

Annual Report

Bureau of Land Management

U.S. DEPARTMENT OF THE INTERIOR

Shared Community Stewardship for America's Public Lands



Preface

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

Our workforce is 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; over 116,000 miles of fishable streams; high forested slopes; alpine tundra; majestic canyons; and rugged badlands.

We invite you to read our 2003 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!



A fisherman helps his daughter reel in a big one at Arizona's Lake Pleasant, near Agua Fria National Monument. (John Beckett, Beckett & Beckett Photography)

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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 is responsible for more than 260 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 and resources contribute in many different ways to the wealth of the nation and to the quality of life of the American people. Recognizing this, Congress enacted legislation in 1976 directing the BLM to manage the public lands for multiple use.

Multiple use includes traditional economic activities such as livestock grazing, timber harvesting, energy development, and mineral production—activities that provide jobs, sustain local communities, and contribute to our national economy and the quality of life we enjoy in this country.

The public lands include vast open spaces, with boundless opportunities for recreation and adventure. They include landscapes of spectacular natural beauty and solitude that inspire spiritual renewal and a reverence for our natural environment. Ensuring that the public has opportunities for these experiences is also part of our multiple use mission.

While managing public 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.

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. Greater numbers of people are using the public lands for ever more diverse activities, resulting in more frequent conflicts over resources and values.

Presented with these challenges, the Bureau of Land Management has been required to search more aggressively for creative new ways to carry out our mission.

We are making changes within our agency to improve efficiency and better manage our resources. But we know that we must also look beyond our agency for solutions.

Today we rely increasingly on broader public participation in the management of the public lands—a principle we call Shared Community Stewardship.

Shared Community Stewardship is the group of retirees who monitor archaeological sites in Las Cruces, New Mexico; the mother-and-daughter team in Anchorage, Alaska, who maintain a unique herbarium for the Campbell Creek Science Center; a horse-loving couple from Utah who help promote the BLM wild horse and burro adoption program; and the retired couple who serve as caretakers and hosts at the BLM campgrounds in Lone Pine, California.

Shared Community Stewardship is the group of ranchers in Winnemucca, Nevada, who enlisted for training as firefighters to help fire teams protect grazing allotments; the student volunteers in Idaho who help residents protect their homes and property from wildfires; and the energy company in Wyoming that adopts environmental safeguards above and beyond those required.

Shared Community Stewardship is the broad alliance of government agencies, tribes, local communities, private companies, and organizations across America who comprise the hundreds of partnerships the BLM depends on, and the thousands of individual citizens who volunteer each year to help us carry out our mission.

In reporting on our activities and achievements for the past fiscal year, we gratefully acknowledge the support we receive from these partners and volunteers. Their contribution to the success of our mission is immeasurable and we are indebted to them.



Kathleen Clarke
Director, Bureau of Land Management





Secretary of the Interior Gale Norton discusses land issues with a buffalo rancher.

Message from the Chief Financial Officer

The mission of the BLM is complex and challenging—to sustain the health, diversity, and productivity of the public lands for the use and enjoyment of present and future generations. The leadership and employees of the BLM serve this mission with a strong sense of dedication, professionalism, and partnership. We openly engage individual citizens, communities, interest groups, and business and industry in the shared stewardship of the public lands and resources. We accomplish this through Secretary of the Interior Gale Norton's principle of the Four Cs: consultation, cooperation, and communication, all in the service of conservation.

The BLM has faced significant challenges and opportunities during the past year. Many are critical to the productivity and well-being of not only local communities and BLM "neighbors" but also the Nation as a whole. These challenges include promoting responsible development of the Nation's energy resources to reduce our reliance on foreign sources and deliver cost-efficient fuel to America's industries and homes; providing for the exploration and development of new or renewable sources of energy, including wind, solar, geothermal, and biomass; reducing fuel buildups in our Nation's forests and rangelands that increase the risk of wildfires and threaten homes, communities, and natural resources; providing recreation opportunities and places of solitude for an exploding western population; improving wildlife habitat; and working toward the recovery of threatened and endangered species. These challenges and others have been daunting, but our successes have been many.

