



## **UTE INDIAN TRIBE**

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Good afternoon Mr. Chairman and Members of the Subcommittee:

My name is Irene Cuch. I am the Chairwoman of the Ute Indian Tribe of the Uintah and Ouray Reservation. Thank you for inviting me to testify today.

The Ute Indian Tribe, and many other Indian tribes, need the Congress and the Department of the Interior to begin taking Indian energy seriously. The Bureau of Indian Affairs (BIA) is filled with staffs that are capable of processing a lease for agricultural grazing and preparing a right-of-way for a road, but the BIA lacks the staff needed to process energy related leases and permits. On our Reservation there are only a handful of BIA staff, literally 2 or 3, who are involved in the processing of oil and gas permits. Simply put, if tribes with oil and gas resources are going to be a part of the solution to this Country's energy needs, the Congress needs to appropriate the dollars necessary so that the BIA can hire staff with energy expertise,.

In addition, Interior needs the funding necessary to organize these BIA energy staff, and the other Interior agency staff working in Indian energy, into Indian Energy Development Offices or "one-stop shops." By now, we all know that Indian energy permitting is a bureaucratic maze of federal agencies and federal regulatory requirements. We are already working with the House Natural Resources Committee to try to streamline this process through new legislation. In addition to that, the BIA, the Bureau of Land Management (BLM), and other federal agencies need the funding to organize staff under one roof to simplify the oil and gas permitting process.

Without these kinds of dramatic changes, Indian tribes, like mine, will never be able to unlock our energy resources, provide long-term economic resources for our communities, and add to the Nation's domestic oil and gas supply.

The Ute Indian Tribe knows these issues all too well. Production of oil and gas began on our Reservation in the 1940's. Over the past 70 years, production has been ongoing and it has gone through a few periods of expansion. Today, the Tribe is a major oil and gas producer. The Tribe leases about 400,000 acres for oil and gas development. We have about 7,000 wells that produce 45,000 barrels of oil a day. We also produce about 900 million cubic feet of gas each

day. And, we have plans for expansion. But, that expansion is contingent upon our ability to have our permits processed by the federal agencies involved in a timely manner.

The Tribe is currently in the process of opening up an additional 150,000 acres to mineral leases on the Reservation with an \$80 million investment dedicated to exploration. We know the regulatory requirements and are fully prepared to meet them. Thus, you can understand our frustration, when we submit our permits to the federal government only to have them sit for months to a year awaiting approval. These delays occur simply because the BIA, BLM and other federal agencies lack the staff and the coordination necessary to review them in an efficient manner.

Despite the progress we have been able to make to date, the Tribe's ability to fully benefit from its resources is limited by the federal agencies overseeing oil and gas development on the Reservation. In other words, the benefits the Tribe receives from its trust resources are directly limited by the Department's inefficient and understaffed permitting process.

As the oil and gas companies who operate on the Tribe's Reservation often tell the Tribe, the federal oil and gas permitting process is the single biggest risk factor that they face when trying to develop oil and gas resources on our Reservation. As a result, it is no secret that the oil and gas companies operating on our Reservation are currently limiting their operations based on the number of permits the federal agencies involved are able to process. This unnecessarily limits the number of drilling rigs they are willing to operate on our Reservation.

Drilling rigs are expensive operations that move from site to site to drill new wells. Oil and gas companies often contract with third parties for the use of these rigs. Any time a drilling rig is not actively drilling a new well, it creates an unwanted expense for the oil or gas company involved. Consequently, oil and gas companies will only employ as many drilling rigs as federal permit processing will support. On our Reservation, we have been told that some oil and gas companies, who are currently using one drilling rig, would increase their operations to three drilling rigs if the federal permit processing system could support this increase.

One example of this is the Anadarko Petroleum Corporation's operations on our Reservation. Anadarko reported that it needed 23 well locations approved per month in 2011 and beyond, but in 2010, their permits were only approved at a rate of 1.7 per month. As a result, Anadarko informed the Tribe that the delays and unpredictability of federal permit approvals forced the company to alter its operational plans at the last minute and move its operations off the Reservation to State and private lands until those federal permits can be processed. With consistent and reliable permit approvals, the Tribe could increase new development, increase production, increase the revenues for the tribal government, and add to the domestic oil supply.

Instead of an efficient permitting process, backlogs are the norm. In June 2011, the Department's Office of Indian Energy and Economic Development found that there were 1200 backlogged permits. In January 2012, the BLM Field Office in Vernal, Utah reported that it had 245 permits pending in its system. While we need better tracking systems to monitor the backlogs, most important, the number of permits pending in the system on any given day

should not be greater than the number of permit applications submitted over a two month period. Permits should not be in the system for longer than 60 or 90 days.

