

Annual Report

Bureau of Land Management

U.S. DEPARTMENT OF THE INTERIOR

Balancing Today's Needs for Tomorrow's Public Lands



Preface

WE IN THE BUREAU OF LAND MANAGEMENT (BLM) ADMINISTER MORE FEDERAL LANDS THAN ANY OTHER AGENCY: OVER 261 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 10,000 employees located at over 180 headquarters, national center, state, and field offices. In managing the Nation's vast public land holdings for multiple uses, 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.

Public lands administered by the Bureau 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, public lands represent both a refuge and a source of vital goods and services.

They also provide a range of traditional uses, such as livestock grazing and timber harvesting, that are vital to the economic and social well-being of rural communities throughout the West.

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. Our focus is on communicating, cooperating, and consulting with the American people as we seek to fulfill our mission to "sustain the health, diversity, and productivity of the public lands."

We invite you to read our 2002 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!

Table of Contents

DIRECTOR'S LETTER	1
MESSAGE FROM THE CHIEF FINANCIAL OFFICER	2
IMPLEMENTING THE PRESIDENT'S NATIONAL ENERGY POLICY	3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BLM's Mission and Organizational Structure	4
Performance Goals and Results	6
Systems, Controls, and Legal Compliance	28
Future Effects of Existing, Currently Known Demands, Risks, Uncertainties, Events, Conditions, and Trends	33
Discussion and Analysis of the Financial Statements	39
FINANCIAL STATEMENTS	42
Principal Financial Statements	42
Notes to Principal Financial Statements	47
SUPPLEMENTARY STATEMENT OF BUDGETARY RESOURCES BY MAJOR BUDGET ACCOUNTS	70
STEWARDSHIP ASSETS	73
Stewardship Lands	73
Natural Heritage Assets	82
Museum Collections	104
Paleontological and Cultural Heritage Properties	108
DEFERRED MAINTENANCE	113
INDEPENDENT AUDITORS' REPORT	115

Our Vision

To enhance the quality of life for all citizens through the balanced stewardship of America's public lands and resources.

Our Mission

To sustain the health, diversity, and productivity of the public lands for the use and enjoyment of present and future generations.

Our Values

To serve with honesty, integrity, accountability, respect, courage, and commitment to make a difference.

Our Priorities

To improve the health and productivity of the land to support the BLM multiple-use mission.

To cultivate community-based conservation, citizen-centered stewardship, and partnership through consultation, cooperation, and communication.

To respect, value, and support our employees, giving them resources and opportunities to succeed.

To pursue excellence in business practices, improve accountability to our stakeholders, and deliver better service to our customers.

Director's Letter

The Bureau of Land Management might best be described as a small agency with a big mission: To sustain the health, productivity, and diversity of the public lands for the use and enjoyment of present and future generations.

We are responsible for 261 million acres of public land—nearly one-eighth of all land in the United States—and 700 million acres of Federal subsurface mineral estate nationwide.

These lands contribute to the quality of life of the American people—and to our national interests—in many different ways. Encompassing some of the most spectacular landscapes on the continent, the public lands offer boundless opportunities for recreation and adventure. The BLM-managed lands also support such activities as livestock grazing, timber harvesting, energy development, and mineral production, all of which are vital to the health of local economies and to our national economy.

While managing these lands for the public benefit today, we fulfill our obligations to future generations by conserving the land and the natural resources found there. Conservation means protecting the quality of the air and water, the health of natural ecosystems, and the habitat of plant and animal life, as well as preserving cultural and heritage resources that are also part of America's public lands legacy.

As President Bush has said: "...*Our duty is to use the land well, and sometimes not to use it at all. This is our responsibility as citizens, but more than that, it is our calling as stewards of the earth.*"

Providing balanced stewardship of our natural resources is more challenging today than ever before. Over the past century, the population of the West has grown from about 4.3 million people to 63 million. Today, 22 million people live within 25 miles of the public lands. This phenomenal population growth and more intense urbanization have broad impacts on the resources we manage. As a result, the BLM's mission grows more complex each day. We cannot fulfill that mission alone, nor should we even attempt to do so. Good stewardship of the public lands will not be found in bigger government, but in broader public participation in this land-management process.

In reporting on our activities and achievements for the past fiscal year, we wish to acknowledge the support we receive from thousands of partners—states, tribes, counties, local communities, organizations and individual citizens. Their contribution to the success of our mission is immeasurable and we are indebted to them.

Among the significant challenges we faced during the past year was another extraordinary fire season. The continued drought across the West and the buildup of fuel in forests, woodlands, and rangelands contributed to another exceptionally challenging fire season. More than 70,000 wildfires occurred during the past year, burning approximately seven million acres—nearly double the 10-year average.

Firefighters were successful in suppressing 99 percent of all fires during initial attack. While hundreds of communities were evacuated, thousands of residents forced from their homes, and more than 100,000 structures threatened by large fires, firefighters were

successful in protecting 98 percent of all threatened structures in the wildland/urban interface.

Throughout the year we continued implementation of the National Fire Plan, a comprehensive 10-year strategy for federal agencies to work in collaboration with states, tribes, and local communities to reduce wildland fire risks to communities and to the environment. During the past fiscal year we gave over \$32 million in assistance to local communities.

In FY 2002 the BLM joined with other Federal agencies to begin implementing the President's National Energy Plan, a plan for promoting America's energy security through development of traditional and alternative energy resources. The Bureau identified 44 specific tasks we will carry out in support of this plan. We have already completed more than 30 percent of these tasks and another 20 percent are awaiting approval by the Department of the Interior or by Congress.

The many commercial activities carried out under our management—including energy development, mineral production, livestock grazing, and timber production—resulted in a market value of production for the fiscal year of \$12.5 billion. The direct and indirect economic benefits of all commercial activities on the public lands during the fiscal year exceeded \$27 billion. The direct revenues generated by commercial activities amounted to \$1.48 billion. Through payments in lieu of taxes, \$210 million was returned to local governments to benefit local economies.

During FY 2002, the BLM made significant strides in providing better management of recreation activities. We broadened the Recreation Fee Demonstration Program, under which money collected at campgrounds, day-use areas or other public recreation areas is returned to those same sites and used for maintenance or improvements. This program was expanded to 100 sites during the past year and generated \$8.7 million.

We continued to explore ways to provide better service to our customers and stakeholders by improving our business practices. As one measure of our success, the BLM was one of seven finalists selected out of 100 government candidates for the prestigious President's Quality Award, which recognizes exceptional management practices.

We are proud of the progress we have made in providing good stewardship of the public lands and resources entrusted to our care. We are grateful to the many partners and citizen stewards who have made this progress possible. With their continued support we will build on these successes in the coming year.

Kathleen Clarke
Kathleen Clarke
Director, Bureau of Land Management



Message from the Chief Financial Officer

We in the Bureau of Land Management are pleased to issue our 2002 Annual Report on Accountability. This report integrates performance results, audited financial statements, and financial reports to better meet the information needs of Congress and the public, as well as helping us to improve our internal operations.

The BLM's land management responsibilities are broad, varied, and 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.

The core of the BLM's mission is restoring and maintaining the health, diversity, and productivity of the Nation's public lands. This mission uniquely lends itself to implementing the Secretary of the Interior's 4 C's: communicating, cooperating, and consulting in the service of conservation on our Nation's public lands. The Bureau plays a key role in helping the Department of the Interior meet its natural resource management responsibilities and is a major contributor to the President's energy, fire, and healthy forests/rangelands programs.

Successfully achieving the BLM's mission 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. We are also exploring greater opportunities for cost sharing and cost recovery to leverage our resources and assure that users pay an equitable cost for the services we provide.

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.

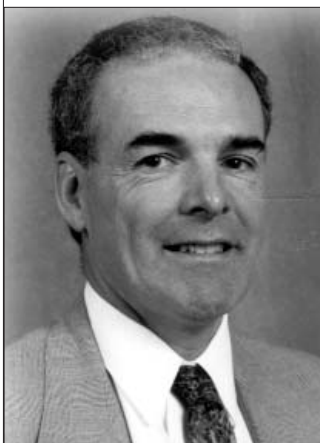
Looking back on this past year, I am pleased to report a number of achievements and a strong financial position for the BLM. In addition to an unqualified audit opinion on our financial statements for 2002, we continue to develop, upgrade, and implement systems such as the Management Information System (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 2002, 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.

All of the above business and fiscal strategies and accomplishments place the BLM in an excellent position to implement the President's Management Agenda. The BLM's management framework, especially our ability to provide accurate and timely financial information, is critical to success in achieving the overarching Agenda goal of "... ensuring that the resources entrusted to the federal government are well managed and wisely used."

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 useful and interesting.



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



Implementing the President's National Energy Policy

The President's comprehensive National Energy Policy, issued in May 2001, outlined over 100 recommendations to diversify and increase energy supplies, encourage conservation, and ensure energy distribution.

About a quarter of the recommendations within the National Energy Policy specifically affect one or more of the BLM's energy or planning-related programs and responsibilities. To support the President's energy policy, the BLM has identified 44 specific energy implementation tasks.

As of the end of fiscal year 2002, 32 percent of the BLM's Implementation Plan Tasks had been completed and another 20 percent were being modified or pending Departmental or Congressional action. The remaining 48 percent were ongoing.

Many significant tasks have been completed. For the North Slope of Alaska, the BLM has begun leasing in the northeast sector of National Petroleum Reserve-Alaska (NPR-A), has issued additional oil and gas regulations for NPR-A, and has assisted the U.S. Geological Survey in updating the undiscovered oil and gas resource estimates for NPR-A. For rights-of-way (ROWs), the Bureau has inventoried and prioritized energy-related ROW applications; hired four ROW project managers, all stationed in the West, to expedite major ROW applications; and expanded ROW training for BLM staff and industry. The BLM has also internally established and staffed a National Energy Office.

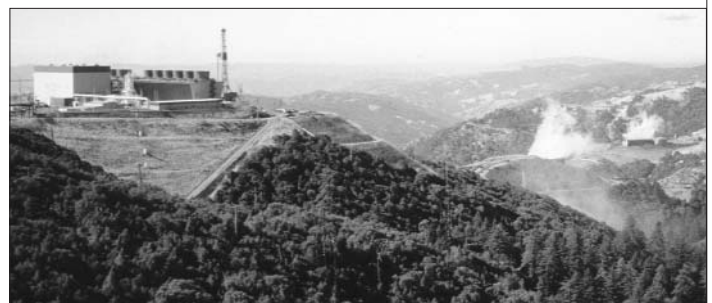
In FY 2003, the BLM is planning to complete the Energy Policy and Conservation Act (EPCA) study of the extent and nature of restrictions and impediments to Federal oil and gas exploration and development. In consultation with Congress, the BLM and its partner agencies agreed to study the five high-priority Western basins first: the Montana Thrust Belt (western Montana), the Powder River Basin (Wyoming-Montana), the Greater

Green River Basin (Wyoming-Colorado), the Uinta/Piceance Basin (Utah-Colorado), and the San Juan/Paradox Basin (New Mexico-Utah-Colorado). Action will be completed soon on re-permitting the Trans-Alaska Pipeline System.

In the spirit of Secretary Norton's 4-C's, communication and coordination have both been key elements of the BLM's implementation strategy for its energy plan. The BLM has sponsored and coordinated several outreach meetings dealing with aspects of the energy plan, including a Department of the Interior and Department of Energy renewable energy summit in November 2001 and a follow-up renewable meeting in February 2002. A comprehensive BLM National Energy Plan outreach meeting was held in March, along with two related meetings (one dealing with applications for permit to drill (APDs) and a second with planning and access). Additionally, the BLM has presented its National Energy Plan at many public and association energy meetings as well as at the "En Libra" conference sponsored by the Western Governors Association in May 2002.

The BLM anticipates completing most of the remaining tasks by the end of 2003. Some tasks, such as the time-sensitive energy plans, will be finished by December 2004.

Because the BLM's implementation plan is a dynamic process, 10 new tasks have been proposed to respond to new challenges and opportunities. These specifically address renewable energy resources, energy conservation, tar sands, oil shale, oil and gas operations, and e-commerce.



Management's Discussion and Analysis

BLM's Mission and Organizational Structure

BLM'S MISSION AND HISTORY

THE BUREAU OF LAND MANAGEMENT'S VISION IS TO ENHANCE THE

QUALITY OF LIFE FOR ALL CITIZENS THROUGH THE BALANCED

STEWARDSHIP OF AMERICA'S PUBLIC LANDS AND RESOURCES.

ITS 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 over 261 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."

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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 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.

In these challenging times, 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. Tiering off of 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 presented three goal categories and 33 long-term goals and is more closely linked to field operations and budget allocations.

In April 2002, the BLM sent forward its 2003 Annual Performance Plan/2001 Annual Performance Report to the President and Congress. This document outlined 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:

- 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 financial statements and notes, along with an overview of the information presented.
- 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 2002. The Bureau's 2004 Annual Performance Plan/2002 Annual Performance Report, scheduled for release in 2003, 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.

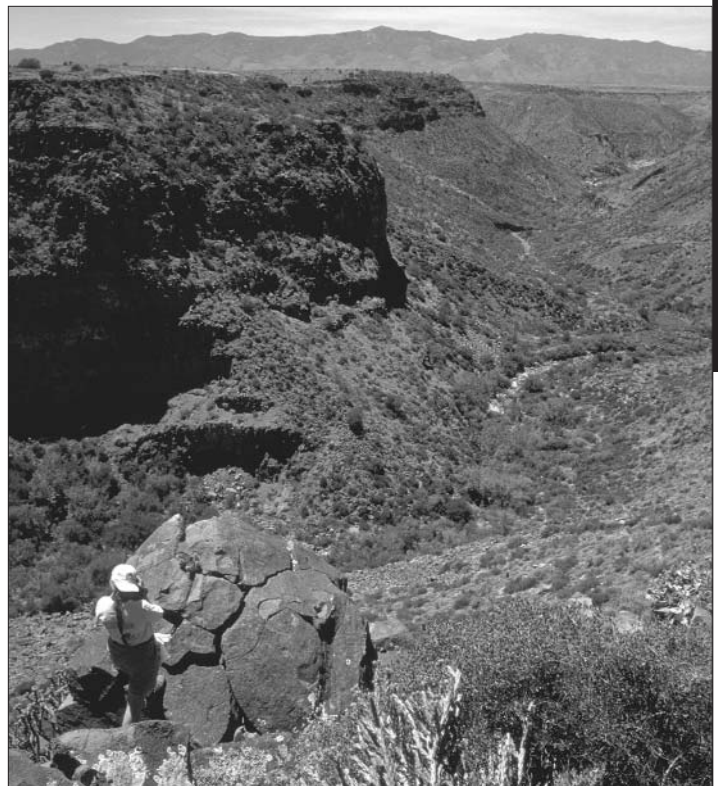
Provide Opportunities for Environmentally Responsible Recreation

Recreation and leisure activities are a major part of the lifestyle of millions of Americans as well as international visitors. BLM-administered public lands play an important role in providing these outdoor recreational

experiences. Over 4,136 communities with a combined population of 22 million people are located within a one-half-hour drive—just 25 miles—of BLM-managed public lands, while a combined population of 41 million people live within 200 miles of those same lands. Approximately 40 percent of BLM-managed public lands are located within a day's drive of 16 major urban areas in the West.

BLM-administered public lands and waters provide visitors with a vast array of recreational opportunities. While most of the 68 million visitor days on public lands involve camping in either developed recreation site or dispersed use areas, many visitors come simply to view landscapes and other unique natural or cultural features of public lands. Other important activities include hunting, fishing, wildlife viewing, hiking and backpacking, motorized and non-motorized boating, off-highway vehicle (OHV) driving, mountain biking, and visiting natural and cultural heritage sites.

Only an estimated 20 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. While public lands represent a place to have quality recreational experiences at a relatively low cost to the visitors, the eco-



A photographer captures the beauty of Agua Fria National Monument in Arizona.

conomic impact is significant, especially to gateway communities.

The cumulative impact of recreation activities significantly benefits local economies. The BLM's contribution to western states' tourism and outdoor recreation-related industries is conservatively estimated at \$35 to \$40 billion. Preliminary estimates indicate that the direct economic value of recreation on the 261 million acres of BLM public land and water exceeds about \$5 billion annually. Tens of thousand of jobs in the western states directly depend on BLM-supplied recreation opportunities.

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 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 2002 annual performance goals.

The BLM met its goal for the percentage of physical facilities in good or fair condition in Special Recreation Management Areas.

As shown below, the BLM found that 5.1 percent of its Recreation Fee sites and other selected recreation sites are universally accessible to people with disabilities.

This figure will increase dramatically as the Bureau begins making corrections and retrofits for the deficiencies identified during these evaluations. Many of these deficiencies can be corrected with minimal effort and resources.

Customer survey data collection and analysis was not completed in FY 2002 but will resume in FY 2003. The planned work at the FY 2002 recreation sites will be combined with FY 2003 recreation sites for a total of 45 sites. The results from these 45 sites will be reported in the FY 2003. The survey delay in FY 2002 was due to changes in the survey instrument. During FY 2002 the BLM's National Recreation Group, in consultation with the National Landscape Conservation System (NLCS), revised questions in response to an analysis of results from previous surveys, as well as adding additional questions concerning the economic aspects of recreational use at NLCS sites and other BLM-managed recreation areas. These changes required new clearances by both the Department of the Interior and the Office of Management and Budget (OMB), which led to a six-week hiatus while the survey instrument was being cleared by OMB. This resulted in beginning just a few of the surveys in the middle of the FY 2002 use season, with most of the scheduled 22 surveys being postponed until the FY 2003 use season.

The BLM updated its management of motorized travel and off-highway vehicle (OHV) activities on the public lands, incorporating many recommendations from the *BLM National Management Strategy for Motorized Off-Highway Vehicle Use on Public Lands*, which was signed and released in January 2001. One outcome of this new strategy is that the emphasis in travel planning and management is shifting from OHV

Table 1: Summary of Recreation Accomplishments

FY 2002 Annual Goal	Target	Actual
Percentage of physical facilities in Special Recreation Management Areas that are in good or fair condition	81%	87%
Percentage of Recreation Fee Demonstration Project sites and other selected recreation sites that are universally accessible	5%	5.1%
Percentage of recreation users satisfied with the quality of their recreation experience on the public lands	92%	No data*
Percentage of recreation users satisfied with the BLM's interpretation and environmental education efforts in Special Recreation Management Areas	70%	No data*

* Customer survey data collection and analysis was not completed in FY 2002, but will resume in FY 2003.

management to a more comprehensive approach that includes analyzing and managing all aspects of travel and access, including mechanized, animal, and human-powered as well as motorized activities.

Priorities include improvements and technology sharing for travel management monitoring, road and trail inventory techniques, and inventory data management; trail design, construction, and maintenance technology; restoration of closed trails; a reduction in trail-related impacts to adjacent lands; providing information to and educating trail users; visitor ethics to reduce resource impacts and conflicts with other users and values; developing methodologies to better utilize existing funding sources, volunteers, and partnerships; and developing sources for additional funding.

During fiscal year 2002, a major current effort for the BLM was preparing and revising land use plans. The agency identified over 70 major planning projects underway, with 7 more coming on line for 2003. Most of these plans identify recreation, particularly travel management, as a major issue. The national OHV team and every BLM state have a major role in participating in travel management planning for these efforts.

The BLM took additional steps toward comprehensive travel management in 2002, developing a strategic action plan for managing mountain bicycles on public lands. The strategy, to be signed during fiscal year 2003, will serve as a companion to the OHV Strategy. It will broaden the Bureau's vision for travel management, incorporating most of the mechanized activities into scoping and planning for travel and trails issues.

Leave No Trace is an outdoor ethics program centered on ways and means to minimize impacts on natural resources, wildlife and other users. The BLM is a major supporter and sponsor of the program, which is one of the Bureau's outdoor ethics education tools. 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 program has been adopted as the official outdoor ethic of the human-powered outdoor recreation industry, with over 300 manufacturers and retailers joining with the Federal agencies to bring the message to the American public.

The Leave No Trace program has been embraced by recreation users across the spectrum, from wilderness to OHV enthusiasts. It is the only program of its kind that has been universally adopted, administered, and used in a unified, joint effort by the BLM, USDA Forest Service (USDA-FS), National Park Service (NPS), and U.S. Fish

and Wildlife Service (USFWS). Whenever possible, it is taught by this interagency group with no differentiation between agencies or private partners. The BLM has teamed up with these partners to bring the message this year to the Outdoor Retailer Show, Rocky Mountain Elk Expo, Boy Scout National Order of the Arrow Conference, International Hunter Education Conference, National Philmont Scout Camp, and Western Region Girl Scout Conference.

Leave No Trace skills and ethics booklets have been updated with the latest scientific research for all environments across the country. The principles have been translated into several foreign languages and provided this year to government officials in Russia, Norway, Finland, and Sweden. Some 1,200 participants from around the world were also introduced to the program at the 2002 Winter Olympics at Snowbasin Ski Area.

Tread Lightly! is another program supported by the BLM. Through education, restoration and research, this program aims to empower outdoor enthusiasts to recreate responsibly. The BLM is a major supporter and sponsor of the program, along with the USDA-FS, Bureau of Reclamation (BOR), NPS, and Corps of Engineers. Originally geared towards responsible use of motorized and mechanized use on public and private lands, the principles of the program have been expanded to provide an outdoor ethics message for a wide variety of user groups.

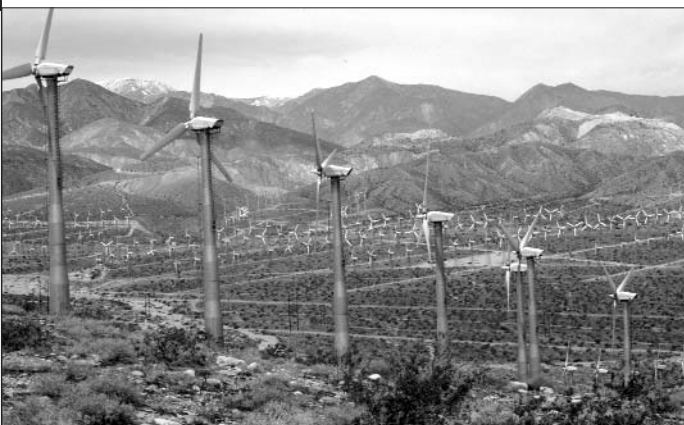
This year, specific public service announcements and posters have been developed for horseback riding and snowmobiling. A national display has also been developed to highlight the three-fold mission of the program of education, restoration, and research. The display and recently completed hunter education curriculum and video were debuted at the Shooting Hunting Outdoor Trade Show, National Hunter Education Association Conference, 2002 Winter Olympics, OHV Managers Conference, Outdoor Writers Association of America Conference, and American Frontiers Team Celebration. The new hunter education training materials have been distributed to over 800 hunter education instructors across America. "Advertising Guidelines" have also been updated to encourage recreation vehicle manufacturers to advertise responsibly.

Managing trail-related activities is a central focus for over 85 percent of all Bureau field offices. The trails found on public lands are either single-track trails or two-track vehicle routes. Many of these are "legacy" trails, created incidentally over the last century (rather than designed and constructed) through mining, grazing,

or other public land activities. Today, these trails are widely enjoyed by trail enthusiasts. While the Bureau maintains approximately 13,000 miles of trails in a systematic way, most Bureau trails receive little or no maintenance or management attention. An estimated 600,000 miles of these trails exist on BLM land. To begin to address trails management, the Bureau offered the first Interagency Trails Management Course this year at Grand Canyon National Park.

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 reinvested at the site of collection to improve its physical infrastructure and enhance customer satisfaction, directly benefitting those who pay for and use the site. This program expanded from 10 projects in 1997 collecting \$419,000 to the program maximum of 100 projects in fiscal year 2001. In fiscal year 2002, the BLM's 100 projects reported a total of \$8.7 million collected at recreational fee demonstration program sites and areas; an overall total of \$9.5 million recreation revenues was collected from all sites and areas.

The BLM Recreation Program also participated in National Public Lands Day (NPLD) 2002 projects, which drew over 7,000 volunteers to 77-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 2002 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.



Wind source energy is being used in many western states.

The BLM's Interpretive Program fosters an appreciation for public land resources and an understanding of the relationships between people and the public lands. Interpretation communicates how the BLM manages resources and provides opportunities for public use. As a result of the BLM's interpretive program, the public is given the information they need to be more environmentally responsible while enjoying their public lands.

The BLM has approximately 30 full time interpreters. Most are located in the five major visitor centers: Nevada's Red Rocks Canyon Visitor Center, Colorado's Anasazi Heritage Center, Oregon's National Historic Oregon Trail Interpretive and Yaquina Head Interpretive Centers, and the recently opened National Historic Trails Interpretive Center in Wyoming. In addition to these interpretive centers, the BLM has 42 smaller visitor centers and visitor contact stations to reach out to public land visitors. In these facilities, BLM staff, volunteers, and partners (such as cooperating associations) put on special events, give tours, and work with community groups to develop special interpretive programs that involve the surrounding communities.

BLM staff worked with partners to produce new video programs such as the "Lost Coast Adventure" about the King Range and the "The Vanishing Shrub-Steppe" about the Columbia Basin in Oregon. The BLM also increased interpretive outreach through the world wide web and created sites where the public can see the discovery of dinosaur tracks, learn about the Southwestern ancient Puebloan culture, or study desert communities. The Anasazi Heritage Center produced the Escalante Pueblo Curriculum, which received an award from the National Association for Interpretation.