Our successes can be attributed not only to effective natural resource stewardship, but also to an efficient union of our natural resource program responsibilities with our business and administrative functions. We continually strive to provide the business tools and capabilities needed to deliver our natural resource and public land management mission in the most efficient manner. The BLM has in place a state-of-the-art management information system that provides all employees and managers with current information on spending, performance, and the cost of doing business. The BLM uses this system to increase efficiency and improve performance. Our efforts in this area have been nationally recognized—the BLM was a finalist in the area of budget and performance integration for the coveted President's Quality Award, the most prestigious management award in government.

We continually strive for greater efficiency in the delivery of services, and search for new and better ways of conducting business. We have expanded E-Government

initiatives to improve service and accessibility to our customers. As examples, we are making available to the public our most used and highest-priority forms on the Internet through an E-Forms initiative. We are also developing a system to allow the public to review and comment on environmental impact statements and other land use planning documents via the Internet. We will continue to develop these E-Government efforts, providing more electronic services to the public in other business areas.



The employees of the BLM are among our most critical and significant assets. To continue to be effective, we must ensure that we have a highly trained, motivated workforce that can rise to the challenges the BLM faces today, as well as those that lie ahead. In 2003, the BLM completed a comprehensive workforce plan with significant input from our state and field organizations. The plan addresses issues related to human resources, including developing worker competency and appropriate skill levels, expanding work capability, retaining vital knowledge in the face of an aging workforce, and improving business practices to enhance efficiency and effectiveness.

We are constantly exploring new ways to improve the way we conduct business. This includes taking advantage of new technologies; establishing and maintaining partnerships with other Federal, state, and local government agencies 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. We are also continuing to explore greater opportunities for cost sharing and cost recovery to leverage our resources and ensure that users pay an equitable cost for the services we provide. For example, the BLM has expanded its highly successful challenge cost share program and implemented the Secretary's Cooperative Conservation Initiative. This Secretarial priority provides for matching contributions from conservation groups, state and local governments, industry and others to complete critical on-the-ground conservation projects.

I am pleased to report that the BLM is in a strong and sound financial position as the 2003 year ends and we move forward to face the opportunities of the coming fiscal year. The BLM has again obtained an unqualified

("clean") audit opinion on its financial statements for 2003. We are continuing to improve our management systems such as the Management Information System (MIS) and the Collections and Billings System (CBS) to improve productivity, increase efficiencies, and provide timely information for sound business decisions and interaction with our customers. Specifically, in 2003 the BLM improved the CBS system to include a billings module and an interface to the National Interagency Fire Center. We also added a module to the MIS that improves general ledger research and project cost accounting. The BLM also completed or assisted with several Departmentwide consolidated acquisitions that resulted in significant cost savings and streamlined purchasing procedures.

Particularly noteworthy is the creativity and hard work dedicated to meeting this year's substantially accelerated deadlines for completing the Bureau's financial statements and publishing our Annual Report. While the Office of Management and Budget (OMB) mandated these accelerated dates for 2004, the Department of the Interior's bureaus were asked to meet them in 2003 as well.

In summary, the BLM remains in an excellent position to implement the President's Management Agenda, which will, in turn, allow the BLM to ensure the health and productivity of the public lands in the most effective

manner possible. The BLM has proven to be a leader in government in the area of integrating performance and budget by developing a sophisticated cost management system that is helping to improve performance and on-the-ground program delivery. We are ensuring that products and services are delivered to the public in the most cost-efficient manner by aggressively and fairly applying competitive sourcing procedures to commercially competitive program functions. We are making our services more available to our customers and the public electronically through E-Government initiatives. Our workforce plan has been completed and is being implemented. And we are providing accurate and timely financial information.