I am therefore here to ask the Subcommittee to appropriate the funding necessary to support the creation of Indian Energy Development Offices which are designed specifically to improve both the BIA's and the BLM's traditional and renewable energy permitting systems. As former Senator Dorgan and many in Congress have noted, the oil and gas permitting process is a bureaucratic maze of federal agencies. Indian Energy Development Offices would bring all of the agencies into the same room and would streamline the processing of the federally required permits. These agencies could then work collaboratively to eliminate backlogs and delays in approving leases, rights-of-way, and applications for permits to drill.

Former Senator Dorgan referred to these offices as "one-stop shops." There are 3 one-stop shops already in Indian Country. There is one at Navajo, one in Oklahoma, and a virtual one-stop shop on the Fort Berthold Reservation in North Dakota. These one-stop shops really make a difference in permit approvals. Former Senator Dorgan reported that the one-stop shop at Fort Berthold helped to increase oil and gas permit approvals by 4 times what had been approved previously.

On our Reservation, we need 10 times as many oil and gas permits as we are currently able to get approved. Currently, about 48 Applications for Permits to Drill (APD) permits are approved each year on our Reservation. The Tribe and its business partners estimate that about 450 APDs will be needed each year as the Tribe expands its operations. The Tribe believes that a one-stop shop is the best way to get the BIA, the BLM, and other federal agencies working efficiently with the Tribe to manage the high level of permitting needed on our Reservation. We need your assistance to make that happen.

If this Congress is serious about decreasing our dependence on foreign oil, let us be a part of the solution, and do not allow a lack of BIA and BLM staff to keep that from happening.

The Ute Indian Tribe also asks that funding be restored for lease compliance, unresolved rights, and cadastral surveys performed by the BIA's Western Regional Office. These programs were established in the 1980's to support research, negotiation, and pre-litigation activities necessary for the protection of tribal trust lands and the rights of Indian landowners. Despite the vital need for these programs to protect tribal lands and Indian landowners, the President's FY 2012 Budget eliminated the funding, which had been moved to the Real Estate Projects line item, while also reducing the funding available for cadastral surveys.

We believe that the loss of funding for these activities is the result of the funding lacking an appropriate "home" in the budget. At various times, the funding for these activities was misidentified as "project" versus "program" funding, had "public lands" standards incorrectly applied to it, and shifted back and forth between the Office of the Special Trustee and the BIA. Funding for the Western Regional Office should be restored to at least \$370,000 and this budget item should be moved to the Western Regional Office Operations/Oversight line item, to avoid further confusion as to the true nature of these program funds.

Much of this funding is needed to address title, boundary and jurisdictional issues within our Reservation, and to resolve long-standing trespass issues - within our Reservation and the Region as a whole - with properly documented easements, and in negotiating and documenting easements for expired and new transmission lines throughout the Western Region.

I would also like to ask for your assistance in addressing the law enforcement problems on our Reservation. As you are aware, we live on the second largest reservation in the United States, and we have both federal and tribal criminal jurisdiction on our lands. Despite these layers of jurisdiction, our Reservation is now served by only eight federally funded BIA police officers, which equates to a maximum of three officers per shift. As a result, tribal members' calls for police assistance are not answered in a timely manner, our officers are forced to work alone - miles from other police backup, our police cars travel over 500 miles per shift, and our public safety concerns are going unanswered. This is not the situation that the Tribe and Congress envisioned would exist two years after the passage of the Tribal Law and Order Act.

To make matters worse, since our tribal jail was condemned and closed by the BIA, we are only allotted BIA funding for ten beds at our local non-Indian jails. We used to have 20 beds, but the BIA could not afford to pay the bill it was incurring at the Moffett County Jail, so the county has refused to accept any more people who commit crimes on our Reservation. This means that criminals who are caught and convicted are released back into the public instead of being incarcerated.

This situation has become so serious that the Tribe is using its own money to construct a new detention facility on the Reservation. But, we are still going to need a serious increase in federal dollars to staff that new facility.

Mr. Chairman, nothing is more important to the Tribe's Business Committee than the safety of our tribal members. We are doing our part, by funding three additional police officers with tribal dollars and spending our own money to build our own tribal jail. Now we need you to do your part by providing us with the funds necessary to hire at least twenty more police officers, and to fully fund the staff which will be required to operate our new tribally constructed jail once it is completed. That detention funding used to exist, but it was taken from us and sent to another reservation when our prior tribal jail was condemned by the BIA. Until that new jail can be completed, we also need the funds necessary to contract for a minimum of twenty additional beds at our nearby county operated jail facilities.

Thank you for allowing me to present these important concerns. I will be happy to answer any questions that you may have.