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 2002, the on-shore Federal mineral lands produced about 40 percent of the Nation's coal, 11 percent of its natural gas, and 4.6 percent of its oil. Coal production and its Federal share have been increasing, while oil production from on shore Federal lands has experienced a slight but steadily declining

trend. These public lands also produce a large portion of the Nation's fertilizer minerals, mineral materials, gold, silver, and other critical metals.

As part of the GPRA requirements of the Department of the Interior, the BLM has submitted the FY 2002 workload performance results comparing performance targets with actual accomplishments. Table 2 shows this comparison for a few selected commercial activities.

As of the end of fiscal year 2002, there were over 54,000 oil and gas leases, 307 geothermal leases, 312 coal leases, 446 other solid leasable mineral leases, and about 198,000 mining claims in effect. After a period of decline in oil and gas leases in the 1990s, the number of leases in effect has been increasing in recent years. The slight decrease in the number of coal leases has been due to consolidation of leases. The number of leases in the "other solid leasable minerals" category, which includes combined hydrocarbons, phosphate, sodium, potassium, gilsonite, asphalt, some hardrock, and some sand and gravel, has experienced a small decline in recent years.

Among the energy and mineral leases on the public lands, about 21,500 oil and gas leases, 55 geothermal leases, and an estimated 125 coal leases were in producing status. Public lands also provided 14 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, and appeared to stabilize at \$19 million in FY 2002.

One particularly noteworthy achievement in FY 2002 was the National Petroleum Reserve - Alaska oil and

gas lease sale, which brought in a bonus amount totaling \$63.7 million. This bonus revenue is not reflected in the 2002 mineral revenue figures shown in Table 3; however, it will be included in the FY 2003 table. A total of 59 leases covering 567,769 acres were issued.

Since the publication of the President's National Energy Policy in May 2001, the BLM has been taking steps to implement its provisions. 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. These new long-term goals have been added to track the progress of the BLM's implementation of the Policy. The BLM's accomplishments in implementing the National Energy Policy are highlighted at the beginning of this Annual Report.

Livestock grazing is also an important use 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 and collected \$12.8 million in grazing fees in fiscal year 2002.

The BLM's forests and woodlands are managed to sustain, maintain, and restore ecosystem integrity, diversity and productivity, thus providing long-term ecological and economic benefits. The Bureau's forest management program produced 155 million board feet (MMBF) of sawtimber in Western Oregon and 15 MMBF of sawtimber on the Bureau's public domain land in FY 2002,

Table 2: Selected Commercial Activities Accomplishments

FY 2002 Annual Goal	Target	Actual
Number of energy mineral pre-lease and lease actions authorized on Federal lands	5,010	4,656*
Number of energy mineral post-lease actions processed on Federal lands	31,400	30,413
Number of energy mineral compliance, inspection, and enforcement actions on Federal lands	18,600	17,187
Million board feet (MMBF) of timber offered for sale in the Pacific Northwest	150 MMBF	155** MMBF

* Public demand levels drive the accomplishments under this measure; based on the actual level of demand, the BLM processed 100 percent of the lease actions.

** This is the original (parent) sale volume and small sales (sawtimber) offered in FY 2002; it does not include modifications approved during the fiscal year, which would increase the total to 162.5 MMBF.

up considerably from the 72 MMBF in total volume offered in FY 2001. Timber sale values also increased substantially from the \$10.5 million of value offered in FY 2001 to \$22.1 million in FY 2002. 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 man-

agement in Nevada, Utah, New Mexico, and Colorado responds to the local demand for fuelwood, posts, poles, and other wood or vegetative products. Total sales of forest and woodland products other than sawtimber totaled \$208,000 in FY 2002.

The BLM is developing a biomass utilization strategy that will address forest health and restoration concerns from the President's Healthy Forests Initiative, reduce hazardous fuels identified in the National Fire Plan, and diversify the Nation's energy portfolio consistent with the National Energy Policy. Biomass thinning removes

RENEWABLE ENERGY RESOURCES

Renewable energy resources on the public lands include wind, geothermal, biomass, solar, and hydropower resources. The BLM and the Department of Energy National Renewable Energy Laboratory (NREL) established a partnership effort in FY 2002 to conduct assessments of renewable energy resources, excluding hydropower, on public lands in the western U.S. and to identify BLM land use planning units with the highest potential for renewable energy development.

The BLM currently administers some 22 wind energy right-of-way authorizations for wind energy production on public lands in California and Wyoming that encompass a total of approximately 5,000 acres and generate a total of about 500 megawatts of electrical power. An additional 7 right-of-way authorizations have been issued for wind energy site testing and monitoring activities in Idaho, Nevada, and Oregon.

The BLM currently manages 307 geothermal leases, of which 55 leases were in producing status at the end of FY 2002. The 55 producing leases provide geothermal energy to 35 power plants, which have a total rated capacity of over 2,000 megawatts of power. In addition, the BLM manages a small number of direct-use leases, which provide an alternative source of energy for greenhouses, spas, warm-water fish farms, and other commercial uses.

Biomass energy production involves using agricultural products, trees, or similar items to produce energy. In

the BLM, biomass involves using small diameter trees from thinning projects to produce bio-diesel, bio-ethanol, or bio-gas. A BLM technical team conducted a field review in northern California in September 2002 to analyze successful biomass projects and assess the potential for application on a Bureauwide basis. An interim biomass policy, including BLM land use planning guidance, is being developed for release in early FY 2003.

The BLM generates 177 megawatt-hours of electricity from photovoltaics each year from over 600 installations. Varied uses of photovoltaics include water pumping, outdoor lighting, communication sites, weather and water monitoring, remote field stations, and visitor centers. Since 1995, over 100 systems have been installed. These systems have focused on replacing fossil fueled engine generators with photovoltaics. The seasonal nature of the remote facilities and long summer-sun hours have made solar the most cost-effective approach to supplying power.

Many of the dams and powerplants in the West authorized under the Federal Power Act of 1920 are located on former public lands, now withdrawn by the Federal Energy Regulatory Commission (FERC). Most of the projects involving public lands are located in California, Oregon, Washington, and Idaho. Several Federal agencies, including the BLM, are providing input into the drafting of new regulations by FERC, which when issued would streamline the hydropower licensing process.

Biomass



Solar



Geothermal



small diameter trees and residues that result from the scientific application of forest and woodland restoration treatments. Biomass can be converted into transportation fuels, such as bio-ethanol, bio-diesel, and bio-gas, or used in combined heat and power plants for electricity generation. The BLM is exploring proposals for converting pinyon and juniper trees to chipped fuel to be used as a biomass source for generating electricity.

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 FY 2002, a total of 5,431 right-of-way actions were processed, resulting in 3,140 grants and amendments and 2,291 other actions being issued. (Note: In FY 2001, a total of 6,341 right-of-way actions were processed, resulting in 3,257 grants and amendments and 3,084 other actions being issued; this represents a revision of last year's reported accomplishments.)

As Table 3 shows, the estimated FY 2002 market (sales) value of production occurring on the public lands was \$12.50 billion, over 98 percent of which was derived from energy and minerals. The direct and indirect eco-

Table 3: Commercial Activities Summary

Public/Federal Land Commercial Activity	Value FY 2002 (millions \$)	Output Impact FY 2002 (millions \$)	Federal Revenue Generated ^a FY 2002 (millions \$)
Oil and Gas ² , Geothermal, & Helium ³	\$ 7,376	\$13,572	\$ 971
Coal Leasable Mineral	3,310	8,606	394
Other Leasable ⁴ and Salable Minerals	841	2,187	48
Locatable Minerals ⁵	819	2,129	19
Grazing	93	398	13
Timber	33	112	22
Realty ⁶	26	62	15
Total	\$12,498	\$27,066	\$1,482

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 2002 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 declined significantly from last year as a result of falling oil and gas prices. Oil and gas prices were unusually high in FY 2001. Prices returned to more historic levels in FY 2002, resulting in a decline in oil and gas royalties.
- 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. This year, detailed revenue data and sales value data were not yet available at the time of computation. They were derived from the total leasable mineral revenues of \$1,397 million. The total was first allocated to royalties, bonuses, rents, and other revenues using the historic three-year (1998-2000) average. The same method was used to allocate each category revenues to oil, gas, coal, geothermal, and all other. The sales value for each group of commodity was then derived from that allocated royalty, again using the three year (1998-2000) averaged royalty rate; i.e. Sale value = Royalty dollars / Averaged royalty rate.
- 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 production value decreased by \$112 million due to a patented platinum-palladium mine.
- ⁶ Rental fees include rights-of-way and communication sites (\$3.8 million). In previous years, only right-of-way fees were used.

conomic impact of all commercial activities amounted to \$27.07 billion. Of the total of \$1.48 billion in annual revenues derived from BLM-managed public lands and mineral resources, energy and minerals generated \$1.43 billion (97 percent) from mineral royalties, rents, bonuses, sales, and fees (see footnotes 2 and 4 under Table 3). 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, 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 147 wilderness areas encompassing almost 6.3 million acres, 601 wilderness study areas encompassing over 16 million acres, 38 National Wild and Scenic Rivers comprising 1 million acres and over 2,000 river miles, 208 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 2002, as well as 12 Congressionally designated National Conservation Areas. Please refer to the Stewardship Assets section (presented after the financial statements in this Annual Report) for specific information on these areas. National Monuments and National Conservation Areas, along with wilderness and wilderness study areas, national wild and scenic rivers, national historic/scenic trails, the White Mountains National Recreation Area, the Yaquina Head National Outstanding Natural Area, and the Headwaters Forest Reserve in California, make up the BLM's National Landscape Conservation System.

In fiscal year 2002, the Bureau continued its efforts to protect our Nation's cultural heritage by inventorying 532,238 acres for cultural resources, recording 9,248 properties, and issuing or continuing in effect a total of 606 study or management permits (excluding permits for paleontological collecting). To date, the Bureau has inventoried a total of 15,474,154 acres and recorded 255,225 cultural resource properties. Of these properties, 277 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 in FY 2002 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 approximately \$300,000 in funding to the western SHPOs. Since the data sharing project began in 1997, the SHPOs have provided more than \$300,000 of in-kind services in turn. Assuming sustained funding, work will progress toward ensuring all BLM states have both site and



Petroglyphs found in the Lower Snake River District in Idaho.

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.
- In FY 2002, the BLM continued its partnership with The Watercourse, a non profit organization at Montana State University. Through this partnership, The Watercourse will meet the demand for *Project Archaeology*, a nationwide teacher training program with a strong antivandalism message, in all 50 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 2002, 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 nine external museum projects. For more detailed information on the specific museums supported, please refer to the Museum Collections section of the Stewardship Assets report, which appears later in this document.
- To date, the BLM has published or has pending 84 *Federal Register* Native American Graves Protection

and Repatriation Act (NAGPRA) “Notices of Inventory Completion,” “Notices of Intent to Repatriate,” and newspaper “Notices of Custody Determination.” These notices resulted in the identification of thousands of individual human remains and objects subject to repatriation or transfer to affiliated federally recognized Indian tribes. All claimed materials have been repatriated.

- In fiscal year 2002, the BLM completed or continued work on the six *Save America’s Treasures* grants totaling \$800,000 that were awarded to the BLM between FY 1999 and FY 2001. For more information on these grants, please refer to the Cultural Properties section of the Stewardship Assets report, which appears later in this document.
- In fiscal year 2002, the BLM allocated \$195,000 appropriated by Congress for “at risk” cultural and paleontological properties to 18 critically threatened properties or critical projects. Among the criteria used to allocate funding was the ability of BLM offices to leverage appropriated dollars using funding provided by potential partners. One project involved Cannonball Pueblo, located in the Canyon of the Ancients National Monument in southwestern Colorado; here, BLM Colorado will match funds provided by the Colorado State Historic Fund using state gambling proceeds. Another important project funded is the development of an online database with a GIS linkage to portray paleontological sensitivity areas in New Mexico. Here, Federal funding is being matched by two cooperators: the New Mexico Museum of Natural History and the New Mexico Bureau of Geology and Mineral Resources.
- The BLM maintained and upgraded its website, “Cultural Heritage and Fossil Resources on the Public Lands,” (<http://www.blm.gov/heritage/>). The site includes sections on Historic Preservation, with

Table 4: Selected Natural and Cultural Heritage Accomplishments

FY 2002 Annual Goal	Target	Actual
Number of wild horse and burro herd management areas reaching appropriate management levels through the removal and successful placement of excess animals	110	107
Number of titles to wild horses and burros issued within six months of eligibility	7,500	6,039*
Number of at-risk cultural and paleontological properties protected on public lands	230	339
Number of acres of proactive cultural resource inventory	25,000	61,318

* This is a customer-driven measure; i.e., fewer adopters means fewer titles issued.

additional overviews of the BLM's Tribal Coordination, Heritage Education, Fossil Resource, Museum, and NAGPRA program components. The BLM has added a dynamic web capability, which includes a discussion thread.

Significant paleontological discoveries and studies continued in 2002. For more information, please refer to the Paleontological Properties section of the Stewardship Assets report, which appears later in this document.

Reduce Threats to Public Health, Safety, and Property

In fiscal year 2002, 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 inspec-

tions, 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 worked in excess of 4,600 days to support national security details. These included requests from Department of the Interior agencies and from other Federal agencies in support of National and Homeland Security.

The Bureau accomplished the following in fiscal year 2002:

- Supported efforts to prevent and mitigate damage to communities as well as the loss of natural and cultural resources 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 risks to both civilians and firefighters.
- Assessed 695 sites for environmental contamination, including sites polluted from historic public land uses, trespass dump locations, and property proposed for exchange or transfer. Cleanups of the Mosby Jet Fuel Refinery in Montana, the Manning Canyon mill site in Utah, and the Red Devil mine in Alaska were among the 209 response actions carried out in 2002. These three major cleanups were funded through the Department of the Interior's Central Hazmat Fund.
- Erected warning signs, fences, or other controls at over 500 potentially hazardous mine features, such as open adits and shafts, with particular focus on eliminating physical hazards in high-use visitor areas.
- Conducted assessments of natural resource damages resulting from releases of hazardous substances affecting public lands in western Nevada, as well as along the Clark Fork River in Montana and the Arkansas River in Colorado. The Bureau also carried out restoration planning for BLM resources injured on the Oregon coast (M/V New Carissa oil spill), in the Coeur d'Alene Basin

Table 5: Selected Public Health and Safety Accomplishments

FY 2002 Annual Goal	Target	Actual
Percentage of administrative facilities that are in fair or good condition	88%	87%
Percentage of dams that are in fair or good condition	61%	69%
Percentage of bridges that are in fair or good condition	95%	92%

in Idaho, along the Alamosa River in Colorado, and along the upper Sacramento River in northern California. This work was done in cooperation with other natural resource trustees and funded either by the Department of the Interior or from recoveries from responsible parties.

- Expanded the scope of facility condition assessment surveys to include a determination of current replacement values in order to compute the Facilities Condition Index (FCI) for each asset or group of assets. The Department of the Interior has adopted the industry standard FCI as a method of assessing the condition and change of condition of facilities.
- Increased the deferred maintenance workload for the third year in a row by undertaking over 130 projects valued at \$42 million, compared with \$39 million of deferred maintenance work in 2001 and \$13 million in 2000. Projects included renovations or replacements of four BLM field offices in Glennallen, Alaska; Craig, Colorado; Lewistown, Montana; and Rawlins, Wyoming, signaling an important effort to eliminate old, overcrowded, unsafe, or otherwise substandard office spaces and thus improve working conditions for employees.
- Maintained 87 percent of BLM recreation sites, administrative sites, and other buildings in at least fair or good condition, consistent with the BLM's performance planning and work plan commitments. In addition, 92 percent of BLM's bridges are in the fair or good category and 69 percent of BLM-owned dams are in either fair or good condition.
- Completed six baseline and 30 follow-up audits in the second year of follow-up audits as part of the Compliance Assessment – Safety, Health, and the Environment (CASHE) Program. Each BLM organizational unit received facility compliance progress reports that summarized any unresolved CASHE findings by their priority level. The progress reports energized the field offices and resulted in a significant increase in the completion of CASHE corrective actions and an overall improvement in the compliance

status of BLM facilities. The Bureau also tested an electronic document management system that automates CASHE findings and tracks the status of recommended corrective actions. This web-based CASHE and Safety Management System (CSMS) will be hosted on the Management Information System in order to integrate facility compliance with BLM's business practices.

- Removed 47,305 marijuana plants from public lands, seized 2,106 pounds of processed marijuana being smuggled across public lands, and investigated 36 incidents related to drug laboratories. BLM law enforcement officers also investigated 650 fire offenses, 4,475 off-highway vehicle-related offenses, and 180 wild horse and burro offense actions. The number of acts of theft occurring on public lands was 616, while acts of vandalism totaled 834.
- Entered into 72 reimbursable law enforcement agreements that provided a total of \$2,610,754 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 219 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 and scientific activities for many government agencies, as well as the private sector. 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 2002, over 10,652 miles were surveyed to determine the boundaries of public as well as tribal lands. A total of 1,275 survey plats were produced and approved, along with thousands of updates to land records and use authorizations.

Table 6: Selected Land, Resource, and Title Information Accomplishments

FY 2002 Annual Goal	Target	Actual
Number of public land records posted on the Internet	200,000	170,211*
Percentage of BLM's western townships for which access has been provided to land status, boundaries, and geographic coordinates in digital format on the Internet	12%	12%

* Due to the Cobell lawsuit, Indian records cannot be made available on the internet; over 15,000 images and data sets have been processed and are currently awaiting posting.

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 32,697 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 2002, more than 2,128,452 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 2002, the BLM continued to integrate its boundary records with the USDA Forest Service, with other Federal agencies, and with tribes, states, counties, 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 the Bureau'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 more than 4.4 million individual visitors who have accessed 151 million pages of information and ordered more than 68 million copies of patents contained on the site. The demand for the Bureau's land title records is increasing, as demonstrated in Table 7 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.

Table 7: 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
October 01, 2001 - September 30, 2002	28,533,909	12,443,394	622,273
Total	151,154,233	68,136,855	4,427,273

Note: A "Hit" is any connection to the GLO website; a "Visitor" is a series of requests from a user to the GLO website. The number of hits, requests, and visitors were down in FY 2002 because of a court-ordered shutdown of the Department's internet capabilities for 3 1/2 months.

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 is completed and GeoCommunicator, the first module, was deployed in fiscal year 2002. Module II, Survey Management/Measurement Management (SM/MM), will be deployed in fiscal year 2003.

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 2002, PILT payments totaled \$210 million.

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 9 shows, the estimated fiscal year 2002 market value of mineral production occurring on Indian trust lands was \$1,324 million. Direct and indirect economic impacts of all mineral activities amounted to \$2,845 million. The mineral royalty generated was \$185 million, a significant source of income for Tribes. Royalty revenues declined significantly from FY 2001 as a result of falling oil and gas prices. Oil and gas prices were unusually high in FY 2001 but returned to more historic levels in FY 2002.

The BLM has been delegated the Secretary of the Interior's statutory responsibility to survey Indian land and Indian Reservations. In fiscal year 2002, the BLM provided essential cadastral surveys and services

Table 8: Selected Economic and Technical Assistance Accomplishments

	FY 2002 Annual Goal	Target	Actual
Number of energy and mineral post-lease actions processed on Indian lands		5,000	5,101
Number of energy and mineral compliance, inspection, and enforcement actions on Indian lands		3,800	2,918*

* The accomplishments under this measure are influenced by customer demand levels, which were lower in FY 2002 than anticipated.

Table 9: FY 2002 Mineral Production on Indian Trust Lands

Mineral Commodities	Value FY 2002 (million \$)	Output Impact FY 2002 (million \$)	Royalty Generated FY 2002 (million \$)
Oil and Gas	\$ 783.8	\$1,442	\$119.7
Coal	478.0	1,243	57.8
Other Minerals *	61.7	160	7.5
Total	\$1,323.5	\$2,845	\$185.0

Note: All minerals on Indian trust lands are leasable. Leases are issued by the Bureau of Indian Affairs, but royalties generated are collected and distributed by the Minerals Management Service. This year, detailed revenue and sales value data were not available at the time of computation. For Indian minerals, the total revenue was determined by adding solid mineral revenue, estimated using a three-year (1999-2001) average, to known fluid mineral revenue. Allocation of the total to revenue type (royalties, rents, and other revenues) and then further allocation to commodities were made using factors (%) based on the three-year average (1998-2000). The sales value for each group of commodity was then derived from that allocated royalty using again the three-year (1998-2000) averaged royalty rate for that group.

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

requested and funded by the Bureau of Indian Affairs (BIA) or Tribal governments. These technical services defined and marked 240,440 acres, surveyed 2,719 miles, and set 4,160 survey monuments. The BIA and the Tribes estimated a tangible benefit value of \$30 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 2002, the BLM conveyed almost 597,000 acres in Alaska and 130,000 acres outside of Alaska. A number of land exchanges outside Alaska were either delayed or discontinued in 2002, lowering the acreage total for the year.

One of the BLM's most innovative land conveyance authorities is the Southern Nevada Public Land Management Act, enacted in October 1998. The

Southern Nevada Public Land Management Act (SNPLMA) 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.

Under SNPLMA, 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) 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 land sale revenue collected is deposited into the SNPLMA Special Account and 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.



The Red Rock Canyon National Conservation Area near Las Vegas, Nevada, attracts many visitors each year.

- Development of a multispecies habitat conservation plan in Clark County, Nevada.
- Development of parks, trails, and natural areas in Clark County.

The revenues generated thus enable the BLM and other government entities to acquire and preserve environmentally sensitive lands and to build or maintain trails, day-use areas, campgrounds, or other facilities to benefit public land visitors.

As of the end of fiscal year 2002, the BLM's SNPLMA land sales Treasury account had over \$131.5 million invested; interest earned during the year amounted to approximately \$2,210,000. From the program's inception, the BLM has conveyed over 6,000 acres under SNPLMA, with SNPLMA Special Account receipts of over \$149.5 million. The Directors of the BLM, U.S. Fish and Wildlife Service, and National Park Service, in partnership with the Chief of the USDA Forest Service, have recommended, and received approval from the Secretary of the Interior for, the expenditure of over \$45.5 million in the four categories listed above, with a recommendation for another \$117 million pending.

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 Lincoln County Land Act directs the BLM to dispose of 13,000 acres within five years of the passage of the Act. The first competitive sale was held October 12, 2001. A total of 6,478 acres were offered at public auction, with a required minimum bid of appraised value. Only one of three parcels of 112 acres received a successful bid. The sale of that parcel is under appeal with the Interior Board of Land Appeals (IBLA) and a decision had not been issued as of September 30, 2002. No patent has been issued.

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, 5 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 early in 2003. 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 use sale proceeds to purchase other lands to benefit the BLM or other Federal land management agencies. The Act also permits the BLM to retain exchange equalization payments (often made by land exchange proponents to equalize values between Federal and private lands). This Act, which applies nationally, not just to southern Nevada, enables the BLM to retain up to 20 percent of sales and exchange receipts to cover administrative costs, and mandates that the remainder (i.e., at least 80 percent) be used to purchase inholdings. Inholdings are any non-Federal lands located within specially 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.

Lands sold must already be identified for disposal in an existing federally approved land use plan and land inholdings must be purchased using proceeds of sale from the same state in which sales occurred. The Act does not mandate any sales or establish quotas for sale or purchase. As of the end of fiscal year 2002, sales proceeds under the Federal Land Transaction Facilitation Act totaled approximately \$1,704,000 and exchange proceeds approximately \$1,994,000, for a cumulative total of nearly \$3.7 million.

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.

Understand the Condition of the Public Lands

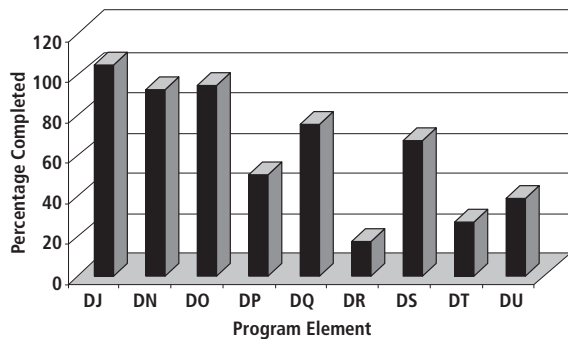
During the past two decades, demands on public land resources have grown at a rate that outpaces our ability to resolve existing land use conflicts and anticipate future demands accurately. Several major issues have emerged since the first round of BLM's land use plans and their associated environmental impact statements

(EISs) were completed. These include the protection of species habitat under the Endangered Species Act, rapid population growth in the American West, a renewed emphasis on the need to develop renewable and non-renewable domestic energy sources, and new laws that require other Federal and state agencies to participate in activities occurring on Federal lands. As a result of all of these factors, the Bureau has found that many of its land use plans are out of date and no longer reflect current natural resource or socioeconomic conditions.

Land use plans provide the basis for nearly all decisions affecting BLM-administered public lands. There are currently 166 land use plans on the public lands. The focus of the Bureau's efforts is determining the adequacy of its existing land use planning and National Environmental Policy Act (NEPA) base with respect to new information about demands on public land resources.

In conducting its land use planning efforts, the BLM evaluates opportunities for improving land conditions

Figure 1: FY 2002 Planning Workload Measures.



Program Elements/planning workload measures for fiscal year 2002. Percentages indicate level of target reached for each program element (DJ = plan evaluations; DN = preparation plans; DO = scoping; DP = Draft Plan/EIS; DQ = Proposed Plan/Final EIS; DR = Final Plan/Record of Decision (ROD); DS = Amendment/Draft EIS; DT = Amendment/Final EIS/ROD; DU = Amendment/EA Decision Record).

