries management, threatened/

endangered species and Clean Water initiatives, and Fish and Wildlife 2000, the BLM has implemented standards for rangeland health and guidelines for watersheds, riparian areas/wetlands, stream channels, and water quality. These activities, along with forestry initiatives, will contribute to the maintenance and restoration of aquatic habitats. Listings of fish and other aquatic species continue under the Endangered Species Act, while listings of impaired waters are being made by states under the Clean Water Act. Both will require the BLM to modify management consistent with species, aquatic ecosystem, water quality, and water use needs.

The Fishery Resources Conservation Plan, developed in response to Executive Order 12962, requires the BLM to enhance recreational angling on public lands; the BLM has provided additional access for fishing opportunities under this plan. One of the Bureau's major goals is to restore native fish species through "Bring Back the Natives," its flagship partnership with Trout Unlimited, the National Fish and Wildlife Foundation, and other Federal and tribal partners. The BLM also has partnerships through locally led watershed coalitions with numerous Federal and state agencies, tribes, local governments, private partners, and non-governmental organizations throughout the West to restore and manage watersheds, including their aquatic systems and ability to produce clean water. With continued involvement in these partnerships, aquatic habitats on BLM-administered lands should continue to improve over the next decade.

Aquatic Area Condition: The BLM has not assessed the condition of all the aquatic habitats that it manages, nor has any agency developed adequate surface water or ground water data associated with most aquatic habitat. Aquatic condition is highly variable on BLM-managed public lands.

The condition of the more than 96,000 miles of perennial streams in Alaska is good; of the 15,145 miles of BLM-administered streams in Alaska occupied by anadromous fish species, only about 2 percent have been impacted by mining activities, roads, and oil and gas development. The remaining stream miles in Alaska have experienced little or no human impact and are generally considered to be in good to excellent condition. Most water quality permitting on public lands in Alaska is done with close cooperation between the BLM, the U.S. Fish and Wildlife Service, and the Army Corps of Engineers.

Alaska BLM is collaborating with twelve Federal and state agencies to develop remotely based resource information (digital formats for watersheds and their subdivisions) and user tools, which together will enhance our ability to manage and protect aquatic areas. In addition, to respond to diminishing salmon habitats and populations in the Yukon Basin, the BLM is cooperating with Native groups, state agencies, and



BLM employee surveying Smith Creek while conducting habitat study in the Roseburg District, Oregon.

other Federal agencies to complete habitat restoration and improve salmon.

In the 11 western states where the BLM manages large tracts of public land, the condition of some aquatic areas ranges from good to excellent, including the 1,110 miles of rivers designated as Wild and Scenic in these states. However, conditions are degraded or poor in many areas that have been impacted by activities such as historic livestock management practices, water diversion, ground water pumping, legacy mining, timber harvesting, and road building. For the 3,676 miles of BLM administered streams in Oregon, Washington, Idaho, and California that support salmon and trout, habitat conditions range from poor to excellent.

A similar range of conditions in aquatic areas prevails in the other western states. Aggressive restoration treatments, including changes in management practices and direct channel/riparian manipulation, will be needed to move Functioning at Risk systems into a Proper Functioning condition.

Other Habitat: Lands classified as other habitat are areas that generally do not provide forage in sufficient amounts to sustain wildlife or grazing animals. This land type includes mountaintops, glaciers, barren mountains, sand dunes, playas, hot-dry deserts, and other similar areas.

NET CHANGE IN STEWARDSHIP LAND ACREAGE FROM 2000 TO 2001

Lands under the exclusive jurisdiction of the BLM at the end of fiscal year 2001 totaled 261,761,395 acres, which is a decrease of 2,636,738 acres from fiscal year 2000. This represents a decrease of less than one percent, which resulted from the net effect of acquisitions, disposals, exchanges, withdrawals, restoration transactions, and audits/reviews of records. Most of the decrease was in Arizona, where a total of 2,610,458 acres are now part of the Barry Goldwater Air Force Range under the exclusive jurisdiction of the United States Air Force. Decreases also took place in Alaska, Colorado, Idaho, Montana, Nebraska, North Dakota, Oregon, South Dakota, and Wyoming, while increases occurred in California, Nevada, New Mexico, Utah, and Washington.

Natural Heritage Assets

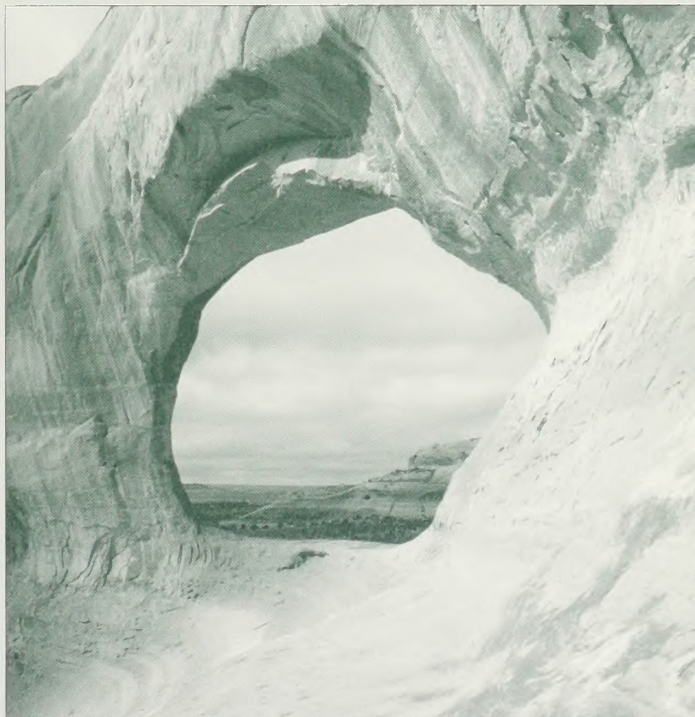
PROTECTING AND ENHANCING THE NATURAL AND HUMAN ENVIRONMENT

Guided by the principles of multiple use and sustained yield in managing the public lands, the BLM has recog-

nized the need to protect and enhance the natural and human environment. Special management areas have been designated by presidential, congressional, and administrative action. Presidential action has established most of the BLM's national monuments. Congress has established one BLM national monument, as well as national conservation and protection areas, wilderness areas, wild and scenic rivers, national trails, and other designations. Administratively designated areas include recreation areas, primitive areas, natural areas, resource conservation areas, areas of critical environmental concern, and others.

TYPES OF SPECIAL MANAGEMENT AREAS

Although the BLM manages natural heritage assets that are not specifically in designated areas, significant portions of the public lands have been congressionally or administratively designated as special management areas. These special management areas have been designated to preserve their natural heritage values. Table 5 provides a summary of designated special management areas, along with their number and size. In general, the ecological condition of these areas is addressed under the closest land type in Table 1. For example, a wilderness study area that is predominantly rangeland would be considered to be in at least the same ecological condition as the surrounding rangeland. Many of these special management areas contain various quantities of each of the land types described in Table 1. The first eight types of special management areas constitute the BLM National Landscape Conservation System, which was created in 2000 to increase the public's



Wilson Arch, located south of Moab, Utah, is just one of the many scenic attractions on BLM-administered public lands in the region.

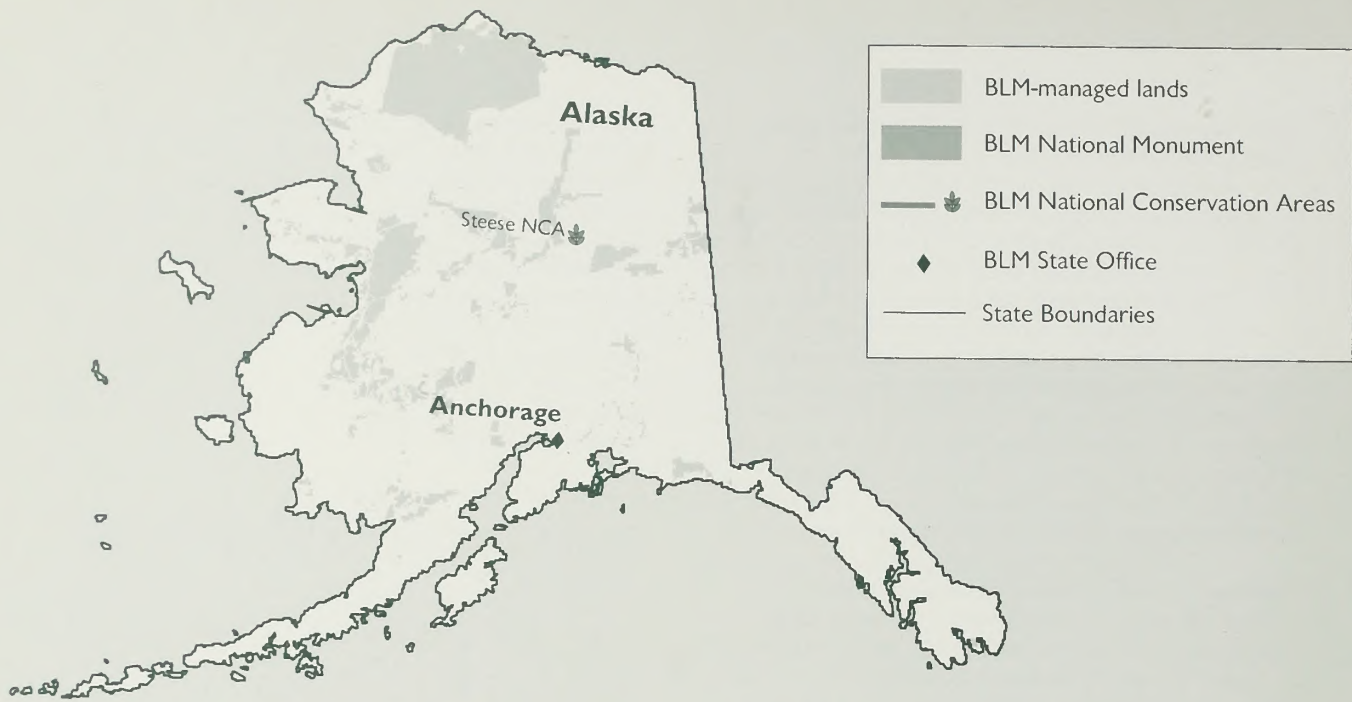


Figure 2 - BLM-Managed Public Lands, including National Monuments and National Conservation Areas

Table 5 - Number and Size of Designated Special Management Areas

Special Management Type ¹	Number	Total Acres ²	Total Miles ²
National Landscape Conservation System Areas			
National Monuments [p-14 and c-1]	15	4,730,831	
National Conservation and Protection Areas [c]	13	14,353,957	
Wilderness Areas [c]	148	6,253,783	
Wilderness Study Areas [a]	604	17,191,707	
Headwaters Forest Reserve [c]	1	7,400	
National Wild and Scenic Rivers [c]	36	1,006,228	2,062
National Historic Trails [c]	9		3,650
National Scenic Trails [c]	2		640
Other Special Management Areas			
National Recreation Trails [a]	27		415
National Back Country Byways [a] ³	55		2,972
White Mountains National Recreation Area [c]	1	1,000,000	
Santa Rosa Mountains National Scenic Area [a]	1	101,000 ⁴	
Yaquina Head National Outstanding Natural Area [c]	1	100	
Lake Todatonten Special Management Area [c]	1	37,579	
Herd Management Areas [a]	209	29,888,790	
Areas of Critical Environmental Concern [a]	851	13,988,608	
National Natural Landmarks [a]	45	417,429	
Research Natural Areas [a]	152	347,214	
Globally Important Bird Areas [a]	2	56,500 ⁵	

¹ Congressional designations are identified by [c], Presidential proclamation designations are identified by [p], and Administrative designations are identified by [a].

² These quantities are also reported in the Stewardship Lands section of this report under the land type applicable to the special management area.

³ This Special Management Area includes those byways administratively designated under the BLM's Back Country Byway Program. In addition, BLM is involved in the cooperative management of an additional 17 byways, totaling 2,492 miles, on public lands that have been recognized by state or national designation.

⁴ The acreage for the Santa Rosa Mountains National Scenic Area is also contained in the Santa Rosa/San Jacinto Mountains National Monument.

⁵ The acreage for Globally Important Bird Areas is also contained in national conservation areas and the Yaquina Head National Outstanding Natural Area.

Note: Deferred maintenance information is presented in the Deferred Maintenance section that appears after this Stewardship Assets report.

awareness and appreciation for these public land treasures as well as to focus more management attention and resources on them.

National Monuments: National monuments can be designated by Congress to protect historic landmarks, historic and prehistoric structures, or other objects of historic or scientific interest on the public lands. Monuments can also be designated by Presidential proclamation under the Antiquities Act of 1906 to protect objects of scientific or historic interest. The BLM

manages 15 monuments, 8 of which were created in fiscal year 2001. Table 6 shows the name, location, and BLM-managed acreage of these national monuments.

The **Agua Fria National Monument**, designated by Presidential proclamation on January 11, 2000, is located approximately 40 miles north of Phoenix. The 71,100-acre monument contains one of the most significant systems of late prehistoric sites in the American Southwest.

Table 6 - National Monuments

National Monuments	State	Acreage
Agua Fria	Arizona	71,100
Grand Canyon-Parashant	Arizona	807,241
Ironwood Forest	Arizona	129,022
Sonoran Desert	Arizona	408,646
Vermilion Cliffs	Arizona	280,324
California Coastal	California	1,000
Carrizo Plain	California	204,107
Santa Rosa/San Jacinto Mountains	California	86,400
Canyons of the Ancients	Colorado	163,852
Craters of the Moon	Idaho	273,847
Pompeys Pillar	Montana	51
Upper Missouri River Breaks	Montana	377,346
Kasha-Katuwe Tent Rocks	New Mexico	4,148
Cascade-Siskiyou	Oregon	52,947
Grand Staircase-Escalante	Utah	1,870,800
Total Acreage		4,730,831

Its ancient ruins offer insights into the lives of those who long ago inhabited this part of the desert southwest. Between A.D. 1250 and 1450, the area's pueblo communities were populated by up to several thousand people. At least 450 prehistoric sites are known to exist within the monument, and there are likely many more. There are many intact petroglyphs, as well as remnants of prehistoric agricultural features. The monument also contains historic sites representing early Anglo-American history through the nineteenth century, including remnants of Basque sheep camps, historic mining features, and military activities.

In addition to its rich record of human history, the monument contains outstanding biological resources. The diversity of vegetative communities, pristine riparian habitat, topographical features, and relative availability of water provide habitat for a wide array of sensitive species and other wildlife.

The **Grand Canyon-Parashant National Monument**, designated by Presidential proclamation on January 11, 2000, is situated on the Colorado Plateau in northwestern Arizona. The 807,241-acre monument is located on the edge of one of the most beautiful places on Earth—the Grand Canyon. This monument is a scientific treasure, containing many of the same values that have long been protected in Grand Canyon National Park.

Deep canyons, mountains, and lonely buttes testify to the power of geological forces and provide colorful vistas. Its Paleozoic and Mesozoic sedimentary rock layers

are relatively undeformed and unobscured by vegetation, offering a clear window on the geologic history of the Colorado Plateau. The monument encompasses the lower portion of the Shivwits Plateau, an important watershed for the Colorado River and the Grand Canyon.

Archaeological evidence shows much human use of the area over the past centuries. Prehistoric use is documented by irreplaceable rock art images, quarries, villages, watchtowers, farms, burial sites, caves, rock-shelters, trails and camps. Historic ranch structures and corrals, fences, water tanks, and the ruins of sawmills are scattered across the monument; these tell the stories of remote family ranches and the lifestyles of early homesteaders. There are several old mining sites dating from the 1870s that illustrate the history of mining during the late nineteenth and early twentieth centuries.

The monument also contains outstanding biological resources. Undisturbed strands of giant Mojave yucca are found throughout the monument. Diverse wildlife inhabit the monument, including a trophy-quality mule deer herd, Kaibab squirrels, and wild turkeys. There are numerous threatened or endangered species as well, including the Mexican spotted owl, the California condor, the desert tortoise, and the southwestern willow flycatcher.

The **Ironwood Forest National Monument**, designated by Presidential proclamation on June 9, 2000, is located 25 miles west-northwest of Tucson, Arizona.

This 129,022-acre monument contains objects of scientific interest throughout its desert environment.

The landscape of the Ironwood National Monument is blanketed with the rich, drought-adapted vegetation of the Sonoran Desert. Stands of ironwood, blue palo verde, and saguaro blanket the monument's lower elevations beneath the rugged Silver Bell, Ragged Top, and Waterman Mountains. The geologic and topographic variability of the monument contribute to its biological diversity. Ironwood trees, which can live in excess of 800 years, are the primary nurse plant in this region of the Sonoran Desert, with dominant influence on the surrounding ecosystem. The Silver Bell Mountains support the highest density of ironwood trees recorded in the Sonoran Desert.

The ironwood habitat in the Silver Bell Mountains is associated with more than 674 species, including 64 mammals and 57 bird species. These numbers include several species federally listed as threatened or endangered, including historic and potential habitat for the cactus ferruginous pygmy owl. The desert bighorn sheep in the monument may represent the last viable population indigenous to the Tucson basin.

The **Sonoran Desert National Monument**, designated by Presidential proclamation on January 17, 2001, is located in south-central Arizona. The 408,646-acre monument is a magnificent example of untrammeled Sonoran desert landscape.

The area encompasses a functioning desert ecosystem with an extraordinary array of biological, scientific, and historic resources. The Sonoran Desert is the most biologically diverse of the North American deserts. Consisting of distinct mountain ranges separated by wide valleys, the monument also holds large saguaro cactus forest communities that provide excellent habitat for a wide range of wildlife species.