Under the determined leadership of our organization, and through the dedicated service of our employees, the Bureau of Land Management is meeting the challenge President George W. Bush set forth for all agencies of the United States Government: "... ensuring that the resources entrusted to the federal government are well managed and wisely used."



Lawrence E. Benna
Acting Chief Financial Officer

Developing a Sage-Grouse Habitat Conservation Strategy

Sage-grouse, once seen in great numbers and popular with hunters, are icons of the western landscape. These birds once ranged across at least 11 western states and three Canadian provinces. However, their populations have declined by 90 percent over the past century because of the loss, degradation, and fragmentation of sagebrush habitats. In fact, over 47 percent of suitable habitat in the historical ranges of the greater sage-grouse and Gunnison sage-grouse has been lost.

Today the BLM manages over one-half of the remaining sagebrush habitat—more than 30 million acres—for these majestic birds. Recognizing the critical need to reverse habitat decline and restore sage-grouse populations, the Bureau is developing a comprehensive habitat conservation strategy.

The first phase of our approach is to develop an overall BLM national strategy. This is scheduled for release in 2004. The next step is for each BLM State Office to prepare a state-level strategy specifically for the public lands we manage. These BLM strategies will incorporate data and information from conservation plans being developed by state wildlife agencies and local working groups. The BLM's strategies will also consider the results of the comprehensive, range-wide assessment of sage-grouse populations and habitat status to be released by the Western Association of Fish and Wildlife Agencies in April 2004.

"The overall goal of the BLM strategy is to conserve and improve sage-grouse habitat so we can reverse population declines on public land," observes BLM Director Kathleen Clarke. "This will enable us to meet our multiple-use mandate and, we hope, preclude the need for any grouse-related Endangered Species Act listings." Clarke adds, "The draft strategy complements the sage-

grouse conservation planning efforts now being led by state wildlife agencies and does not preempt state wildlife management authority."

Sage-grouse are large upland game birds that can weigh between two and seven pounds. They are best known for their spring mating behavior, when the males spread their tail feathers, strut, and inflate air sacs on their breasts, producing a distinctive, steady "plopping" sound that attracts females and protects their territory from other males.

In the summer, sage-grouse depend on sagebrush for shelter from predators, while the forbs and grass under the sagebrush provide both materials for nesting and food for sage-grouse chicks and adults. These plants are also important habitat for numerous insects that are a critical diet factor for chicks in their first month of life. In winter, over 99 percent of the sage-grouse diet is sagebrush leaves and buds.



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 of Land Management (BLM) manages 262 million acres of surface estate on public land, about one-eighth of the land in the United States. The BLM also administers approximately 700 million acres of on-shore Federal mineral estate on or underlying both Federal surface ownerships and some privately owned surface. In addition, the BLM has trust responsibilities on 56 million acres of Indian trust lands for mineral operations and cadastral (land) survey.

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 decisionmaking 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 to the Tribes, the States, counties and local communities, partners, volunteers, friends, and neighbors; we appreciate their valuable help and many contributions.

The focus of the current Administration is placing more faith and trust in the people, in their knowledge, their experience, and their respect for the land. This involves communication, i.e., being open and accessible to the public, reaching out to diverse interests, finding common ground, and engaging in creative problem solving. It also involves consultation with those most affected by the Bureau's decisions; cooperation, i.e., treating others with respect; and conservation, the cornerstone of all of our efforts as we manage for healthy public lands for the benefit of current and future generations.

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 five-year strategic plans at least every three 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 plan, in turn, is being replaced by a comprehensive, Departmentwide strategic plan that is currently being finalized.

The BLM's Annual Performance Report is now included as part of the Department of the Interior's Performance and Accountability Report. This report outlines both

long-term and annual goals and shows planned and actual performance levels for the current year, as well as actual performance in recent years to show trends. A discussion section gives background information and explains how and why goals were met, not met, or exceeded.

In addition to the annual performance reporting noted above, we publish this Annual Report, as required by the Chief Financial Officers Act of 1990, following the conclusion of each 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 the 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 2003.