Table 10: Selected Land Use Planning Accomplishments

FY 2002 Annual Goal	Target	Actual
Cumulative percentage of existing land use plans evaluated	100%	100%
Percentage of "time-sensitive" land use plans on their approved schedule	100%	90%*
Percentage of non-time-sensitive land use plans on their approved schedule	75%	75%

* Contracting issues and Section 7 consultations with the U.S. Fish and Wildlife Service resulted in delays for two land use plans.

identified in assessments, and emphasizes collaborative actions with others. Once areas needing additional planning work have been identified, the Bureau will initiate amendments/revisions to address deficiencies. Updating NEPA and land use planning documents will reduce the risks of litigation and ensure that the BLM has a greater degree of success in meeting its program goals.

In April 2002, the BLM Director issued an instruction (policy) memorandum to encourage state, local, and tribal government entities to become active partners in BLM's NEPA and planning process. Engaging the BLM's partners in this manner is especially important as the BLM pursues a community-based land stewardship ethic that will bring government and communities together. It is hoped that this will create a mosaic of expertise that will make Bureau NEPA documents more meaningful and relevant to all of the BLM's publics.

Starting in FY 2001, the BLM began its largest and most concentrated effort in land use planning in more than 15 years, with national, regional, and local expectations. Over the next 10 years, the Bureau plans to update its entire planning base of more than 160 land use plans.

Establishing clear priorities is the key to managing the increasing workload demands and is vital to the overall success of this planning initiative. Accordingly, the BLM identified 21 high-priority land use planning efforts as time-sensitive plans. These plans were the most critical of the more than 70 land use planning efforts underway in FY 2002. The time-sensitive plans were selected because they were related to the development of energy resources, responded to nationally significant lawsuits, or had legislatively mandated timeframes.

Restore At-Risk Resources and Maintain Functioning Systems

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 is well positioned to make significant national contributions to clean water and healthy watersheds, biological diversity, and the protection of critical habitat for a variety of plant and animal species. The BLM manages far more land in Clean Water Act Category 1 (impaired) than any other Interior agency. Public lands (where BLM ownership is greater than or equal to 15 percent) play a critical role in more than one-third of all Category 1 watersheds in the West.

Many of the lands under the Bureau's management are still recovering from past land use practices. As a result, resource conditions are still unsatisfactory in some areas and will need time to recover.

Table 11 shows selected accomplishments for resource restoration.

The following narrative presents some highlights from fiscal year 2002:

- 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 2002, the BLM completed watershed assessments on about 10.3 million acres of public rangelands and evaluated 1,314 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. In 2002, the BLM completed watershed-based work on 95 AML sites in seven states; Colorado and Utah accounted for most of these sites.
- Under stable funding levels, the BLM has continued to prevent significant additional amounts of salts in the form of dissolved solids from entering the Colorado River system. As of the end of FY 2002, approximately 8,750 tons of salts had been prevented from entering the river system. This represents an increase of approximately 3,350 tons over FY 2001, reflecting better reporting systems, aggressive watershed maintenance work, vegetation management such as tamarisk or sagebrush removal, and river bank stabilization. Other means of salt retention included improved grazing management, fire and fuels management, road maintenance, off-road vehicle management, and riparian area restoration. Currently, it is estimated that the BLM has achieved over 64,150 tons of salt saved through FY 2002.
- Amendments are being developed for approximately 40 land use plans to ensure appropriate consideration of Canada lynx in land use activities through the BLM programmatic Canada lynx conservation agreement with the U.S. Fish and Wildlife Service (August 2000). The BLM received a Biological Opinion from the Service stating that revising and implementing land use plans in accordance with the conservation agreement would not jeopardize the lynx. Completion of the amendments will allow for authorization of activities, provided they are consistent with the amendments and the Endangered Species Act.
- The Bureau is aggressively implementing 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. FY 2002 accomplishments include the following:
 - In cooperation with the USDA Forest Service and U.S. Geological Survey, completion of the first-ever

Table 11: Selected Resource Restoration Accomplishments

FY 2002 Annual Goal	Target	Actual
Number of acres treated with wildland fire, prescribed fire, and mechanical fuels treatments to restore natural ecological processes	394,000	313,429*
Number of acres treated to prevent the spread of noxious weeds	245,000	312,561

* Extreme drought and a severe wildfire season reduced BLM's ability to attain this target.

web-hosted broad-scale map of sagebrush occurrence to be used for multispecies conservation planning.

- Development of prototype procedures to conduct broad-scale sagebrush habitat assessments for multiple wildlife species. A prototype assessment of the Great Basin using these new procedures has been initiated.
- Completion of a technical reference to help resource managers and others better understand the potential impacts of alternative management scenarios on the more than 20 sagebrush species occurring on public lands.
- In the Great Basin, where the BLM administers 75 million acres, the Bureau is continuing its efforts to implement 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, weeds, and human impacts on wildlife habitat (especially sage grouse habitat), livestock forage, watershed stability, and land health. Through appropriate restoration treatments, properly functioning lands will be maintained, degraded lands will be restored, and the social and economic fabric of local communities will be better sustained. To accomplish these objectives, a full-time coordinator is being hired to facilitate collaboration and build support for the objectives of the Initiative both with the public and internally.
- In FY 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) to address sage grouse issues on a regionwide basis. Ongoing activities in FY 2002 included:

- The appointment of an interstate conservation planning coordinator to assist state and local working groups on sage grouse conservation plans, thereby improving planning consistency and effectiveness. The BLM is actively participating in these working groups.
- Improved communication among state and Federal land and wildlife management agencies in developing a rangewide strategy to conserve and manage sage grouse and their habitat.
- Initiation of a rangewide Sage Grouse Conservation Assessment that will evaluate sage grouse populations and habitat on over 100 million acres.

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 has the right skills in the right place at the right time, and an emphasis on knowledge management. The BLM is being guided in these efforts by *The President's Management Agenda*, which focuses, in part, on strategically managing human capital.

Equal employment opportunity and workforce diversity are key elements in the BLM's strategy for managing its



Blue Grouse foraging in the Oregon grasslands.

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 12 illustrates this ongoing commitment to maintaining diversity in the workforce.

Table 12: BLM's Workforce Diversity

Employee Category	2000		2001		2002	
	Number of Employees	Percentage of Workforce	Number of Employees	Percentage of Workforce	Number of Employees	Percentage of Workforce
Minority Women	665	7.4	699	7.4	715	7.1
Minority Men	659	7.3	723	7.6	770	7.7
White Women	2,554	28.4	2,725	28.6	2,877	28.5
White Men	5115	56.9	5,361	56.4	5,720	56.7
Total Workforce	8,993	100.0	9,508	100.0	10,082	100.0
Persons With Disabilities	508	5.6	521	5.5	546	5.4

SERVICE FIRST

Service First is a BLM and USDA Forest Service joint venture to create seamless citizen-centered service delivery and more efficient land management. The most visible aspect of Service First is the collocation of many BLM and Forest Service operations in the same building. This means that public land users (mining and timber companies, ranchers, etc.) and the general public (hunters, anglers, hikers, and other recreational users) can go to one office to pick up permits, pay fees, and obtain information. This approach is both customer-focused and cost-effective.

The Service First initiative increased from 15 projects in FY 1996 to more than 340 projects between the BLM and Forest Service in FY 2001, and it continues to

expand and add new sites (22 are planned between 2003 and 2005).

While most Service First initiatives involve the BLM and Forest Service, several state, local, and tribal government organizations are also involved for such things as collecting fees for managing Federal lands. Service First is a leading-edge model of how several natural resource agencies are providing a single, common-sense approach to serving the public.



Archery hunter with scope in Montana.

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 2002, the BLM paid 97.5 percent of its invoices on time, despite a six-week internet/Federal Financial System shutdown and the demands of a severe fire season.

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 2002, the BLM paid 61,801 travel vouchers totaling \$30.5 million using electronic funds transfer and 3,657 vouchers totaling \$1.3 million by issuing a check. A total of 60,504 vouchers totaling \$854.5 million in the "all other" category were paid electronically, while 12,305 vouchers totaling \$97.9 million were paid by check.

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 2002, the Bureau had referred 77 percent of eligible debt to Treasury.



Forest workers measuring a Chinquapin tree in Oregon.

Distribution of receipts involves payments to local government entities. In FY 2002, the BLM made payments to states and counties, under various public laws, totaling \$335 million. This figure includes Payments in Lieu of Taxes (PILT) of \$210 million, Mineral Leasing Act payments of \$1 million, grazing payments amounting to \$53,928 (12th-month payment only due to a change in procedures; the payment for the full fiscal year was scheduled for early November 2002), and others. It also includes FY 2002 payments from FY 2001 timber sales for Oregon and California (O&C) grant lands and Coos Bay Wagon Road grant lands totaling \$110 million. Payments from FY 2002 timber sales for O&C grant lands and Coos Bay Wagon Road grant lands will be made in FY 2003 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 2002, the BLM had total collections from revenues and other sources of approximately \$430 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.



Volunteers assist in tree planting in the Lower Umpqua area in Oregon.

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 2002 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 decisionmaking.**

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 13 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 2002 assessments, 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.

The BLM implemented corrective actions in fiscal year 2002 to address four carryover material weaknesses: inadequate supervisory accountability, training, and staffing for the agency's safety management program; administration and oversight of the wild horse and burro herd management program; management and oversight of the land exchange program; and management and oversight of the appraisal function.

In FY 2002, the Bureau took final corrective actions to address the material weakness in the safety management program. The primary focus for dealing with this material weakness was to move the Bureau to a Risk Management environment. The Bureau's leadership

Table 13: FY 2002 Assessments and Audits

Assessment/Audit	Date Completed	Results (material weakness or best practice)
Invasive and Noxious Weeds	July 2002	None found
Public Domain Forestry/Forest Ecosystem Health and Recovery (FEHR) Fund	July 2002	None found
Wildlife, Fish, Botany and Threatened and Endangered species	July 2002	None found
Recreation Fee Demonstration	August 2002	None found
Wild Horse and Burro Herd management	August 2002	See the accompanying text
Oil and Gas	July 2002	None found
Bonding of Non-Energy Leasable Permits and Leases	August 2002	None found
Hazardous Materials	August 2002	None found
Land Exchange	September 2002	See the accompanying text
Appraisal	August 2002	See the accompanying text
Safety Management	September 2002	See the accompanying text
<i>Financial Procedures</i>		
National Interagency Fire Center (NIFC)	July 2002	None found
Montana	July 2002	None found
Oregon	July 2002	None found
Wyoming	September 2002	None found
Nevada	September 2002	None found
<i>General Support Systems/ Major Applications and Telecommunications Systems</i>		
California	July 2002	None found
Arizona	July 2002	None found
Washington Office (WO-300)	July 2002	None found
<i>Bureauwide Targeted Reviews</i>		
Integrated SmartPay - Charge Card	July 2002	None found
Charge Card - Credit limits	July 2002	None found
Performance-Based Service Contracting	July 2002	None found
<i>Joint Internal Acquisition and Property Management</i>		
California State Office (and some Field Offices)	August 2002	None found
Oregon State Office (and some Field Offices)	August 2002	None found
Alaska State Office (and some Field Offices)	August 2002	None found
<i>OIG/GAO Audits Used as Alternative Reviews</i>		
Financial Statement Audits	January 2002	Three material weaknesses; corrective actions on target

team was briefed to get final approval for the Bureau's Risk Management Plan and the go-ahead to implement it throughout the Bureau. All State Safety Managers were trained in the Risk Management process, and Train-the-Trainer training was conducted for supervisors. The Bureau continues to conduct internal reviews of the safety management program to ensure appropriate oversight and management of the safety program. As a result of the management focus on correcting this material weakness, the BLM Safety Management Program has now achieved high visibility and increased supervisory oversight.

Final corrective actions were also taken to address the administration and oversight of the wild horse and burro herd management program. Since 1997, the Bureau has conducted annual program reviews; selected and chartered the Wild Horse and Burro Advisory Board; established Government Performance and Results Act strategic goals to address the establishment and main-

tenance of appropriate management levels in herd management areas (HMAs); continued partnering with the U.S. Geological Survey to implement research-based on priorities; applied 1-year immuno-contraceptive vaccines to over 2,000 mares (FY 1999–FY 2001); developed and implemented a short-term adoption promotional plan; created a national marketing/promotion team to provide leadership and develop products to increase adoption successes; developed a process to track animals and costs, from gather to adoption; secured increased funding to implement "A Strategy To Achieve Healthy Rangelands and Viable Herds" in 4 years; and contracted for four new long-term holding facilities for excess unadoptable animals.

In addition, the Bureau has issued guidance to the field on implementing the strategy to achieve appropriate management levels (AMLs) on all HMAs by 2005 and secured increased funding to implement this strategy. Specifically, the BLM increased gathers from 8,631



The new portable corrals at the Wild horse and Burro adoption in Camp Verde, Arizona.

animals in FY 2000 to 13,041 animals in FY 2001, as well as increasing adoptions from 6,192 animals in FY 2000 to approximately 8,000 in FY 2001.

To address the management and oversight of the land exchange program, the Bureau established the National Land Exchange Evaluation and Assistance Team; revised the Advanced Land Transactions Course at the BLM National Training Center and conducted training and workshops on the land exchange process; and completed Agreed Upon Procedures Reviews of financial records related to 23 assembled land exchanges conducted between 1993 and 2000. The Bureau's Land Exchange Handbook is being revised to incorporate the new policies and procedures identified in the Appraisal Manual for land exchanges and the land exchange training modules. Appropriate followup, including program and management control reviews, is being conducted to ensure implementation of the new guidance.

To address the management and oversight of the appraisal function, the Bureau provided seed money for the Appraisal Institute to develop a Federal Land Exchange Appraisal Course that has been conducted in 11 locations, involving 375 students; updated the BLM Manual Section 9310 - Appraisal of Real Property; finalized guidance that established a consistent format for appraisal review reports and ended the practice of establishing a range of values; modified the land exchange and appraisal training being presented at the BLM National Training Center; and conducted annual Appraisal Management Meetings to reinforce appraisal standards. The Bureau also met with State Lead Appraisers to increase awareness and identify actions to improve the quality of appraisals and reviews, and conducted an Acquisition Strategy Meeting to streamline the appraisal contracting process. Appropriate followup, including program and management control reviews, is being conducted to ensure implementation of the new guidance.

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 bal-

ance, 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 engineer uses a global positioning system (GPS) unit in Oregon.

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

NATURAL AND HUMAN-CAUSED DISASTERS

RECENT ACQUISITIONS IN THE LOWER POTOMAC RIVER REGION HAVE INCREASED THE NUMBER OF BLM FACILITIES IN THE EASTERN UNITED STATES. HOWEVER, MOST OF THE BUREAU'S FACILITIES ARE STILL LOCATED IN THE WESTERN STATES, INCLUDING ALASKA. BLM FACILITIES ARE SUSCEPTIBLE TO TYPICAL RISKS FOR BUILDINGS AND STRUCTURES SUCH AS FIRE, POWER OUTAGES, AND NATURAL DISASTER THREATS RESULTING FROM LOCAL CONDITIONS SUCH AS FLOODING, TORNADOS, WINTER STORMS, AND EARTHQUAKES.

BLM facilities, personnel, and resources are also subject to security-related risks. Sadly, the threats and acts of terrorism that occurred in 2001 reinforced the need for government agencies, including the BLM, to review and revise business continuity and related contingency plans to ensure that essential services can be provided during emergency conditions.

Possible Future Effects: Possible future effects of natural and human-caused disasters range from minor damage or disruption to large-scale catastrophes resulting in extensive employee injuries and destruction of property. The BLM's contingency 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.

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. In the Southwest, multi-year drought and one of the driest winters on record led to the spring fire danger being much above normal. When the usually windy spring was accompanied by below normal precipitation, large fires began to occur across the southern portion of the area. Through May and June, hot and dry conditions persisted and worsened. Incursions of moisture brought dry lightning in June, interspersed with periods of record heat and breezy afternoons.

The Rocky Mountain area started its season four to five weeks earlier than normal due to persistent drought conditions, along with a spring snow pack of only 20 to 40 percent of normal. As a result, high-elevation fires were burning well ahead of schedule and did not experience relief until mid-July with the onset of westward moving fronts and the monsoon.

Gusty north to northeast winds in southwestern Oregon resulted in rapid spread and large growth of the Florence and Biscuit fires in late July. These two fires eventually merged to become the largest fire in the Nation this year at 500,000 acres.

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. Historically, every fire season has at least one or two

unusually active regions. Recent fire seasons have demonstrated that adequate firefighting resources and a high level of preparedness can control fires and prevent extensive destruction.

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, will 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.

CRIME AND UNAUTHORIZED USE

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

The designation of additional special management areas (national monuments, wilderness areas, areas of critical environmental concern, etc.) has led to a greater degree of regulated use and restrictions. However,



President George W. Bush visited the Squires fire in BLM's Medford District in Oregon (August 22, 2002).

there are still some public land users who deliberately violate these restrictions and cause damage to lands and resources.

The BLM issues permits for many commercial uses of public lands. However, numerous individuals use or take resources 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 the public lands, BLM 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 17,654 incidents in 2002. They took enforcement action on 72 percent (12,712) of the identified and reported violations.

In the aftermath of the terrorist attacks on September 11, 2001, the BLM's law enforcement program continues to respond to numerous National

and Homeland security-related requests from the Department of the Interior and other Federal agencies. BLM law enforcement officers worked in excess of 4,600 days in support of these details.

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 more than 261 million acres. Unauthorized use will continue to cause the loss of resources and cost significant sums of 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. Also of great concern in recent years has been the looting of cultural and paleontological resources to be sold to overseas collectors.

DEFERRED MAINTENANCE

The BLM is responsible for maintaining 3,954 buildings and structures, 680 administrative sites, 2,097 recreation sites, 78,060 miles of roads, 888 bridges, 15,447 miles of trails, and 750 dams. These assets enhance the enjoyment and use of the public lands for recreation, revenue generation, and other purposes.



Mountain bikers cross a scenic bridge on BLM lands in Idaho.

As of September 30, 2002, the estimated total maintenance backlog stood at \$354 million, an increase of \$21 million, or 6 percent, over 2001. Recreation facilities accounted for over half of this increase.

In general, deferred maintenance 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.



An Arizona law enforcement ranger using his EMT skills on a victim in the Imperial Sand Dunes.



Burley, Idaho, wareyard employees shown sampling drums of unknown substances.

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.

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. Preservation 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 severe deterioration or even total loss of facilities. This, in turn, could result in resource damage. For example, not maintaining a hiking trail on steep terrain could result in gullying, 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 can involve a variety of issues, including lost revenues when timber contracts are suspended because of environmental issues; injuries or death that occur 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 or operations. 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 2002, there were three cases; one had an estimated liability of \$350,000, and the liability amount for the other two is unknown. 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 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 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 12 contaminated sites where BLM has legal or shared liability at an estimated cost of \$5.4 million. The BLM has identified another 155 contaminated sites with contingent liabilities. Where costs are available, the estimated cost of cleanup activities and studies range from \$53 million to \$110 million. Part of these costs may be incurred or recovered from responsible parties. There are also 136 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 are 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 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

The Bureau maintains an inventory of known abandoned mine land (AML) sites on the public lands. BLM personnel routinely conduct field validations of potential AML sites and hazards, with the primary focus on priority watersheds and high-use areas. State agencies and the public often identify AML hazards they encounter on public lands. In FY 2002, 270 AMLs were added to the Abandoned Mine Land Inventory System, bringing the total number of sites in the database to 9,870.

The Bureau received \$10 million for AML water-quality-based site cleanups in 2002, most of which went to water quality AML projects and cleanups underway in state designated priority watersheds. The BLM works in partnership with other government agencies and private landowners to target and leverage funding and coordinate projects. Watershed projects are typically complex, multi-year efforts.



An old mining shaft on a canyon ridge in the Vale BLM District, Oregon.

In 2002, the BLM completed watershed-based work on 95 AML sites in seven states; Colorado and Utah accounted for most of these sites. In Colorado, work was completed on the Nelson Tunnel and in the Henson Creek, Animas, Arkansas and Gunnison watersheds. The Utah sites were part of the ongoing Cottonwood Wash initiative to clean up abandoned vanadium mines. Additionally, BLM stabilized several large mine waste dumps, cleaned up mine tailings, and repaired affected stream channels in Idaho's Coeur d'Alene basin and Challis areas.

In cooperation with partners, BLM also mitigated physical safety and/or health hazards at over 530 AML sites, with Nevada and Colorado accounting for over 440 of those sites. The hazards remediated in Colorado included 61 uranium mines and 108 mine openings.

The Bureau continued to warn the public about the dangers of abandoned mines, making available web-based information about AML hazards and ongoing projects. The BLM also supported the Mine Hazard Awareness Campaign, a Federal and state cooperative effort initiat-

ed 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. This program targets safety awareness especially toward school-aged children. BLM personnel gave AML safety presentations to classrooms, special interest groups, and local outreach venues, as well as distributing several thousand AML safety brochures.

Possible Future Effects: Given the large number of abandoned mine sites believed 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 explore old mine tunnels and buildings. The BLM faces exposure to lawsuits or claims for damages resulting from deaths or injuries at these sites. As population sprawl continues across the West, and as more visitors come to the public lands to enjoy recreation activities and experience open space, more people will come into contact with what once were remote abandoned mine sites. The BLM has no basis for estimating the future financial impact of abandoned mine hazards.



Abandoned mine works buildings in Oregon's Burns District.

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).**

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

- **Consolidated Balance Sheet:** This statement reports on the operating assets and liabilities related to the delivery of goods and services. It displays 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 Statement 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 cost of operations, revenue generated from operations, and appropriations (dollars) used to fund the net cost of operations.
- **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 of Operations.
- **Supplementary Report on Deferred Maintenance:** This report 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.

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 its 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 2002 and 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 2001, the BLM maintained over \$70



Idaho firefighter with a heavy engine used during fire season.

million in investments related to the SNPLMA land sales. During FY 2002, the Bureau had more and larger land sales than in any previous fiscal year. The BLM was able to invest almost \$60 million of the proceeds from these sales. Additionally, the BLM collected more than \$2 million of interest revenue related to the SNPLMA investments.

- The FY 2002 fire season was significantly more severe than the FY 2001 fire season, which resulted in an increase of more than \$100 million in firefighting costs.
- Congress established the Department of Treasury Judgement Fund, a permanent, indefinite appropriation, in 1956 to pay certain judicially and administratively ordered monetary awards against the United States. The Judgement Fund may also pay amounts owed under compromise agreements negotiated by

the Department of Justice in settlement of claims arising under actual or imminent litigation. The Judgement Fund bills agencies for reimbursement of certain amounts it has expended, while it pays other amounts without expectation of reimbursement. During FY 2002, the Judgement Fund paid just over \$20 million on behalf of the BLM related to the settlement of lawsuits. Of the \$20 million paid by the Judgement Fund, the BLM was, in turn, billed for \$11.5 million. The BLM will not repay the Judgement Fund until adequate appropriations are received to cover these costs. As a result, the amount payable to the Judgement Fund has increased from less than \$1 million in FY 2001 to more than \$12 million in FY 2002. Additionally, as a result of several lawsuits being settled during FY 2002, the BLM's accrued contingent liabilities have significantly decreased from FY 2001.



Road maintenance crew at work in Oregon.