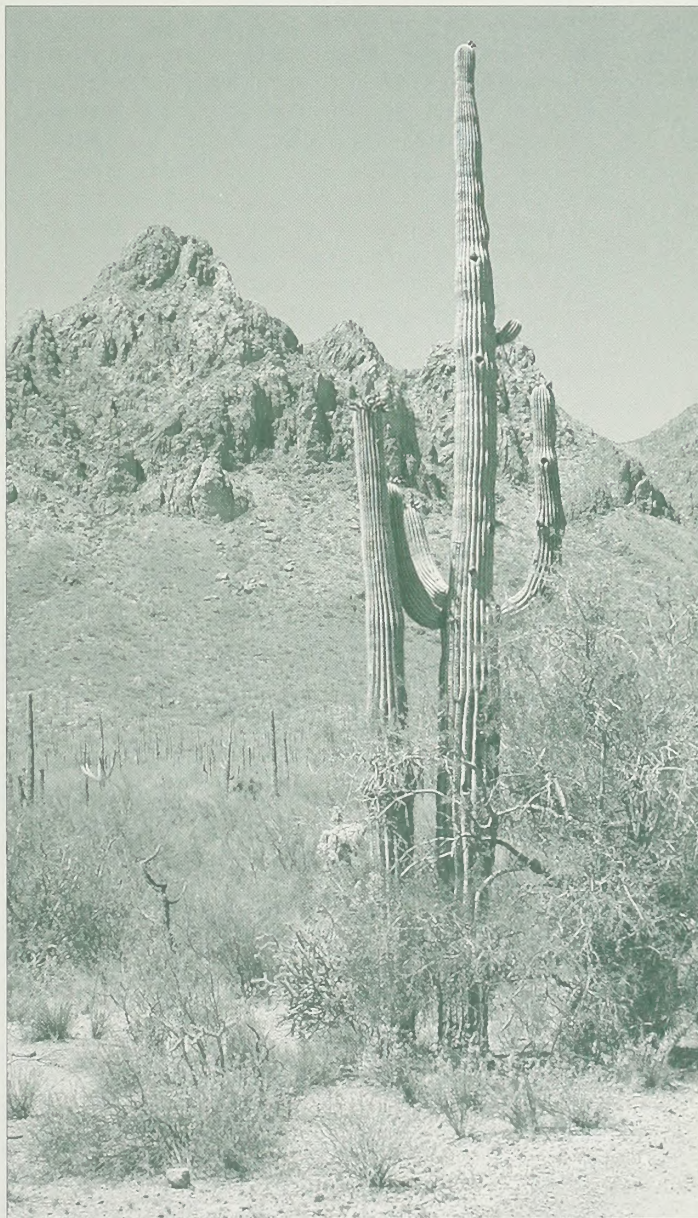
The monument's biological resources include a spectacular diversity of plant and animal species. The most striking aspect of the plant communities within the monument are the saguaro cactus forests; thousands of saguaro cactuses line the desert floor. The diverse plant communities present in the monument support a wide variety of wildlife; a robust population of desert bighorn sheep, especially in the Maricopa Mountains area; and other mammalian species such as mule deer, javelina, mountain lion, gray fox, and bobcat. The desert tortoise occupies approximately 25,000 acres of habitat in the Maricopa Mountains.

The monument contains many significant archaeological and historic sites, including rock art sites, lithic quarries, and scattered artifacts. Vekol Wash is believed to have been an important prehistoric travel and trade corridor between the Hohokam and tribes located in what is now Mexico. The monument also contains a much-

used trail corridor 20 miles long in which is found remnants of several important historic trails, including the Juan Bautista de Anza National Historic Trail, the Mormon Battalion Trail, and the Butterfield Overland Stage Route.

The **Vermilion Cliffs National Monument**, designated by Presidential proclamation on November 9, 2000, is located west of Page, Arizona, in northern Arizona. This 280,324-acre monument is a geological treasure.

Its centerpiece is the majestic Paria Plateau, a grand terrace lying between two great geologic structures, the East Kaibab and the Echo Cliffs monoclines. The Vermilion Cliffs, which lie along the southern edge of



Two saguaro cacti standing tall in the Ironwood Forest National Monument. In the background is Ragged Top Mountain, the biological and geological crown jewel of the Silver Bell Mountains.

the Paria Plateau, rise 3,000 feet in a spectacular escarpment capped with sandstone underlain by multi-colored, actively eroding, dissected layers of shale and sandstone. The stunning Paria River Canyon winds along the east side of the plateau to the Colorado River. Erosion of the sedimentary rocks in this 2,500 foot deep canyon has produced a variety of geologic objects and associated landscape features such as amphitheaters, arches, and massive sandstone walls. In the northwest portion of the monument lies Coyote Buttes, a geologically spectacular area where crossbeds of the Navajo Sandstone exhibit colorful banding in surreal hues of yellow, orange, pink, and red caused by the precipitation of manganese, iron and other oxides. Thin veins or fins of calcite cut across the sandstone adding another dimension to the landscape.

Some of the earliest rock art in the Southwest occurs in the monument. High densities of Ancestral Puebloan sites occur, including remnants of large and small villages, some with intact standing walls, fieldhouses, trails, granaries, burials, and camps. The monument was also a crossroad for many historic expeditions. In 1776, the Dominguez-Escalante expedition of Spanish explorers traversed the monument in search of a safe crossing of the Colorado River. Later, Mormon exploring parties led by Jacob Hamblin crossed south of the Vermilion Cliffs on missionary expeditions to the Hopi villages. Mormon pioneer John D. Lee established Lee's Ferry on the Colorado River just south of the monument in 1871.

The monument's vegetation is a unique combination of cold desert flora and warm desert grassland. It includes one threatened species, Welsh's milkweed. California Condors have been reintroduced into the monument in an effort to establish another wild population of this

highly endangered species. Desert bighorn sheep, pronghorn antelope, mountain lion, and other mammals roam the canyons and plateaus. The Paria River supports sensitive native fish, including the flannelmouth sucker and the speckled dace.

The **California Coastal National Monument** was designated by Presidential proclamation on January 11, 2000. Totalling approximately 1,000 acres in land surface, it runs the entire 840-mile length of the California coast and extends 12 nautical miles seaward from the shoreline, encompassing thousands of BLM-administered islands, rocks, exposed reefs, and pinnacles above mean high tide. Cooperatively managed with other Federal agencies, state agencies, local governments, universities, and private interests, the primary purpose of the monument is to protect important biological and geological values.

The monument contains many geologic formations that provide unique habitat, such as sensitive feeding and nesting habitat for an estimated 200,000 breeding seabirds, including gulls, the endangered California least tern, and the brown pelican. Studies as early as 1970 noted that the rookeries on which these birds breed are unprotected and in danger; the number of breeding pairs for some of the species continues to decline. The monument also provides forage and breeding habitat for several mammal species, including a number of threatened pinnipeds.

The **Carrizo Plain National Monument**, designated by presidential proclamation on January 17, 2001, is adjacent to the southwest edge of the San Joaquin Valley in eastern San Luis Obispo County. The 204,107-acre monument is a diverse complex of habitats similar to those in the San Joaquin Valley that have become fragmented or destroyed.

Full of natural splendor and rich in human history, the majestic grasslands and stark ridges in the monument contain exceptional objects of scientific and historic interest. Since the mid-1800s, large portions of the grasslands that once spanned the entire 400-mile expanse of California's nearby San Joaquin Valley have been eliminated by extensive land conversion to agricultural, industrial, and urban land uses. The monument, which is dramatically bisected by the San Andreas Fault zone, is the largest undeveloped remnant of this ecosystem, providing crucial habitat for the long-term conservation of the many endemic plant and animal species that still inhabit the area.

The monument offers a refuge for endangered, threatened, and rare animal species such as the San Joaquin kit fox, the California condor, the blunt-nosed leopard lizard, the giant kangaroo rat, the San Joaquin antelope squirrel, the longhorn fairy shrimp and the vernal pool fairy shrimp. It also supports important populations of pronghorn antelope and tule elk, as well as being home to many rare and sensitive plant species. Despite past



A kayaker floats by pelicans sunning themselves on rocks of the California Coastal National Monument.

human use, the size, isolation, and relatively undeveloped nature of the area make it ideal for long-term conservation of the dwindling flora and fauna characteristic of the San Joaquin Valley region.

The monument is also rich with evidence of its prehistoric and historic past. Painted Rock, a sacred ceremonial site of the Chumash People, rises from the grassland, while remnants of homesteads, farms, and mining operations dot the remainder of the Plain.

Besides its grasslands and wildlife habitat, the area is world-famous for its spectacular exposures of fault-generated landforms. In 1857, the strongest earthquake in California's recorded history ripped through the San Andreas fault, wrenching the western side of the monument 31 feet northward. The monument encompasses Soda Lake, the largest remaining natural alkali wetland in southern California and the only closed basin within the coastal mountains.

The **Santa Rosa/San Jacinto Mountains National Monument** is the first BLM-managed national monument that was designated by congressional legislation; this legislation was signed by the President on October 24, 2000. The 272,000-acre monument, which lies south and west of Palm Springs, California, has a dramatic landscape rising abruptly from below sea level to the snow-capped San Jacinto Peak at 10,804 feet. The BLM's portion of the monument, which totals 86,400 acres, occurs at low-lying elevations from below sea level to roughly 2,500 feet. Vegetation ranges

from creosote and desert flora to chaparral. The Forest Service manages 64,400 acres within the monument, primarily at elevations ranging from 2,000 feet to 7,500 feet. Vegetation here ranges from chaparral to a mixed conifer, with moderate to steep slopes and deeply dissected canyons.

The monument provides habitat for an endangered population of desert bighorn sheep. The Peninsular Range's population of desert bighorn sheep was listed as endangered by the United States Fish and Wildlife Service on March 18, 1998. Over the last 26 years, the population has declined dramatically from about 1,100 animals to its current population of less than 400 sheep. More than 500 plant and animal species, including the bighorn sheep, make their home in the monument. These include the California red-legged frog, southern yellow bat, desert tortoise, desert slender salamander, and the Least Bell's vireo.

The Santa Rosa Mountains have served as the homeland for hundreds of generations of Cahuilla. Direct evidence links the tribe to this area for at least 3,000 years. Within the Santa Rosas are sacred sites such as Agua Alta and landscape features of great importance to Cahuilla history. A network of trails connect village sites, campsites, and other areas of importance. The Cahuilla lived in the region for at least 3,000 years, up until the late nineteenth century.

Although the BLM and Forest Service are the primary land managers in the monument, a range of state and



Lowry Ruins at the Canyons of the Ancients National Monument in Colorado.

Federal agencies also manage small portions of the monument. There is also around 60,000 acres of private land within the monument's boundaries.

The **Canyons of the Ancients National Monument**, designated by Presidential proclamation on June 9, 2000, is located in southwest Colorado. This 163,852-acre monument contains the highest known density of archaeological sites in the Nation and features evidence of cultures and traditions spanning thousands of years.

With its intertwined natural and cultural resources, the monument encompasses a rugged landscape, which has greatly contributed to the protection of its scientific and historic objects. The more than 20,000 archeological sites reflect all of the physical components of past human life: villages, field houses, check dams, reservoirs, great kivas, cliff dwellings, shrines, sacred springs, agricultural fields, petroglyphs, and sweat lodges. Portions of the area have more than 100 sites per square mile.

The monument is known for its sheer sandstone cliffs, with mesa tops rimmed by caprock and deeply incised canyons. These formations are crucial habitat for a wide variety of wildlife species, including the Mesa Verde nightsnake and the long-nosed leopard lizard.

The **Craters of the Moon National Monument** was established by President Coolidge on May 2, 1924. Since 1924, the monument has been expanded through five presidential proclamations issued in accordance

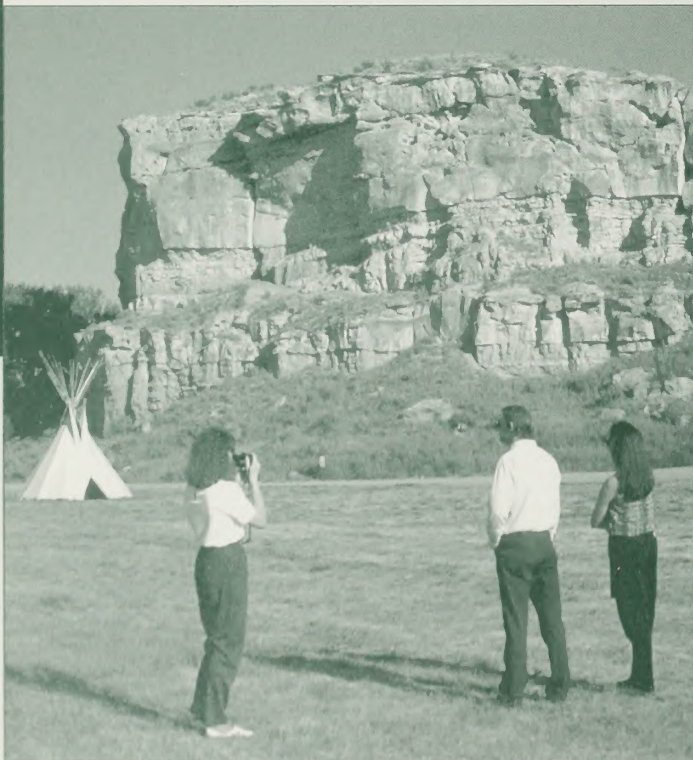
with the Antiquities Act. The most recent and largest expansion of the monument occurred November 9, 2000, when a Presidential Proclamation enlarged the monument thirteenfold. The monument now contains 715,000 acres of Federal land, of which 273,847 acres are under the jurisdiction of the BLM.

The expanded monument assures the protection of the entire Great Rift volcanic zone. It encompasses a remote area which includes the Kings Bowl lava field, Wapi lava field, and the Bear Trap lava tube. The Bear Trap lava tube is an unusual 15-mile-long cave system that contains well-preserved lava stalactites and curbs that mark the high level of flowing lava on the lava tube walls. The monument is managed cooperatively by the National Park Service and the BLM. The National Park Service has primary management authority over the portion of the monument that includes the exposed lava flows. The BLM has primary management authority over the remaining portion.

The monument is a geologic wonder cast in a wild and remote landscape. Its central focus is the Great Rift, a 62-mile-long crack in the earth's crust. The Great Rift is the source of a remarkably preserved volcanic landscape with an array of exceptional features. Craters, cinder cones, lava tubes, deep cracks, and vast lava fields form a beautiful volcanic sea on central Idaho's Snake River Plain. Volcanic eruptions first occurred at Craters of the Moon about 15,000 years ago. The most recent eruptions ended about 2,100 years ago and were likely witnessed by the Shoshone people. The volcanic area now lies dormant, but its eight eruptive periods formed 60 lava flows that traveled as far as 45 miles from their vents. Some of the lava flowed around areas of higher ground, forming isolated islands of vegetation called "kipukas". Today, these kipukas provide a window on the vegetation communities of the past. They contain some of the last pristine vegetation in the Snake River Plain, including 700-year-old juniper trees and relic stands of sagebrush and native bunchgrass.

The **Pompeys Pillar National Monument**, designated by Presidential proclamation on January 17, 2001, was initially designated as a national historic landmark in 1965. The key feature of the 51-acre monument is a massive sandstone outcrop that rises 150 feet from an almost two-acre base on the banks of the Yellowstone River, east of Billings, Montana. The pillar's premier location at a natural ford in the Yellowstone River and its geologic distinction as the only major sandstone formation in the area have made it a celebrated landmark and outstanding observation point for more than 11,000 years of human occupation.

Hundreds of markings, petroglyphs, and inscriptions left by visitors have transformed this geologic phenomenon into a living journal of the American West. The monument's most notable visitor, Captain William Clark of



Tourists photographing Pompeys Pillar, the primary attraction at Pompeys Pillar National Monument in Montana.

the Lewis and Clark Expedition, arrived at Pompeys Pillar on July 25, 1806, on his return trip from the Pacific coast. Clark marked his presence by engraving his name and the date of his visit on the outcrop. This simple inscription is the only remaining physical evidence of Lewis and Clark's epic journey.

Archaeological evidence of past occupation of the Pillar area by Native Americans has been discovered at various depths below ground. These materials appear to be the remains of hunting and living camps, probably occupied by relatively small groups of people for short periods of time.

Pompeys Pillar is home to many wildlife species and serves area communities as a viewing area. More than 100 different bird species have been noted in the area, including owls, sandpipers, terns, and bald eagles. Deer, fox, coyotes, raccoons, and numerous small mammals, amphibians, and reptiles call the Pillar home. Much of the wildlife population is a result of the site's thriving riparian zone, a healthy plant community of grasses, willows and cottonwood trees that stabilize the river bank and provide important habitat.

The Upper Missouri River Breaks National Monument, designated by Presidential proclamation on January 17, 2001, includes an ecosystem that parallels the Upper Missouri National Wild and Scenic River through north-central Montana. The 377,346-acre monument contains a spectacular array of biological, geological, and historical objects of interest.

The area has remained largely unchanged in the nearly 200 years since Meriwether Lewis and William Clark traveled through it on their epic journey. Lewis and Clark first encountered the Breaks country of the monument on their westward leg. In his journal, Clark described the abundant wildlife of the area, including mule deer, elk, and antelope, and on April 29, 1805, the Lewis and Clark expedition recorded the first bighorn sheep observation by non-Indians in North America.

The monument boasts the most viable elk herd in Montana and one of the premier bighorn sheep herds in the continental United States. It contains essential winter range for sage grouse as well as habitat for prairie dogs. Abundant plant life along the River and across the Breaks country supports this wildlife. The lower reach of the Judith River, just above its confluence with the Missouri, contains one of the few remaining fully functioning cottonwood gallery forest ecosystems on the Northern Plains. Arrow Creek contains the largest concentration of antelope and mule deer in the monument, as well as important spawning habitat for the endangered pallid sturgeon. An undammed tributary to the Missouri River, Arrow Creek is a critical seed source for cottonwood trees for the flood plain along the Missouri.

The cliff faces in the monument provide perching and nesting habitat for many raptors, including the sparrow hawk, ferruginous hawk, peregrine falcon, prairie falcon, and golden eagle. Several pairs of bald eagles nest along the River in the monument and many others visit during the late fall and early winter. Shoreline areas provide habitat for great blue heron, pelican, and a wide variety of waterfowl. The River and its tributaries in the monument host 48 fish species, including goldeye, drum, sauger, walleye, northern pike, channel catfish, and small mouth buffalo. The monument has one of the six remaining paddlefish populations in the United States. The River also supports the blue sucker, shovel nose sturgeon, sicklefin, sturgeon chub, and the endangered pallid sturgeon.

Long before the time of Lewis and Clark, the area was inhabited by numerous native tribes, including the Blackfeet, Assiniboin, Gros Ventre (Atsina), Crow, Plains Cree, and Plains Ojibwa. Pioneers and the Army followed Lewis and Clark in the 1830s establishing Fort Piegan, Fort McKenzie, and Fort Benton. Remnants of this rich history are scattered throughout the monument, and the River corridor retains much of the same qualities and appearance today as it did then.

The Kasha-Katuwe Tent Rocks National Monument was designated by Presidential proclamation on January 17, 2001. The 4,148-acre monument is located in north-central New Mexico between Albuquerque and Santa Fe. Kasha-Katuwe or "white cliffs" in Keresan—the traditional language for the Pueblo de Cochiti—is an unique geological area that features large, tent-shaped rocks that hug the steep cliffs of Peralta Canyon.

The rocks in the monument were created by the powerful forces of vulcanism and erosion, which have built up and then torn down this landscape. During the last million years, a tremendous volcanic explosion northwest of Kasha-Katuwe Tent Rocks spewed rock and ash for hundreds of square miles, leaving volcanic debris up to 400 feet thick. Over time, water cut into these



A group of Resource Advisory Council members and BLM managers looking at the view from one of the highest points at the Kasha-Katuwe National Monument near Cochiti Lake, New Mexico.

deposits, creating canyons, arroyos, and other area features. The cone-shaped rock formations are wind- and water-eroded pumice and tuff deposits. Their hard, erosion-resistant caprocks protect the softer "tents" below. While uniform in shape, the tent rock formations vary in height from a few feet to 90 feet.