Financial Statements

*Bureau of Land Management
Consolidated Balance Sheet
September 30, 2002 and 2001
(dollars in thousands)*

	2002	2001
Assets (Note 2):		
Intragovernmental:		
Fund Balance with Treasury (Note 3)	\$ 983,026	\$ 899,870
Investments, Net (Note 4)	164,992	102,511
Accounts Receivable, Net (Note 5)	6,494	7,869
Advances and Prepayments	3,601	2,877
Total Intragovernmental	<u>1,158,113</u>	<u>1,013,127</u>
Cash in Imprest Funds	54	48
Accounts Receivable, Net (Note 5)	8,985	10,195
Advances and Prepayments	2,617	262
Inventory and Related Property, Net (Note 6)	354,264	356,466
General Property, Plant, and Equipment, Net (Note 7)	<u>283,552</u>	<u>252,906</u>
Total Assets (Note 8)	<u>\$1,807,585</u>	<u>\$1,633,004</u>
Liabilities and Net Position:		
Liabilities (Note 9):		
Intragovernmental:		
Accounts Payable	\$ 12,575	\$ 21,902
Accrued Payroll and Benefits	7,102	6,643
Undistributed Collections	52,793	58,825
Deferred Credits (Note 10)	18,581	14,901
Unfunded Payroll Liabilities (Note 11)	19,913	15,472
Due to Treasury Judgement Fund	12,224	760
Debt to Treasury (Note 12)	<u>1,309,204</u>	<u>1,319,204</u>
Total Intragovernmental	<u>1,432,392</u>	<u>1,437,707</u>
Accounts Payable	44,679	46,501
Accrued Payroll and Benefits	43,695	37,541
Secure Rural Schools Act Payable	98,776	93,811
Deposit Funds (Note 13)	134,999	78,093
Deferred Credits (Note 10)	7,269	847
Unfunded Annual Leave	49,037	48,495
Accrued Contingent Liabilities (Note 14)	5,773	25,278
Actuarial Liabilities	83,600	84,165
Total Liabilities	<u>1,900,220</u>	<u>1,852,438</u>
Commitments and Contingencies (Notes 14 and 20)		
Net Position:		
Unexpended Appropriations	480,276	471,043
Cumulative Results of Operations	<u>(572,911)</u>	<u>(690,477)</u>
Net Position	<u>(92,635)</u>	<u>(219,434)</u>
Total Liabilities and Net Position	<u>\$1,807,585</u>	<u>\$1,633,004</u>

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

*Bureau of Land Management
Consolidated Statement of Net Cost of Operations
for the Fiscal Years Ended September 30, 2002 and 2001
(dollars in thousands)*

	2002	2001
(Notes 15 and 21)		
Preserve Natural and Cultural Heritage Resources		
Gross Cost	\$ 175,072	\$ 151,569
Earned Revenue	<u>86,219</u>	<u>69,456</u>
Net Cost	<u>88,853</u>	<u>82,113</u>
Understand the Condition of the Public Lands		
Gross Cost	156,645	138,436
Earned Revenue	<u>1,470</u>	<u>1,187</u>
Net Cost	<u>155,175</u>	<u>137,249</u>
Restore At-Risk Systems and Maintain Functioning Systems		
Gross Cost	213,551	186,850
Earned Revenue	<u>10,154</u>	<u>8,231</u>
Net Cost	<u>203,397</u>	<u>178,619</u>
Provide Opportunities for Environmentally Responsible Recreation		
Gross Cost	93,901	85,821
Earned Revenue	<u>13,527</u>	<u>11,445</u>
Net Cost	<u>80,374</u>	<u>74,376</u>
Provide Opportunities for Environmentally Responsible Commercial Activities		
Gross Cost	251,462	247,783
Earned Revenue	<u>110,471</u>	<u>126,802</u>
Net Cost	<u>140,991</u>	<u>120,981</u>
Reduce Threats to Public Health, Safety, and Property		
Gross Cost	607,779	484,597
Earned Revenue	<u>57,410</u>	<u>34,866</u>
Net Cost	<u>550,369</u>	<u>449,731</u>
Improve Land, Resource, and Title Information		
Gross Cost	112,909	119,631
Earned Revenue	<u>10,744</u>	<u>7,535</u>
Net Cost	<u>102,165</u>	<u>112,096</u>
Provide Economic and Technical Assistance		
Gross Cost	363,940	332,545
Earned Revenue	<u>695</u>	<u>837</u>
Net Cost	<u>363,245</u>	<u>331,708</u>
Totals		
Gross Cost (Note 16)	1,975,259	1,747,232
Earned Revenue	<u>290,690</u>	<u>260,359</u>
Net Cost of Operations	<u>\$1,684,569</u>	<u>\$1,486,873</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, 2002
 (dollars in thousands)*

	Unexpended Appropriations	Cumulative Results of Operations
Balances, Beginning of Year	\$ <u>471,043</u>	\$ <u>(690,477)</u>
Budgetary Financing Sources:		
Appropriations Received	1,918,844	
Appropriations Transferred Out, Net	(247,232)	
Other Adjustments	(1,114)	
Appropriations Used	(1,661,265)	1,661,265
Nonexchange Revenue		4,546
Transfers In Without Reimbursement, Net		69,386
Other Budgetary Financing Sources		4,970
Other Financing Sources:		
Transfers Out Without Reimbursement, Net		(55)
Imputed Financing From Costs Absorbed by Others (Note 17)		62,023
Total Financing Sources	<u>9,233</u>	<u>1,802,135</u>
Net Cost of Operations	<u> </u>	<u>(1,684,569)</u>
Balances, End of Year	\$ <u><u>480,276</u></u>	\$ <u><u>(572,911)</u></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, 2002
 (dollars in thousands)*

(Note 18)

Budgetary Resources:

Budget Authority:	
Appropriations Received	\$2,214,791
Net Transfers	15,061
Unobligated Balance:	
Beginning of Year, as Adjusted (Note 15)	440,508
Net Transfers, Actual	213,002
Spending Authority from Offsetting Collections:	
Earned:	
Collected	142,917
Receivable from Federal Sources	(2,808)
Change in Unfilled Customer Orders:	
Advance Received	3,732
Without Advance from Federal Sources	(3,861)
Recoveries of Prior Year Obligations	43,405
Permanently Not Available Pursuant to Public Law	<u>(11,114)</u>

Total Budgetary Resources \$3,055,633

Status of Budgetary Resources:

Obligations Incurred:	
Direct	\$2,565,493
Reimbursable	39,176
Total Obligations Incurred	<u>2,604,669</u>
Unobligated Balance Apportioned (Note 18)	450,657
Unobligated Balance Not Available (Note 18)	<u>307</u>

Total Status of Budgetary Resources \$3,055,633

Relationship of Obligations to Outlays:

Obligations Incurred	\$2,604,669
Obligated Balance, Net, Beginning of Year, as Adjusted (Note 15)	592,871
Obligated Balance, Net, End of Year:	
Accounts Receivable	12,838
Unfilled Customer Orders from Federal Sources	16,290
Undelivered Orders	(560,602)
Accounts Payable	(154,349)
Less: Spending Authority Adjustments	<u>(36,736)</u>
Outlays:	
Disbursements	2,474,981
Collections	(146,649)
Subtotal	<u>2,328,332</u>
Less: Offsetting Receipts	<u>(276,683)</u>

Net Outlays \$2,051,649

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, 2002
(dollars in thousands)*

Resources Used to Finance Activities:

Budgetary Resources Obligated	
Obligations Incurred	\$ 2,604,669
Spending Authority from Offsetting Collections and Recoveries	(183,385)
Obligations Net of Offsetting Collections and Recoveries	<u>2,421,284</u>
Offsetting Receipts	(276,683)
Net Obligations	<u>2,144,601</u>
Other Resources	
Transfers Out Without Reimbursement, Net	(55)
Imputed Financing From Costs Absorbed by Others (Note 17)	<u>62,023</u>
Net Other Resources Used to Finance Activities	<u>61,968</u>

Total Resources Used to Finance Activities

2,206,569

Resources Used to Finance Items Not Part of the Net Cost of Operations:

Change in Budgetary Resources Obligated for Goods and Services Ordered But Not Yet Provided	(78,413)
Resources that Fund Expenses Recognized in Prior Periods	(3,394)
Budgetary Offsetting Collections and Receipts That Do Not Affect Net Cost of Operations	4,546
Resources that Finance the Acquisition of Assets	(55,993)
Allocation Transfer Reconciling Item, Parent Account (Note 19)	<u>(420,268)</u>

Total Resources Used to Finance Items Not Part of the Net Cost of Operations

(553,522)

Total Resources Used to Finance the Net Cost of Operations

1,653,047

Components of the Net Cost of Operations That Did Not Require or Generate Resources in the Current Period:

Components Requiring or Generating Resources in Future Periods:	
Increase in Annual Leave Liability	<u>542</u>
Components Not Requiring or Generating Resources:	
Depreciation and Amortization	27,374
Allocation Transfer Reconciling Item, Recipient Account (Note 19)	<u>3,606</u>
Total Components Not Requiring or Generating Resources	<u>30,980</u>

Total Components of Net Cost of Operations that Did Not Require or Generate Resources in the Current Period

31,522

Net Cost of Operations

\$ 1,684,569

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 the Federal Land Policy and Management Act of 1976 (P.L. 94-579).

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 to be 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 change-making 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). However, 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 13.

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. This 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 and to support the continual existence/liability of "sensitive" species and species listed under The Endangered Species Act.

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 Bureau employees.

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

Provide Economic and Technical Assistance - The BLM will meet its trust responsibilities and provide economic and other assistance to local, state and tribal governments, as well as Alaskan Natives.

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 BLM's control, as well as 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 occurs before an accrual-based transaction takes place. 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 the 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 then passed on to the Treasury or distributed to other governmental 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. However, 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 this 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 are recorded as a financing source or use of finances, respectively.

D. FUND BALANCE WITH TREASURY AND CASH

The BLM's 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 that 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 three accounts: the proceeds of certain land sales as authorized by either the Southern Nevada Public Land Management Act enacted in October 1998, or the Lincoln County Land Act enacted in October 2000; 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

The helium stockpile inventory is stored in a partially depleted natural gas reservoir and is valued at cost.

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.

The Working capital fund inventory consists of items that will be consumed in future operations. This inventory is held 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 weighted average cost method.

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 and related property.

H. GENERAL PROPERTY, PLANT, AND EQUIPMENT

This category consists of land and land improvements; buildings; other structures and facilities; construction in progress; equipment and vehicles; data processing software; 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 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.

Undistributed collections are amounts held in unavailable special receipt funds at year end. Amounts collected into these funds, and reported as revenue, are subject to distribution based on formulas specified in various authorizing pieces of legislation. The distributions occur at various times during the year or in

subsequent years, in accordance with the terms of the legislation. The undistributed collections, which are principally due to Treasury, are considered a current liability.

Congress established the Department of Treasury Judgement Fund, a permanent, indefinite appropriation, to pay certain judicially and administratively ordered monetary awards against the United States. The Judgement Fund may also pay amounts owed under compromise agreements negotiated by the Department of Justice in settlement of claims arising under actual or imminent litigation. The Judgement Fund bills agencies for reimbursement of certain of the amounts it has expended, and pays other amounts, without expectation of reimbursement. The BLM records a liability for the former, and records an imputed cost and financing source for the latter. See Note 17 for further discussion of imputed amounts.

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 12.

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 12.

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. Since the passage of the Helium Privatization Act of 1996, Public Law 104-273, enacted October 9, 1996, no further interest expense has been 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 12.

The Secure Rural Schools and Community Self Determination Act of 2000 was passed during FY 2001. The Act provides for increased payments to eligible States as compensation for the deprivation of revenue 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 BLM records an unfunded liability at each year-end for the amount to be appropriated in the following fiscal year for these payments.

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 that current or prior year appropriations are not available to finance annual leave, future financing sources will be used. An accrual is also provided for the amount which would be due under the Federal Insurance Contributions Act (FICA) related to this annual leave. See Note 11.

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 losses are determined to be probable, and a reasonable estimate of the scope of the potential liability is available. In accordance with Federal 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 government acknowledged, but 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 14.

L. 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.

M. 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 17.

N. 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.

O. 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, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ significantly from those estimates.

P. COMPARATIVE DATA

The Balance Sheet and the Statement 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 2001 amounts have been reclassified to conform to the FY 2002 financial statement presentation, as disclosed in Note 15.

Note 2 - Entity and Non-Entity Assets

September 30, 2002:	Entity	Non-Entity	Total
Intragovernmental:			
Fund Balance with Treasury	\$ 825,099	\$ 157,927	\$ 983,026
Investments, Net	131,299	33,693	164,992
Accounts Receivable	6,494		6,494
Advances and Prepayments	3,601		3,601
Total Intragovernmental	<u>966,493</u>	<u>191,620</u>	<u>1,158,113</u>
Cash in Imprest Funds	54		54
Accounts Receivable, Net	8,325	660	8,985
Advances and Prepayments	2,617		2,617
Inventory and Related Property, Net	354,264		354,264
General Property, Plant, and Equipment, Net	<u>283,552</u>	<u> </u>	<u>283,552</u>
Total Assets	<u>\$ 1,615,305</u>	<u>\$ 192,280</u>	<u>\$ 1,807,585</u>
September 30, 2001:	Entity	Non-Entity	Total
Intragovernmental:			
Fund Balance with Treasury	\$ 795,412	\$ 104,458	\$ 899,870
Investments, Net	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>
Cash in Imprest Funds	48		48
Accounts Receivable, Net	9,833	362	10,195
Advances and Prepayments	262		262
Inventory and Related Property, Net	356,466		356,466
General Property, Plant, and Equipment, Net	<u>252,906</u>	<u> </u>	<u>252,906</u>
Total Assets	<u>\$ 1,495,753</u>	<u>\$ 137,251</u>	<u>\$ 1,633,004</u>

The BLM has no restricted assets.

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 Balance Sheet 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.

Fund Balances:	2002	2001
General Funds	\$ 621,140	\$ 563,766
Special Funds	141,117	168,204
Revolving Funds	83,692	85,750
Trust Funds	19,182	22,461
Other Fund Types	<u>117,895</u>	<u>59,689</u>
Total	<u>\$ 983,026</u>	<u>\$ 899,870</u>
Status of Fund Balance with Treasury:	2002	2001
Unobligated Balance:		
Available	\$ 269,729	\$ 306,068
Unavailable	157,267	103,209
Obligated Balance not yet Disbursed	<u>556,030</u>	<u>490,593</u>
Total	<u>\$ 983,026</u>	<u>\$ 899,870</u>

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

Additional discussion of fund balance with Treasury is presented in Note 1(D).

Note 4 - Investments, Net

Investments consist of U.S. Treasury Bills, maturing within one year. Amounts shown on the Balance Sheet are at par value, less discounts amortized using the interest method.

	2002	2001
Par Value	\$ 165,480	\$ 102,987
Unamortized Discount	<u>(488)</u>	<u>(476)</u>
Net Book Value	<u>\$ 164,992</u>	<u>\$ 102,511</u>

The market value of investments was \$165,047 as of September 30, 2002 and \$102,636 as of September 30, 2001. 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 by other Federal agencies (intragovernmental), or by the public.

September 30, 2002: Intragovernmental Public		
Accounts Receivable, Billed		
Current	\$	\$ 2,877
Past Due Accounts:		
1-180 Days		1,545
181-365 Days		295
Over 1 Year	6	1,466
Allowance for Uncollectible Accounts		(1,315)
Net Accounts Receivable, Billed	<u>6</u>	<u>4,868</u>
Accounts Receivable, Unbilled	<u>6,488</u>	<u>4,117</u>
Total Accounts Receivable, Net	<u>\$ 6,494</u>	<u>\$ 8,985</u>
September 30, 2001: Intragovernmental Public		
Accounts Receivable, Billed:		
Current	\$	\$ 5,129
Past Due Accounts:		
1-180 Days		656
181-365 Days		275
Over 1 Year	6	1,576
Allowance for Uncollectible Accounts		(1,237)
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>

See Note 1(F) for additional discussion regarding accounts receivable.

Note 6 - Inventory and Related Property, Net

	2002	2001
Stockpile Materials:		
Recoverable Below-Ground Crude Helium	\$ 352,879	\$ 355,075
Gas and Storage Rights, Net:		
Gas and Storage Rights	1,538	1,538
Accumulated Depletion Allowance	<u>(462)</u>	<u>(462)</u>
Gas and Storage Rights, Net	<u>1,076</u>	<u>1,076</u>
Inventory, Net:		
Working Capital Fund:		
Inventory	441	447
Allowance for Loss on Inventory	<u>(132)</u>	<u>(132)</u>
Inventory, Net	<u>309</u>	<u>315</u>
Total	<u>\$ 354,264</u>	<u>\$ 356,466</u>

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

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

September 30, 2002:	Acquisition Value	Accumulated Depreciation	Net Book Value
Land and Land Improvements	\$ 73,213	\$ (29,117)	\$ 44,096
Buildings	110,978	(55,004)	55,974
Other Structures and Facilities	34,822	(25,757)	9,065
Construction in Progress	26,278		26,278
Equipment and Vehicles	249,258	(118,342)	130,916
Data Processing Software	17,788	(2,905)	14,883
Property Being Held Pending Disposition	<u>5,005</u>	<u>(2,665)</u>	<u>2,340</u>
Total	<u>\$517,342</u>	<u>\$(233,790)</u>	<u>\$ 283,552</u>
September 30, 2001:			
Land and Land Improvements	\$ 71,140	\$ (26,888)	\$ 44,252
Buildings	107,981	(51,510)	56,471
Other Structures and Facilities	33,960	(24,843)	9,117
Construction in Progress	20,250		20,250
Equipment and Vehicles	232,053	(118,744)	113,309
Data Processing Software	9,454	(2,287)	7,167
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>

Depreciation is recorded using the straight line method over a period of 2 to 30 years. Capitalization criteria and other information regarding property, plant, and equipment 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 public 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, 2002, the value of these securities was \$322,752; at September 30, 2001, the value was \$12,349. The increase from FY 2001 to FY 2002 is primarily related to securities of \$304,000 pledged for a coal lease in Wyoming. Since these instruments are not available to the BLM unless a customer defaults on an agreement, they are not recognized as BLM's assets or liabilities.

Note 9 - Liabilities Covered or Not Covered by Budgetary Resources

September 30, 2002:	Covered by Budgetary Resources		Not Covered by Budgetary Resources		Total
	Current	Non-Current	Current	Non-Current	
Intragovernmental:					
Accounts Payable	\$ 12,575	\$	\$	\$	\$ 12,575
Debt to Treasury	10,000	1,299,204			1,309,204
Other:					
Accrued Payroll and Benefits	7,102				7,102
Undistributed Collections			52,793		52,793
Deferred Credits	18,581				18,581
Unfunded Payroll Liabilities			6,471	13,442	19,913
Due to Treasury Judgement Fund				12,224	12,224
Total Intragovernmental	48,258	1,299,204	59,264	25,666	1,432,392
Accounts Payable	44,679				44,679
Accrued Contingent Liabilities		4,507		1,266	5,773
Actuarial Liabilities				83,600	83,600
Other:					
Accrued Payroll and Benefits	43,695				43,695
Secure Rural Schools Act Payable			98,776		98,776
Deposit Funds			134,999		134,999
Deferred Credits	7,269				7,269
Unfunded Annual Leave				49,037	49,037
Total Liabilities	\$143,901	\$1,303,711	\$293,039	\$159,569	\$1,900,220
September 30, 2001:					
Intragovernmental:					
Accounts Payable	\$ 21,902	\$	\$	\$	\$ 21,902
Debt to Treasury	10,000	1,309,204			1,319,204
Other:					
Accrued Payroll and Benefits	6,643				6,643
Undistributed Collections			58,825		58,825
Deferred Credits	14,901				14,901
Unfunded Payroll Liabilities			5,883	9,589	15,472
Due to Treasury Judgement Fund				760	760
Total Intragovernmental	53,446	1,309,204	64,708	10,349	1,437,707
Accounts Payable	46,501				46,501
Accrued Contingent Liabilities		374		24,904	25,278
Actuarial Liabilities				84,165	84,165
Other:					
Accrued Payroll and Benefits	37,541				37,541
Secure Rural Schools Act Payable			93,811		93,811
Deposit Funds			78,093		78,093
Deferred Credits	847				847
Unfunded Annual Leave				48,495	48,495
Total Liabilities	\$138,335	\$1,309,578	\$236,612	\$167,913	\$1,852,438

Additional information regarding liabilities may be found in Note 1(I).

Note 10 - Deferred Credits

Intragovernmental deferred credits consist principally of unspent Title V, Title VI, and Fire Science Project funds remaining at the end of the year. Title V and Title VI funds are advanced to the BLM from the Department of the Interior's Office of the Secretary; Fire Science Project funds are received from the USDA Forest Service. These funds 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 to acquire land and mineral rights, and to protect and preserve the California desert. These funds remain available through FY 2003.

In accordance with the Economy Act, the BLM and the Forest Service established inter-agency agreements to administer the Joint Fire Service Program, which provides funding primarily for fire-related research to improve fuel management and fire prevention. The BLM is the primary administrator of this program, and receives monies in advance from the Forest Service to carry out the program needs.

Non-intragovernmental deferred credits consist primarily of deposits received from prospective purchasers of land pursuant to the Southern Nevada Public Land Management Act. These deposits are classified as a liability until the sales are consummated.

	2002	2001
Intragovernmental:		
Unspent Title V and Title VI Funds	\$ 5,869	\$11,321
Unspent Fire Science Project Funds	9,266	
Other	<u>3,446</u>	<u>3,580</u>
Total	<u>\$18,581</u>	<u>\$14,901</u>
Southern Nevada Land Sale Deposits	\$ 6,042	\$
Other	<u>1,227</u>	<u>847</u>
Total	<u>\$ 7,269</u>	<u>\$ 847</u>

Note 11 - Intragovernmental Unfunded Payroll Liabilities

Liabilities for workers' compensation and unemployment compensation are amounts which will be paid to Department of Labor, when billed, through the Department of Interior's Office of the Secretary. An accrual is also provided for the amount which would be due under the Federal Insurance Contributions Act (FICA) related to unfunded annual leave. See Note 1(J).

	2002	2001
Workers' Compensation Payable	\$16,178	\$14,707
Unemployment Compensation Payable	1,442	765
Accrued FICA on Unfunded Annual Leave	<u>2,293</u>	<u> </u>
Total	<u>\$19,913</u>	<u>\$15,472</u>

Note 12 - Debt to Treasury

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

	2002	2001
Principal:		
Net Worth Debt	\$ 27,991	\$ 37,343
Additional Borrowing from Treasury	<u>251,650</u>	<u>251,650</u>
Total Principal	279,641	288,993
Interest	<u>1,029,563</u>	<u>1,030,211</u>
Total Debt to Treasury	<u>\$1,309,204</u>	<u>\$1,319,204</u>

For the last several years the BLM has paid \$10,000 annually on its debt to Treasury. Sales of helium are expected to increase beginning in FY 2003 and it is anticipated that this will provide funds to substantially increase the annual repayments.

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

Note 13 - Deposit Funds

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

Oil and Gas Leases consists of lease deposits awaiting adjudication. The BLM does not record these deposits as revenue, but as a liability. Once the adjudication process is completed, the deposits are either refunded or combined with additional receipts, representing first year rents and bonuses, and transferred to the Mineral Management Service (MMS). The MMS records the transferred amounts as custodial activity. During FY 2002, the BLM received \$103,099 in oil and gas deposits and additional receipts, refunded \$653, and transferred \$47,571 to MMS upon adjudication. During FY 2001, the BLM received \$88,157 in oil and gas deposits and additional receipts, refunded \$868, and transferred \$74,581 to MMS upon adjudication.

Alaska Mineral Leases include money for the Kuukpik Village Corporation and interest on the investment of those funds. Mineral Materials and Leases include 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.

	2002	2001
Oil and Gas Leases	\$ 79,006	\$ 23,437
Alaska Mineral Lease	33,693	32,431
Mineral Materials and Leases	12,926	12,077
Lands and Realty Management	5,772	4,158
Other	3,602	5,990
Total	<u>\$134,999</u>	<u>\$ 78,093</u>

Note 14 - Accrued

Contingent Liabilities

Judgements and Claims. The BLM is a party to a number of lawsuits where the plaintiff is seeking mone-

tary damages. The lawsuits can involve a variety of issues, including lost revenues when timber contracts are suspended because of environmental issues; injuries or death that occur on BLM-managed land or roads; issues regarding takings and suspension of mining claims; and other issues. 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 2002, three cases which were probable had reasonably estimable liabilities of \$350; at the end of FY 2001 there were nine cases totaling \$20,900. These liabilities have been accrued in the accompanying financial statements as of September 30, 2002, and September 30, 2001.

In addition to these probable cases, at the end of FY 2002 there were 14 other cases where the likelihood of an outcome unfavorable to the BLM was reasonably possible. Of these 14 cases, those with reasonably estimable liabilities aggregated approximately \$2,500. At the end of FY 2001 there were 15 such cases totaling 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 usually required to obtain payment or cleanup from potentially responsible parties.

As of September 30, 2002, a total of 167 sites were identified as being includable among one or other of these groups. Total costs are estimated to be between \$58,434 and \$115,837. The BLM will probably pay \$5,423 of these costs, as they are government related sites, and this amount is reflected in the financial statements for FY 2002. As of September 30, 2001, the number of sites totaled 181, the range of costs was \$68,465 to \$118,970, the BLM was expecting to pay approximately \$4,378, and that amount was accrued.

In addition to the above, as of September 30, 2002, the BLM is aware of 136 government acknowledged sites where no work has been preformed and where the Bureau has insufficient information to make any estimates regarding the actions needed to mitigate the sites or the likely costs. Since these sites arose from non-BLM uses of the lands, every effort is made to ensure that cleanup costs will be incurred by, or recovered from, the responsible parties. The BLM does not recognize a liability for these sites until it accepts financial responsibility, funds have been appropriated, and cleanup costs have been incurred. As of September 30, 2001, there were 138 such sites.

Abandoned Mine Lands. Approximately 270 government acknowledged abandoned mine land (AML) records were added to the Abandoned Mine Land Inventory System in 2002, bringing the total number of field checked AML sites in the database to about 9,870. The cost of cleanup at these sites is not reasonably estimable. Since these sites arose from non-BLM uses of the lands, every effort is made to ensure that the cleanup costs will be incurred by, or recovered from, the responsible parties. The BLM does not recognize a liability for these sites until it accepts financial

responsibility, funds have been appropriated, and cleanup costs have been incurred.

Total accrued contingent liabilities are summarized as follows:

	2002	2001
Environmental Cleanup Liabilities	\$ 5,423	\$ 4,378
Judgements and Claims	350	20,900
Total	<u>\$ 5,773</u>	<u>\$ 25,278</u>

Several timber contracts lawsuits were settled during FY 2002, resulting in the significant decrease in legal liabilities. Additional discussion of contingent liabilities is presented in Note 1(K).

Note 15 - Reclassifications and Change in Accounting Policy

As part of the financial statement reporting process for FY 2002, certain FY 2001 balances have been reclassified. Intra-bureau revenue and expenses related to BLM's Working Capital Fund have been decreased by \$21,560 on the Statement of Net Cost of Operations, affecting gross cost and earned revenue lines throughout the Statement. The net affect of this reclassification is zero, which means the FY 2001 total net cost of operations remains the same.

Additionally, in FY 2001 the Statement of Net Cost of Operations displayed a line item titled "Elimination of Intra-Bureau Activity." For FY 2002 reporting, this line item has been deleted and the intra-bureau activity has been included in the appropriate reporting segment. This affects gross cost and earned revenue lines throughout the Statement, but has no effect on the total net cost of operations.