The complex landscape and spectacular geologic scenery of the monument have been a focal point for visitors for centuries. Human settlement is believed to have begun in the monument as a series of campsites during the Archaic period, dating from approximately 5500 B.C. During the fifteenth century, several large ancestral pueblos were established in the area. Their descendants, the Pueblo de Cochiti, still inhabit the surrounding area. Although the Spanish explorer Don Juan de Oñate reached the Pajarito Plateau in 1598, it was not until the late eighteenth century that families began to claim land grants around Tent Rocks from the Spanish Crown. Remnants of human history are scattered throughout the monument.

The **Cascade-Siskiyou National Monument**, designated by Presidential proclamation on June 9, 2000, is located in southern Oregon, at the intersection of the Klamath and Cascade Mountains. The 52,947-acre monument is home to a spectacular variety of rare and beautiful species of plants and animal, whose survival in this region depends upon its continued ecological integrity.

The monument is an ecological wonder, with biological diversity unmatched in the Cascade Range. It encompasses a rich enclave of biological resources at a biological crossroads—the interface of the Cascade,

Klamath and Siskiyou ecoregions—in an area of unique geology, biology, climate, and topography. The ecology of the area is influenced by the region's extremely complex geology. Most of the monument lies within the relatively young, volcanic Cascade Range; however, the southwestern portion of the monument is in the much older Siskiyou Mountains. At 425 million years, the rocks of the Siskiyou Mountains are the oldest known in Oregon.

Plant communities present a rich mosaic of grass and shrublands, Garry and California black oak woodlands, juniper scablands, mixed conifer and white fir forests, and wet meadows. Stream bottoms support broad-leaf deciduous riparian trees and shrubs. Special plant communities include rosaceous chaparral and oak-juniper woodlands. The monument also contains many rare and endemic plants, such as Greene's Mariposa lily, Gentner's fritillary, and Bellinger's meadowfoam.

This monument supports an exceptional range of fauna, including one of the highest diversities of butterfly species in the United States. The Jenny Creek portion of the monument is a significant center of freshwater snail diversity and is home to three endemic fish species, including a long isolated stock of redband trout. It contains important populations of small mammals, reptile and amphibian species, and ungulates, including important winter habitat for deer. It also contains old-growth habitat crucial to the threatened northern spotted owl, as well as numerous other bird species such as the western bluebird, the western meadowlark, the pileated woodpecker, the flammulated owl, and the pygmy nuthatch.

This geologically and ecologically diverse region has provided a home for native peoples for thousands of years. Numerous archaeological and historical sites, including areas of traditional cultural importance such as spiritual sites and root-gathering areas, are found throughout the monument. Archaeological surveys in the Cascade-Siskiyou National Monument have located close to 100 sites relating to native peoples' use of the area. These are typically areas where open meadows, oaks, and game, including deer and elk, still exist. The monument also contains remnants of the historic Oregon/California Trail. Rock alignments, blazed trees, and artifacts such as cast-off ox shoes document this historic route.

The **Grand Staircase-Escalante National Monument**, which was BLM's first national monument, was created by Presidential proclamation on September 18, 1996. It is located in southern Utah approximately 290 highway miles south of Salt Lake City and 250 miles east of Las Vegas. The 1,870,800-acre monument features a dramatic, multi-hued landscape that is rich in both natural and human history. It represents a unique combination of archaeological, historical, paleontological, geological, and biological resources.



Fritillaria glauca can be found in the Cascade-Siskiyou National Monument in southern Oregon.

The monument's strikingly beautiful and scientifically important lands are divided into three distinct regions: the Grand Staircase, the Kaiparowits Plateau, and the Canyons of the Escalante. The Grand Staircase consists of five great geological steps that ascend northward across the southwest corner of the Monument. This Grand Staircase—the Chocolate, Vermilion, White, Gray, and Pink Cliffs—spans five different life zones from Sonoran desert to coniferous forests. It is a masterpiece of geological and biological diversity.

The Kaiparowits Plateau is a vast wedge-shaped block of mesas and deeply incised canyons tower above the surrounding canyonlands. This isolated, rugged plateau is refuge for wildlife, rare plants, and a few adventure-ready individuals equipped to handle profound solitude and uncompromising wild country. Kaiparowits is a Paiute name meaning "Big Mountain's Little Brother." Many sites from prehistoric cultures have been recorded on the Plateau, and many more are preserved for future study.

The Escalante River cascades off the southern flank of the Aquarius Plateau, winding through a 1,000-mile maze of interconnected canyons known as the Canyons of the Escalante. This magical labyrinth is one of the scenic wonders of the West. Even though Spanish explorer and priest Father Silvestre Velez de Escalante never saw the river, his is the namesake given by the Powell survey crew that discovered and named the Escalante River in 1872.

Three major plant communities meet in the monument, making it one of the richest floristic regions in the

Intermountain West. Plants from the Mojave and Sonoran Deserts and the Great Basin are all found here, plus a few species from the Great Plains. In spite of its often barren appearance, the monument has a surprisingly diverse fauna. From elk that migrate to lower elevations in winter to pronghorns and pack rats, the monument is home to more than 300 species of amphibians, birds, mammals, and reptiles.

National Conservation and Protection Areas:

The BLM manages twelve national conservation areas (NCAs), along with one cooperative management and protection area, totaling over 14 million acres. Congress designates national conservation areas so that present and future generations of Americans can benefit from the conservation, protection, enhancement, use, and management of these areas and enjoy their natural, recreational, cultural, wildlife, aquatic, archeological, paleontological, historical, educational, and/or scientific resources and values. Table 7 shows the name, location, and BLM-managed acreage of these thirteen areas.

The **Steese National Conservation Area**, designated on December 2, 1980, is located approximately 70 miles northeast of Fairbanks, Alaska, and is set back from the Steese Highway (Alaska Route 2). Consisting of two sections that total 1,194,923 acres, the NCA is home to the Mount Prindle Region, Birch Creek National Wild and Scenic River (designated as wild), crucial caribou calving grounds and home range, and Dall sheep habitat.

The Mount Prindle Region contains excellent examples of both glaciated landforms and periglacial features in

Table 7 - National Conservation Areas

National Conservation Area	State	Acreage
Steese	Alaska	1,194,923
Gila Box Riparian	Arizona	22,047
Las Cienegas	Arizona	41,960
San Pedro Riparian	Arizona	56,400
California Desert	California	10,671,080
King Range	California	57,288
Colorado Canyons	Colorado	122,182
Gunnison Gorge	Colorado	57,725
Snake River Birds of Prey	Idaho	484,873
Black Rock Desert-High Rock Canyon Emigrant Trails	Nevada	797,039
Red Rock Canyon	Nevada	196,890
El Malpais	New Mexico	226,000
Steens Mountain	Oregon	425,550
Total Acreage		14,353,957

close proximity. These illustrate how two sets of different cold-climate processes produce very different landscapes. At least four glacial advances spanning several hundred thousand years are evident. The small glaciers of Mount Prindle were isolated in a vast unglaciated region and were barely nourished by the ice age climates. The features marking the fluctuations of these small glaciers are useful in studies of past climates. Rock climbing and hunting are popular activities occurring within this area.

Birch Creek provides for a wide variety of primitive-based recreation opportunities. Float-boating in canoes or rafts, nature observation, fishing, and hunting are the major recreational activities. Attractive, natural campsites are abundant along the river. Winter activities include snowmobiling, cross-country skiing, and trapping. The Yukon Quest International Sled Dog Race between Fairbanks and Whitehorse traverses portions of Birch Creek National Wild River. Dog mushing is a popular winter activity within the Steese National Conservation Area, and a frozen Birch Creek makes a good winter "highway."

The **Gila Box Riparian National Conservation Area** was designated on November 28, 1990. This 22,047-acre area is located in southeastern Arizona near Safford. When Congress created the Gila Box Riparian National Conservation Area, the principal objective was to conserve, protect, and enhance the riparian and associated values of the area. Four perennial waterways —

the Gila River, Bonita Creek, Eagle Creek, and San Francisco River—are vitally important to this remarkable place.

Not only does Gila Box hold one of the most significant riparian zones in the Southwest, but it also offers tremendous scientific, cultural, scenic, recreational, and other associated values. It is one of only two riparian national conservation areas in the nation. Bonita Creek, popular for birding and picnicking, is lined with large cottonwoods, sycamores, and willows. The Gila River section is composed of patchy mesquite woodlands, mature cottonwood trees, sandy beaches, and grand buff colored cliffs. Cliff dwellings, rock art, and historic homesteads show evidence of the occupation of this area by earlier man. Wildlife, including Rocky Mountain bighorn sheep, and over 200 species of birds make their home in this cool year-round desert oasis.

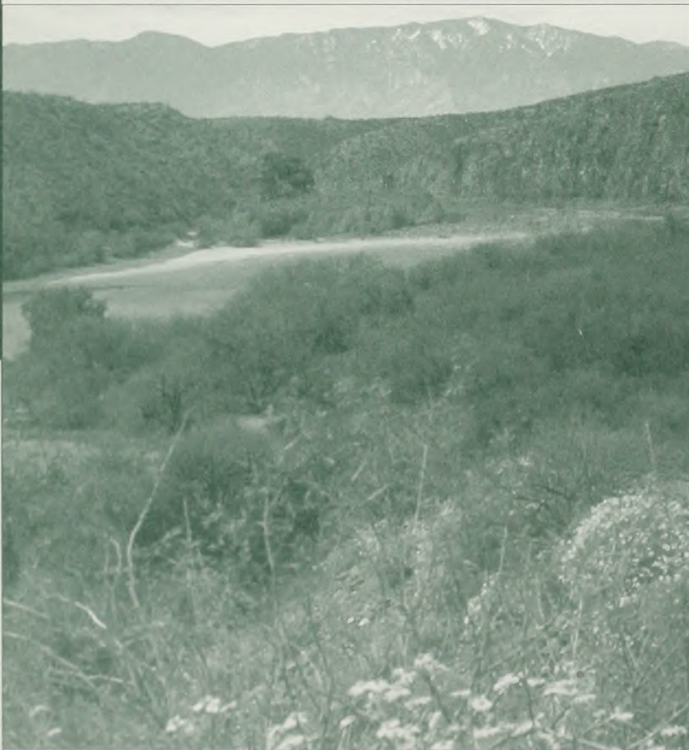
The **Las Cienegas National Conservation Area** was designated on December 6, 2000. This 41,960-acre area is located about 50 miles southeast of Tucson. Much of the area, which came under the management of the BLM in June 1988, formerly was part of several ranches.

Prior to BLM's acquisition, this area faced an uncertain future that almost certainly included housing and commercial development. Such development would have eliminated the sweeping vistas and substantially harmed the watershed and habitat needed for rare native fish and a rich diversity of other wildlife. Pima and Santa Cruz county supervisors officially requested that BLM become involved in protecting this area.

This national conservation area includes a variety of unique and rare vegetative communities, including five of the rarest habitat types in the American Southwest: cienegas (marshlands), cottonwood-willow riparian forests, sacaton grasslands, mesquite bosques, and semi-desert grasslands. Cienega Creek, with its perennial flow and lush riparian corridor, forms the lifeblood of the national conservation area. The area is home to a great diversity of plant and animal life, including several threatened or endangered species.

Rare prehistoric sites, historic travel routes, mines, and mining towns are all present in the national conservation area. The Empire Ranch House, listed on the National Register of Historic Places, is currently being restored. Scientists believe humans occupied this area as long as 12,000 years ago.

The **San Pedro Riparian National Conservation Area** was designated on November 18, 1988. This 56,400-acre area is located in southeastern Arizona between the international border (United States and Mexico) and St. David, Arizona. The primary purpose for the designation was to protect and enhance the desert riparian ecosystem, a rare remnant of what was once an



A 15-mile segment of Bonita Creek is part of a special area designated by Congress. Along with 23 miles of the Gila River, this creek is part of the Gila Box Riparian National Conservation Area.

extensive network of similar riparian systems throughout the Southwest.

Wildlife abounds because of the abundant food, water, and cover within and surrounding the riparian zone. The national conservation area supports over 350 species of birds, 80-plus species of mammals, 2 native fish species, several introduced species of fish, and more than 40 species of amphibians and reptiles. The area attracts thousands of bird-watchers from all over the world each year because roughly half of the number of known breeding species in North America are represented in this area.

The national conservation area contains over 250 recorded prehistoric and historic sites and is likely to contain many more. These range from sites dating back approximately 11,000 years from the Clovis Culture to the Presidio (fortified settlement) Santa Cruz de Terrenate that was established by Spanish troops in 1775 or 1776, and the ruins of some 19th century mining towns.

The **California Desert National Conservation Area** was designated on October 21, 1976. Its 10,671,080 acres account for more than two-thirds of the total national conservation area acreage managed by BLM. This desert area offers scenic beauty in its vast sand-scapes and rugged canyon gorges.

Scientists recognize three deserts within the California Desert: the Mojave, the Sonoran, and a small portion of the Great Basin. In the California Desert, a variety of land forms, including valleys, bajadas, pediments, alluvial fans, rough-hewn mountain ranges, washes, sand dunes, and dry lakebeds, testify both to the geologic variety of this region as well as to its relative youth as a desert.

While the word "desert" usually brings to mind images of vast areas devoid of life, a wide variety of plant life actually flourishes within the California Desert Conservation Area. From the common creosote bush to an ancient stand of bristlecone pine, this vegetation furnishes food and shelter for equally varied wildlife populations. California's state reptile, the desert tortoise, is one of its most famous wildlife residents, but the area is also home for many others including lizards, deer, migratory birds, kangaroo rats, bighorn sheep, and even several species of fish. Domestic cattle and sheep have grazed the area since the 1890s. Wild horses and burros—descendants of the Old West—still roam freely in the area.

The California Desert is one of the most highly mineralized regions in the nation. Today's miners use advanced technologies to collect microscopic gold, rare earths, sodium, borates, phosphates, sand and gravel, and other important resources for our everyday lives.

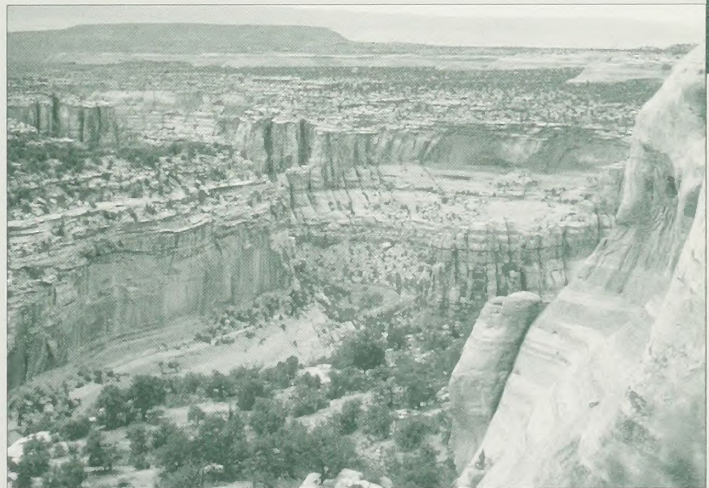
The extremes of the desert climate have actually protected a variety of historic and cultural sites. Human use and habitation of the area long preceded European contact in the mid-16th century and acquisition of the area by the United States in the mid-19th century. Native American cultures hunted and foraged for food, set down permanent and seasonal village sites, mined and quarried for common and exotic stones, flood irrigated land for agriculture, and traded goods through an elaborate network of foot trails.

The **King Range National Conservation Area** was designated on October 21, 1970. This 57,288-acre area encompasses 35 miles of remote coastline known as California's Lost Coast. A spectacular meeting of land and sea is the dominant feature of the area.

Mountains seem to thrust straight out of the surf, a precipitous rise unsurpassed on the continental United States coastline. King Peak, the highest point at 4,087 feet, is only three miles from the ocean. The King Range is severely folded and faulted. Three of the large "plates" that make up the earth's crust grind together just offshore. The King Range is at the edge of the North American Plate, which is being forced upward from the two offshore plates.

Offshore rocks, tidepools, and kelp beds are inhabited by seals, sea lions, and a variety of marine birds. California grey whales can be spotted offshore in winter and spring. The mountains are a mix of Douglas-fir forest, chaparral, and grassland, providing habitat for blacktailed deer, black bear, and Roosevelt elk. Nearly 300 species of native and migratory birds have been spotted in the King Range, making it a birders' paradise. The old-growth forest is important habitat for the northern spotted owl, bald eagle, and Cooper's hawk.

The **Colorado Canyons National Conservation Area** was designated on October 24, 2000. Located in west-central Colorado, this national conservation



Mee Canyon in the Colorado Canyons National Conservation Area.

area encompasses 122,182 acres and includes the 75,439-acre Black Ridge Canyons Wilderness.

This area is remarkable for its diverse landscape. The wilderness is dominated by seven spectacular red-rock canyons separated by high mesas. These sandstone canyons, which drain to the Colorado River, are 3 to 12 miles in length and almost 1,000 feet deep. Erosional features include arches, spires, windows, monoliths, fins, and alcoves. Many canyon floors have exposed black Pre-cambrian rock with inner canyons that feature waterfalls and plunge pools.

Cottonwoods, willows, and box elders in the canyon bottoms shade hikers and contribute to outstanding primitive recreation opportunities. Pinyon-juniper woodlands dominate the upland mesas. Desert bighorn sheep, deer, elk, and mountain lion roam the wilderness.

The national conservation area includes numerous rock art sites and archaeological remains of the Fremont people. The Trail Through Time includes a dinosaur quarry—an ancient watering hole for thousands of dinosaurs over thousands of years—which is now an active paleontological dig site.

The **Gunnison Gorge National Conservation Area** was designated on October 21, 1999. Consisting of 57,725 acres, this area is located in west-central Colorado, just downstream from the Black Canyon of the Gunnison National Park.

The national conservation area encompasses a diverse landscape ranging from “adobe badlands” and rugged pinyon-juniper-covered slopes to the spectacular double canyon of the Gunnison Gorge Wilderness Area. Humans have utilized this area for 13,000 years, and archeological evidence from Paleo-Indian hunters to the later Archaic and protohistoric Ute cultures is scattered throughout the gorge.

This national conservation area supports an equally diverse range of recreational uses: white-water boating and Gold Medal trout fishing in the Gunnison River, big-game hunting for mule deer and elk, off-highway vehicle use in Peach Valley, domestic sheep and livestock grazing, sightseeing, wildlife photography, and wilderness hiking and backpacking.

The **Snake River Birds of Prey National Conservation Area**, which was designated on August 4, 1993, is located only 20 miles south of Boise, Idaho. The Snake River Birds of Prey National Conservation Area contains 484,873 acres and includes 81 miles of the Snake River, 65,000 acres of critical nesting raptor (bird of prey) habitat, and 420,000 acres of prey habitat.

The national conservation area is home to the densest concentration of nesting raptors in North America and one of the densest such concentrations in the world. Canyon walls along the Snake River, ranging up to 600 feet high, provide abundant nest sites for the raptors. More than 800 pairs of raptors representing 15 species nest here, including eagles, falcons, hawks, and owls. An additional nine raptor species use the area during migrations or as wintering areas. Deep, wind-blown soils cover expansive plateaus above the canyon.

An unusual variety and high number of small mammals burrow in the fine textured soils and find food and cover in the dense grasses and shrubs that grow on the plateau. The abundant prey and soft soils support one of the densest badger populations in the world. Mammals such as Paiute ground squirrels, blacktailed jackrabbits, pocket gophers, kangaroo rats, and deer mice are common prey species for the raptors.

The Snake River Canyon within the national conservation area contains some of the oldest and most remarkable archaeological sites in Idaho. Over 200 sites are recorded, including numerous outstanding petroglyphs. Human occupation has been dated to 10,000 B.C. The Black Butte Guffrey Butte Archaeological District, listed on the National Register of Historic Places, is located entirely within the national conservation area.

The **Black Rock Desert-High Rock Canyon Emigrant Trails National Conservation Area** was designated on December 21, 2000, and includes 797,039 acres of BLM-managed public lands in northwestern Nevada. It protects the last nationally significant, untouched segments of the historic California emigrant trails, including wagon ruts, historic inscriptions, and a wilderness landscape largely unchanged from when pioneers moved westward in the 1800s.

One of the national conservation area’s most prominent geologic features is the Black Rock Desert Playa, where the curvature of the Earth may be observed. This playa



Ferruginous hawks nesting in the Snake River Birds of Prey National Conservation Area.

is a remnant of the ancient Lake Lahontan and is one of the largest playas in the world. Some of the largest natural potholes in North America also are located in the national conservation area.

The Black Rock Desert and High Rock Canyon areas are unique segments of the Northern Great Basin and contain broad representation of the Great Basin's land forms and plant and animal species, including golden eagles and other birds of prey, sage grouse, mule deer, pronghorn antelope, bighorn sheep, free-roaming horses and burros, threatened fish, and sensitive plants.

The national conservation area includes segments of historic California Emigrant Trails and a portion of the John C. Fremont exploration route. These trails include wagon ruts and historic inscriptions in settings nearly unchanged from pioneer days. The area also includes numerous prehistoric and historic Native American sites, including woolly mammoth sites.

The **Red Rock Canyon National Conservation Area** was designated on November 16, 1990. This 196,890-acre area is located 10 miles west of Las Vegas, Nevada. It features unique geologic formations, plants, and animals that represent some of the best examples of the Mojave Desert.

The most significant geologic feature of Red Rock Canyon is the Keystone Thrust Fault. About 65 million years ago, it is believed that two of the Earth's crustal plates collided with such force that part of one plate of gray limestone was thrust up and over the younger red sandstone. The Keystone Thrust Fault extends from the Cottonwood Fault (along State Route 160) thirteen miles northward to the vicinity of La Madre Mountain, where it is obscured by more complex faulting. More than one million visitors each year enjoy the spectacular landscapes as well as numerous climbing and hiking opportunities and interpretative programs sponsored by the BLM.

Scant rainfall and scarce permanent water, along with desiccating winds and high temperatures, make this a harsh environment for plants and wildlife, yet a surprising number of plants and animals inhabit the national conservation area. Over 100 bird species, 45 mammal species, and a variety of reptiles and amphibians, including the threatened desert tortoise, can be found.

For much of the past 600 million years, the land that is now Red Rock Canyon National Conservation Area was the bottom of a deep ocean basin and the western coast of North America was in present day western Utah. A rich variety of marine life flourished in those waters, leaving behind deposits of shells and skeletons more than 9,000 feet thick that were eventually compressed into limestone and similar carbonate rocks. Petroglyphs are also found in Red Rock Canyon.

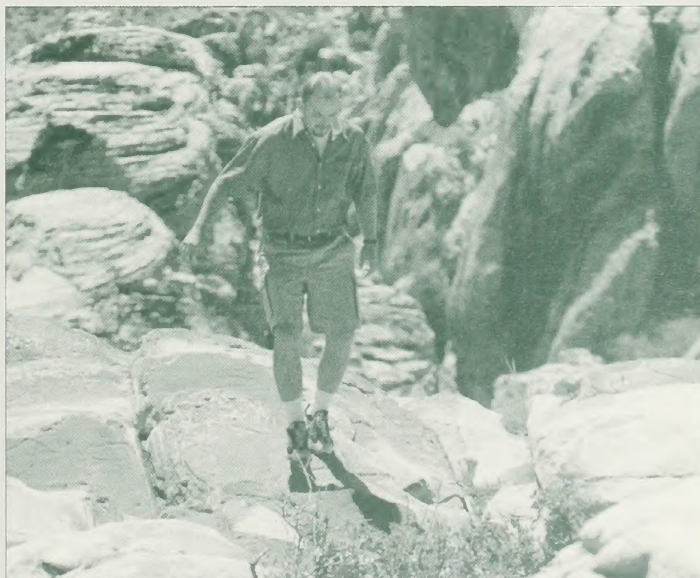
The **El Malpais National Conservation Area** was designated on December 31, 1987 and includes 226,000 acres south of Grants, New Mexico, and west of Albuquerque. El Malpais translates to "the badlands" in the original Spanish. El Malpais is managed by a joint effort between the National Park Service and the Bureau of Land Management. The area features some of the Nation's most significant geological, cultural, scenic, scientific, and wilderness resources surrounding the rugged Grants Lava Flows.

Volcanic features such as lava flows, cinder cones, pressure ridges, and complex lava tube systems dominate the landscape. Closer inspection reveals unique ecosystems with complex relationships. Sandstone bluffs and mesas border the eastern side, providing access to vast wilderness.

For more than 10,000 years, people have interacted with the El Malpais landscape. Historic and prehistoric sites provide connections to the past. More than mere artifacts, these cultural resources are kept alive by the presence of contemporary Indian groups, including the Puebloan peoples of Acoma, Laguna, and Zuni, and the Ramah Navajo. These tribes continue their ancestral uses of El Malpais, gathering herbs and medicines, paying respect, and renewing ties.

The **Steens Mountain Cooperative Management and Protection Area**, classified as a national conservation area, was designated on October 30, 2000. This area consists of 425,550 acres of rugged landscape in southeastern Oregon.

This fault-block range offers a diversity of natural systems that is unique to the northern Great Basin region. From the valley floor of the Alvord Desert at 4,200 feet



Hiking in Red Rock Canyon National Conservation Area near Las Vegas, Nevada.

elevation to the east rim of the fault-block at 9,700 feet elevation, Steens Mountain rises 5,500 feet in less than 3 miles. The mountain is approximately 60 miles in length, extending from Riddle Mountain on the north to Alvord Peak and Long Hollow on the south. Its width is approximately 40 miles from the Alvord Desert on the east, across the fault-block to the Blitzen and Catlow Valleys on the west. Steens Mountain offers exceptional ecological and geological diversity.

The mountain provides visitors with spectacular views of deep, glacial gorges; stunning, colorful alpine wildflower meadows; high desert communities; and the opportunity to see pronghorn antelope, elk, mule deer, bighorn sheep, and raptors. The designating legislation created the Donner and Blitzen Redband Trout Reserve to conserve, protect, and enhance redband trout and provide opportunities for research and education. The 52-mile Steens Mountain Backcountry Byway offers access to four campgrounds on the mountain and affords remarkable views of Kiger Gorge.

In 1860, Major Enoch Steen was sent by the U.S. Army to protect the settlers from Indians and to determine the feasibility of a road from southeastern Oregon to the Willamette Valley. His party established several military posts in the area. The remains of a number of homestead cabins and ranch buildings also dot the area.

Wilderness Areas and Wilderness Study Areas:

The BLM administers 148 wilderness areas comprising almost 6.3 million acres, as well as 604 wilderness study areas encompassing approximately 17 million acres. Nearly nine percent of all the BLM-managed

public lands are designated as either a wilderness or wilderness study area.

The locations of these wilderness areas and wilderness study areas throughout the western United States ensure that these lands represent the wide diversity of resources found on the public lands. Protective management helps ensure the protection and integrity of natural and biological processes on all public lands. Table 8 shows the location, number, and acreage of wilderness and wilderness study areas managed by the BLM.

Wilderness areas are designated by Congress and are defined by the Wilderness Act of 1964 as a place "where the earth and its community of life are untrammeled by man, where man himself is a visitor who does not remain." Designation is aimed at ensuring that these lands are preserved and protected in their natural condition. Wilderness areas, which are generally at least 5,000 acres in size, offer outstanding opportunities for solitude or a primitive and unconfined type of recreation; such areas may also contain ecological, geological, or other features that have scientific, scenic, or historical value.

A wilderness study area (WSA) is designated by a Federal land management agency as having wilderness characteristics, thus making it worthy of consideration by Congress for wilderness area designation. While Congress considers whether to designate a wilderness study area as a permanent wilderness area, the Federal land management agency, including the BLM, manages the wilderness study area to prevent impairment of the areas's suitability for wilderness designation.

Table 8 - Wilderness and Wilderness Study Areas

State	Wilderness		Wilderness Study Area	
	Number	Acreage	Number	Acreage
Alaska	0	0	1	784,238
Arizona	47	1,396,466	2	63,930
California	75	3,591,996	87	1,546,870
Colorado	5	147,274	55	628,302
Idaho	1	802	66	1,770,743
Montana	1	6,000	40	452,563
Nevada	11	763,500	102	4,369,403
New Mexico	3	140,555	52	925,908
Oregon	4	172,330	92	2,806,598
Utah	3	27,720	95	3,260,130
Washington	1	7,140	1	5,518
Wyoming	0	0	42	577,504
Total	148¹	6,253,783	604¹	17,191,707

¹ Figures in the number columns do not add up to the total shown because some wilderness and wilderness study areas cross State lines and are reported in the number count for each State. The total shown in the number columns are the actual number of wilderness and wilderness study areas. The acreage figures do add up to the totals shown in the acreage columns.

Headwaters Forest Reserve: On March 1, 1999, the Headwaters Forest Reserve, totaling 7,400 acres in central Humboldt County, California, was acquired from private owners by the BLM and the State of California. While title is held by BLM, this area is co-managed by the BLM and the State of California to protect the stands of old-growth redwoods that provide habitat for a threatened seabird, the marbled murrelet, as well as the headwaters that serve as a habitat for the threatened coho salmon and other fisheries.

The reserve contains the headwaters of Salmon Creek, portions of the South Fork Elk River watershed, and the entire Little South Fork Elk River watershed. Approximately 3,000 acres of the reserve is old-growth forest that does not contain roads. The remaining 4,400 acres is covered by previously logged forests of various ages. The logged areas contain numerous roads and skid trails that were used to haul the logs to the mills.

The Elk River and Salmon Creek watersheds once supported abundant runs of native chinook salmon, coho salmon, and steelhead. Salmonid stocks of each of these species have declined significantly.

National Wild and Scenic Rivers: The BLM administers some 20 percent of all rivers in the National Wild and Scenic Rivers System, a total of 36 rivers in five states. These nationally recognized rivers comprise more than 2,000 river miles and encompass some of the Nation's greatest diversity and concentrations of recreational, natural, and cultural resources. Included among the BLM-managed wild and scenic rivers is the Fortymile River in Alaska, which is the longest designated river (392 miles) in the National Wild and Scenic Rivers System.

Rivers designated in the National Wild and Scenic Rivers System are classified in one of three categories, depending on the extent of development and accessibility along each section. In addition to being free flowing, these rivers and their immediate environments must possess at least one outstandingly remarkable value—scenic, recreational, geologic, fish and wildlife, historic, cultural, or other similar values.

Table 9 shows the location, number, mileage, and acreage of the national wild and scenic rivers managed by the BLM.

National Trails System: Since the passage of the National Trail System Act in 1968, the BLM has assumed responsibility for 4,290 miles of eleven national scenic and historic trails designated by Congress. These long-distance trails are among BLM's "Great American Landscapes," showcasing the exploration, westward migration, historic events, and scenic splendor of our country. BLM manages well over 85 percent of all the Federal miles of all national historic trails. National recreation trails, while not part of the National

Landscape Conservation System, are a part of the National Trail System Act and are designated each year by the respective departmental Secretary having jurisdiction over the particular trail area.

BLM's national trails program includes signing, maintenance, protection, coordination of volunteers, planning, interagency coordination, patrol, monitoring, visitor information, and interpretation. Partnerships with many trail organizations help BLM's management efforts. Several visitor/interpretive centers, such as the National Historic Oregon Trail Interpretive Center and two under construction—the National Historic Trails Interpretive Center and the El Camino International Heritage Center—offer important visitor services, including education leading to an understanding, respect, appreciation, and support for trail resources, protection programs, and related recreational activities.

The BLM manages more than 3,600 miles along nine **National Historic Trails**. These nine trails are the Iditarod, Juan Bautista De Anza, California, Nez Perce, Lewis and Clark, El Camino Real de Tierra Adentro, Oregon, Mormon Pioneer, and Pony Express. The El Camino Real de Tierra Adentro (Spanish for "the royal road of the interior") was designated by Congress October 13, 2000. Spanish explorers created the 1,200-mile trail in the 16th century as a link between Mexico City and the original capital city of San Juan Pueblo, New Mexico. The United States portion of the trail is jointly administered by the BLM and the National Park Service. The National Historic Trails Interpretive Center located in Casper, Wyoming, continues to be built in FY 2001. The Center will be run by BLM in partnership with a non-profit foundation. It is scheduled to open in the summer of 2002. The center will interpret for visitors the stories of those who traveled along the Oregon, Mormon Pioneer, California, and Pony Express National Historic Trails. In addition, it will interpret Native American issues as well as trail stories from the regional Bridger and Bozeman Trails.

In Alaska, the Iditarod was one of the first national historic trails to be designated. It has a history of use that may predate all other historic trails, as part of a migration route across the Bering Land Bridge. It has been used as a transportation and trade route by Alaska natives as well as during the period of Russian control

Table 9 - National Wild and Scenic Rivers

State	Number	Mileage	Acreage
Alaska	6	952.0	609,280
California	6	77.5	24,800
Montana	1	149.0	89,300
New Mexico	2	71.0	22,720
Oregon	21	812.9	260,128
Total	36	2,062.4	1,006,228

of Alaska. During the late 19th and early 20th centuries the Iditarod was used as a migration route from the Bering Sea to the Interior. Today it is used for competitive events such as the Sled Dog Race and Gold Rush Snowmobile Classic, and as a transportation corridor between villages during Alaska's long winter.

National Scenic Trails on BLM lands pass through many landscapes with high scenic quality including desert, chaparral, marsh, grassland, mountain, canyon, river and forest. The BLM manages more than 600 miles along two national scenic trails—the Continental Divide National Scenic Trail and the Pacific Crest National Scenic Trail.

The Continental Divide National Scenic Trail traverses the Rocky Mountains between Canada and Mexico for 3,100 miles through five states. The BLM manages approximately 409 miles of this trail as it passes through spectacular country that includes the mountains of Montana and Idaho, the high desert of the Great Divide Basin in Wyoming, and New Mexico's Sonoran Desert. "Uniting along the Divide II" this year, an effort initiated by the Continental Divide Trail Alliance (CDTA), resulted in the collection of valuable data along the trail corridor from north to south. This nonprofit organization assists agencies with the support of volunteers, as well as public and private partnerships, to facilitate management and operation of the trail.

The Pacific Crest National Scenic Trail, stretching 2,600 miles from Mexico to Canada, traverses some of the most magnificent backcountry of California, Oregon, and Washington. The trail treks over hills and through valleys, ranging in elevation from more than 13,000 feet near Mount Whitney to near sea level at the Columbia River. The path wanders across canyons, meanders by lakes, climbs mountain passes, and navigates through arid desert. Three BLM offices in California manage 189 miles of the trail, while in Oregon BLM manages 42 miles in the southern part of that state. Volunteers from the Pacific Crest Trail Association and many other groups are essential in keeping the BLM segments of the trail open and maintained.

National Recreation Trails do not require congressional approval; they are established administratively by the Secretary of the Interior. These trails provide a variety of outdoor recreation uses and opportunities in both remote and rural areas. Muddy Mountain Interpretive Trail in Casper, Wyoming, was designated in 2001 on National Trails Day. The BLM manages over 400 miles along 27 national recreation trails. These encompass incredibly diverse landscapes, ranging from the Pacific Ocean beach along the Lost Coast National Recreation Trail to the desert of the Organ Mountains in New Mexico and the 9,000-foot crest of Bald Mountain in Idaho. National recreation trails range in length from 0.5 mile to 150 miles on BLM lands. More than 800 national recreation trails currently exist nationwide.

National Back Country Byways: The BLM manages 55 designated national back country byways totaling nearly 3,000 miles in 11 states. The back country byway program was developed by the BLM to complement the national scenic byway program. BLM's byways show enthusiasts the best the West has to offer—from the breathtaking thunder of waterfalls to geology sculpted by ancient volcanoes, glaciers, and rivers. Back country byways vary from narrow, graded roads passable during only a few months of the year to two-lane paved highways providing year-round access.

BLM's back country byways provide outstanding recreation opportunities on public lands, ranging from soaring mountains and alpine meadows to sagebrush prairie and saguaro cactus desert. Many of these routes are remote and little-known, providing solitude and spectacular scenery.

Back country byways explore Oregon's lush Coast Range, thread over Colorado's lofty San Juan Mountains, follow Lewis and Clark's epic journey across Montana and Idaho, pass ancient Anasazi petroglyphs in Utah, and border the Rio Grande's wild gorge in New Mexico. Travelers can find deserted forts, ghost towns, fossils, wildlife, hot springs, and dormant volcanoes along these narrow ribbons through the Nation's public lands.

National Recreation Areas: A national recreation area is an area designated by Congress to assure the conservation and protection of natural, scenic, historic, pastoral, and fish and wildlife values and to provide for the enhancement of recreational values. The White Mountains National Recreation Area in Alaska encompasses 1 million acres and is named for its unusual, jagged, white limestone ridgeline. One of its most prominent features is a 127-mile national wild river segment of Beaver Creek, which flows from the high alpine tundra of Mount Prindle.

National Scenic Areas: The BLM manages one national scenic area: the Santa Rosa Mountains National Scenic Area in California, which encompasses approximately 101,000 acres. This area was designated by the Secretary of the Interior in 1990 to provide for the conservation, protection, and enhancement of scenic, recreation, and pastoral values. In 2001 this area was also included in the newly designated Santa Rosa/San Jacinto Mountains National Monument (see above).

National Outstanding Natural Areas: National outstanding natural areas are protected lands designated either by Congress or administratively by an agency to preserve exceptional, rare, or unusual natural characteristics and to provide for the protection or enhancement of natural, educational, or scientific values. These areas are protected by allowing physical and biological processes to operate, usually without direct human intervention. The BLM manages one such area, the

Yaquina Head National Outstanding Natural Area, consisting of 100 acres.