As a result of the BLM's implementation of an OMB Bulletin No. 01-09, *Form and Content of Agency Financial Statements*, requirement related to allocation transfers, unobligated and obligated beginning balances on the FY 2002 Statement of Budgetary Resources have been adjusted from the FY 2001 Statement of Budgetary Resources ending balances as they were reported in BLM's FY 2001 Annual Report. The FY 2002 unobligated beginning balance was increased by \$64,448 and the obligated beginning balance was increased by \$102,278 from the FY 2001 ending balances. Refer to Note 19 for additional information on allocation transfers.

Note 16 - Gross Cost

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

	2002	2001
Personal Services and Benefits	\$ 830,548	\$ 725,040
Contributions to States	368,589	329,271
Contractual Services	375,424	322,240
Supplies and Materials	112,317	110,524
Travel and Transportation	73,769	54,235
Rental, Communication, and Utilities	70,443	67,622
Acquisition of Stewardship Land	60,974	32,958
Property and Equipment Not Capitalized	47,143	46,449
Depreciation	27,548	27,084
Settlement of Claims	9,802	4,504
Printing and Reproduction	3,152	3,758
Cost of Goods Sold	2,392	2,708
Acquisition of Heritage Assets	1,258	45
Bad Debt Expense	294	(62)
Interest Expense	56	54
Gain on Disposition of Assets, Net	(694)	(275)
Change in Actuarial Liability	(565)	14,393
Change in Unfunded Liabilities:		
Judgement Fund	11,464	760
FICA on Unfunded Annual Leave	2,293	
Workers' and Unemployment Compensation	2,148	854
Unfunded Annual Leave	542	3,111
Environmental Cleanup	(3,088)	(18,108)
Legal Claims	(20,550)	20,067
Total Gross Cost	<u>\$1,975,259</u>	<u>\$1,747,232</u>

Note 17 - Imputed Financing From Costs Absorbed by

Others

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. Agencies must also 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 that 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	\$ 21,448
Health Benefit and Life Insurance Costs	31,096
	<u>52,544</u>
Imputed Financing from Treasury Department's Judgement Fund	<u>9,479</u>
Total Imputed Financing From Costs Absorbed by Others	<u>\$ 62,023</u>

Note 18 - Combined Statement of Budgetary

Resources

Legal Arrangements Affecting the Use of Unobligated Balances of Budget Authority

The BLM's FY 2002 operating programs were financed, and its financial activity summarized, under 52 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 52 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 2002, the BLM had one fund classified as current annual funds, whose available budget resources, to the extent there were any, expired 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 2002, the BLM had three 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 107 63, 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 the construction of fire facilities. These authorizations also 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 Public Law 107-63 that refers 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, the BLM does not view them as restrictions or legal encumbrances on its available funding.

Permanent Indefinite Appropriations

As of September 30, 2002, the Bureau has 24 permanent indefinite appropriations with total budgetary resources of \$347,278, which represent \$220,711 of obligations incurred and an available unobligated balance of \$126,567. 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 has a shared appropriation with the Minerals Management Service (MMS). While the appropriation is considered shared, the BLM and the MMS both collect revenue and disburse payments separate from each other, and do not transfer any funds between each other. The BLM collects revenue and disburses payments to states for timber sales, while the MMS collects revenue and disburses payments to states for mineral leasing activity. The MMS reports both its and the BLM's activity under this appropriation in the Budget of the U.S. Government, while the BLM reports its portion of activity on its financial statements. During FY 2002, the BLM reported \$1,043 of budgetary resources in this appropriation.

Note 19 - Allocation Transfer Accounts

Allocation transfers are the amounts of budget authority and other resources transferred to other agencies or bureaus to carry out the purposes of the parent account. The BLM is both a parent agency and a recipient of allocation transfers.

OMB Bulletin No. 01-09, *Form and Content of Agency Financial Statements*, requires parent accounts to report their allocation agency's transactions as part of their Statement of Budgetary Resources, while the recipient of allocation transfers reports the proprietary activity on its Balance Sheet, Statement of Net Cost of Operations, and Statement of Changes in Net Position. This process creates a reconciling difference on the Statement of Financing.

Beginning in FY 2002, the BLM reported its allocation transfers in this manner. Because the BLM did not report allocation transfers in its FY 2001 Statement of

Budgetary Resources, the unobligated and obligated ending balances from BLM's FY 2001 Statement of Budgetary Resources have been adjusted in the beginning balances on the FY 2002 Statement of Budgetary Resources.

The BLM is the parent agency for the Wildland Fire Management Account and the Central Hazardous Material Fund. In FY 2002, the BLM transferred \$409,214 from the Wildland Fire Management Account to the Office of the Secretary, U.S. Fish and Wildlife Service, National Park Service, and Bureau of Indian Affairs. The BLM also transferred \$7,444 from the Central Hazardous Material Fund to the Office of the Secretary, U.S. Fish and Wildlife Service, National Park Service, Bureau of Indian Affairs, and U.S. Geological Survey.

The BLM is an allocation transfer recipient of Natural Resources Damage Assessment and Restoration funds from the Office of the Secretary and received \$286 in FY 2002. The BLM also received \$939 of Highway Trust funds from the Federal Highway Administration during FY 2002. Additionally, the BLM is an allocation transfer recipient of State and Private Forestry funds, as well as National Forest System funds, from the U.S. Forest Service but did not receive any funding during FY 2002.

The recipient of allocation transfers is not generally required to obligate or spend those funds in the year of transfer and in many cases uses a portion of that funding in subsequent years. As a result, the reconciling item created on the Statement of Financing is not generated solely by the current year transfers, but also consists of current year activity related to prior year transfers.

Parent Account:	
Current Year Transfers	\$ 416,658
Prior Year Transfers Affecting Current Year Activity	<u>3,610</u>
Allocation Transfer Reconciling Item	<u>\$ 420,268</u>
Recipient Account:	
Current Year Transfers	\$ 1,225
Prior Year Transfers Affecting Current Year Activity	<u>2,381</u>
Allocation Transfer Reconciling Item	<u>\$ 3,606</u>



Contractors moving hazardous materials on BLM land in Oregon.

Note 20 - 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. These leases typically 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 2003 is based on information received from GSA. For 2004 and

subsequent years, the amounts are inflated each year at 3 percent over the previous year.

The other real property amount for 2003 is based on the annual rent for all property within the category. For 2004 and subsequent years, 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 2003 is based on a 3 percent increase over the actual personal property expense amount for 2002. For 2004 through 2007, the amounts are inflated each year at 3 percent over the previous year. The "After 5 Years" amounts are indeterminable through this process.

The aggregate of the Bureau's estimated real property rent payments to GSA for FY 2003 through FY 2007 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
2003	\$ 20,016	\$ 15,234	\$ 17,755	\$ 53,005
2004	20,241	14,476	18,288	53,005
2005	20,446	13,557	18,837	52,840
2006	18,523	11,849	19,402	49,774
2007	18,542	9,459	19,984	47,985
After 5 Years	<u>21,092</u>	<u>56,635</u>	—	<u>77,727</u>
Total Future Lease Payments	<u>\$118,860</u>	<u>\$121,210</u>	<u>\$94,266</u>	<u>\$334,336</u>

Note 21 - Net Cost of Operations by Responsibility Segment

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



Rental equipment being used in Idaho.



Rental equipment being used for road maintenance in Idaho.

*Bureau of Land Management
Consolidating Statement of Net Cost of Operations
for the Fiscal Year Ended September 30, 2002
(dollars in thousands)*

	Preserve Natural and Cultural Heritage Resources	Understand the Condition of the Public Lands	Restore At-Risk Systems and Maintain Functioning Systems
Public Land Management			
Gross Cost with the Public	\$ 96,490	\$ 155,041	\$ 212,798
Earned Revenue from the Public	77,816		9,504
Net Cost with the Public	<u>18,674</u>	<u>155,041</u>	<u>203,294</u>
Gross Cost of Intragovernmental Sales	8,152	1,509	667
Intragovernmental Earned Revenue	7,942	1,470	650
Intragovernmental Net Cost	210	39	17
Total Net Cost	<u>18,884</u>	<u>155,080</u>	<u>203,311</u>
Construction, Cleanup, and Land Acquisition			
Gross Cost with the Public	55,477	95	86
Earned Revenue from the Public			
Net Cost with the Public	<u>55,477</u>	<u>95</u>	<u>86</u>
Gross Cost of Intragovernmental Sales	473		
Intragovernmental Earned Revenue	461		
Intragovernmental Net Cost	12		
Total Net Cost	<u>55,489</u>	<u>95</u>	<u>86</u>
Helium and Working Capital			
Gross Cost with the Public			
Earned Revenue from the Public			
Net Cost with the Public			
Gross Cost of Intragovernmental Sales			
Intragovernmental Earned Revenue			
Intragovernmental Net Cost			
Total Net Cost			
Payments to Entitled States and Organizations			
Gross Cost with the Public	14,480		
Earned Revenue from the Public			
Net Cost with the Public	<u>14,480</u>		
Gross Cost of Intragovernmental Sales			
Intragovernmental Earned Revenue			
Intragovernmental Net Cost			
Total Net Cost	<u>14,480</u>		
Elimination of Intra-Bureau Activity			
Gross Cost with the Public			
Earned Revenue from the Public			
Net Cost with the Public			
Gross Cost of Intragovernmental Sales			
Intragovernmental Earned Revenue			
Intragovernmental Net Cost			
Total Net Cost			
Totals			
Gross Cost with the Public	166,447	155,136	212,884
Earned Revenue from the Public	77,816		9,504
Net Cost with the Public	<u>88,631</u>	<u>155,136</u>	<u>203,380</u>
Gross Cost of Intragovernmental Sales	8,625	1,509	667
Intragovernmental Earned Revenue	8,403	1,470	650
Intragovernmental Net Cost	222	39	17
Total Net Cost of Operations	<u>\$ 88,853</u>	<u>\$ 155,175</u>	<u>\$ 203,397</u>

Provide Opportunities for Environmentally Responsible Recreation	Provide Opportunities for Environmentally Responsible Commercial Activities	Reduce Threats to Public Health, Safety, and Property	Improve Land, Resource, and Title Information	Provide Economic and Technical Assistance	Consolidated
\$ 90,186	\$ 231,625	\$ 580,085	\$ 101,747	\$ 42,259	\$ 1,510,231
12,838	88,573	12,909		412	202,052
<u>77,348</u>	<u>143,052</u>	<u>567,176</u>	<u>101,747</u>	<u>41,847</u>	<u>1,308,179</u>
707	2,756	18,074	11,029	291	43,185
689	2,685	17,607	10,744	283	42,070
18	71	467	285	8	1,115
<u>77,366</u>	<u>143,123</u>	<u>567,643</u>	<u>102,032</u>	<u>41,855</u>	<u>1,309,294</u>
3,008		8,466	133	547	67,812
		19,474			19,474
<u>3,008</u>		<u>(11,008)</u>	<u>133</u>	<u>547</u>	<u>48,338</u>
		610			1,083
		594			1,055
		16			28
<u>3,008</u>		<u>(10,992)</u>	<u>133</u>	<u>547</u>	<u>48,366</u>
	17,081				17,081
	19,213				19,213
	<u>(2,132)</u>				<u>(2,132)</u>
		20,296			20,296
		26,578			26,578
		<u>(6,282)</u>			<u>(6,282)</u>
	<u>(2,132)</u>	<u>(6,282)</u>			<u>(8,414)</u>
				320,843	335,323
				<u>320,843</u>	<u>335,323</u>
				<u>320,843</u>	<u>335,323</u>
		(19,752)			(19,752)
		<u>(19,752)</u>			<u>(19,752)</u>
93,194	248,706	588,551	101,880	363,649	1,930,447
12,838	107,786	32,383		412	240,739
<u>80,356</u>	<u>140,920</u>	<u>556,168</u>	<u>101,880</u>	<u>363,237</u>	<u>1,689,708</u>
707	2,756	19,228	11,029	291	44,812
689	2,685	25,027	10,744	283	49,951
18	71	<u>(5,799)</u>	285	8	<u>(5,139)</u>
<u>\$ 80,374</u>	<u>\$ 140,991</u>	<u>\$ 550,369</u>	<u>\$ 102,165</u>	<u>\$ 363,245</u>	<u>\$ 1,684,569</u>

*Bureau of Land Management
Consolidating Statement of Net Cost of Operations
for the Fiscal Year Ended September 30, 2001
(dollars in thousands)*

	Preserve Natural and Cultural Heritage Resources	Understand the Condition of the Public Lands	Restore At-Risk Systems and Maintain Functioning Systems
Public Land Management			
Gross Cost with the Public	\$ 100,254	\$ 132,952	\$ 186,747
Earned Revenue from the Public	62,420		8,181
Net Cost with the Public	<u>37,834</u>	<u>132,952</u>	<u>178,566</u>
Gross Cost of Intragovernmental Sales	7,213	1,217	51
Intragovernmental Earned Revenue	7,036	1,187	50
Intragovernmental Net Cost	<u>177</u>	<u>30</u>	<u>1</u>
Total Net Cost	<u>38,011</u>	<u>132,982</u>	<u>178,567</u>
Construction, Cleanup, and Land Acquisition			
Gross Cost with the Public	35,152	4,267	52
Earned Revenue from the Public			
Net Cost with the Public	<u>35,152</u>	<u>4,267</u>	<u>52</u>
Gross Cost of Intragovernmental Sales			
Intragovernmental Earned Revenue			
Intragovernmental Net Cost			
Total Net Cost	<u>35,152</u>	<u>4,267</u>	<u>52</u>
Helium and Working Capital			
Gross Cost with the Public			
Earned Revenue from the Public			
Net Cost with the Public			
Gross Cost of Intragovernmental Sales			
Intragovernmental Earned Revenue			
Intragovernmental Net Cost			
Total Net Cost			
Payments to Entitled States and Organizations			
Gross Cost with the Public	8,950		
Earned Revenue from the Public			
Net Cost with the Public	<u>8,950</u>		
Gross Cost of Intragovernmental Sales			
Intragovernmental Earned Revenue			
Intragovernmental Net Cost			
Total Net Cost	<u>8,950</u>		
Elimination of Intra-Bureau Activity			
Gross Cost with the Public			
Earned Revenue from the Public			
Net Cost with the Public			
Gross Cost of Intragovernmental Sales			
Intragovernmental Earned Revenue			
Intragovernmental Net Cost			
Total Net Cost			
Totals			
Gross Cost with the Public	144,356	137,219	186,799
Earned Revenue from the Public	62,420		8,181
Net Cost with the Public	<u>81,936</u>	<u>137,219</u>	<u>178,618</u>
Gross Cost of Intragovernmental Sales	7,213	1,217	51
Intragovernmental Earned Revenue	7,036	1,187	50
Intragovernmental Net Cost	<u>177</u>	<u>30</u>	<u>1</u>
Total Net Cost of Operations	<u>\$ 82,113</u>	<u>\$ 137,249</u>	<u>\$ 178,619</u>

Provide Opportunities for Environmentally Responsible Recreation	Provide Opportunites for Environmentally Responsible Commercial Activities	Reduce Threats to Public Health, Safety, and Property	Improve Land, Resource, and Title Information	Provide Economic and Technical Assistance	Consolidated
\$ 84,257	\$ 234,957	\$ 465,303	\$ 112,369	\$ 80,317	\$ 1,397,156
10,702	110,164	15,462	451	632	208,012
<u>73,555</u>	<u>124,793</u>	<u>449,841</u>	<u>111,918</u>	<u>79,685</u>	<u>1,189,144</u>
762	986	14,238	7,262	4	31,733
743	962	13,888	7,084	4	30,954
19	24	350	178		779
<u>73,574</u>	<u>124,817</u>	<u>450,191</u>	<u>112,096</u>	<u>79,685</u>	<u>1,189,923</u>
802		4,895		2,215	47,383
		11			11
<u>802</u>		<u>4,884</u>		<u>2,215</u>	<u>47,372</u>
<u>802</u>		<u>4,884</u>		<u>2,215</u>	<u>47,372</u>
	11,840				11,840
	15,676				15,676
	<u>(3,836)</u>				<u>(3,836)</u>
		18,048			18,048
		23,392			23,392
		<u>(5,344)</u>			<u>(5,344)</u>
	<u>(3,836)</u>	<u>(5,344)</u>			<u>(9,180)</u>
				250,009	258,959
				201	201
				<u>249,808</u>	<u>258,758</u>
				<u>249,808</u>	<u>258,758</u>
		(17,887)			(17,887)
		<u>(17,887)</u>			<u>(17,887)</u>
85,059	246,797	470,198	112,369	332,541	1,715,338
10,702	125,840	15,473	451	833	223,900
<u>74,357</u>	<u>120,957</u>	<u>454,725</u>	<u>111,918</u>	<u>331,708</u>	<u>1,491,438</u>
762	986	14,399	7,262	4	31,894
743	962	19,393	7,084	4	36,459
19	24	<u>(4,994)</u>	178		<u>(4,565)</u>
<u>\$ 74,376</u>	<u>\$ 120,981</u>	<u>\$ 449,731</u>	<u>\$ 112,096</u>	<u>\$ 331,708</u>	<u>\$ 1,486,873</u>

*Bureau of Land Management
 Supplementary Statement of Budgetary
 Resources by Major Budget Accounts
 for the Fiscal Year Ended September 30, 2002
 (dollars in thousands)*

	Wildland Fire Management	Management of Land and Resources	Miscellaneous Permanent Payment Accounts
Budgetary Resources:			
Budget Authority:			
Appropriations Received	\$ 678,421	\$ 789,379	\$ 211,234
Net Transfers	16,562		
Unobligated Balance:			
Beginning of Year	120,310	51,269	11,862
Net Transfers, Actual	223,438		
Spending Authority from Offsetting Collections:			
Earned			
Collected	25,250	42,136	
Receivable from Federal Sources	(2,475)	1,198	
Change in Unfilled Customer Orders			
Advance Received	7,409	(773)	
Without Advance from Federal Sources	(1,357)	708	
Recoveries of Prior Year Obligations	20,554	16,260	
Permanently not Available		(963)	
Total Budgetary Resources	\$ 1,088,112	\$ 899,214	\$ 223,096
Status of Budgetary Resources:			
Obligations Incurred:			
Direct	\$ 952,542	\$ 841,877	\$ 217,050
Reimbursable	16,042	23,134	
Total Obligations Incurred	968,584	865,011	217,050
Unobligated Balance Apportioned	119,528	34,207	6,046
Unobligated Balance not Available		(4)	
Total Status of Budgetary Resources	\$ 1,088,112	\$ 899,214	\$ 223,096
Relationship of Obligations to Outlays:			
Obligations Incurred	\$ 968,584	\$ 865,011	\$ 217,050
Obligated Balance, Net, Beginning of Year	273,651	203,715	
Obligated Balance, Net, End of Year:			
Accounts Receivable	3,055	3,782	
Unfilled Customer Orders from Federal Sources	10,808	4,720	
Undelivered Orders	(236,439)	(191,651)	(2,519)
Accounts Payable	(84,950)	(48,320)	(238)
Less: Spending Authority Adjustments	(16,722)	(18,166)	
Outlays:			
Disbursements	917,987	819,091	214,293
Collections	(32,659)	(41,363)	
Subtotal	885,328	777,728	214,293
Less: Offsetting Receipts			(93,937)
Net Outlays	\$ 885,328	\$ 777,728	\$ 120,356

Payments In Lieu of Taxes	Permanent Operating Funds	Oregon and California Grant Lands	Other	Combined
\$ 210,000	\$ 104,776	\$ 105,165	\$ 115,816 (1,501)	\$ 2,214,791 15,061
478	80,898 (5,607)	4,716	170,975 (4,829)	440,508 213,002
			75,531 (1,531)	142,917 (2,808)
			(2,904) (3,212)	3,732 (3,861)
342 (12)	559	2,152 (133)	3,538 (10,006)	43,405 (11,114)
<u>\$ 210,808</u>	<u>\$ 180,626</u>	<u>\$ 111,900</u>	<u>\$ 341,877</u>	<u>\$ 3,055,633</u>
\$ 210,452	\$ 77,346	\$ 109,583	\$ 156,643	\$ 2,565,493 39,176
<u>210,452</u>	<u>77,346</u>	<u>109,583</u>	<u>156,643</u>	<u>2,604,669</u>
45	103,280	2,317	185,234	450,657
<u>311</u>				<u>307</u>
<u>\$ 210,808</u>	<u>\$ 180,626</u>	<u>\$ 111,900</u>	<u>\$ 341,877</u>	<u>\$ 3,055,633</u>
\$ 210,452 3,526	\$ 77,346 18,914	\$ 109,583 34,164	\$ 156,643 58,901	\$ 2,604,669 592,871
(177)	(53,460)	(29,008)	6,001	12,838
(13)	(3,232)	(8,010)	762	16,290
<u>(342)</u>	<u>(559)</u>	<u>(2,152)</u>	<u>(47,348)</u>	<u>(560,602)</u>
			(9,586)	(154,349)
			1,205	(36,736)
213,446	39,009	104,577	166,578	2,474,981
<u>213,446</u>	<u>39,009</u>	<u>104,577</u>	<u>(72,627)</u>	<u>(146,649)</u>
	<u>(95,784)</u>		93,951	2,328,332
			<u>(86,962)</u>	<u>(276,683)</u>
<u>\$ 213,446</u>	<u>\$ (56,775)</u>	<u>\$ 104,577</u>	<u>\$ 6,989</u>	<u>\$ 2,051,649</u>



There are many different recreational opportunities along the Green River in Utah, including boating, fishing, and camping.

Stewardship Assets

The BLM has been entrusted with stewardship responsibility for the multiple-use management of natural resources on over 261 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 30 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."

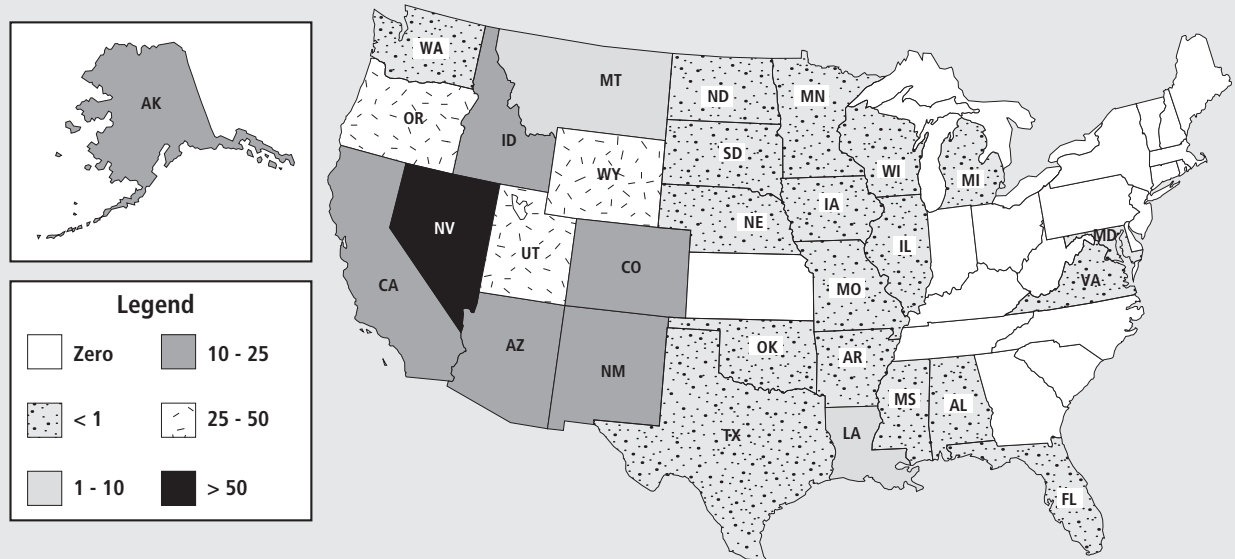


Figure 1 - Percentage of Each State's Surface Acreage Managed by the BLM

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."

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 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; restoring riparian areas and wetlands; and managing wild and scenic rivers.

Water 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.

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: Rangeland is the largest land type managed by the BLM. Rangeland is a type of land on which the native vegetation (climax or natural potential) is predominately grasses, grass-like plants, forbs, or shrubs. 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. The BLM manages rangelands as a natural ecosystem. Table 2 shows the distribution of the 160 million acres of BLM rangeland in the western states.

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 in the western states. 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.

BLM rangeland efforts in Alaska fall into two categories: weed management and management of reindeer grazing permits. Management of reindeer grazing permits includes annual fieldwork to monitor use and condition of lichen and vascular plants on selected grazing allotments (helicopter access), plus casefile administration. BLM staff attend annual meetings of the Reindeer Herders Association and the Alaska Reindeer Council, as well as interagency workshops featuring topics such as GIS database development, radio collaring techniques, and other areas of interest.

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

Land Type	Acres/Miles	Condition ¹
Rangeland		
a. Alaska Rangeland (Reindeer grazing permits: 1.2 million acres)	5 Million Acres	Potential natural community (excellent) ..20% Late seral (good)80% 2 - 3 - 4
b. Continental USA Rangelands	160 Million Acres	Potential natural community (excellent).....6% Late seral (good)31% Mid seral (fair)34% Early seral (poor)12% Unclassified ⁵17%
Forested Land		
a. Forestlands	11 Million Acres	43 Million Acres.....Healthy
b. Woodlands	44 Million Acres	12 Million AcresNeeding Restoration ⁶
Riparian Areas and Wetlands		
a. Riparian Areas	137,000 Miles 10 Million Acres	Alaska Properly Functioning100% NonfunctionalTrace UnknownTrace Lower 48 States Properly Functioning43% Functioning but at Risk43% Nonfunctional10% Unknown4%
b. Wetlands	13 Million Acres	Alaska Properly Functioning.....98 % Unknown2 % Lower 48 States Properly Functioning65% Functioning but at Risk19% Nonfunctional2% Unknown14%
Aquatic Areas (Lakes, Reservoirs, and Streams)	3 Million Acres 116,485 Miles	Alaska: Good Lower 48 States: Unknown
Other Habitat	15 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 160 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 nearly half of the rangelands on 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 60 percent of rangeland has been inventoried using Ecological Site Inventories or the Soil-Vegetation Inventory Method. The percentage by state is as follows: Arizona, 78 percent; California, 16 percent; Colorado, 58 percent; Idaho, 43 percent; Montana (including North Dakota and South Dakota), 78 percent; Nevada, 53 percent; New Mexico, 82 percent; Oregon (including Washington), 82 percent; Utah, 62 percent; and Wyoming, 52 percent.
- 5 The unclassified condition for "Rangeland" refers to lands such as dry lakebeds, rock outcrops, and other areas for which data have 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.