The Yaquina Head National Outstanding Natural Area, located in Newport, Oregon, was established by Public Law 96-199 on March 5, 1980. Yaquina Head encompasses a headland one mile long and one-half mile wide that juts due west into the Pacific Ocean. It is dominated by the Yaquina Head Lighthouse, a National Historic Register structure. The natural resources include one of four marine gardens in Oregon, one of the largest seabird rookeries on the Pacific coast, the world's only manmade handicapped-accessible tidepools (in a restored quarry), marine mammal resting sites, and gray whale viewing, as well as bird and wildflower viewing opportunities in the uplands.

Yaquina Head has been designated as a *Globally Important Bird Area* by the American Bird Conservancy and the National Audubon Society. The area, which is bordered by sheer cliffs rising 100 feet or more above the ocean, features sea caves and numerous off-shore rocks and islands, making the site spectacular to view under all weather conditions.

Lake Totdatonten Special Management Area: The U.S. Congress authorized the creation of the Lake Totdatonten Special Management Area—a 37,579-acre parcel of public land in Interior Alaska for the protection of fish, wildlife and habitat—in its Omnibus Parks and Public Lands Management Act of 1996 (Public Law 104-333). The area was withdrawn by Public Land Order No. 7372 on December 15, 1998.

Lake Totdatonten, the central feature of this special management area, measures 3 miles long and covers 3,500 acres. This shallow lake is particularly important to waterfowl, which use the area for migration, staging, molting, and nesting. The lake and its surrounding hills are also home to moose, bear, and furbearers.

Residents of four Alaska Native villages near the area are the primary users, since there are no roads to this marshy area. The rural residents hunt, fish, and trap in the area, mostly in the winter, when it can be reached by snowmachine or dog team via the 100-mile Allakaket to Tanana winter trail, which passes near the lake. The Alaska National Interest Lands Conservation Act (ANILCA) of 1981 gave rural residents subsistence preference for natural resources on federally managed lands.

The designation of the special management area included the establishment of a local advisory committee of rural village residents who use the area for subsistence hunting and fishing. The BLM consults with this committee before authorizing new activities in the area. The BLM also works closely with the U.S. Fish and Wildlife Service because the Lake Totdatonten Special Management Area is adjacent to the Kanuti National

Wildlife Refuge, and many of the waterfowl species use both places for their summer activities.

Herd Management Areas: The Wild Free-Roaming Horse and Burro Act of 1971 requires that wild free-roaming horses and burros be considered for management where they were found at the time Congress passed the Act. The BLM identified 318 areas of use as "herd areas," and then established herd management areas (HMAs) for wild and free-roaming horses and burros through its land use planning process. The BLM currently manages 209 HMAs in ten western states: Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, and Wyoming. The current population of wild horses and burros on public lands in these states is over 45,400 animals, with just under 50 percent of these animals being located in Nevada. Wild burros are primarily found in the Mojave desert in Arizona, California, and southern Nevada. Table 10 shows the location, number, and acreage of herd management areas, as well as the total number of animals by State.

As the table shows, almost 30 million acres of BLM-managed land has been designated for wild and free-

Table 10 - Herd Management Areas

State	Number of HMAs	Acreage	Total Number of Horses and Burros
Arizona	10	1,969,195	3,143
California	24	2,422,229	6,103
Colorado	4	401,151	898
Idaho	6	382,982	540
Montana	1	28,255	189
Nevada	103	15,942,525	22,198
New Mexico	2	32,701	70
Oregon	20	2,721,460	2,866
Utah	23	2,324,290	2,942
Wyoming	16	3,664,002	6,465
Totals	209	29,888,790	45,414

roaming horses and burros. Through the evaluation of rangeland monitoring and census data for HMAs, the BLM establishes an appropriate management level for wild horses and burros in balance with other rangeland uses. As the health of the land improves, the health of the herds is improving as well.

The BLM has designated three wild horse ranges, one each in Colorado, Montana, and Nevada, and one wild burro range in Nevada. The Bureau manages these ranges principally, but not necessarily exclusively, for the welfare of wild horses and burros, in keeping with

the multiple use management concept for these public lands.

Areas of Critical Environmental Concern: Areas of critical environmental concern (ACECs) are areas where special management is needed to protect important historical, cultural, scenic, and natural areas, or to identify areas hazardous to human life and property. A total of 851 ACECs encompassing almost 14 million acres have been designated on the public lands nationwide. Approximately 7 million acres of this total have been designated to protect their biological resource values. Table 11 shows the location, number, and acres of ACECs, which are designated and protected through the land use planning process.

Table 11 - Areas of Critical Environmental Concern

State	Number of ACECs	Acreage
Alaska	29	5,909,201
Arizona	51	808,181
California	129	1,421,263
Colorado	66	621,589
Eastern States	1	54
Idaho	95	563,261
Montana	40	163,481
Nevada	36	1,356,464
New Mexico	139	568,204
Oregon	169	612,852
Utah	58	1,267,164
Wyoming	38	696,894
Totals	851	13,988,608

National Natural Landmarks: The BLM manages 45 national natural landmarks encompassing more than 400,000 acres of public land. These special management areas are of national significance because they represent one of the best-known examples of a natural region's characteristic biotic or geologic features. Table 12 shows the location, number, and acreage of the national natural landmarks managed by the BLM.

National natural landmarks must be located within the boundaries of the United States or on the Continental Shelf and are designated by the Secretary of the Interior. To qualify as a national natural landmark, the area must contain an outstanding representative exam-

Table 12 - National Natural Landmarks

State	Number of National Natural Landmarks	Acreage
Arizona	2	4,398
California	9	76,997
Colorado	2	1,036
Idaho	5	212,640
Montana	3	14,227
Nevada	2	9,600
New Mexico	6	9,927
Oregon	1	600
Utah	3	33,760
Washington	6	6,114
Wyoming	6	48,130
Total	45	417,429

ple(s) of the Nation's natural heritage, including terrestrial communities, aquatic communities, landforms, geological features, habitats of native plant and animal species, or fossil evidence of the development of life on earth.

Research Natural Areas: Research natural areas are special management areas designated either by Congress or by a public or private agency to preserve and protect typical or unusual ecological communities, associations, phenomena, characteristics, or natural features or processes for scientific and educational purposes. They are established and managed to protect ecological processes, conserve biological diversity, and provide opportunities for observation for research and education.

Research natural areas may be designated separately or as a part of other administrative designations such as areas of critical environmental concern. Research proposals and activities may be allowed if they do not interfere with natural processes. These areas may consist of diverse vegetative communities, wildlife habitat, unique geological formations, cultural resource values, and other values identified by physiographic province as outlined in state or agency natural heritage planning documents. The BLM manages 152 research natural areas comprising over 347,000 acres. Table 13 shows the location, number, and acreage of the research natural areas managed by the BLM.

Table 13 - Research Natural Areas

State	Number of RNAs	Acreage
Alaska	14	140,563
Arizona	9	12,588
California	14	36,832
Colorado	3	477
Idaho	39	26,977
New Mexico	12	27,976
Oregon	57	99,111
Utah	4	2,690
Totals	152	347,214

Globally Important Bird Areas: Globally important bird areas (IBAs) consist of a network of sites and areas in North America identified and protected to maintain naturally occurring bird populations across the ranges of those species. IBAs are important for maintaining critical habitats and ecosystems. This network of areas

encompasses lands critical to the conservation of some bird species and may include the best examples of the species' habitat. IBAs help ensure species' survival.

The BLM manages two IBAs encompassing approximately 56,500 acres: the San Pedro Riparian National Conservation Area in Arizona and the Yaquina Head National Outstanding Natural Area in Oregon.

NET CHANGE IN NATURAL HERITAGE ASSETS FROM 2000 TO 2001

Table 14 provides the net change in natural heritage designations from fiscal year 2000 to fiscal year 2001. Most of deleted wilderness study areas were re-designated as wilderness areas. The decrease in herd management area acreage reflects the exclusion of non-BLM managed lands located within HMA boundaries. A re-inventory of areas of critical environmental concern resulted in a net increase in numbers but a decrease in acres. A review and correction of national natural landmark records also resulted in an increase in numbers and a decrease in the acreage.

Table 14 - Net Change in Natural Heritage Designations

Special Management Area	Net Change in Number	Net Change in Total Acres	Net Change in Total Miles
National Monuments	+8	+1,634,869	
National Conservation Areas	+4	+2,557,811	
Wilderness Areas	+10	+974,251	
Wilderness Study Areas	-14	-825,504	
National Wild and Scenic Rivers	+1	+4,560	+14
National Historic Trails	+1		+117
National Scenic Trails			+72
National Recreation Trails	+1		-14
Herd Management Areas	+9	-6,181,105	
Areas of Critical Environmental Concern	+13	-56,932	
National Natural Landmarks	+2	-181,613	

Museum Collections

Museum collections under BLM's stewardship consist principally of archaeological, historical, and paleontological materials that are managed to professional standards in compliance with applicable laws, and that are accessible to the public.

- **Archaeological and Historical Collections:** Millions of museum objects originated from the BLM's archaeological and historical resources (an estimated 4 to 4.5 million cultural properties on the ground); these sites span millennia beginning with very early human occupation sites. Resources include trails, sites, buildings, structures, and objects from past human life and activities that are significant to American history, architecture, archaeology, engineering, and culture that contribute to our understanding of the historical and cultural foundations of our Nation. Museum collections have been made under permit from these resources for over 90 years.
- **Paleontological Collections:** Paleontological materials—the fossilized remains or traces of dinosaurs, extinct plants, mammals, fish, insects, and other organisms from the distant past—are another important source of museum collections that originate from BLM-managed lands. Many of the earliest described and most widely known dinosaurs, such as *Apatosaurus*, *Stegosaurus*, and *Allosaurus*, were excavated from BLM-managed lands. The BLM administers some 100 Paleontological Resource Use permits every year. For each permit issued by the BLM, an average of 10 individuals, including professional paleontologists, museum and university staff, students, and

amateur assistants, work on the public lands to collect both fossils and data so that these materials reach approved facilities.

Collections are used to teach not only visitors but also school children and college students about life in the past. Researchers value the public lands as a source of material for scientific data that becomes a permanent part of study and display collections. Scientific publications, textbooks, and articles for the general public are based on information taken from these collections. Field schools, conducted on the public lands, are another source of museum collections that also serve to educate students, volunteers, and other public groups.

COLLECTIONS IN NON-FEDERAL FACILITIES

Scientific investigations, beginning with the Lewis and Clark expedition in 1804, have been conducted on the vast acreage of Federal land. Millions of objects have been excavated and collected, with most of them being transported to hundreds of non-Federal facilities such as universities, museums, and historical societies. It was not until 1906 that permits were issued for excavations under the Antiquities Act and not until the mid-1980s that the BLM was delegated permitting authority.

Most collections originating from BLM-managed land are housed today in non-Federal facilities throughout the country. To date, the BLM has identified 178 professional facilities in 33 states and Canada where millions of objects originating from the public lands reside.

Among Department of the Interior agencies, the BLM has stewardship responsibility for one of the largest number of museum collections in non-Federal facilities. This responsibility stems from requirements that museum collections removed from the public lands be held in public trust in perpetuity.

PARTNERSHIPS WITH NON-FEDERAL CURATION FACILITIES

Most of the collections originating from BLM-managed land are housed in non-Federal facilities, making BLM's relationship with these curatorial facilities crucial to the continued management and protection of these collections. Non-Federal institutions provide access to researchers and scientists, develop public displays utilizing the collections, and, in the eastern United States, make collections accessible to segments of the population that might not otherwise be able to view such materials.



Dinosaur bone being prepared for removal from Peterson dinosaur quarry site near Albuquerque, New Mexico.

It is only through partnerships with these professional institutions that the Bureau can realize its goal of ensuring that these collections are available and accessible to the public. To better facilitate this goal and make the most efficient use of extremely limited funds, these important partnerships are strengthened through assistance and/or direct funding by individual BLM offices or through the Museum Partnership Program (MPP). This program was created in 1998 and is administered by the National Curator. Both the MPP and funding by BLM field offices seek to support projects that consult, cooperate, and communicate with museums and universities to conserve invaluable, non-renewable archaeological, historic, and paleontological resources that originated from the public lands. The BLM provides funding, guidance, and assistance; the non-Federal facilities generally provide expertise and access. These projects support museum collection conservation as well as enhancing public awareness, offering public education opportunities, providing an enriching experience, and adding to the scientific research potential of collections through permanent and traveling exhibit production, object conservation, exhibit renewal, finding guides, web pages, catalogs, publications, artifact dating, research, education, and outreach. Projects that were funded during 2001 under the Museum Partnership Program and BLM office programs are listed below.

- **Museum Partnership Program:** In FY 2001, funding was provided by the Museum Partnership Program to the New Mexico Museum of Indian Arts and Culture for the "Public Access Website Project," Phoebe Hearst Museum for the "Great Basin Archaeology Partnership Project," Nevada State Museum for the "Ancient Textiles Project," New Mexico Museum of Natural History and Science for the "Paleontological Screening Laboratory Project," Museum of the Rockies for the "Torosaurus Exhibit Project," Oregon State University for the "Everson Creek Quarry Collections Project," Maturango Museum for the "Wikiup Conservation Project," and Eastern Oregon University for the "Facts and Artifacts Project."
- **BLM Field Office Funding and/or Assistance:** In FY 2001, funding and/or assistance was provided by BLM field offices through Assistance Agreements, Cooperative Agreements, Repository Agreements, Memoranda of Understanding, and Purchase Orders. Partners included the University of Alaska Museum, Amerind Foundation, Arizona State Museum, Museum of Northern Arizona, University of Arizona Laboratory of Paleontology, Museum of Western Colorado, Dinosaur Depot, University of Colorado Museum, Archaeological Survey of Idaho (Eastern and Western Repositories), Boise State University, Nevada State Museum, Museum of New Mexico, Museum of Indian Arts and Culture, Maxwell Museum of Anthropology, University of Oklahoma, Oregon State Museum of Anthropology, Bowman Museum, Southern Oregon

University, South Dakota School of Mines, BYU Museum of Peoples and Culture, College of Eastern Utah Prehistoric Museum, Field House of Natural History State Park Museum, Edge of Cedars State Park Museum, Southern Utah University, University of Utah Museum of Natural History, Washington State University, University of Wyoming, Western Wyoming Community College, and Wyoming State Museum.

The BLM has been very active in outreach to its partners via the internet. BLM cultural offices, including the Washington Office, have created interactive web pages to better provide information to our partners in cultural heritage and museum collections. Often these sites are



Eastern Washington University students sift excavated materials from a rock shelter at the Fishtrap Management Area, in Washington State.

linked to partner museums or universities or feature collections information. The sites include:

- www.blm.gov/heritage/sp.htm
- www.az.blm.gov/historic.htm
- www.ak.blm.gov/ak930/cultrl.html
- www.ca.blm.gov/caso/arch-cult.html
- www.co.blm.gov/ahc
- www.id.blm.gov/archaeology/index.htm
- www.mt.blm.gov/bcc/index.html
- www.nm.blm.gov/www/nmsol/cultural/cultural_splash.html
- www.nm.blm.gov/www/new_home_2.html
- www.nv.blm.gov/cultural.htm
- www.or.blm.gov/salem/html/archaeology/
- www.or.blm.gov/NHOTIC/
- www.ut.blm.gov/wh3cultural.html
- www.wy.blm.gov/whatwedoltracsite.new/rgdt_new.html

COLLECTIONS IN FEDERAL FACILITIES

Outside of the millions of objects residing in non-Federal facilities, the BLM curates approximately 3.5 million objects in three BLM facilities: the Anasazi Heritage Center (AHC) in Dolores, Colorado, transferred to BLM management in 1988; the Billings Curation Center (BCC) in Billings, Montana, established in 1984; and the National Historic Oregon Trail Interpretive Center (NHOTIC) in Flagstaff Hill, Oregon, opened in 1992. It is the BLM's policy that museum collections will not be housed in the Bureau's field offices.

Anasazi Heritage Center (AHC)

The AHC is the Bureau's only collections facility and museum. It features the Anasazi (ancestral Puebloan)

culture as well as other cultures of the Four Corners region. The museum has permanent exhibits, archaeological sites, special exhibits and events, traveling exhibits, educational resources for teachers, archaeological research collections, and an excellent interactive website (www.co.blm.gov/ahc/hmepage.htm). In 2001, the Center hosted 28,169 visitors.

At the close of fiscal year 2001, AHC collections were estimated to consist of approximately 3.1 million specimens (principally archaeological materials, along with some historic and paleontological materials), as well as 1,768 linear feet of associated documentation and records. Presently, collections at AHC occupy an area of approximately 7,416 cubic feet.

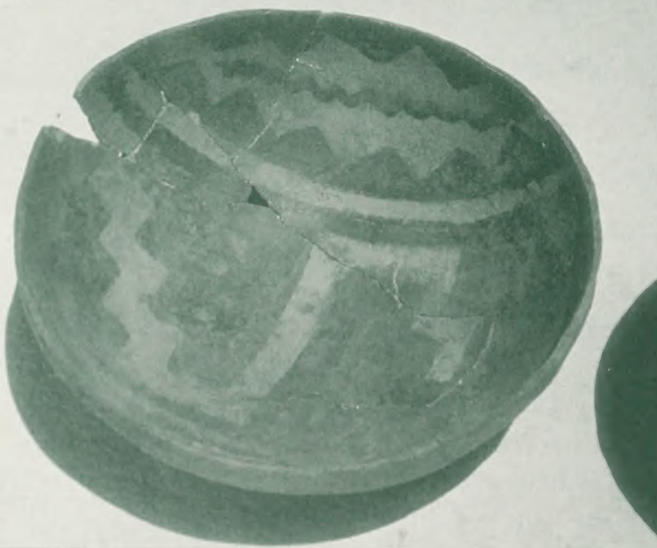
Billings Curation Center (BCC)

A much smaller entity, the BCC was established to curate artifacts collected from public lands in Montana and North and South Dakota. The primary objectives of the BCC are to assist these three BLM states in complying with the Native American Graves Protection and Repatriation Act (NAGPRA), and to ensure collections (which are representative of nearly 12,000 years of prehistory and history in the Northern Plains) and associated records serve scientific researchers, the BLM, and other Federal agency personnel. The center has no gallery spaces, but it does host researchers and interns. This year the interactive website for the center was expanded (www.mt.blm.gov/bcc/).

At the close of fiscal year 2001, BCC collections were estimated to consist of approximately 505,960 specimens (principally archaeological specimens, along with some historic materials), as well as 181 linear feet of associated documentation and records. Presently, collections at the BCC occupy an area of approximately 1,864 cubic feet. The center is valued as an important research and management tool.

National Historic Oregon Trail Interpretive Center (NHOTIC)

The NHOTIC features exhibits, living history areas (including pioneer encampment and mining), a theater, an outdoor amphitheater, interpretive trails, and a picnic area. It provides majestic scenery and unique vistas of the historic ruts of the Oregon Trail. The center's goal is to interpret the story of the Oregon Trail and its impact on western American history. This is achieved, in great part, through the use of artifacts. Artifacts, along with artwork, text, videos, sound effects, and dioramas, present well-rounded, fact-filled exhibits and programs. In 2001, the center hosted 66,016 visitors. The center also provides research for mail and telephone requests and maintains an excellent interactive website (www.or.blm.gov/NHOTIC/).



Artifacts from the Anasazi Heritage Center in Dolores, Colorado.

At the close of fiscal year 2001, NHOTIC collections were estimated to consist of approximately 1,550 specimens (principally archaeological materials, along with historic materials and some natural history materials), as well as approximately 16 linear feet of associated documentation and records. Collections occupy an area of approximately 5,600 cubic feet. The NHOTIC has provided a rewarding and educational experience for its many visitors.

NUMBER OF FACILITIES AND CONDITION OF MUSEUM COLLECTIONS

Table 15 summarizes the number of facilities holding collections from BLM public lands and the condition of these heritage assets.

Table 15 - Number of Facilities and Condition of Museum Collections

Location	Number of Facilities	Condition
Federal Facilities	3	Acceptable – Safeguarded
Non-Federal Facilities	178	Unknown ¹

¹ See Available Condition Data section below for clarification.

Background

BLM's museum collections and the associated records under BLM's stewardship are stored in professional facilities whose mission is to preserve them. Generally, museums and facilities preserve museum objects in a manner that is appropriate to the nature of the materials; that protects them from breakage and possible deterioration from diverse temperatures and relative humidity, visible light, ultraviolet radiation, dust, soot, gases, mold, fungus, insects, rodents, and general neglect; that preserves data which may be studied in future analyses; and that protects collections from fire and theft.

Condition Definition

Acceptable condition is defined as "safeguarded," which means all of the following:

- Collections are in secured locations.
- They are managed consistent with their intended uses (some of the most common, but not the only, uses include research, exhibition, interpretation, and education).



Nancy Harms and Dylan Prichertt portray a pioneer woman and a black pioneer trading a fur at an Oregon Trail wagon encampment.

- Their condition has not been materially degraded, i.e., the condition of the individual specimens in the collection is similar to when they were originally deposited in the facility.

This definition is predicated on the fact that all museum objects will ultimately deteriorate over time with use. The goal of safeguarding museum objects is to preserve them for as long as possible and to manage their condition during their intended use so as not to unduly hasten their deterioration.

Available Condition Data

Detailed information on condition is not normally collected by the BLM to manage museum collections because doing so is considered prohibitively expensive and is not part of general professional methodology. However, in an



Artifact collection storage at the National Historic Oregon Trail Interpretive Center.

effort to obtain more precise information, a questionnaire was sent by BLM to all museums believed to hold collections originating from BLM-administered lands. The questionnaire requested information regarding the condition (excellent, good, fair, or poor) of the collections.

Ninety-five repositories responded in some way to the questionnaire. Of those, 41 responded to the condition question (not all of the institutions responding had BLM collections): 13 responded "excellent," 24 responded "good," and 4 responded "fair"; none responded "poor."

Summary Condition Assessment

The condition of BLM's museum collections in Federal facilities is reasonably presumed to be acceptable unless there is proof to the contrary (e.g., breakage, noted deterioration, etc.). The BLM has reason to believe that the museum collections in non-Federal facilities are being properly safeguarded. Archaeological, historical, and paleontological materials have been removed from public lands for over 200 years. Most of these objects were placed in non-Federal facilities for curation. As previously noted, the BLM has located 178 of these repositories across the United States and Canada.

NET CHANGE IN MUSEUM COLLECTIONS FROM 2000 TO 2001

Approximately 99 percent of all museum collections originating from BLM-administered lands are housed in non-Federal facilities that the BLM has only limited

control over and limited access to. Due to limited resources, the BLM provides little or no funding to these facilities and can therefore require little of them. The facilities themselves have limited resources and limited information regarding individual numbers of objects added to collections.

It has never been general museum practice to perform annual inventories of museum collections because this is prohibitively costly, provides information that contributes nothing to the educational or research value of the objects, and ultimately damages the very objects we seek to preserve. In an effort to obtain more precise information on this issue, a questionnaire was sent by BLM to all museums believed to hold collections originating from BLM administered lands. The questionnaire requested information regarding inventories. As noted previously, ninety-five repositories responded in some way to the BLM questionnaire. Of those, 53 responded to questions regarding collections inventory (Note: not all of the institutions responding had BLM collections):

- 23 had no baseline inventory (the percent inventoried ranged from 0 to 99 percent).
- 2 had an object-by-object inventory (both small institutions with small collections).
- 28 repositories had inventories but the inventories were based singularly, or on a combination of, lots (multiple to thousands of items), accession numbers (one to thousands of objects), sites (hundreds to thousands of objects), catalog numbers (single objects), or numbers of boxes (thousands of objects).

The responses to our questionnaire indicate clearly that it is neither a professional practice nor logistically possible to have detailed inventories. Given all of the above factors, it has never been BLM's practice to collect inventory data.

However, because there is an increase in collections yearly as a result of the constantly permitted excavations and projects that occur on the public lands, the BLM can reasonably state there has been a net increase in the number of collections. Since the BLM does not dispose of, deaccession, or destroy museum collections, it can be stated that there has not been a net decrease in collections.



Michael Terry displaying Native American artifacts for visitors at the National Historic Oregon Trail Interpretive Center.

Paleontological and Cultural Heritage Properties

Lands administered by the BLM are some of the most culturally diverse and scientifically important lands managed by any Federal agency. The Bureau is responsible for protecting and preserving paleontological localities and archaeological and historical sites, as well as the museum objects excavated or collected.

BLM's new web site, "Cultural Heritage and Fossil Resources and Tribal Consultation on the Public Lands" (<http://www.blm.gov/heritage/>), provides information on BLM paleontological and cultural heritage programs as well as featuring photos and text about some noteworthy sites in various locations.

PALEONTOLOGICAL PROPERTIES

The BLM considers fossils to be resources in its management of all public lands. Under the general guidance of the Federal Land Policy and Management Act (FLPMA) and the National Environmental Policy Act (NEPA), fossils are managed to promote their use in research, education, and recreation. More than 50 properties totaling nearly 300,000 acres, including areas of critical environmental concern, research natural areas, and other special management areas, are managed wholly or in part for paleontological values. Significant paleontological resources can also be found on other BLM lands. The BLM manages a number of interpreted areas for their paleontological resources, including the Cleveland-Lloyd Dinosaur Quarry in Utah; the Trail Through Time in Colorado; the Paleozoic Trackway near Las Cruces, New Mexico; and the Red Gulch Dinosaur Tracksite in Wyoming. Almost all other public lands are accessible to the public for the recreational collection of common invertebrate and plant fossils, as well as limited amounts of petrified wood.

Significant paleontological discoveries and studies continued in 2001. The Petersen Quarry in New Mexico yielded two theropod (lizard-hipped carnivore) dinosaurs, an *Allosaurus* from the late Jurassic period, and a yet unnamed small specimen, as well as two large sauropod (lizard-hipped herbivore) dinosaurs, *Diplodocus* and *Camarosaurus*. In the Zuni Basin area of west-central New Mexico, the first therizinosaur found in the North America was discovered. Therizinosaur means "scythe reptile"; this family of dinosaurs had toothless beaks and four toes on each foot. The specimen, which was named *Nothronychus* ("sloth-like claw"), could lift its long arms equipped with claws to hook tree branches.

The excavation of two very complete mammoth tusks in southern New Mexico provided the second known occur-

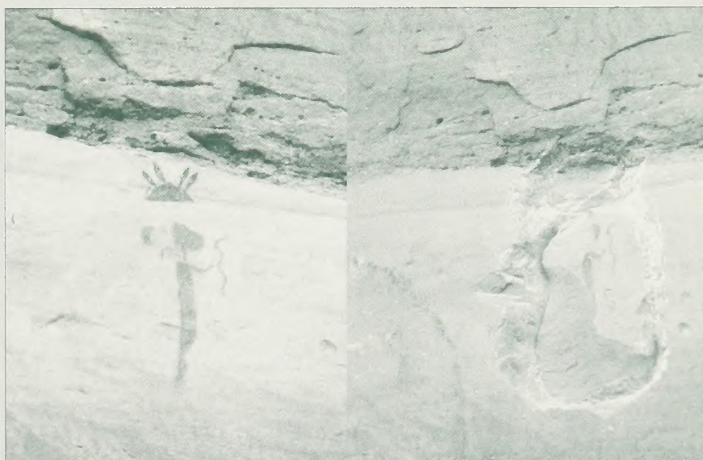
rence of these ancient animals in this area. A major trackway of Miocene/Pliocene camel tracks was discovered in the Red Knolls/Bear Springs area of southern Arizona. Thousands of hoof prints of a small three-toed Miocene horse have been discovered in the 111 Ranch ACEC in the same area.

While doing excavation work in the Grand Staircase-Escalante National Monument on the fossil remains of the first crested hadrosaur ("duckbilled" dinosaur) ever discovered in southwestern Utah, a paleontologist from the Museum of Northern Arizona found fossilized skin impressions, a rare and important discovery. Fossilized skin impressions have been found on only one other dinosaur skeleton in Utah and only a small number of them have been found throughout the world, with most of them coming from Canada, Montana, and Wyoming.

CULTURAL PROPERTIES

The BLM manages the largest, most varied, and scientifically most important body of cultural resources of any Federal land managing agency. The public lands managed by the BLM are a grand, open-air museum that contains significant archaeological remains, including defensive structures perched atop narrow escarpments; cliff dwellings set in desolate canyon walls; isolated arrowheads and spear points; mines and stamp mills located above timberline; immense ground figures and rock alignments (intaglios) etched in desert pavement; worn trails from bygone eras; abstract, realistic, and anthropomorphic renderings incised and painted on rock surfaces; abandoned military outposts and homesteads; and so much more. These resources can contribute to our understanding of the origins of civilization in North America. At the same time, these resources can delight and fascinate anyone who comes upon them, whether they be a curious tourist, an intrepid backcountry adventurer, an accidental visitor, an artist in search of inspiration, or an inquisitive scientist.

BLM's archaeological and historic resources range in age from 13,000-year-old mammoth kill sites associated



Damage done to rock art in New Mexico.

with America's earliest hunters to more recent historic sites documenting westward migration, mining, ranching, railroading, and even World War II and Cold War military sites. Because so much of western history was played out on the public lands, the BLM is the only Federal land managing agency that can tell the complete story of people on these western lands. The archaeological and historic resources tell the story of many varied peoples, representing every cultural tradition and ethnicity present in American society. These people include First Americans (ancient cultures and contemporary peoples), as well as immigrant Americans (explorers, miners, ranchers, homesteaders, soldiers, and others). However, because so many of the resources representing these activities have already been intentionally looted or inadvertently disturbed, it will soon be impossible to report anything but anecdotal accounts of this long-playing drama.

Changing land use patterns, increased urbanization, and demographic shifts are transforming public expectations and attitudes about how BLM should manage its public lands, including its cultural resources. Remote areas, once protected by their distance from populated areas, are now within easy reach of the hardy and well-equipped hiker, off-highway vehicle user, or encroaching urban and suburban resident. The cultural resources of the West are a strong attraction for visitors from all over the world, with increasing public land use often concentrated on significant cultural resources such as archaeological resources, rock art panels, emigrant trails, abandoned homesteads, "ghost" towns, and similar places evocative of the American West. These fragile resources are easily and negatively impacted by both natural processes (erosion, natural deterioration, weathering, and arroyo cutting) and human agents (looting, vandalism, recreational activities, and development).

BLM's cultural resources are important for economic, scientific, recreational, cultural, and educational purposes. Intact, these resources have the capability to tell us when people first arrived on the continent, how they dispersed, how cultures flourished, what led to their demise, how they perceived the spiritual world, how they interacted with other cultural groups, how they exploited and perhaps over-exploited their environment, how they treated their dead, how and why they came into conflict, and much, much more. Answering these questions is important not only to enhance our understanding of the past, but also to aid contemporary society by providing a framework for understanding how previous cultures dealt with similar issues (e.g., water usage) and how past approaches may apply today.

BLM's cultural resources are important to contemporary Indian and Native Alaskan communities and tribes that draw their spiritual and physical connection to the sites and traditional cultural properties. They are also important to adjacent Western communities who are bound to

the public lands either directly or through ancestors and friends who made a living off these lands.

The economic benefits of cultural visitation are potentially enormous. However, this potential may never be realized if the most visually appealing and important of these places are destroyed before they can be interpreted. The educational benefits of cultural resources in both formal and informal settings, in terms of supporting the existing school curriculum and higher-order thinking skills, is being realized in part through BLM's *Heritage Education and Project Archaeology Program*.

To date, almost 246,000 archaeological and historical resources have been recorded on the roughly 14.9 million acres of public lands that have been inventoried, which represents more than 5.7 percent of all lands administered by the BLM. Projecting these estimates to the almost 262 million acres of BLM-administered lands works out to an estimated 4 to 4.5 million potential archaeological and historical properties on the public lands.

Currently, the BLM has 272 listings on the National Register of Historic Places that encompass 4,177 contributing properties, as well as 22 national historic landmarks and 5 world heritage properties. Portions of 9 national historic trails covering 3,650 miles cross the public lands, while at least 5,000 additional miles occur along 10 nondesignated historic trails. Standing structures, very conservatively estimated at 1,500, include prehistoric pueblos; cliff dwellings; antelope, bighorn sheep, and fish traps; agricultural features; historic-period mining structures (such as smelters, mill sites, arrastras, and charcoal kilns); ranch buildings; adobe forts; stage stops; townsites; lighthouses; cabins; a salt tram; and depression-era schoolhouses.

Five BLM sites having international significance have been added to UNESCO's World Heritage List. UNESCO's world heritage program was established in



A BLM presentation on rock art for the Escalante Elementary School outdoor education program near Escalante, Utah.

1972. Its purpose is to identify outstanding natural and cultural properties and protect them against the threat of damage in a rapidly developing world. To add sites to the World Heritage List, governments of countries where the sites are located submit their applications to the World Heritage Committee.

The 21-member Committee has to evaluate a site's merits according to rules set up by the World Heritage Convention. Factors that must be considered include the following:

- Is the site a unique geological formation like the Grand Canyon?
- Is it an important cultural place like Stonehenge?
- Most importantly, is the site in need of protection and preservation?

There are more than 500 sites on the World Heritage List today. Some sites on the World Heritage List are surprising: the city of Brasilia, the capital of Brazil, for example, which was built 50 years ago, or the Auschwitz Concentration Camp in Poland. Sometimes a place that is worth saving is important not just for how it appears, but also for what it represents.

Five BLM Chacoan Outliers located in northwest New Mexico were added to the World Heritage List in 1987 in conjunction with the listing of the National Park Service's Chaco Culture National Historical Park. The park contains the most important remains of the Chaco culture, which was at its height between 1020 and 1110 A.D. This culture was characterized by a very elaborate system of urban dwellings surrounded by villages and linked by a network of roads. The BLM Chacoan Outliers included in the World Heritage List are Casamero, Kin Nizhoni, Pierre's Site, Halfway House, and Twin Angels.

Table 16 summarizes the number and condition of the cultural properties under BLM's stewardship.

Table 16 - Number and Condition of Cultural Properties

Type of Cultural Property	Number of Properties ¹	Condition ²
National Historic Landmarks	22	Acceptable
National Register of Historic Places	272 Listings 4,177 Contributing Properties	Acceptable
World Heritage Properties	5	Acceptable
Recorded but Unassessed for Listing	245,977 ³	Acceptable

¹ The BLM does not use cultural properties in its day-to-day government operations.

² Refer to the "Condition of Cultural Properties" section of this report.

³ Thousands of archaeological and historical sites have been recorded on the public lands. Most of these have not been assessed for eligibility for listing on the National Register of Historic Places.

"Adventures in the Past" is BLM's umbrella program for promoting public education and awareness and for encouraging public participation in protecting archaeological and historical resources. The goals of the program include increasing public appreciation and knowledge of archaeological and historical resources, promoting public stewardship of these resources, and reducing the threat to these resources. These goals have their basis in law. "Adventures in the Past" responds to Section 10c of the Archaeological Resources Protection Act. This law requires Federal agencies to develop outreach programs to explain the importance and value of the Nation's cultural legacy, and to enlist the public's assistance in cultural resource protection.

The BLM's national historic preservation program is founded in part on the following policy statements contained in Section 2 of the National Historic Preservation Act: "It shall be the policy of the Federal Government, in cooperation with other nations and in partnership with the states, local governments, Indian Tribes, and private organizations and individuals to . . . administer federally owned, administered, or controlled prehistoric and historic resources in a spirit of stewardship for the inspiration and benefit of present and future generations."

The BLM has received a number of the highly competitive *Save America's Treasures* grants. One FY 2001 grant will be used to restore, preserve, and interpret the cultural and architectural features at two of the remaining cemeteries found within the boundaries of the Virginia City (Nevada) National Historic Landmark. The Comstock, as the landmark is commonly referred to, burst into prominence when one richest ore strikes in the world was discovered in 1858. Other grants are being used to restore the Empire Ranch in Arizona, stabilize and protect Fort Egbert National Historic Landmark in Alaska, study and stabilize several mining sites in the San Juan Mining District in southwest Colorado, and preserve and study perishable prehistoric materials from the Feather Cave Complex in New Mexico.

CONDITION OF CULTURAL PROPERTIES

National Historic Landmarks: The national historic landmarks program is administered by the Secretary of the Interior through the National Park Service (NPS) under the Historic Sites Act of 1935; regulations for the program are in 36 CFR Part 65. Candidate Landmarks are identified by NPS staff, evaluated and recommended by an appointed Advisory Board, and designated by the Secretary to recognize their outstanding historical, architectural, or archaeological value and significance at a national level. Landmark designation does *not* create units of the National Park System.