Table 2 - Rangelands: Distribution by State

State	Rangeland (thousand acres)
Arizona	11,925
California	7,774
Colorado	8,279
Idaho	11,639
Montana/Dakotas	8,227
Nevada	45,715
New Mexico/Oklahoma	11,832
Oregon/Washington	13,895
Utah	22,542
Wyoming/Nebraska	18,151
Total Acreage	159,979

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 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 2002, field offices completed rangeland health evaluations on 1,314 grazing allotments encompassing about 10.3 million acres. To date, 7,727 allotments have been reviewed encompassing 63.7 million 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 2002, BLM issued 2,171 grazing permits and leases, with 1,042 of these being fully processed.

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-fifth of the land under BLM jurisdiction, or 55 million acres, 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 10 percent or greater stocking in tree species typically used in commercially processed wood products (lumber, plywood, paper, etc.). Woodlands are defined as those lands with 10 percent or greater stocking in tree species not typically used in commercial wood products, such as pinyon pine, juniper, cottonwood, and black spruce.

Table 3 shows the distribution of the 55 million acres of forest and woodlands by state.



Fire rehabilitation using drill seeding in Idaho.

Table 3 - Forests and Woodlands: Distribution by State

State	Forest (thousand acres)	Woodland (thousand acres)	Total (thousand acres)
Alaska	5,297	22,982	28,279
Arizona	20	1,054	1,074
California	204	2,004	2,208
Colorado	1,069	3,041	4,110
Idaho	512	380	892
Montana	783	27	810
Nevada	5	6,269	6,274
New Mexico	44	941	985
Oregon	2,410	931	3,341
Utah	338	5,735	6,073
Washington	36	14	50
Wyoming	474	530	1,004
Total Acreage	11,192	43,908	55,100

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 and other forest biomass production, is accomplished through an ecologically based program that emphasizes biological diversity, sustainability, and the long-term health of forests and woodlands.

Of the just over 11 million acres of forest land managed by BLM, approximately 5 million acres are located in the interior of Alaska. Timber development in this region is usually uneconomical due to the lack of transportation systems, and has also been largely deferred until State selection, Native claims, withdrawals, and other dispositions are completed.

The most productive forest lands managed by BLM are located in western Oregon on what are referred to as the O&C lands. These lands were deeded back to the Federal government following the demise of the Oregon and California Railroad and the Coos Bay Wagon Roads (CBWR) in the 1930s. These highly productive lands are

managed under the Northwest Forest Plan to provide a sustainable supply of both timber and non-timber resources. Of the approximately 2.3 million acres of commercial forest in western Oregon, about 496,000 acres are available to be intensively managed for timber production and produce about 84 percent of the total volume of timber annually harvested from BLM forests.

Forestland and Woodland Condition: 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, expressed in terms of forest health. Forest health is characterized by such factors as age, structure, composition, function, vigor, the presence of unusual levels of insects or disease, and resilience to disturbance from factors such as wildfire. Overall forest health on BLM forests declined over the past century 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 under the National Fire Plan to begin to address the problem. The BLM is responding as part of the President's Healthy Forest Initiatives by developing projects to reduce hazardous fuels and utilize small-diameter trees for a variety of forest products, such as posts, poles, fuelwood, and biomass for energy production in support of the National Energy Policy.

The BLM estimates that more than one-fifth of the forests and woodlands it manages, or approximately 12 million acres, are in need of ecological restoration work, including mechanical thinning, hazardous fuel reduction, and tree species reintroduction.

The Forest Vegetation Information System (FORVIS), a forest and woodland inventory and analysis tool, was released for field use in 2002. The system provides data management and analytical capabilities for inventorying and monitoring vegetation on forested uplands. FORVIS provides a data repository and spatial analysis tools for assessing condition on forestlands.

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 4 shows the distribution of both riparian areas and wetlands by state.

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,

Table 4 - Riparian Areas and Wetlands: Distribution by State

State	Riparian Miles	Wetland Acreage
Alaska	107,565	12,552,298
Arizona	895	21,899
California	2,541	15,385
Colorado	4,426	9,478
Eastern States	5	119
Idaho	1,321	2,815
Montana	3,878	11,889
Nevada	2,599	16,793
New Mexico	459	3,674
Oregon	4,188	147,703
Utah	4,418	16,981
Wyoming	4,496	14,816
Totals	136,791	12,813,850

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 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 about 137,000 miles of riparian areas on BLM's public lands. Overall, riparian-wetland

areas account for about 9 percent of the more than 261 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 stopover 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 5 shows the distribution of lakes and reservoirs in acres and fishable streams in miles by state.

These areas contain a wide variety of aquatic species, from rare, highly localized endemic native species such

Table 5 - Lakes, Reservoirs, and Fishable Streams: Distribution by State

State	Lake Acreage	Reservoir Acreage	Fishable Stream 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

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



Families help with riparian planting along Bridge Creek in Oregon on Volunteer Day.

other management jurisdictions, state and Federal agencies, and interest groups.

The landscape/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, 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 resource 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 other Federal agencies to complete habitat restoration and increase salmon populations.

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 1,109 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



Riparian planting along Bridge Creek in Oregon on Volunteer Day.

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 2001 TO 2002

Table 6 below shows the acreage under the exclusive management of the BLM for 2001 and 2002, as well as changes between the two years, by state. The decrease of 304,070 acres during 2002 represents a decrease of about 0.1 percent, which resulted from the net effect of acquisitions, disposals, exchanges, withdrawals, restoration transactions, and audits/reviews of records.

Table 6 - Acreage under the Exclusive Management of the BLM in 2001 and 2002

State	2001 Acreage	2002 Increase	2002 Decrease	2002 Net Change	2002 Acreage
Alabama	110,923	+446		+446	111,369
Alaska	86,292,713		-339,088	-339,088	85,953,625
Arizona	11,651,190	+3,957	-3,189	+768	11,651,958
Arkansas	291,109	+4,076		+4,076	295,185
California	15,007,475	+124,726	-3,716	+121,010	15,128,485
Colorado	8,369,512	+5,349	-1,357	+3,992	8,373,504
Florida	25,277	+1,622		+1,622	26,899
Idaho	11,846,834	+892	-795	+97	11,846,931
Illinois	225		-1	-1	224
Iowa	378			0	378
Louisiana	309,611	+12,123		+12,123	321,734
Maryland ¹	0	+548		+548	548
Michigan	74,854		-47	-47	74,807
Minnesota	151,128		-4,470	-4,470	146,658
Mississippi	57,171		-959	-959	56,212
Missouri	2,161		-67	-67	2,094
Montana	7,984,259		-19,636	-19,636	7,964,623
Nebraska	6,434		-80	-80	6,354
Nevada	47,871,311	+6,845	-3,862	+2,983	47,874,294
New Mexico	13,378,398	+4,698	-20,558	-15,860	13,362,538
North Dakota	59,642			0	59,642
Oklahoma	2,126	+10		+10	2,136
Oregon	16,200,093	+11,546	-86,494	-74,948	16,125,145
South Dakota	275,006		-46	-46	274,960
Texas ¹	0	+11,833		+11,833	11,833
Utah	22,867,574	+322		+322	22,867,896
Virginia ¹	0	+805		+805	805
Washington	399,950	+7,248	-4,843	+2,405	402,355
Wisconsin	160,106		-124	-124	159,982
Wyoming	18,365,935	+9,249	-21,033	-11,784	18,354,151
Total	261,761,395	+206,295	-510,365	-304,070	261,457,325

¹ Maryland, Texas, and Virginia are non-public-land states by law. BLM-managed lands in these three states are being reported for the first time in 2002.

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 recognized 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 7 provides a summary of designated special

Table 7 - 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	4,806,267	
National Conservation and Protection Areas [c]	12	13,927,708	
Cooperative Management and Protection Area [c]	1	425,550	
White Mountains National Recreation Area [c]	1	998,772	
Yaquina Head National Outstanding Natural Area [c]	1	100	
Wilderness Areas [c]	147	6,254,512	
Wilderness Study Areas [a]	601	16,328,238	
National Wild and Scenic Rivers [c]	38	1,005,652	2,061
Headwaters Forest Reserve [c]	1	7,400	
National Historic Trails [c]	9		3,650
National Scenic Trails [c]	2		640
Other Special Management Areas			
National Recreation Trails [a]	28		426
National Back Country Byways [a] ³	55		2,972
Santa Rosa Mountains National Scenic Area [a]	1	101,000 ⁴	
Lake Todatonten Special Management Area [c]	1	37,579	
Herd Management Areas [a]	208	29,732,585	
Areas of Critical Environmental Concern [a]	852	13,989,373	
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, the 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 the San Pedro Riparian National Conservation Area (56,400 acres) and the Yaquina Head National Outstanding Natural Area (100 acres).

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



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

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 eleven types of special management areas constitute the BLM National Landscape Conservation System, which was created in 2000 to increase the public's 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. Table 8 shows the name, location, BLM-managed acreage, other acreages, and total acreage for each national monument. The text accompanying the table reports acreages for national monuments in terms of the BLM-managed acreage.

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.

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.

Table 8 - National Monuments

National Monument	State	BLM Acreage	Other Federal Acreage	Non-Federal Acreage	Total Acreage
Agua Fria	Arizona	71,100	0	1,444	72,544
Grand Canyon-Parashant	Arizona	807,241	216,544	30,479	1,054,264
Ironwood Forest	Arizona	129,022	0	60,709	189,731
Sonoran Desert	Arizona	486,603	0	9,734	496,337
Vermilion Cliffs	Arizona	280,324	0	13,836	294,160
California Coastal	California	883	0	0	883
Carrizo Plain	California	204,107	0	41,941	246,048
Santa Rosa/San Jacinto Mountains	California	86,400	64,400	121,200	272,000
Canyons of the Ancients	Colorado	163,852	0	18,570	182,422
Craters of the Moon	Idaho	273,847	465,835	15,181	754,863
Pompeys Pillar	Montana	51	0	0	51
Upper Missouri River Breaks	Montana	374,976	0	120,475	495,451
Kasha-Katuwe Tent Rocks	New Mexico	4,114	0	1,280	5,394
Cascade-Siskiyou	Oregon	52,947	4	32,222	85,173
Grand Staircase-Escalante	Utah	1,870,800	0	15,000	1,885,800
Total Acreage		4,806,267	746,783	482,071	6,035,121

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 486,603-acre monument is a magnificent example of untrammelled 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.



Summer thunderheads gather above hikers along the Table Top Trail in Arizona's Sonoran Desert National Monument.

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 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 883 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.



A hiker admires Paria Canyon in Arizona's Vermilion Cliffs National Monument.

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 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 86,400-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 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



A desert bighorn sheep in California's Santa Rosa/San Jacinto Mountains National Monument.

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 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.

Consisting of intertwined natural and cultural resources, the monument's rugged landscape has contributed greatly 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 encompasses a total area of 754,863 acres, 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



Stabilizing an ancient kiva at Escalante Ruin in Colorado.

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 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 374,976-acre monument contains a spectacular array of biological, geological, and historical objects of interest.

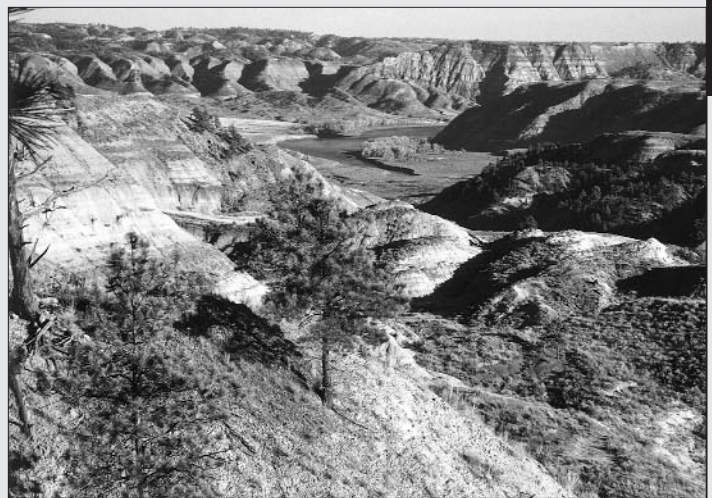
The area has remained largely unchanged in the nearly 200 years since Meriwether Lewis and William Clark traveled through it on their epic journey. Lewis and Clark first encountered the Breaks country of the monu-

ment 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



Montana's Upper Missouri River Breaks National Monument.

Blackfeet, Assiniboin, Gros Ventre (Atsina), Crow, Plains Cree, and Plains Ojibwa. Pioneers and soldiers 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 looks much the same as it did centuries ago.

The **Kasha-Katuwe Tent Rocks National Monument** was designated by Presidential proclamation on January 17, 2001. The 4,114-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 a 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 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 just a few feet to almost 100 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 animals, 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,



View from the top of one trail at the Kasha-Katuwe National Monument, looking towards the southwest part of New Mexico.

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.

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 Areas: The BLM manages 12 national conservation areas (NCAs) totaling almost 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 9 shows the name, location, and BLM-managed acreage of these twelve areas.

The **Steese National Conservation Area**, designated on December 2, 1980, is located approximately 70 miles

Table 9 - National Conservation Areas

National Conservation Area	State	BLM Acreage	Other Federal Acreage	Non-Federal Acreage ¹	Total Acreage
Steese	Alaska	1,194,923	0	13,883	1,208,806
Gila Box Riparian	Arizona	22,047	0	0	22,047
Las Cienegas	Arizona	41,960	0	0	41,960
San Pedro Riparian	Arizona	56,400	0	0	56,400
California Desert	California	10,671,080	8,658,814	6,577,192	25,907,086
King Range	California	57,288	0	4,995	62,283
Colorado Canyons	Colorado	122,182	0	0	122,182
Gunnison Gorge	Colorado	57,725	0	0	57,725
Snake River Birds of Prey	Idaho	483,074	1,616	106,345	591,035
Black Rock Desert-High Rock Canyon Emigrant Trails	Nevada	797,039	0	0	797,039
Red Rock Canyon	Nevada	196,890	0	0	196,890
El Malpais	New Mexico	227,100	2,500	32,522	262,122
Total Acreage		13,927,708	8,662,930	6,734,937	29,325,575

¹ The amount of state and private land acreage encompassed in the National Conservation Area units is unknown at this time except as noted.

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, the 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 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 the 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, was formerly part of several ranches.

Prior to the 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 the 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



A 15-mile segment of Bonita Creek is part of the Gila Box Riparian National Conservation Area; this area is popular for birding and picnicking.

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 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 the BLM. This desert area offers scenic beauty in its vast sandscapes 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 and 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 Coopers hawk.



Hikers rest as they look off the coastline in California's King Range National Conservation Area.

The **Colorado Canyons National Conservation Area** was designated on October 24, 2000. Located in west-central Colorado, this national conservation 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 Precambrian 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—that 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 483,074 acres and includes 81 miles of the Snake River, 65,000 acres of critical nesting raptor (bird of prey) habitat, and almost 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 is a remnant of the ancient Lake Lahontan and is one of the largest playas in the world. Some of the largest



Visitors enjoy rafting down the Gunnison River in Colorado’s Gunnison Gorge National Conservation Area.

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

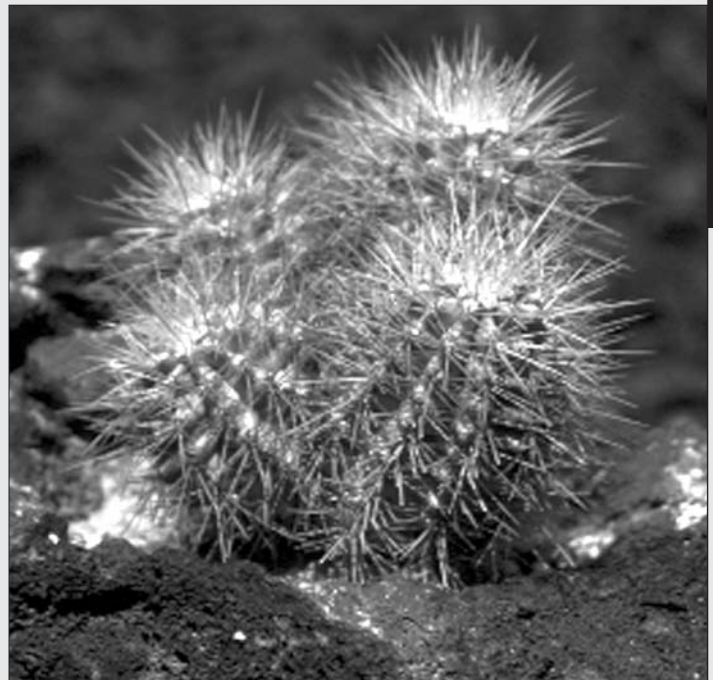
227,100 acres south of Grants, New Mexico, and west of Albuquerque. El Malpais translates to "the badlands" in the original Spanish. El Malpais is managed by a joint effort between the National Park Service and the BLM. The area features some of the Nation's most significant geological, cultural, scenic, 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.

Cooperative Management and Protection Area:

The BLM manages one cooperative management and protection area. The Steens Mountain Cooperative Management and Protection Area, which was designated by Congress on October 30, 2000, consists of 425,550 acres of rugged landscape in southeastern Oregon. This special management area is collaboratively managed by the BLM and a new Steens Mountain Advisory Council. Cooperative and innovative



Cactus found in New Mexico's El Malpais National Conservation Area.

management projects will be maintained and enhanced between the BLM, private landowners, tribes, and other public interests.

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 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.

National Recreation Area: 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 998,772 acres and is named for its unusual, jagged, white limestone ridgeline. One of its most prominent features is a 111-mile national wild river segment of Beaver Creek, which flows from the high alpine tundra of Mount Prindle.

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



Alaska's White Mountain National Recreation Area encompasses almost 1 million acres.

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.

Wilderness Areas and Wilderness Study Areas:

The BLM administers 147 wilderness areas comprising over 6.2 million acres, as well as 601 wilderness study areas encompassing more than 16.3 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 10 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’ suitability for wilderness designation.

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 38 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

Table 10 - Wilderness and Wilderness Study Areas

State	Wilderness		Wilderness Study Areas	
	Number	Acreage	Number	Acreage
Alaska	0	0	1	784,238
Arizona	47	1,396,466	2	63,930
California	75	3,591,996	79	976,145
Colorado	4	139,524	55	623,021
Idaho	1	802	66	1,491,446
Montana	1	6,000	40	452,563
Nevada	11	758,286	99	4,394,760
New Mexico	3	139,855	55	958,964
Oregon	4	186,723	89	2,740,019
Utah	3	27,720	95	3,260,130
Washington	1	7,140	1	5,518
Wyoming	0	0	42	577,504
Total	147 ¹	6,254,512	601 ¹	16,328,238

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.

ivers 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 11 shows the location, number, mileage, and acreage of the national wild and scenic rivers managed by the BLM.

Table 11 - 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	23	811.1	259,552
Total	38	2,060.6	1,005,652

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 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. The 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.

The 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 the BLM’s management efforts. Several visitor/interpretive centers, such as the National Historic Oregon Trail Interpretive Center (Baker, Oregon) and the National Historic Trails Interpretive Center (Casper, Wyoming), and two under construction—the El Camino International Heritage Center (Socorro, New Mexico) and the California Trail Interpretive Center (Elko, Nevada)—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.

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 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.

The Lewis and Clark National Historic Trail played a critical role in American exploration and fur trade during the early years of our Nation’s existence and growth. There is rare but intriguing archaeological evidence suggesting that this trail served earlier Indian travelers, perhaps for several thousand years before the historic period. The array of cultural phenomena, from isolated occurrences to surviving single-tread and historic wagon road remnants, affords an ancient and enriching perspective of both Euroamerican and Native American heritage in this region of the American West.

The 1,200-mile El Camino Real de Tierra Adentro (Spanish for “the royal road of the interior”) was created by Spanish explorers 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, celebrated its grand opening on August 9, 2002. The Center is operated by the BLM in

partnership with the National Historic Trails Center Foundation and the City of Casper. The Center interprets 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.

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. The Continental Divide Trail Alliance (CDTA) collects 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 in 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 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. The Sacramento River Trail near Redding, California, was designated in 2002. The BLM manages over 400 miles along 28 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. The 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.

The BLM's back country byways provide outstanding recreation opportunities across a variety of landscapes, ranging from soaring mountains and alpine meadows to sagebrush prairie and saguaro cactus desert. Many of these back-country 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 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 2002 this area was also included in the newly designated Santa Rosa/San Jacinto Mountains National Monument (see above).



A view of the snowcapped mountains in California's Santa Rosa Mountains National Scenic Area.

Lake Todatonten Special Management Area: The U.S. Congress authorized the creation of the Lake Todatonten 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 Todatonten, the central feature of this special management area, measures 3½ 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 Todatonten 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 317 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 208 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 38,815 animals, with over 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 12 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 lands have been designated for wild and free-roaming horses and burros. Through the evaluation of rangeland monitoring and census data for HMAs, the

Table 12 - Herd Management Areas

State	Number of HMAs	Acreage	Total Number of Horses and Burros
Arizona	10	1,969,195	2,551
California	24	2,402,629	3,462
Colorado	4	401,151	840
Idaho	6	382,982	690
Montana	1	28,255	159
Nevada	102	15,805,920	19,865
New Mexico	2	32,701	54
Oregon	20	2,721,460	2,426
Utah	23	2,324,290	3,082
Wyoming	16	3,664,002	5,686
Totals	208	29,732,585	38,815

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 852 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 13 shows the location, number, and acres of ACECs, which are designated and protected through the land use planning process.

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 14 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

Table 13 - 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	41	164,246
Nevada	36	1,356,464
New Mexico	139	568,204
Oregon	169	612,852
Utah	58	1,267,164
Wyoming	38	696,894
Totals	852	13,989,373

Interior. To qualify as a national natural landmark, the area must contain an outstanding representative example(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.

Table 14 - 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

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 15 shows the location, number, and acreage of the research natural areas managed by the BLM.

Table 15 - 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.

CHANGE IN NATURAL HERITAGE ASSETS FROM 2001 TO 2002

Table 16 provides the net change in natural heritage designations from fiscal year 2001 to fiscal year 2002. National monuments increased overall by 75,436 acres. The overall decrease in national conservation areas largely resulted from the reclassification of the 425,550-acre Steens Mountain in Oregon from the

national conservation area category to the new cooperative management and protection area category. A re-inventory of the White Mountains National Recreation Area resulted in a decrease of 1,228 acres.

The decrease in wilderness occurred because the Tabeguache area in Colorado, while mandated by Congress to be managed as wilderness, has not been officially designated as a wilderness area; it was therefore removed from the list. This reduced the wilderness acreage by 7,750, but upward adjustments of 8,479

Table 16 - Net Change in Natural Heritage Designations

Special Management Area	Number					2001 Balance
	2001 Balance	2002 Increase	2002 Decrease	2002 Net Change	2002 Balance	
National Monuments	15				15	4,730,831
National Conservation and Protection Areas	13		-1	-1	12	14,353,957
Cooperative Management and Protection Area	0	+1		+1	1	0
White Mountains National Recreation Area	1			0	1	1,000,000
Yaquina Head National Outstanding Natural Area	1			0	1	100
Wilderness Areas	148		-1	-1	147	6,253,783
Wilderness Study Areas	604		-3	-3	601	17,191,707
National Wild and Scenic Rivers	36	+2		+2	38	1,006,228
Headwaters Forest Reserve	1			0	1	7,400
National Historic Trails	9			0	9	
National Scenic Trails	2			0	2	
National Recreation Trails	27	+1		+1	28	
National Back Country Byways	55			0	55	
Santa Rosa Mountains National Scenic Area	1			0	1	101,000
Lake Todatonten Special Management Area	1			0	1	37,579
Herd Management Areas	209		-1	-1	208	29,888,790
Areas of Critical Environmental Concern	851	+1		+1	852	13,988,608
National Natural Landmarks	45			0	45	417,429
Research Natural Areas	152			0	152	347,214
Globally Important Bird Areas	2			0	2	56,500

acres resulted in an overall increase of 729 acres. An administrative review of wilderness study areas, including those that straddle state lines and are, or are not, managed by more than one BLM office, lowered the total number of wilderness study areas to 601 and reduced the acreage.

The wild and scenic river areas increased by two through the addition of the Clackamas WSR (.5 mile and 160 acres) and the counting of Kiger and Wildhorse Creeks as two wild and scenic rivers instead of one (no

change in mileage and acreage), while an administrative review of the Quartzville Creek decreased the mileage by 2 and the acreage by 736. The addition of one national recreation trail increased the mileage by 11. One herd management area was reclassified, resulting in a decrease of 136,605 acres, while a re-inventory in California resulted in an additional reduction of 19,600 acres. One ACEC totaling 765 acres was added in Montana.

Acres				Miles				
2002 Increase	2002 Decrease	2002 Net Change	2002 Balance	2001 Balance	2002 Increase	2002 Decrease	2002 Net Change	2002 Balance
+77,957	-2,521	+75,436	4,806,267					
+1,100	-427,349	-426,249	13,927,708					
+425,550		+425,550	425,550					
	-1,228	-1,228	998,772					
		0	100					
+8,479	-7,750	+729	6,254,512					
	-863,469	-863,469	16,328,238					
+160	-736	-576	1,005,652	2,062	+1	-2	-1	2,061
		0	7,400					
				3,650			0	3,650
				640			0	640
				415	+11		+11	426
				2,972			0	2,972
		0	101,000					
		0	37,579					
	-156,205	-156,205	29,732,585					
+765		+765	13,989,373					
		0	417,429					
		0	347,214					
		0	56,500					

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 have originated from the BLM's archaeological and historical resources (an estimated 4 to 4.5 million cultural properties on the ground); these 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, and that contribute to our understanding of the historical and cultural foundations of our Nation. Museum collections have been made under permit from BLM's 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 museum visitors, including 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 provide a 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 165 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.



Detail of a dinosaur track at the Red Gulch Dinosaur Tracksite (BLM's Worland Field Office, Wyoming).

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 accomplish this goal and make the most efficient use of extremely limited funds, partnerships with non-Federal facilities 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 communicate, consult, and cooperate with museums and universities to conserve invaluable, nonrenewable 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, data management, education, and outreach.

Projects that were funded during 2002 under the Museum Partnership Program and BLM office programs are as follows:

- Museum Partnership Program: Museum Partnership Program: In FY 2002, funding was provided by the Museum Partnership Program to the Arizona State Museum for the "Virtual Exhibit Project, the University of Wyoming Geological Museum for the "Big Al Project," the University of Utah Museum of Natural History for the "Celebration of the Science of Paleontology Project," the New Mexico Museum of Natural History and Science for the "*Albertosaurus* Project," the Rocky Mountain Museum for the "*Thescelosaurus* Traveling Exhibit Project," the San Bernardino County Museum for the "Calico Project," the Philadelphia Academy of Natural Science for the "Edward Drinker Cope Project," the Eastern Oregon University for the "Overland Trail Emigrants Project," and the Rocky Mountain College for the "Mammoth Meadow Project."
- BLM Field Office Funding and/or Assistance: In FY 2002, 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, Rocky Mountain College, 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, 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, Utah Geological Survey, George Washington University, 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 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/casol/arch-cult.html
- www.co.blm.gov/ahc/hmepge.htm
- www.id.blm.gov/archaeology/index.htm
- www.mt.blm.gov/bcc/index.html
- www.nm.blm.gov/www/nmso/cultural/cultural_splash.html
- www.nm.blm.gov/www/new_home_2.html
- www.nv.blm.gov/cultural/cultural.htm
- www.or.blm.gov/salem/html/archaeology/
- oregontrail.blm.gov/
- www.ut.blm.gov/wh3cultural.html
- www.wy.blm.gov/cultural/index.htm

Through a major initiative this year, the BLM located the website addresses for all 165 of its partner institutions that hold collections. This information can be located at www.blm.gov/heritage/sp.htm. When a partner museum creates and maintains a website, this demonstrates a commitment by the facility to have updated complete contact information; to increase awareness by the public of the individual repository, its collections, and its programs; to expand the availability of repository collections and expertise to a wider audience; to display a larger portion of the collections to public view; to make repository and collections information more convenient by allowing 24-hour access; to increase its range of services; and to appeal to an audience who might not or could not routinely visit the museum.

COLLECTIONS IN FEDERAL FACILITIES

Outside of the millions of objects residing in non-Federal facilities, the BLM curates almost 3.7 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 2002, the Center hosted 27,517 visitors.

At the close of fiscal year 2002, AHC collections were estimated to consist of approximately 3,126,500 specimens (principally archaeological materials, along with some historic and paleontological materials), as well as 1,858 linear feet of associated documentation and records. Presently, collections at AHC occupy an area of approximately 7,441 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 that 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 once again expanded (www.mt.blm.gov/bcclindex.htm).

At the close of fiscal year 2002, BCC collections were estimated to consist of 529,472 specimens (principally archaeological specimens, along with some historic materials), as well as 142 linear feet of associated documentation and records. Presently, collections at the BCC occupy an area of approximately 2,044 cubic feet. The center is valued as an important research and resource 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 2002, the center hosted 77,000 visitors. The center also provides research for mail and telephone requests and maintains an excellent interactive website (oregontrail.blm.gov).

At the close of fiscal year 2002, 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 17 summarizes the number of facilities holding collections from BLM public lands and the condition of these heritage assets.

Table 17 - Number of Facilities and Condition of Museum Collections

Location	Number of Facilities	Condition
Federal Facilities	3	Acceptable – Safeguarded
Non-Federal Facilities	165	Acceptable – Safeguarded ¹

¹ See the Available Condition Data and Summary Condition Assessment sections below for clarification.

Background

The 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 widely varying temperatures

and relative humidities, 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).
- 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 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 acceptable and safeguarded. The three internal facilities have management and accountability policies, procedures, and systems in place (i.e., governance, finance, security, interpretation, outreach, care or “curation,” scope of collections, acquisitions, deaccessioning, legal and safety issues, documentation, and risk management).

The BLM has not conducted a formal inspection of the 165 non-Federal facilities. While the condition of BLM’s muse-

um collections in these facilities is in the strictest sense unknown, these collections are reasonably presumed to be acceptable and safeguarded unless there is proof to the contrary (e.g., breakage, noted deterioration, etc.). These non-Federal facilities are professional institutions and, as such, maintain staff and conditions that are consistent with established professional standards. These institutions are providing curation for all of the collections in their repositories, including BLM collections. The repositories have management and accountability policies, procedures, and systems in place to meet professional standards that guarantee accountability and ensure against damage or loss of materials. Clearly, the BLM does not need to supplant these existing accountability systems. Archaeological, historical, and paleontological materials have been removed from public lands for over 200 years. Most of these objects have been placed in non-Federal facilities for curation. As previously noted, the BLM has located 165 of these repositories across the United States and Canada.

NET CHANGE IN MUSEUM COLLECTIONS FROM 2001 TO 2002

The number of non-Federal facilities believed to hold BLM collections decreased from 178 to 165 in FY 2002. This was a result of analyzing information based on responses to a BLM questionnaire discussed below.

Approximately 98 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, 95 repositories responded in some way to the BLM questionnaire. Of those, 53 responded to questions regarding collections inventory (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 were 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 at the 165 non-Federal museums.

During fiscal year 2002, the Anasazi Heritage Center recorded an increase of 26,500 specimens and the Billings Curation Center an increase of 23,512 specimens. The increases were a result of a transfer of collections as part of a Save America's Treasures Grant and the acquisition of other collections.

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.

The BLM's website, "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. The website features photographs and text that highlight a number of noteworthy sites across the American West.

PALEONTOLOGICAL PROPERTIES

The BLM manages fossils as a natural heritage resource on the lands it administers 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; paleontological sites are an important consideration in developing land use management decisions. Over 200 properties totaling more than 5 million acres, including both NLCS lands and non-NLCS lands (areas of critical environmental concern,

research natural areas, and other special management areas), are managed either wholly or in part for paleontological values or contain paleontological values that may require special management strategies in the future. Significant paleontological resources can also be found on other BLM lands estimated to total over 20 million acres. In addition, the BLM manages eleven interpreted sites for their paleontological resources:

Colorado

Dinosaur Diamond Byway
Garden Park Fossil Area
Kremmling Cretaceous Ammonite Locality
Rabbit Valley Trail Through Time
Fruita Paleontology Area

Idaho

Malm Gulch ACEC

Utah

Cleveland Lloyd Dinosaur Quarry
Copper Ridge Sauropod Dinosaur Tracks
Mill Canyon Dinosaur Trail
Warner Valley Dinosaur Tracksite

Wyoming

Red Gulch Dinosaur Tracksite ACEC

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. However, a BLM permit is required for the collection of vertebrate fossils. BLM permits are generally issued only to professional paleontologists for scientific research, education, and display or exhibit at a university or museum.

Significant paleontological discoveries and studies continued in 2002. In addition to last year's discoveries at the Petersen Quarry in New Mexico, several more plaster-jacketed skeletal elements of dinosaurs were recovered this past summer by volunteers. There are now almost 100 jacketed specimens from this quarry containing various skeletal elements of giant sauropod dinosaurs such as *Camarasaurus* and *Diplodocus* as well as the large carnivorous dinosaur, *Allosaurus*. These specimens are awaiting cleaning, preparation, and analysis. The *Therizinosaur* dinosaur discovered in the Zuni Basin area of west-central New Mexico, along with the *Zuniceratops*, were featured in the Discovery Channel's "Walking With Dinosaurs" during the year; this episode is shown on a regular basis.

In Southern New Mexico, a very rare fossil was excavated and collected by the New Mexico Museum of Natural History and Science with the cooperation of the BLM's Las Cruces Field Office. The fossil discovery was of a 2-million-year-old armadillo-like creature named *Glyptotherium arizonae*, which as a group are commonly called glyptodonts. The intact shell of the

animal, which was estimated to be about the size of a Volkswagen Beetle, weighed about a ton. The shell is estimated to be about two-thirds complete and would have provided the animal with a considerable protective shield against its predators. As an added bonus, another discovery was unearthed at the same time not far away from this site: an almost complete skull and tusk of a mammoth was located, and collection of that specimen is being planned for the near future.

Recent paleontological work within the Grand Staircase-Escalante National Monument (GSENM) conducted by a team from the University of Utah has yielded abundant new evidence of fossil vertebrates. This project, financially supported by the GSENM, has concentrated on two Upper Cretaceous Formations: the Wahweap and Kaiparowits. Reconnaissance work in the early Campanian Wahweap Formation, carried out in cooperation with the Utah Geological Survey, has yielded remains of two ceratopsid dinosaurs, including partial skulls. Discovery of a hadrosaur bonebed led to excavation of numerous disarticulated elements, and remote sensing techniques have been applied in an attempt to locate additional specimens. Other finds include a pachycephalosaur skull dome and osteoderms of a giant crocodylian. In the Kaiparowits Formation, discoveries included a new ceratopsid, represented by most of the skull, as well as representative elements from the post-cranium. Theropod remains include partial skeletons of at least two taxa, one large-bodied tyrannosaur and one small-bodied maniraptoran.

In Wyoming, the discovery of rare fossil footprints on public lands near the Red Gulch/Alkali National Back Country Byway close to Greybull, Wyoming, is altering current views about the Sundance Formation and the paleoenvironment of the Middle Jurassic Period. Managed by the Worland Field Office, the Red Gulch Dinosaur Tracksite has become the BLM's newest interpreted paleontological site. Visitors can view hundreds of dinosaur tracks, learning about how they were formed and the dinosaurs that made them.

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.

The BLM's archaeological and historic resources range in age from 13,000-year-old mammoth kill sites associated 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. Increasingly, public land use is 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,



The buildings of Garnet, Montana, now a ghost town, greet today's visitors with much the same appearance as in the community's turn-of-the-century heyday.

weathering, and arroyo cutting) and human agents (looting, vandalism, recreational activities, and development).

The 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.

The 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 cultural resources of the West are a strong attraction for visitors from all over the world. The U.S. travel market is experiencing a dramatic growth of "cultural tourism," travel directed toward experiencing the arts, heritage, and special character of a place. Most of the tourists are Germans fascinated with Indians and their past. Many people in Germany grew up reading the Old West novels of Karl May, a 19th century author whose tales of Winnetou, an Apache chief, are cult classics. About 60,000 Germans today belong to clubs devoted to Indian tribes and culture. Tourists from Japan, Australia, and Korea are also frequent visitors.

The educational benefits of cultural resources, in both formal and informal settings, are also significant. The BLM's *Heritage Education and Project Archaeology Program* is playing a key role in supporting existing school curriculums and teaching higher-order thinking skills.

To date, over 255,000 archaeological and historical resources have been recorded on the roughly 15.5 million acres of public lands that have been inventoried, which represents more than 5.9 percent of all lands administered by the BLM. Projecting these estimates to the more than 261 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 277 listings on the National Register of Historic Places that encompass 4,206 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 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



World War II Memorial Chapel at the Fort Meade Post Cemetery in Montana's Fort Meade Recreation Area.

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 18 summarizes the number and condition of the cultural properties under BLM's stewardship.

"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."

In fiscal year 2002, the BLM completed or continued work on the six *Save America's Treasures* grants totaling \$800,000 that were awarded to the BLM between FY 1999 and FY 2001. *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. In FY 2001, the BLM's single largest *Save America's Treasures* grant—\$350,000—was awarded to 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; this project is now underway. Previous grants have involved the restoration of the Empire Ranch in Arizona, stabilization and protection of Fort Egbert National Historic Landmark in Alaska, study and stabilization of several mining sites in the San Juan Mining District in southwest Colorado, restoration and curation of collections from southwest Colorado, and preservation and study of perishable prehistoric materials from the Feather Cave Complex in New Mexico.

Table 18 - 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	277 Listings 4,206 Contributing Properties	Acceptable
World Heritage Properties	5	Acceptable
Recorded but Unassessed for Listing	255,225 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.

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 specifically include an element called "condition assessment survey" since regularly assessing the condition of over 255,000 recorded sites would be an onerous task. However, historic properties are evaluated continuously.

In the past two years, the cultural resource management program has worked with the BLM's Protection and Response Staff to obtain funding to conduct condition assessments at specifically threatened historic properties. 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 over 255,000 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.

CHANGE IN PALEONTOLOGICAL AND CULTURAL HERITAGE PROPERTIES FROM 2001 TO 2002

During fiscal year 2002, an additional 9,248 archaeological and historical sites were recorded, which represents an increase of 3.8 percent. The number of National Register of Historic Places listings increased by 5, while the number of contributing properties increased by 29.

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 3,954 BUILDINGS AND STRUCTURES, 680 ADMINISTRATIVE SITES, 2,097 RECREATION SITES, 78,060 MILES OF ROADS, 888 BRIDGES, 15,447 MILES OF TRAILS, AND 750 DAMS. THESE ASSETS SUPPORT THE MANAGEMENT, USE, AND ENJOYMENT OF THE PUBLIC LANDS FOR COMMERCIAL, RECREATIONAL, AND OTHER PURPOSES.

The Bureau's maintenance backlog stands at \$354 million and its construction backlog exceeds \$106 million. It will take 12 years to erase these backlogs at expected funding levels, without any additional projects, and adjusting for inflation.

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).

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.

This year, BLM began determining an asset's current replacement value as part of the condition assessment survey. Knowing the replacement value allows 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 ($FCI = \text{Deferred Maintenance} / \text{Current Replacement Value}$). 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.

Assessment results are used to update the BLM's computerized data base and tracking system. In 2003, BLM

will transition to a new Facility Asset Management System (FAMS). MAXIMO 5.1 is the software application for FAMS.

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 major 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.

As of September 30, 2002, the total accumulated deferred maintenance was estimated to be \$354 million. The accompanying table shows deferred maintenance by category.

BLM Deferred Maintenance as of September 30, 2002			
Grouped by Category	General Property, Plant, and Equipment	Stewardship Assets	Totals
Administrative Sites and Buildings	\$ 82,000,000	\$ 0	\$ 82,000,000
Recreation Sites and Buildings	61,000,000	0	61,000,000
Roads and Trails	0	187,000,000	187,000,000
Dams, Bridges, and Major Culverts	0	24,000,000	24,000,000
Total	\$143,000,000	\$ 211,000,000	\$ 354,000,000

Independent Auditors' Report



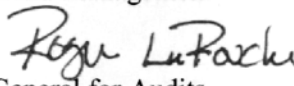
United States Department of the Interior

Office of Inspector General
Washington, D.C. 20240

February 28, 2003

Memorandum

To: Director, Bureau of Land Management

From: Roger La Rouche 
Assistant Inspector General for Audits

Subject: Independent Auditors' Report on the Bureau of Land Management's Financial Statements for Fiscal Years 2002 and 2001 (No. 2003-I-0024)

We contracted with KPMG LLP (KPMG), an independent certified public accounting firm, to audit the Bureau of Land Management's (BLM) financial statements as of September 30, 2002 and for the year then ended. The contract required that KPMG conduct its audit in accordance with the Comptroller General of the United States of America's *Government Auditing Standards*, the Office of Management and Budget's Bulletin 01-02 *Audit Requirements for Federal Financial Statements*, and the General Accounting Office/President's Council on Integrity and Efficiency's *Financial Audit Manual*.

In its Independent Auditor's Report dated December 16, 2002 (Attachment 1), KPMG issued an unqualified opinion on BLM's financial statements. KPMG identified six reportable conditions related to the following internal controls and financial operations: (1) accounting for property, (2) accruing year-end payables, (3) security and internal controls over information technology systems, (4) accounting for intra-departmental transactions, (5) internal controls over charge cards, and (6) timely deobligation of undelivered orders. KPMG considers the first two reportable conditions to be material weaknesses. With regard to compliance with laws and regulations, KPMG found BLM noncompliant with portions of the Federal Financial Management Improvement Act (FFMIA). Specifically, KPMG reported BLM's financial management systems were not in substantial compliance with Federal financial management systems requirements and Federal accounting standards.

In connection with the contract, we monitored the progress of the audit at key points, reviewed KPMG's report and selected related working papers, and inquired of its representatives. Our review, as differentiated from an audit in accordance with the *Government Audit Standards*, was not intended to enable us to express, and we do not express, an opinion on the BLM's financial statements, conclusions about the effectiveness of internal controls, conclusions on whether BLM's financial management systems substantially complied with the three requirements of FFMIA, or conclusions on compliance with laws and regulations. KPMG is responsible for the auditors' report and

for the conclusions expressed in the report. Our review disclosed no instances where KPMG did not comply in all material respects with the *Government Auditing Standards*.

In the January 13, 2003 response to the draft report from the Director, BLM (Attachment 2), BLM concurred with Recommendations A through H. Based on the response, all seven recommendations are considered resolved but not implemented. The seven 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 Office of Inspector General to list this report in its semiannual report to the Congress.

Attachments



Suite 2700
707 Seventeenth Street
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 sheets of the Bureau of Land Management (BLM) as of September 30, 2002 and 2001, the related consolidated statements of net cost of operations for the years then ended, and the related consolidated statement of changes in net position, combined statement of budgetary resources, and consolidated statement of financing for the year ended September 30, 2002 (hereinafter referred to as the financial statements). The objective of our audits was to express an opinion on the fair presentation of these financial statements. In connection with our audits, 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 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 conditions being identified as reportable conditions:

Reportable Conditions That Are Considered to be Material Weaknesses

- A. Accounting for Property
- B. Accruing for Year-end Payables

Other Reportable Conditions

- C. Security and Internal Control Over Information Technology Systems
- D. Accounting for Intra-departmental Transactions
- E. Internal Control Over Charge Cards
- F. Timely Deobligation of Undelivered Orders

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 herein under *Government*

Auditing Standards, issued by the Comptroller General of the United States, or Office of Management and Budget (OMB) Bulletin No. 01-02, *Audit Requirements for Federal Financial Statements*.

The results of our tests of FFMIA disclosed instances where the BLM's financial management systems did not substantially comply with federal financial management systems requirements and the 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 sheets of the BLM as of September 30, 2002 and 2001, the related consolidated statements of net cost of operations for the years then ended, and the related consolidated statement of changes in net position, combined statement of budgetary resources, and consolidated statement of financing for the year ended September 30, 2002.

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, 2002 and 2001, its net cost of operations for the years then ended, and its changes in net position, budgetary resources, and reconciliation of net cost of operations to budgetary obligations for the year ended September 30, 2002, in conformity with accounting principles generally accepted in the United States of America.

As discussed in notes 15 and 19 to the financial statements, the BLM changed its method of accounting for allocation transfers as of October 1, 2001.

The information in the Management's Discussion and Analysis, Required Supplementary Stewardship Information (Stewardship Assets), and Required Supplementary Information (Supplementary Statement of Budgetary Resources by Major Budget Accounts and Deferred Maintenance) sections is not a required part of the financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America and OMB Bulletin No. 01-09, *Form and Content of Agency Financial Statements*. 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.

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 by 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.

In our fiscal year 2002 audit, we noted certain matters involving 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 accurate and complete. As part of our audit, we found weaknesses in the following areas:

1. *Property on stewardship lands.* Accounting principles generally accepted in the United States of America define general property recorded on the balance sheet as any property used in providing goods or services. However, the BLM does not have procedures in place to capitalize roads, bridges, and dams located on stewardship lands, when the property is used in the production of goods or services. It is estimated the BLM has potentially understated net general property by as much as \$5.2 million in its September 30, 2002 financial statements for this issue.

Currently, roads, bridges, and dams on stewardship lands are expensed in the year of construction or acquisition. These items vary greatly in their degree of use, cost, and sophistication. For example, stewardship lands have various types of roads. These include: (1) rough dirt roads created from years of use, (2) dirt roads created by non-federal land users (e.g., oil and gas exploration crews) and then abandoned, and (3) roads created by the BLM to provide access (e.g., gravel and paved roads). Some of these roads are maintained and are used to produce goods and services, while others merely exist until natural conditions overtake them. An example of property that should be capitalized is BLM roads and bridges used to support timber operations. These types of assets are not permanent improvements to the land, but rather are additions needed to provide access to timber, and thus should be capitalized and depreciated because the cost more closely relates to the timber than to the land.

2. *Additions and deletions to property accounts.* Our audit revealed inaccuracies in the recording of additions and deletions to property accounts. Although not material to the financial statements, these errors have resulted in current and prior year misstatements of property and expense. This issue is a repeat finding from the prior year. During the current year the BLM has made an effort to identify and correct historical property inaccuracies through the allocation of additional staff, the issuance of additional instructional memorandums, and the performance of internal reviews. However, property discrepancies continue to exist and appear to stem from a variety of factors, including the need for: (1) accurate and timely reporting from the field offices, which includes complete and accurate annual physical inventory examinations; (2) additional training on conducting physical inventories; (3) additional management oversight to ensure appropriate reviews are conducted, and (4) improved communication between the field offices and the BLM's business center.
3. *Capitalizing leases.* The BLM does not have adequate procedures to determine, at the inception of a lease, if a lease should be accounted for as a capital lease or as an operating lease. Prior to September 30, 2002, the BLM had not performed an analysis of its leases and had classified all leases as operating. Subsequent to year-end, a limited review of leases was performed by the BLM, and it was determined that some leases met the criteria for capitalization. By not having procedures to evaluate the classification of leases, at the inception of the lease, the BLM increases its risk of understating property balances and lease obligations.

Recommendation

1. *Property on stewardship lands.* The BLM should implement procedures to analyze and account for general property (e.g., roads, bridges, and dams) on stewardship lands. The procedures should consider the following:
 - Determining whether the property is used in the production of goods and services.

- Implementing capitalization thresholds at a level that would not omit a significant amount of property from the balance sheet.
 - Establishing useful lives that represent the normal operating life of the property in terms of the property's utility to the BLM.
 - Coordinating with other Department of the Interior bureaus to establish property policies and procedures that are consistent across bureaus and offices.
2. *Additions and deletions to property accounts.* The BLM should continue to strengthen its procedures over the recording of additions and deletions to property. Improvements should include additional training on the initial recording and subsequent monitoring of property, additional management oversight to ensure property inventories are being conducted accurately and timely, and improvements in communication between field offices and the BLM business center.
 3. *Capitalizing leases.* The BLM should implement procedures to evaluate leases at the inception of the lease agreement to determine if the lease should be capitalized. For existing leases, the BLM should perform a thorough evaluation using reasonable lease assumptions. Lease evaluations should consider the economic substance of the lease agreements rather than their legal form.

Management Response

The BLM concurs with the finding and recommendation. The BLM currently capitalizes roads, bridges, and dams within the confines of an established real property administrative site. Historically, the BLM viewed any of these items outside of an administrative site as stewardship in nature, meeting neither the capitalization nor road design standard, and thus did not capitalize them. The BLM is currently reevaluating its procedures and, with the assistance of a Department capitalization standard to be issued in FY 2003, will begin capitalizing all roads, bridges, and dams that meet capitalization thresholds.

The BLM agrees that some additions and deletions are not always updated timely. The BLM continues to strive to identify and correct deficiencies related to the timely processing of property management documents. This is evident by the aggressive approach taken during the FY 2002 Property Management Reviews. During FY 2002, the team visited three state and twenty-nine field offices where it identified deficiencies and provided corrective and follow-up actions to fix and monitor the status of the property management programs on a daily basis. In addition, a full time property accountant was added to the property staff to ensure records are monitored for accuracy throughout the year.

The BLM's intentions are not to enter into capital leases. However, as a result of the BLM's internal year-end review of all of its current leases, it was determined that two immaterial leases, one of which expired in FY 2002, did meet the obscure fourth requirement to be considered a capital lease. In order to be in strict compliance with the Federal Accounting Standards Advisory Board standard, the BLM, in coordination with the Department, will develop and implement procedures for evaluating all leases at the inception of the lease to determine if the lease should be capitalized. The evaluation will include an analysis of the applicable lease criteria, utilizing the terms of the lease and considering the economic substance of the lease.