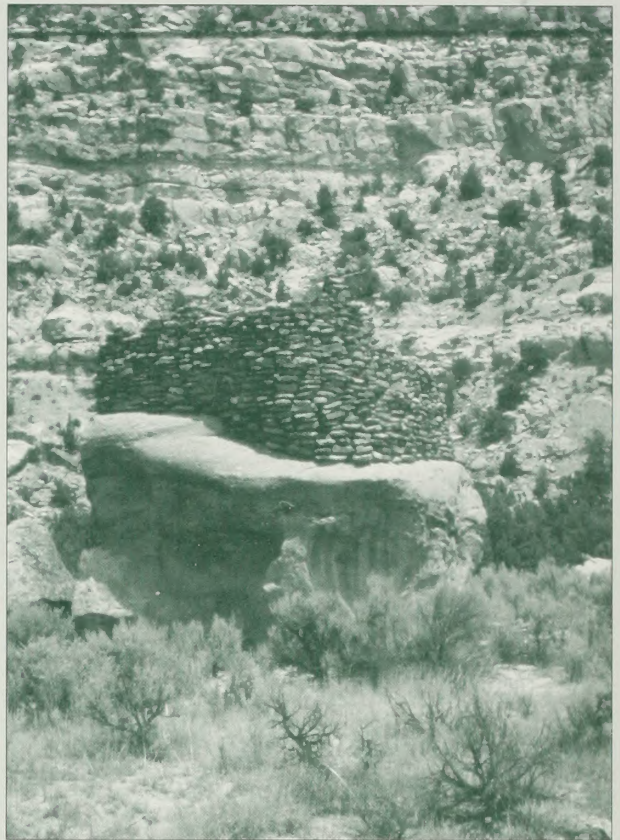
Many landmarks, particularly in the West, have mixed ownership. Private and other non-Federal landmarks are generally maintained according to owners' agreements with the National Park Service. Maintenance of Federal landmarks and Federal portions of mixed-ownership landmarks is the responsibility of the land-managing agency. Twenty-two national historic landmarks involve BLM-managed lands and, as steward, the Bureau places a high priority on protecting landmarks from deterioration or harm.

Each year the Secretary provides the Congress with a listing of damaged or threatened national historic landmarks, as required by Section 8 of Public Law 94-458. This listing does not differentiate according to ownership when any portion of a landmark is judged to be subject to threat. Of the landmarks identified in the current listing where there are some BLM-managed lands involved, the BLM-managed portions of the landmarks are not actively at risk. Landmark condition is carefully monitored by BLM's field offices. When active threats are present, appropriate physical or administrative protective measures are applied promptly.

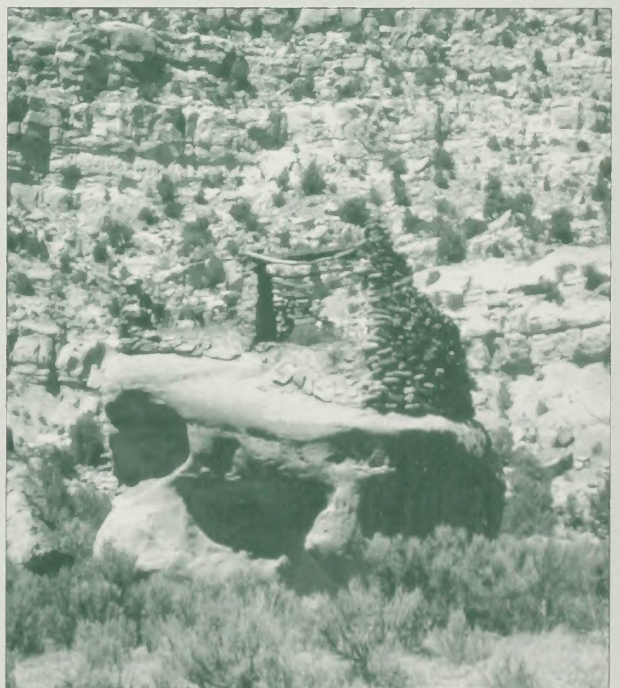
Significant cultural properties on BLM-managed public lands, including national historic landmarks, are predominantly archaeological properties that have been unused and unoccupied for hundreds or thousands of years. A smaller percentage of historic properties on the public lands consist of the physical remains of failed settlements, abandoned mines, and similar boom-or-bust developments dating to the past 150 years. Inescapably, such historic resources are in a continuous state of deterioration.

The BLM's cultural resource management program was developed in the 1970s to respond to the National Historic Preservation Act of 1966 and Executive Order 11593 of 1971. The most important known properties, including national historic landmarks, are afforded the highest attention.

The BLM's cultural resource management program does not include an element called "condition assessment



18th century Navajo defensive site in New Mexico called "Delgadito Pueblito" in New Mexico; photo taken in 1992.



The same 18th century Navajo defensive site, "Delgadito Pueblito," in a 1994 photograph; note the deterioration of the site.

survey." However, historic properties are evaluated continuously. Monitoring the rate of natural and human-caused deterioration, and adjusting protection methods and priorities accordingly, is the most commonly applied protection measure where significant properties are known to exist.

All Other Cultural Properties: The condition of nearly 246,000 recorded archaeological and historic sites on the public lands ranges from nonexistent (the site was recorded, assessed, and then destroyed) to excellent. Most of the public lands inventoried in any given fiscal year (500,000 acres on average) are examined in response to requests by land use applicants to undertake a land disturbing activity. Section 106 of the National Historic Preservation Act requires that any project requiring a Federal approval, license, or money be reviewed for its potential effect on any listed or eligible National Register of Historic Place property. Since less than 6 percent of the public lands have been inventoried to date and most National Register-eligible sites have not yet been identified, the area of potential impact must generally be inventoried before project approval.

The preferred course of action when a proposed project may affect an archaeological or historic site is to avoid it, particularly if the site is of national significance or is a designated national historic landmark. On some projects, particularly larger ones, it is not always possible to avoid National Register-eligible sites that are important primarily for the scientific information they contain. Consequently, in any given year, the effects of projects on an unknown number of sites are mitigated.

In most instances, mitigation involves either site recordation or excavation of a small percentage of a site. At that point, what remains of the site can be destroyed without further examination. In the years since the National Historic Preservation Act was passed in 1966, many hundreds, if not thousands, of sites have been destroyed subsequent to project mitigation or without mitigation because the information they contain is redundant (i.e., similar information has previously been obtained from similar sites). Consequently, an unknown percentage of the archaeological and historic sites recorded on the public lands no longer exist.

NET CHANGE IN PALEONTOLOGICAL AND CULTURAL HERITAGE PROPERTIES FROM 2000 TO 2001

During fiscal year 2001, an additional 10,403 archaeological and historical sites were recorded, which represents an increase of 4.4 percent. The number of National Register of Historic Places listings increased by 9, while the number of contributing properties increased by 70.

Deferred Maintenance

THE BUREAU OF LAND MANAGEMENT'S CAPITAL ASSETS INCLUDE ADMINISTRATIVE FACILITIES, RECREATION SITES, AND FIRE CONTROL FACILITIES AND BUILDINGS. ROADS, TRAILS, BRIDGES, AND ASSOCIATED IMPROVEMENTS CONSTITUTE THE BLM'S TRANSPORTATION SYSTEM. CURRENTLY, THE BLM MAINTAINS 3,753 BUILDINGS AND STRUCTURES, 701 ADMINISTRATIVE SITES, 2,042 RECREATION SITES, 76,793 MILES OF ROADS, 934 BRIDGES, 15,569 MILES OF TRAILS, AND 1,133 DAMS. THESE ASSETS SUPPORT THE MANAGEMENT, USE, AND ENJOYMENT OF THE PUBLIC LANDS FOR COMMERCIAL, RECREATIONAL, AND OTHER PURPOSES.

The Bureau began a five-year planning process for deferred maintenance and capital improvements in 1999. The resulting Five-Year Plan, which is updated every year, has enabled the BLM to present a consistent and credible view of its budgeted resources and capital investments, goals, needs, and priorities to the Administration and Congress. The Five-Year Plan has also significantly improved the BLM's capability for making facility management decisions. In recognition, Congress created a six-year Land Conservation, Preservation, and Infrastructure Improvement (LCPII) program under Title VIII of the 2001 Appropriations Act for the Department of the Interior and Related Agencies.

Among other provisions, Title VIII authorized funding for land management agencies to "address critical maintenance backlogs." It specified \$25 million in 2001 for this work in the BLM "in addition to baseline funding for maintenance . . . provided in the operational

accounts." The Bureau expected to receive an additional \$25 million each year through 2006. Instead, the cost target for Title VIII Infrastructure Improvements has been raised to \$28 million, beginning with the 2002 budget and continuing beyond the 2006 sunset date.

The BLM's maintenance backlog stands at \$333 million, while its construction backlog exceeds \$89 million. At expected funding levels, and without any additional deferred maintenance and construction projects, it will take eight years to erase these backlogs. The large amount of deferred maintenance is due primarily to insufficient funding over the years for regularly scheduled repairs and preventative maintenance. Meanwhile, the BLM has fallen further and further behind because of escalating maintenance costs and the expansion of the BLM's capital asset base by the Administration and Congress (e.g., new National Monuments and visitor centers). In addition, all condition assessments have

been funded through the annual maintenance subactivity, further reducing the amount of money available for regularly scheduled repairs and preventive maintenance.

Field personnel conduct condition assessment surveys on a cyclical basis, according to asset class (e.g., building, road, bridge, etc.). Condition assessments are performed to determine the fitness of the asset as evaluated against the maintenance level established by management. The level of fitness is tabulated in four categories: (1) good, (2) fair, (3) poor, and (4) unsatisfactory. Assessment results are used to update the BLM's computerized data base and tracking system, the Facility Inventory Maintenance Management System (FIMMS), with the most current information.

The dollar amount of deferred maintenance is estimated by State and field office engineering personnel, with assistance from recreation planners, range conservationists, archaeologists, and other program specialists, using the condition assessment surveys. Assets in a deferred maintenance status are grouped for management and accounting purposes in four categories: (1) administrative sites and buildings, (2) recreation sites and buildings, (3) roads and trails, and (4) dams, bridges, and culverts.

FIMMS was originally designed as an inventory tool to support BLM appropriation requests. Cost estimates entered in previous years were for engineering use and budget formulation, not financial reporting purposes. Since 1998, the BLM has completed a large number of condition assessment surveys to improve its FIMMS data.

In 2001, Title VIII Infrastructure Improvements paid for condition assessment surveys on 6,500 miles of roads

designated as local or collector roads and requiring scheduled or preventive maintenance. The Architectural and Engineering firm that evaluated a 3.8 percent statistical sample of the BLM's roads and trails in 2000 performed the work. This firm will soon begin a multi-year effort to assess the condition of 30,500 miles of seasonally maintained roads. Title VIII funds also paid the Bureau of Reclamation to conduct accessibility evaluations of popular recreation facilities.

Beginning in 2002, all condition assessments will be moved from the annual maintenance subactivity to Title VIII Infrastructure Improvements in order to free up funding for true annual maintenance (i.e., regularly scheduled repairs and preventive maintenance). In addition, the BLM will begin determining an asset's current replacement value as part of the condition assessment survey. Knowing the replacement value will allow the BLM to use the industry standard Facilities Condition Index (FCI) as a method of measuring the condition and change of condition of facilities. FCI is the ratio of accumulated deferred maintenance to the current replacement value (FCI = Deferred Maintenance/Current Replacement Value). It is an indicator of the depleted value of constructed assets. The general rule is that FCI should be below 5 for a facility to be considered in good condition.

As of September 30, 2001, the total accumulated deferred maintenance was estimated to be \$333 million. The accompanying table shows deferred maintenance by category.

Deferred Maintenance			
Grouped by Category	General Property, Plant, and Equipment	Stewardship Assets	Totals
Administrative Sites and Buildings	\$ 77,000,000	\$ 0	\$ 77,000,000
Recreation Sites and Buildings	50,000,000	0	50,000,000
Roads and Trails	0	180,000,000	180,000,000
Dams, Bridges, and Major Culverts	0	26,000,000	26,000,000
Total	\$127,000,000	\$ 206,000,000	\$ 333,000,000

Independent Auditors' Report



United States Department of the Interior

Office of Inspector General
Washington, D.C. 20240

MAR 15 2002

Memorandum

To: Director, Bureau of Land Management

From: Roger La Rouché
Assistant Inspector General for Audits

Subject: Independent Auditors' Report on the Bureau of Land Management's Financial Statements for Fiscal Years 2001 and 2000 (No. 2002-I-0022)

We contracted with KPMG LLP, an independent certified public accounting firm, to audit the Bureau of Land Management's (BLM) financial statements for fiscal year 2001. The contract required that KPMG conduct its audit in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States of America; Office of Management and Budget Bulletin (OMB) 01-02, *Audit Requirements for Federal Financial Statements*; and the General Accounting Office/President's Council on Integrity and Efficiency *Financial Audit Manual*. The Office of Inspector General (OIG) is responsible for the opinion on the balance sheet and related notes for fiscal year 2000.

In connection with the contract, we monitored the progress of the audit at key points and reviewed KPMG's report and related working papers and inquired of their representatives. Our review, as differentiated from an audit in accordance with *Government Auditing Standards*, was not intended to enable us to express, and we do not express, opinions on the BLM's financial statements or on conclusions about the effectiveness of internal controls or on conclusions about compliance with laws and regulations. KPMG is responsible for the auditors' report on the fiscal year 2001 financial statements (see Attachment 1) and for the conclusions expressed in the report. However, our review disclosed no instances where KPMG did not comply in all material respects with *Government Auditing Standards*.

In its audit report dated January 15, 2002, KPMG stated that in its opinion the BLM's financial statements for fiscal year 2001 present fairly, in all material respects, the financial position of the BLM as of September 30, 2001, and its net cost of operations, changes in net position, budgetary resources, and reconciliation of net cost of operations to budgetary obligations for the year then ended in conformity with accounting principles generally accepted in the United States of America. In our report dated January 15, 2002,

(Attachment 2) we stated that in our opinion the BLM's fiscal year 2000 consolidated balance sheet presents fairly, in all material respects, the financial position of the BLM as of September 30, 2000, in conformity with accounting principles generally accepted in the United States of America.

KPMG found three reportable material weaknesses in internal controls and four reportable conditions related to internal control over financial reporting. With regard to compliance with laws and regulations, KPMG found BLM to be noncompliant with a portion of the *Federal Financial Management Improvement Act*. Specifically, BLM's financial management systems did not substantially comply with the security and general EDP controls requirements of OMB Circular A-130, *Management of Federal Information Resources*, and with certain Federal accounting standards.

In its responses of February 6 and 28, 2002, and in subsequent discussions, BLM concurred with Recommendations A, B, D, E, G, H, and I. The BLM partially concurred with Recommendations C and F and provided alternative solutions. Based on the response and additional information submitted, all nine recommendations are considered resolved but not implemented. The nine recommendations will be referred to the Assistant Secretary for Policy, Management and Budget for tracking of implementation.

Section 5(a) of the *Inspector General Act* (5 U.S.C. App. 3) requires the OIG to list this report in its semiannual report to the Congress.

The Independent Auditors' Report is intended for the information of the management of BLM, the Office of Management and Budget, and the United States Congress. The report, however, is a matter of public record and its distribution is not limited.



707 Seventeenth Street
 Suite 2300
 Denver, CO 80202

Independent Auditors' Report

The Director of the Bureau of Land Management
 and the Inspector General of the Department of the Interior:

We have audited the accompanying consolidated balance sheet of the Bureau of Land Management (BLM) as of September 30, 2001, and the related consolidated statements of net cost of operations, changes in net position, and financing and the combined statement of budgetary resources for the year then ended (hereinafter referred to as financial statements). The objective of our audit was to express an opinion on the fair presentation of these financial statements. In connection with our audit, we also considered the BLM's internal control over financial reporting and tested the BLM's compliance with certain provisions of applicable laws and regulations that could have a direct and material effect on its financial statements.

Summary

As stated in our opinion on the financial statements, we concluded that the BLM's financial statements as of and for the year ended September 30, 2001 are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America.

Our consideration of internal control over financial reporting resulted in the following matters being identified as reportable conditions:

- A. Accounting for Property
- B. Accounting for Intra-departmental Transactions
- C. Accounting Effects of New Legislation
- D. Timely De-obligation of Undelivered Orders
- E. Helium Gas Inventory Examinations
- F. Segregation of Duties Within the Collections and Billing System (CBS)
- G. Information Technology Controls at Interior's National Business Center

We consider reportable conditions A, B, and C, discussed above, to be material weaknesses.

The results of our tests of compliance with certain provisions of laws and regulations, exclusive of the Federal Financial Management Improvement Act of 1996 (FFMIA), disclosed no instances of noncompliance with laws and regulations that are required to be reported under *Government Auditing Standards* issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 01-02, *Audit Requirements for Federal Financial Statements*. However, our tests of compliance with FFMIA section 803(a) requirements disclosed instances where the BLM's financial management systems did not substantially comply with the following:

- H. Federal Financial Management Systems Requirements at Interior's National Business Center

I. Federal Accounting Standards

The following sections discuss our opinion on the BLM's financial statements, our consideration of the BLM's internal control over financial reporting, our tests of the BLM's compliance with certain provisions of applicable laws and regulations, and management's and our responsibilities.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of the BLM as of September 30, 2001, and the related consolidated statements of net cost of operations, changes in net position, and financing and the combined statement of budgetary resources for the year then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the BLM as of September 30, 2001, and its net cost of operations, changes in net position, budgetary resources, and reconciliation of net cost of operations to budgetary obligations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The information in the management's discussion and analysis, stewardship assets, and deferred maintenance sections are not a required part of the financial statements, but is supplementary information required by the Federal Accounting Standards Advisory Board or OMB Bulletin No. 97-01, *Form and Content of Agency Financial Statements*, as amended. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. However, we did not audit this information and, accordingly, we express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The information in the supplementary statement of budgetary resources by major budget accounts is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Internal Control Over Financial Reporting

Our consideration of internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions. Under standards issued by the American Institute of Certified Public Accountants, reportable conditions are matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the BLM's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Material weaknesses are reportable conditions in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements, in amounts that would be material in relation to the financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Because of inherent limitations in internal control, misstatements due to error or fraud may nevertheless occur and not be detected.

We noted certain matters, discussed below, involving the internal control over financial reporting and its operation that we consider to be reportable conditions. We believe that the following reportable conditions are material weaknesses:

A. Accounting for Property

The BLM does not have adequate internal control to ensure property balances are materially accurate and adequately supported by documentation. As part of our audit, we found weaknesses in the following areas:

- *Construction in progress.* During fiscal year (FY) 2001, the BLM transferred approximately \$21 million out of construction in progress. However, a large amount of the transfer had already been recorded in property in previous years. This resulted in current year property transfers being out of balance and property being overstated by \$15 million in the prior fiscal year. The cause of these errors stem from a lack of communication between the accounting staff who transfer amounts among construction in progress and property accounts. Further, the BLM does not have a formal process to reconcile transfers between construction in progress and property accounts.
- *Depreciation expense.* Our audit revealed significant delays in the recording of property in the financial accounting records from the time property was originally placed into service. When delays span fiscal years, depreciation catch-up provisions are recorded in the year property is reflected in the financial accounting records. This resulted in a \$1.6 million overstatement of depreciation expense in the current year and understatements of expense in prior fiscal years. The cause of these errors stem from a lack of communication between users of property and those accounting for property.
- *Documentation of property acquisitions and disposals.* The BLM did not have adequate source documents to support the cost of certain items capitalized and disposed of during FY 2001. We believe these conditions exist because of a lack of reconciliations of property additions and deletions to supporting documents.