B. Accruing for Year-end Payables

The BLM does not have adequate procedures to capture and report the complete amount of accounts payable at year-end. Accounting principles generally accepted in the United States of America require the BLM to record a liability for the unpaid amounts of goods accepted and services received prior to year-end. To the extent that information is not available, the BLM is required to develop reliable,

alternative means of estimating amounts owed. The BLM's current procedures are limited in scope and time, and include a search of subsequent year-end payments through the preparation of the financial statements, which is approximately one month after year-end. Our audit found approximately \$16 million of payments that occurred after year-end that should have been accrued. An audit adjustment was made to record the correct liability at year-end. For some of the transactions, the BLM had procedures in place to estimate liabilities and obligate funds for budgetary purposes, however the budgetary estimates were not communicated to those who prepare the financial statements. As timelines for financial reporting continue to be expedited, the lack of a reliable, alternative means of estimating accounts payable may ultimately impact the BLM's ability to issue reliable financial statements in a timely manner.

Recommendation

The BLM needs to improve procedures for reporting accounts payable at year-end. Improvements should include increased communication between budgetary staff and those who prepare the financial statements, and the development of a reliable means for estimating amounts owed.

Management Response

The BLM concurs with the finding and recommendation. The BLM realizes that the use of estimates must become part of its standard financial statement preparation procedures, however the development of accurate and reliable numbers will be a challenge. For example, fire seasons can vary significantly in both severity and duration from year to year, which affects potential year-end liabilities in one of the BLM's largest expense areas. This creates a stumbling block in trying to develop trend analysis as a way of estimating accounts payable since there can be extreme variances from year to year. Since the BLM recognizes that the use of estimates related to accounts payable will be necessary in order to meet OMB's accelerated financial statement reporting deadlines, the Finance Department has scheduled a series of meetings in the near future to discuss how we can improve our accounts payable reporting. From these discussions, as well as with input from the Department and the auditors, we intend to develop an accurate and reliable process for estimating accounts payable.

We noted the following reportable conditions that are not considered material weaknesses:

C. Security and Internal Control Over Information Technology Systems

Security and general controls over the BLM's financial management systems have not been fully implemented. Despite the fact that the BLM has made recent progress in implementing security and controls over its information systems, controls need to be improved in the areas described below, as required by OMB Circular A-130, *Management of Federal Information Resources*. These conditions could affect the BLM's ability to prevent or detect unauthorized changes to subsidiary financial information, control electronic access to sensitive information, and protect its information resources.

Security Programs

Security programs, including security policies and a related implementation plan, support systems, and major applications are the foundation of an entity's security control structure and a reflection of senior management's commitment to addressing security risks. As outlined in OMB Circular A-130, an effective security program includes a risk assessment process, a certification process, and rules of behavior that define and guide the use of financial systems. The BLM has not finalized its security plans for the internal network or for certain major financial applications.

Segregation of Duties

Proper segregation of duties should be ensured through the establishment of policies, procedures, and organizational structure such that one individual cannot control key aspects of financial transactions, and thereby conduct unauthorized actions or gain unauthorized access to assets or records. At year-end the BLM had not finalized policies and procedures to ensure that segregation of duties is maintained for its Collections and Billing System (CBS).

This issue is a repeat finding from the prior year. During the current year the BLM distributed guidance to its offices to address compliance with CBS segregation of duty policies, and required the offices to review current access and certify users' roles and responsibilities within the system. Based on responses, certifications, and additional discussions with the field offices, the BLM revised access to the CBS system subsequent to year-end.

Access Controls

Access controls should provide reasonable assurance that computer resources (data files, application programs, and computer-related facilities and equipment) are protected against unauthorized modification, disclosure, loss, or impairment. The objectives of limiting access are to ensure that (1) users have only the access needed to perform their duties; (2) access to very sensitive resources, such as security software programs, is limited to very few individuals; (3) employees are restricted from performing incompatible functions or functions beyond their responsibilities; (4) application security configuration settings are sufficient to provide reasonable assurance that access to applications through user log-on cannot be easily compromised; and (5) network security configurations are optimized to provide reasonable assurance that computer resources (data files, application programs, and computer-related facilities and equipment) are protected against unauthorized modification, disclosure, loss, or impairment. Technical and procedural access controls over the BLM's network and certain subsidiary financial applications have not been developed and implemented to minimize the risks of unauthorized internal access to the network and systems.

Service Continuity

Losing the capability to process, retrieve, and protect information maintained electronically could significantly impact the BLM's ability to accomplish its mission. The BLM has not finalized its formal plans and tested information technology continuity controls for certain financial applications to ensure that when unexpected events occur, critical operations continue without interruption or are promptly resumed and critical and sensitive data are protected.

Recommendation

We recommend the BLM continue implementation of its formal action plan to improve the internal security and general controls over financial management systems. This plan should address each of the areas discussed above, as well as other areas that might impact the electronic data processing control environment to ensure adequate security and protection of the BLM's financial management systems.

Management Response

The BLM concurs with the findings and recommendations.

Security Programs and Access Controls

The BLM plans to finalize security plans and certifications for major financial applications and other applications in accordance with OMB A-130. The Department is system owner for financial applications such as FFS, Hyperion, IDEAS, and FPPS. The BLM will incorporate guidance from Department-owned systems into its related applications. The OMB A-130 certification process is based on funding availability through FY 2005, and may be initiated as early as FY 2003, with the BLM's

Management's Response, continued

Collections and Billings System application being the first major financial application to be reviewed due to the number of users involved and the security importance of the application to the BLM.

Certifications of the BLM's General Support Systems were completed on external network nodes at Portland and Denver, and on the internal portion of networks within regional nodes. Certifications of General Support Systems in State and field offices will follow.

Systems and applications certifications will include a risk assessment, system/major application security plan, security system test plan and report, rules of behavior, contingency plans and certification statements. The contingency plans will be tested at least annually in conjunction with other Continuity Of Operations Plans (COOP). All general support systems and major applications will be re-certified every three years.

The BLM has recently established the IT Security Group within National Information Resources Management Center (NIRMC). This Group consists of four BLM employees and four contractor personnel with additional contractor personnel added when necessary. The IT Security Group is tasked with the following:

- Develop an internal network security policy and achieve accreditation for all general support systems and major applications across the Bureau by December 31, 2005.
- Establish and maintain an IT security patch management effort designed to keep all servers across the Bureau at the current patch level.
- Develop and maintain proper IT security configurations for all BLM operating systems.
- Monitor the scanning of the internal network to ensure that account access is kept up-to-date; strong passwords are utilized where possible; ensure the separation of development systems and production systems where possible; and ensure that security configurations are kept current.

All other recommendations either have been addressed or will be addressed by the IT Security Group prior to April 1, 2003.

Segregation of Duties

The BLM's efforts to achieve and implement the recommendations were completed during the first quarter of FY 2003. The BLM reviewed all current Collections and Billings System (CBS) users with access to conflicting functions and changed their access or assured their access was appropriate given the circumstances, and the BLM management assumed the minimal risks involved. The BLM developed policies and procedures to require compliance with CBS segregation of duty policies. The National Business Center (NBC) issued three Information Memorandums (IM) to the field addressing segregation of duties including the requirement for a certification of roles and responsibilities within CBS, roles and responsibilities related to separation of duties within CBS, and procedures to be used in third party reviews of collections. Additionally, the BLM is going to revise the CBS certification form, monitor compliance with segregation of duties policies and procedures more frequently and, if necessary, assess and accept the risk associated with offices where proper segregation is not feasible.

Service Continuity

The NIRMC COOP team has updated the NIRMC Business Recovery Plan to be compatible with Denver Center COOP. The Denver Center COOP has been tested twice with mixed results. The NIRMC COOP team will continue to evaluate and update the current COOP. Each individual Major Application will have a Technical Contingency Plan developed as part of the OMB A-130 certification process for that application. This Technical Contingency Plan will address the backup and recovery

Management's Response, continued

plans; vendor agreements; off-site storage of forms, critical documents, and supplies; an inventory of forms and media stored at an off-site location and "warm site" testing procedures for the applicable Major Application. The testing of these contingency plans may be undertaken as part of the Denver Center COOP or may be held as a separate event at the discretion of management.

D. Accounting for Intra-departmental Transactions

As part of its reporting process, the BLM is required to communicate and reconcile intra-departmental transactions between other Department of the Interior bureaus (referred to as "trading partners"). Variances with trading partners indicate misstatements in financial reporting at both the bureau and Department levels. Trading partner transactions include the following:

1. *Exchange transactions.* As of year-end, the BLM's exchange transaction activity with its trading partners was out of balance by approximately \$24 million, which was ultimately reduced to an insignificant amount. Variances between trading partners are currently identified through a manual process, which includes entering transaction data into the Department's financial reporting system (Hyperion). This information is accessible by all Department bureaus. Although the information is entered into Hyperion throughout the year, variances are not adequately reconciled and resolved in a timely manner, with a large majority of the reconciliations continuing to occur at year-end and encompassing a significant amount of accounting staff time and resources.

This issue is a repeat finding from the prior year. During the current year the BLM has devoted resources to identify and correct out of balance variances, has further developed its processes to standardize the data provided to other bureaus, has provided unbilled receivable detail more frequently, and has requested more information as needed from other bureaus on unidentified receivables. These procedures have reduced the amount of the BLM's variances in exchange transactions with its trading partners. However, the process continues to be informal, manual, and dependent on the cooperation of other bureaus.

2. *Allocation transfers.* Allocation transfers are amounts of budget authority and other resources transferred to other agencies to carry out the purposes of the transferor's authority. Beginning in fiscal year 2002, generally accepted accounting principles required the transferor agency to report the allocation agency's budgetary activity in the transferor's Statement of Budgetary Resources. The BLM is both a transferor agency and a recipient of allocation transfers. However, the BLM's largest allocation transfer relates to it being the transferor agency for the Wildland Fire Management Account. In fiscal year 2002, the BLM transferred more than \$400 million in budgetary authority to other Department of the Interior bureaus for this program.

The process for communicating allocation transfer amounts at the end of fiscal year 2002 was informal, lacked adequate supporting documentation, and created confusion and variances between the BLM and other Department of the Interior bureaus in the amounts that should be recorded. The informal procedures resulted in the BLM making a large, untimely adjustment, totaling approximately \$48 million, to its fiscal year 2002 Statement of Budgetary Resources.

The BLM's variances for the above types of transactions were ultimately reduced to insignificant amounts for fiscal year 2002 financial reporting purposes. However, as timelines for future years' financial reporting continue to be expedited, the lack of more effective and timely processes to resolve variances in intra-departmental activity may ultimately impact the BLM's ability to prepare reliable financial statements in a timely manner.

Recommendation

1. *Exchange transactions.* The BLM, in conjunction with the Department and other Department of the Interior bureaus, should implement an automated process and formal policies and procedures for the proper reconciliation and correction of variances in trading partner exchange transactions. Until formal and automated processes are implemented, the BLM should continue to improve its manual process to reconcile and resolve amounts. The reconciliation process should be completed quarterly and include procedures to resolve and record differences in a timely manner.
2. *Allocation transfers.* The BLM, in conjunction with the Department and other Department of the Interior bureaus, should implement formal procedures for communicating and reconciling allocation transfers of budgetary authority. Until formal procedures are implemented, the BLM should establish its own standards for reporting and receiving allocation transfer information.

Management Response

The BLM concurs with the finding and recommendation.

1. *Exchange transactions.* As noted in the condition section, the BLM has taken steps within the past year to help correct the situation in this area. In addition to what is cited above, the BLM also devoted one full time employee to reconciling eliminating entries within the Department, which allowed the BLM to focus that resource on improving the reconciliation process, even though it continues to be a manual one.

An initiative of the Departmental Eliminations Team, a team created to identify and correct issues with intra-departmental eliminating entries, is to head an automation project that will reduce the effort needed to match transactions between bureaus. It is hoped that this project will be implemented in early FY 2003. Additionally, with OMB requiring quarterly financial statements beginning in FY 2003, greater emphasis will be placed on the intra-departmental variance reconciliation process to be performed on a quarterly basis, which should help reduce the effort needed at year-end.

The BLM feels that the \$24 million out of balance number noted in the condition section is misleading. The reason that number was ultimately reduced to an insignificant amount was due to corrections required to be made almost exclusively at other bureaus. The \$24 million is not an accurate reflection of anything being misstated at the BLM.

2. *Allocation transfers.* FY 2002 was the first year that the Department of the Interior adopted the OMB requirement for an allocation transferor to report all transferees' budgetary activity in its Statement of Budgetary Resources. As a result, the procedures for communicating budgetary information between bureaus were informal and created confusion. The BLM has begun discussions with other bureaus and the Department regarding creating and implementing formal procedures on communicating allocation transfer information.

E. Internal Control Over Charge Cards

The BLM has not ensured compliance with established procedures to review charge card transactions. We found instances of Program Coordinator reviews not being submitted to the BLM's business center. It is the BLM's policy that Program Coordinators review charge card usage at least annually and submit their reviews to the business center. A lack of submittal of the reviews indicates they have not been performed. Our audit revealed only 75% of the Program Coordinator reviews were submitted. In those reviews the following problems were noted:

- *A lack of cardholder signatures.* Thirty-six percent of the reviews found instances of the cardholder's signature not being present on the charge card statements. A lack of a signature implies the statement may not have been reviewed or validated by the cardholder.
- *A lack of approving official signatures.* Fifty-four percent of the reviews found instances of the approving official's signature not being present on the charge card statements. A lack of a signature implies the statement may not have been properly reviewed and approved.
- *A lack of adequate supporting documentation.* Twenty-eight percent of the reviews found instances of missing receipts and documentation to support the charge card expenditures. A lack of adequate supporting documentation may indicate the charge card expenditures were not valid or allowable.

By not conducting adequate reviews of charge card transactions and obtaining the necessary supporting documentation for charges, the BLM increases its risk that charge cards may be used for purposes other than official government related business, and these potential misuses will go undetected. The charge card program had approximately \$108 million in expenses during the fiscal year 2002, and the number of charge card transactions increased 22% from the prior fiscal year, to approximately 777,000 transactions. Due to the significant volume of transactions, adequate internal control over charge card transactions is important in preventing significant misuse.

Recommendation

Management should be more diligent in monitoring and enforcing compliance with its charge card policies. The BLM should continue to provide additional training to personnel on charge card review procedures and the requirements for adequate supporting documentation.

Management Response

The BLM concurs that there is some inconsistency with cardholders and Approving Officials signing monthly charge card statements. This issue has been identified as a problem area during internal BLM reviews. According to the above condition statement, 36 percent found instances of missing cardholder signatures and 54 percent of the statements were missing Approving Official signatures. Although a number of the field office annual charge card program reviews cited the absence of cardholder and Approving Official signatures as a deficiency, the reports do not generally give an indication of how many charge card statements were missing the required signatures. Some reviews indicated that there were only one or two instances, while others only had the "NO" box checked, indicating that the cardholder and Approving Official signatures were not present 100 percent of the time.

The charge card program review forms that are submitted by the BLM field offices summarize the findings of an office's review. The reviews are performed on the last 12 statements of at least 10 percent of the cardholders in the organization. If there are 50 cardholders in an organization, the review would include as many as 60 statements (5 cardholders times 12 statements). If one statement did not have the required signatures, the "NO" box on the summary review form would be checked. The fact that the "NO" box is checked does not indicate that all statements reviewed were missing the required signatures. Therefore, the auditor's observations regarding the percentage of reviews that found instances of missing cardholder or Approving Official signatures are very misleading. The information that would be valuable is the number of statements missing the signatures as a percentage of the total number of statements reviewed. However, this information is not available.

The problem with missing signatures on statements was noted in a similar recommendation during last year's audit. That FY 2001 recommendation based the findings on occurrences that were found when reviewing supporting documentation that was provided by the BLM as part of the charge card transaction sampling process. During that review, it was stated that cardholder signatures were absent on 8 statements out of 55 tested and Approving Official signatures were absent on 5 statements of 55

tested. This year the BLM provided statements and supporting documentation for approximately 45 transactions, and to the best of our knowledge, no problems were found. The BLM recognizes that there is an opportunity for continued improvement; however, based on the information above, the Bureau feels it has made noticeable improvement in this area.

The BLM also concurs that there were a significant number of program coordinators who did not submit their required charge card reviews to the BLM's National Business Center. However, it is important to note that there was a substantial improvement this year as compared to last year. The FY 2001 NFR stated that only 8 reviews were submitted, while for FY 2002 a total of 127 reviews were submitted.

These problems, and the issue of missing supporting documentation, are recurring issues identified by most DOI bureaus and the DOI Office of Inspector General. In response to Department wide issues, DOI has recently developed, and made mandatory, web-based Approving Official training and charge card Agency/Organization Program Coordinator (A/OPC) training. All Approving Officials were required to complete the training last summer and A/OPCs just received notification to take the training. The A/OPC training must be completed by approximately mid February 2003. These two classes include substantial emphasis on the issue of following established management controls to reduce the possibility of charge card abuse. The BLM also issued, on September 30, 2002, an updated release of the charge card program manual (BLM Manual Release 1512 – Charge Cards and Convenience Checks for Travel, Purchase Fleet, and Uniforms). This manual provides current guidance on the management of the charge card program.

An instruction memorandum was issued on December 24, 2002, to remind A/OPCs of the requirement to complete the local charge card program reviews. The memorandum will remind the offices of the requirement to outline corrective actions for problems identified in the review. In order to improve the visibility of this review requirement, the memorandum will require the reviews to be submitted to the BLM National Business Center by memorandum signed by the State Director or the Center Director. Follow-up will be done with any States or Centers that do not submit the review forms by March 15, 2003. When the BLM-sponsored reviews of States and Centers are conducted, it will be verified that proposed corrective actions have been taken.

F. Timely Deobligation of Undelivered Orders

The BLM has not fully implemented its internal procedures to ensure budgetary account transactions for undelivered orders are deobligated in a timely manner. It is the BLM's policy that all offices carefully review unliquidated obligation reports and tables in the accounting system to verify the accuracy of unliquidated obligation balances and to ensure outstanding balances do not contain amounts that should be deobligated.

This issue is a repeat finding from the prior year. During the current year the BLM has continued to implement a field office certification process, where offices certify the validity of undelivered orders. However, our audit continued to find instances (projected to be approximately \$19 million) of undelivered orders outstanding at year-end that should have been deobligated. In the majority of the instances the invalid undelivered orders were inactive for over one year. Supporting documentation indicated field office reviews were not performed or the reviews erroneously concluded the undelivered order was valid, which indicates reviews are not being performed at the appropriate level of detail. This could stem from a variety of factors, including lack of appropriate training, communication, and management oversight.

Recommendation

The BLM should improve its review procedures for undelivered orders to ensure amounts are deobligated timely. Improvements should include field offices performing effective and complete reviews. In addition, for financial reporting purposes, the BLM should develop procedures to centrally review year-end undelivered orders that have a higher risk of not being valid, such as a review of all undelivered orders that have not had activity for over one year.

Management Response

The BLM has continued to work to improve in this area, but realizes that more needs to be done. During FY 2002, the BLM was able to recover over \$40 million due to efforts in clearing undelivered orders. In July 2002, the Business Center introduced an improved MIS report making it easier for field office and procurement personnel to review. The Business Center also conducted a thorough sweep of government charge card undelivered orders, resulting in a recovery of over \$2 million. Additionally, the BLM has plans to make significant policy and procedural changes in an effort to ensure that field offices perform effective and complete reviews of all procurement documents, with particular attention paid to agreements.

A summary of the status of prior year reportable conditions is included as exhibit I.

We also noted other matters involving internal control over financial reporting and its operation that we have reported to the management of the BLM in a separate letter dated December 16, 2002.

COMPLIANCE WITH LAWS AND REGULATIONS

Our tests of compliance with certain provisions of laws and regulations, as 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* and OMB Bulletin No. 01-02.

G. Federal Financial Management Improvement Act of 1996

The results of our tests of FFMIA disclosed the following instances where the BLM's financial management systems did not substantially comply with the federal financial management systems requirements and federal accounting standards.

1. *Federal Financial Management Systems Requirements.* As discussed in the section of our report entitled Internal Control Over Financial Reporting, the BLM needs to improve internal security and internal control over information technology systems. The BLM has not finalized its security plans for the internal network or for certain major subsidiary financial applications; has not developed and implemented technical and procedural access controls over its internal network and certain subsidiary financial applications to minimize the risks of unauthorized internal access to the network and systems; has not finalized plans and has not tested information technology continuity controls for certain subsidiary financial applications to ensure that when unexpected events occur, critical operations continue without interruption or are promptly resumed and critical and sensitive data are protected; has not implemented sufficient internal network security configuration settings to prevent and monitor unauthorized access to the internal network, including weak passwords, unnecessary services running, and unpatched vulnerabilities. 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*.
2. *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 the BLM needs to improve its procedures related to accounting for property and accruing for year-end payables. The foregoing material weaknesses in internal control are also an indication of noncompliance with FFMIA provisions relating to federal accounting standards.

Recommendation

1. *Federal Financial Management Systems Requirements.* We recommend the BLM improve its internal security and internal control over information technology systems to a level that will allow the BLM to substantially comply with the security and general information technology control requirements of OMB Circular A-130, *Management of Federal Information Resources*.
2. *Federal Accounting Standards.* We recommend 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.

Management Response

As discussed in responding to reportable conditions A, B, and C, the BLM will continue to work to strengthen its internal control to ensure that its financial statements and related disclosures are prepared in accordance with federal accounting standards and will continue to work to strengthen its internal security and internal control over information technology systems.

The results of our tests of FFMIA disclosed no instances in which the BLM's financial management systems did not substantially comply with the United States Standard General Ledger at the transaction level.

RESPONSIBILITIES

Management's Responsibilities

The *Government Management Reform Act of 1994* (GMRA) requires each 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 assist the Department of the Interior in meeting the GMRA reporting requirements, the BLM prepares annual financial statements.

Management is responsible for the financial statements, which includes:

- 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, and preparation of the Management's Discussion and Analysis (including the performance measures), required supplementary information, and required supplementary stewardship information; 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. Because of inherent limitations in internal control, misstatements, due to error or fraud, may nevertheless occur and not be detected.

Auditors' Responsibilities

Our responsibility is to express an opinion on the financial statements of the BLM based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* and OMB Bulletin No. 01-02. Those standards and OMB Bulletin No. 01-02 require that we plan and perform the audits 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 audits provide a reasonable basis for our opinion.

In planning and performing our fiscal year 2002 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 thereon.

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 internal control 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 thereon.

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 the Management's Discussion and Analysis, we obtained an understanding of the design of significant internal control 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 thereon.

As part of obtaining reasonable assurance about whether the BLM's fiscal year 2002 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 OMB Bulletin No. 01-02 and 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 the 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

December 16, 2002

Bureau of Land Management
Summary of the Status of Prior Year Reportable Conditions
September 30, 2002

Reference	Condition Area	Status
2001-A	Accounting for Property	This condition has not been corrected and is repeated in fiscal year 2002.
2001-B	Accounting for Intra-departmental Transactions	This condition has not been corrected and is repeated in fiscal year 2002.
2001-C	Accounting Effects of New Legislation	This condition has been corrected.
2001-D	Timely Deobligation of Undelivered Orders	This condition has not been corrected and is repeated in fiscal year 2002.
2001-E	Helium Gas Inventory Examinations	This condition has been corrected.
2001-F	Segregation of Duties Within the Collections and Billings System	This condition was not fully addressed until after fiscal year-end 2002, and thus is repeated in fiscal year 2002.
2001-G, H	Information Technology Controls at Interior's National Business Center	This condition has not been corrected; however the recommendation is not repeated in fiscal year 2002 because the BLM has limited abilities to require the Interior National Business Center (Interior NBC) to produce assurance (similar to a SAS 70 Type II report) that adequate security and controls are in place over Interior NBC's financial management systems.
2001-I	FFMIA – Federal Accounting Standards	This instance of noncompliance has not been corrected and is repeated in fiscal year 2002.



United States Department of the Interior

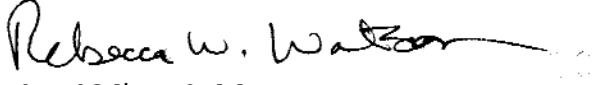
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MEMORANDUM

To: Assistant Inspector General for Audits
Attention: Curtis W. Crider

Through: Rebecca W. Watson 
Assistant Secretary, Land and Minerals Management

From: Kathleen Clarke 
Director, Bureau of Land Management

Subject: Draft Independent Auditors' Report on the Bureau of Land Management's
Financial Statements for Fiscal Years 2002 and 2001
(Assignment No. C-IN-BLM-0106-2002)

Thank you for the opportunity to review and comment on the above-referenced draft report. We appreciate the efforts that the Office of Inspector General and KPMG have provided on our behalf. The Bureau of Land Management's (BLM) written comments and responses are detailed in the attachment.

If you have any questions regarding this response, please contact Jeannette Davis, BLM National Business Center, at (303) 236-7396, or Jean Fend, BLM Audit Liaison Officer, at (202) 452-5153.

Attachment Not Included

Comment Card

FORM APPROVED
OMB NO. 1040-0001

Expires: January 31, 2005

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Report Title: <u>BLM FY 2002 Annual Report</u>	<Needs Major <Improvement							Excellent>
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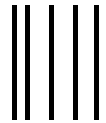


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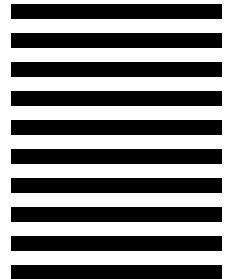


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A science partnership between BLM and
USGS included a float trip through
Colorado's Gunnison Gorge National
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The Bureau of Land Management's National Science and Technology Center supports other BLM offices by providing a broad spectrum of services in areas such as physical, biological, and social science assessments; architecture and engineering support; library assistance; mapping science; photo imaging; geographic information systems applications; and publications support.

BLM/BC/GI-03/001+1300

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