Recommendation

The BLM should improve its policies and procedures to ensure additions and deletions to property records are recorded timely, consistently among property and construction in progress accounts, and are supported by adequate documentation. Improvements should include enhanced communication between accounting staff and users of property to prevent misstatements of asset and depreciation expense amounts. Further, BLM should implement procedures to reconcile property additions and deletions to supporting cost documents, and the documentation should be maintained to provide a clear audit trail of amounts added and deleted.

BLM Response

BLM concurs with the finding and recommendation. An accountant position is being established in the property area to coordinate all property/accounting issues. Revised procedures have been established to provide appropriate and timely documentation to the accounting staff regarding additions and proposed adjustments to the construction in progress general ledger account and to collect source documentation for each project. In FY 2002, BLM will implement improved asset reconciliation procedures to ensure that all property additions and deletions are recorded in the proper fiscal year to avoid misstatements of asset and depreciation expense amounts. An Instruction Memorandum (IM) will be issued to field offices reiterating the requirement to review the Fixed Assets (FA) Personal Property system to obtain and appropriately post the original acquisition cost recorded in FA on source disposal documents.

B. Accounting for Intra-departmental Transactions

As part of its reporting process, the BLM is required to reconcile intra-bureau transfers and intra-departmental transactions between Department of the Interior bureaus (referred to as "trading

partners”). Subsequent to the close of the BLM’s accounting records for FY 2001, the BLM’s intra-bureau transfers were significantly out of balance, and the Bureau had a large number of asset, liability, revenue and expense transaction variances with other Department of the Interior bureaus. Out of balance transfers and variances with trading partners indicate misstatements in financial reporting. Further, the majority of the reconciliation process for intra-departmental transactions occurs at year-end, requiring a significant amount of accounting staff resources.

Recommendation

The BLM should implement procedures to identify and correct out of balance intra-bureau transfers. Further, the BLM, in conjunction with other Department of the Interior bureaus, should implement formal policies and procedures for the proper reconciliation and correction of variances in trading partner transactions. These procedures should not only be performed at year-end, but also on a periodic basis throughout the year.

BLM Response

The BLM National Business Center (BLM NBC) currently has a process in place to identify and correct out of balance intra-governmental variances on a quarterly basis. However, due to the effort and cooperation needed from other agencies, as well as the financial statements being done only on an annual basis, the majority of the variance reconciliation work is performed at year-end. With OMB requiring financial statements semi-annually in FY 2002 and quarterly beginning in FY 2003, greater emphasis will be placed on the intra-governmental variance reconciliation process to be performed on a quarterly basis.

Even though the intra-governmental variance reconciliation process will be done to a greater extent on a quarterly basis, it will continue to be a labor intensive, time consuming, manual process. This is due, in part, to the limitations of the Federal Financial System (FFS). Because this process is quite labor intensive, some agencies have difficulties devoting the necessary resources to completely reconcile intra-governmental variances in a more desired time frame. This results in the intra-governmental variance reconciliation process not only being an issue at the BLM, but also a material weakness at the Department of the Interior and within the United States Government as a whole.

C. Accounting Effects of New Legislation

Traditionally, the BLM has made timber payments to counties before the end of the fiscal year, and payments were based on timber collections in its undistributed collections liability account. During FY 2001, new legislation was enacted that affected the amount, timing and source of the timber payments. The new legislation called for payments to be made as soon as practicable after the end of the fiscal year, and any shortfalls from traditional payments were to be funded by U.S. Treasury general funds, which are appropriated for in the year of the payment. Based on generally accepted accounting principles, it was determined that timber payments made in the beginning of FY 2002 met the criteria for accrual in FY 2001. However, the BLM did not initially accrue a liability for the Treasury-funded amounts until an audit adjustment of approximately \$94 million was proposed. The lack of an initial accrual, combined with the size of the audit adjustment, evidences that the BLM does not have adequate procedures in place to identify all the significant accounting effects of new legislation.

Recommendation

The BLM should implement procedures to thoroughly assess the accounting effects of new legislation. Such reviews should focus on transactions in which future funding sources will be provided for past events and amounts that meet the accrual criteria under generally accepted accounting principles.

BLM Response

BLM partially concurs with the finding and recommendation. BLM concurs that an accrual should have been made for the Treasury-funded amount due on the Secure Rural Schools and Community Self-Determination Act of 2000 (PL 106-393), based on the FY 2001 collections. However, BLM does not fully concur with the recommendation to implement procedures to thoroughly assess the accounting effects of new legislation. BLM currently has procedures and policies in place and established a team in early FY 2001 to review and assess the accounting effects of new legislation. At the close of FY 2001, the final procedures and accounting models for PL 106-393 were still in the process of being implemented. Decisions were still being made by Treasury and OMB regarding the proper methodology to be used for implementing this law and determining how the transfer of funds would be handled on BLM's books and its subsequent reporting on regulatory reports. With all of the unresolved issues that surrounded this new law at year end, the accrual was not done for the portion of the liability that would be funded in FY 2002 by an appropriation from Treasury.

Beginning in FY 2002, assuming that all the information necessary to calculate the payments is received timely, timber payments as required by PL 106-393 will be routinely accrued at year end. If all of the required information is not available in time to book an actual accrual in FFS prior to closing, then an estimated accrual will be made and entered in FFS.

We noted the following reportable conditions that are not considered to be material weaknesses:

D. Timely De-obligation of Undelivered Orders

During FY 2001, the BLM developed new undelivered order reporting mechanisms and issued several new policies concerning the timely de-obligation of undelivered amounts. However, BLM field office personnel have not fully implemented these policies. Our audit found instances of undelivered orders outstanding at year-end that should have been de-obligated. A lack of a thorough and timely review of undelivered orders can result in an overstatement of outstanding obligation balances at year-end.

Recommendation

The BLM should continue to improve its review procedures for undelivered orders to ensure amounts are de-obligated in a timely manner. Improvements should include revised procedures to more closely monitor field personnel actions related to undelivered orders.

BLM Response

BLM agrees with the finding and recommendation. During FY 2001, the BLM developed four new undelivered order (UDO) reports and issued several policies and procedures that resulted in the recovery of over \$32 million. The new BLM policy requires a quarterly review and reporting process for unliquidated procurement awards. A UDO Report Coordinator was established to coordinate this effort and ensure compliance by the field offices. An annual review of certain non-procurement transactions including travel, relocation, training, utilities, miscellaneous obligations, and federal obligations was implemented. An IM was issued establishing an annual review of non-procurement UDO's, including property, printing, motor vehicle, and reimbursable work authorizations. The BLM will continue to address the review requirements to the field and BLM NBC personnel through e-mails, memorandums, and conference calls. Presentations will be made on this topic at the Procurement Conference, the Administrative Officer training and the BLM Executive Leadership Team meetings in order to raise awareness to UDO issues among the highest level of BLM Management.

E. Helium Gas Inventory Examinations

The BLM accounts for its helium gas stockpile on a perpetual basis and verifies inventory records through periodic internal engineering studies. For the past eight years, differences between the studies and the perpetual records have existed. The BLM has not adjusted its records for these differences because it believes the studies are not accurate enough to support an adjustment, but acknowledges more refined studies can be performed. While it is possible the differences could stem from the inaccuracies of the studies, the differences may also indicate that inventory adjustments should be made. Generally accepted accounting practices require organizations to conduct periodic physical inventories and adjust recorded amounts to physical inventory results.

Recommendation

The BLM should thoroughly investigate differences between the results of its helium internal engineering studies and its perpetual inventory records. Future helium inventory procedures should include performing a more refined and robust engineering study, and differences should be reflected as adjustments to helium inventory perpetual records. The BLM should consider utilizing an independent third party engineering specialist in conducting future helium studies.

BLM Response

BLM concurs with the finding and recommendation. The BLM will perform a review of historical data to resolve differences between internal studies and perpetual inventory records. The BLM will also conduct pressure transient analysis tests on selected wells in the Cliffside Field for the purpose of more accurately estimating the average reservoir pressure. The BLM will solicit an independent third party engineering specialist to confirm reservoir measurement methodologies.

F. Segregation of Duties Within the Collections and Billing System (CBS)

The BLM has not taken appropriate actions to ensure a proper segregation of duties within the CBS application. Segregation of duties is violated in that a single person is responsible for multiple functions within a process. Specifically, 250 users have the ability to perform mailroom entry, deposit cash and checks and initiate transactions. A proper segregation of duties is necessary to help eliminate opportunities to conceal errors or irregularities.

Recommendation

The BLM should develop policies and procedures governing the identification, assignment, and monitoring of conflicting functions within the CBS application. Where complete segregation is not feasible, policies and procedures should require mitigating controls in the form of supervisory approval and/or periodic review of the specific transactions or groups of transactions. These policies and procedures should be incorporated into a comprehensive application security plan for CBS under *Personnel Security*.

BLM Response

The BLM partially agrees with the finding and recommendation. BLM agrees that there are 250 CBS users with the ability to perform mailroom entry, deposit cash and checks, and initiate new transactions. Considering there are approximately 1,350 CBS users bureau-wide, and there are approximately 200 offices that perform collections, the number of users with the functions listed above may be within a tolerable range. There are several reasons for a person having the ability to perform all functions. Initially, BLM will perform a complete review of all active users and revise the roles of users as appropriate. Thereafter, a review will be part of the semi-annual review of collections. For offices that do not have resource levels that support full segregation of duties, we will issue policies and procedures

for mitigating controls in the form of supervisory approval and/or periodic reviews. Compliance with these policies and procedures will be reviewed during the BLM NBC's annual financial procedures reviews.

G. Information Technology Controls at Interior's National Business Center

The Interior National Business Center (Interior NBC) administers several of the BLM's financial management systems, including the Federal Personnel and Payroll System (FPPS), Federal Financial System (FFS), Hyperion, and the Interior Department Electronic Acquisitions System (IDEAS). Although Interior NBC has recently improved the security and controls over these information systems, Interior NBC needs to continue improvements in the areas of entity-wide security planning, configuration of operating systems, system software controls, software development and change controls, and service continuity. Weaknesses in these control areas could effect the BLM's ability to prevent and detect unauthorized changes to its financial information and increases the BLM's need for more efficient manual controls to monitor and reconcile financial information.

Recommendation

We recommend that the BLM annually obtain assurance (similar to a SAS 70 Type II report) from Interior NBC that adequate security and controls are in place over the financial management systems.

BLM Response

The BLM recognizes the importance of the Interior NBC continuing to improve its security procedures and practices. BLM will request copies of their annual SAS 70 report to determine the progress they are making and the potential effect, if any, the report's observations may have on BLM's financial integrity.

A summary of the status of the prior year material weakness is included as exhibit I. We also noted other matters involving the internal control over financial reporting and its operation that we have reported to the management of the BLM in a separate letter dated January 15, 2002.

Compliance With Laws and Regulations

The results of our tests of compliance with the laws and regulations described in the responsibilities section of this report, exclusive of FFMIA, disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 01-02, *Audit Requirements for Federal Financial Statements*.

The results of our tests of FFMIA disclosed instances, described below, where the BLM's financial management systems did not substantially comply with the federal financial management systems requirements and federal accounting standards.

H. Federal Financial Management Systems Requirements at Interior's National Business Center

As discussed in the section of our report entitled "Internal Control over Financial Reporting," Interior NBC, which administers several of the BLM's financial management systems, needs to improve its electronic data processing (EDP) security and general control environment. Interior NBC has not finalized and communicated an entity-wide security plan; has not configured the operating systems to provide optimal security and protection and to limit access to sensitive datasets and libraries; has not fully established system software controls that limit and monitor access to the programs and sensitive files; has not fully developed or segregated procedures for controlling changes over application

software; and needs to improve maintenance of its off-site storage records. As a result, the BLM does not substantially comply with the security and general EDP control requirements of OMB Circular A-130, *Management of Federal Information Resources*.

Recommendation

We recommend that the BLM annually obtain assurance (similar to a SAS 70 Type II report) from Interior NBC that adequate security and controls are in place over the financial management systems.

BLM Response

The BLM recognizes the importance of the Interior NBC continuing to improve its security procedures and practices. BLM will request copies of their annual SAS 70 report to determine the progress they are making and the potential effect, if any, the report's observations may have on BLM's financial integrity.

I. Federal Accounting Standards

The BLM is required to prepare its financial statements in accordance with federal accounting standards. As discussed in the section of our report entitled "Internal Control over Financial Reporting," we identified material weaknesses that affected the BLM's ability to prepare its financial statements and related disclosures in accordance with federal accounting standards. Specifically, we determined that the BLM needs to improve its accounting for property, intra-departmental transactions, and the effects of new legislation. The foregoing material weaknesses in internal control are also an indication of noncompliance with FFMIA provisions relating to federal accounting standards.

Recommendation

We recommend that the BLM strengthen its procedures and internal control to ensure that its financial statements and related disclosures are prepared in accordance with federal accounting standards.

BLM Response

As discussed in responding to reportable conditions, A, B, and C above, the BLM will work to strengthen its procedures and internal control to insure that its financial statements and related disclosures are prepared in accordance with federal accounting standards.

The results of our tests disclosed no instances in which the BLM did not substantially comply with the United States Government Standard General Ledger at the transaction level.

Responsibilities

Management's Responsibility

The Government Management Reform Act of 1994 (GMRA) requires a federal agency to report annually to Congress on its financial status and any other information needed to fairly present its financial position and results of operations. To meet the GMRA reporting requirements, the BLM prepares annual financial statements.

Management is responsible for:

- Preparing the financial statements in conformity with accounting principles generally accepted in the United States of America;

- Establishing and maintaining internal control over financial reporting, required supplementary stewardship information, and performance measures; and
- Complying with laws and regulations, including FFMIA.

In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies.

Auditors' Responsibility

Our responsibility is to express an opinion on the fiscal year 2001 financial statements of the BLM based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Bulletin No. 01-02. Those standards and OMB Bulletin No. 01-02 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes:

- Examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- Assessing the accounting principles used and significant estimates made by management; and
- Evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

In planning and performing our fiscal year 2001 audit, we considered the BLM's internal control over financial reporting by obtaining an understanding of the BLM's internal control, determining whether internal control had been placed in operation, assessing control risk, and performing tests of controls in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin No. 01-02 and *Government Auditing Standards*. We did not test all internal control relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982. The objective of our audit was not to provide assurance on internal control over financial reporting. Consequently, we do not provide an opinion on internal control over financial reporting.

As required by OMB Bulletin No. 01-02, we considered the BLM's internal control over required supplementary stewardship information by obtaining an understanding of the BLM's internal control, determining whether these internal controls had been placed in operation, assessing control risk, and performing tests of controls. Our procedures were not designed to provide assurance on internal control over required supplementary stewardship information and, accordingly, we do not provide an opinion on such controls.

As further required by OMB Bulletin No. 01-02, with respect to internal control related to performance measures determined by management to be key and reported in management's discussion and analysis, we obtained an understanding of the design of significant internal controls relating to the existence and completeness assertions. Our procedures were not designed to provide assurance on internal control over performance measures and, accordingly, we do not provide an opinion on such controls.

As part of obtaining reasonable assurance about whether the BLM's fiscal year 2001 financial statements are free of material misstatement, we performed tests of the BLM's compliance with certain provisions of

laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, and certain provisions of other laws and regulations specified in OMB Bulletin No. 01-02, including certain provisions referred to in FFMIA. We limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws and regulations applicable to the BLM. Providing an opinion on compliance with laws and regulations was not an objective of our audit, and, accordingly, we do not express such an opinion.

Under FFMIA, we are required to report whether the BLM's financial management systems substantially comply with (1) Federal financial management systems requirements, (2) applicable federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level. To meet this requirement, we performed tests of compliance with FFMIA section 803(a) requirements.

Distribution

This report is intended for the information and use of the BLM and Department of the Interior's management, Department of the Interior's Office of Inspector General, OMB, and the U.S. Congress, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

January 15, 2002

BUREAU OF LAND MANAGEMENT

Summary of the Status of Prior Year Material Weakness

September 30, 2001

Ref	Condition	Status
BLM 2000-1	Timely de-obligation of undelivered orders	Repeated in FY 2001 as a reportable condition



United States Department of the Interior

Office of Inspector General
Washington, D.C. 20240

Independent Auditors' Report

To: Director, Bureau of Land Management

Subject: Bureau of Land Management's Financial Statements for Fiscal Year 2000

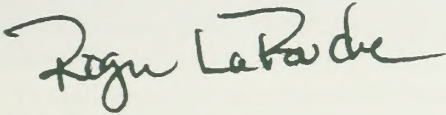
We have audited the Bureau of Land Management's (BLM) consolidated balance sheet and related notes as of September 30, 2000. The objective of our audit was to express an opinion on the fair presentation of the consolidated balance sheet. This financial statement is the responsibility of the BLM, and our responsibility is to express an opinion, based on our audit, on this financial statement.

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and with Office of Management and Budget Bulletin (OMB) 01-02, *Audit Requirements for Federal Financial Statements*." These standards and OMB Bulletin No. 01-02 require that we plan and perform our audit to obtain reasonable assurance as to whether the accompanying balance sheet is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures contained in the consolidated balance sheet and the accompanying notes. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall balance sheet presentation. We believe that our audit of the balance sheet provides a reasonable basis for our opinion.

In our opinion, the consolidated balance sheet referred to above presents fairly, in all material respects, the financial position of the BLM as of September 30, 2000, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 20 to the financial statements, the restated fiscal year 2000 balance sheet shows that asset amounts for Inventory, Property and Equipment, and Unmatured Timber Sales Contracts; and liability amounts for Deferred Credits have been restated. In addition, certain amounts in the liability account for Undistributed Collections have been reclassified from a non-Federal to an intra-governmental liability. The individual changes are discussed in Notes 2, 6, 7, 9, 10, and 20.

In our report dated March 8, 2001, we expressed an opinion that BLM's statement of net cost for the year ended September 30, 2000 presented fairly, in all material respects, its net cost of operations in conformity with accounting principles generally accepted in the United States of America. As discussed in Note 1.0 the BLM has restated its statement of net cost for the year ended September 30, 2000 to conform with the presentation of net cost for the year ended September 30, 2001. We did not audit the restated statement of net cost for the year ended September 30, 2000 and, accordingly, we do not express an opinion on this statement and related notes.



Roger La Rouche
Assistant Inspector General for Audits
March 8, 2001, except for Inventory, Property and Equipment, Unmatured Timber Sales
Contracts, Undistributed Collections; and Notes 2, 6, 7, 9, 10, and 20
as to which the date is January 15, 2002

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Report Title: <u>BLM FY 2001 Annual Report</u>	<Needs Major <Improvement							Excellent>
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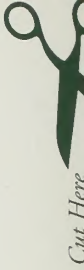
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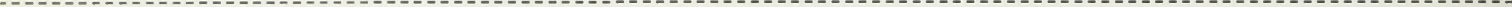
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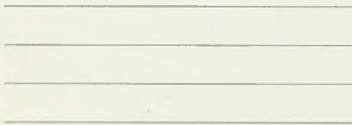




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