Evaluations to assess performance are an important aspect of complying with the Government Performance and Results Act. Responding to this need, we are in the process of 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.

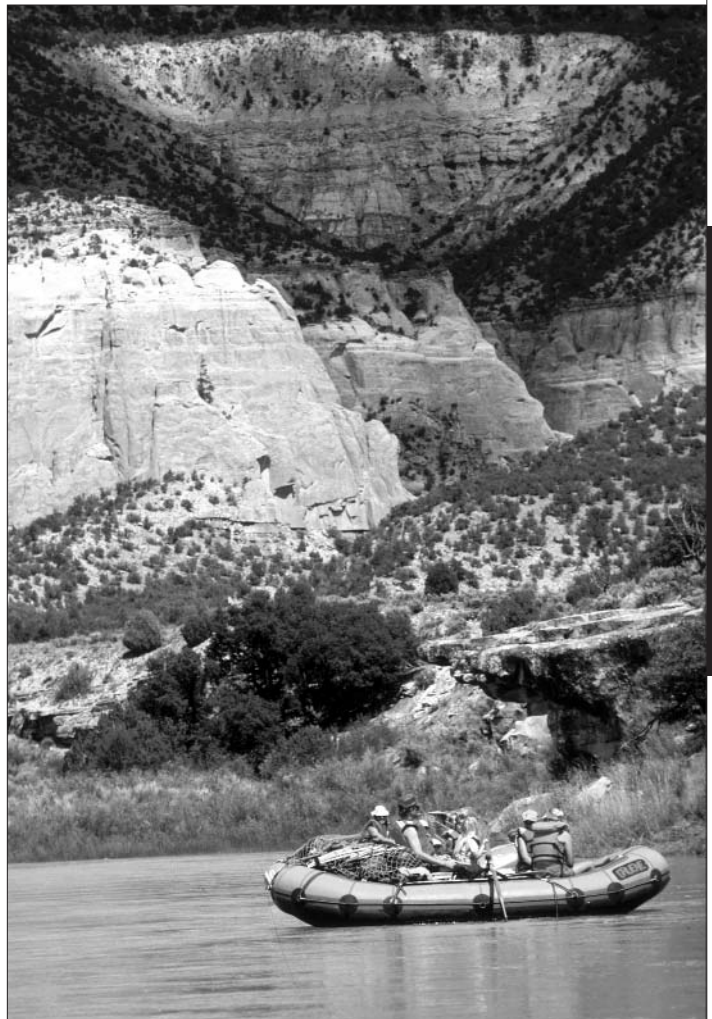
The following paragraphs present selected performance information for BLM’s mission goals and highlight some important performance indicators.

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.

BLM-administered public lands and waters provide visitors with a vast array of recreational opportunities. While most of the visits to BLM’s public lands involve camping in either developed recreation sites 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.

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 visitors, the economic impact is still significant, especially to gateway communities.



Rafters float the Rio Chama Wild and Scenic River in New Mexico. A major tributary of the Rio Grande, the Rio Chama flows through a canyon that is 1,500 feet deep along some stretches.

Recreation on BLM public lands provides significant benefits to local, regional, and state economies. The total economic impact of travel-related expenditures for recreation on BLM lands is estimated to run into the billions of dollars. These travel-related expenditures for recreation on public lands support tens of thousands of jobs and contribute significantly to the viability of thousands of small businesses, especially outfitting, guiding, and tourism-related companies that depend on both access to and the availability of the public lands.

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 2003 annual performance goals.

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. The BLM's Masters of Leave No Trace taught the principles of Leave No Trace to numerous public land users 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 National Trails Conference, Outdoor Writers of America Association (OWAA) Conference, Outdoor Retailers Show, Rocky Mountain Elk Expo, National Philmont Scout Camp, and Western Region Boy Scout "Camp School."

Leave No Trace skills and ethics booklets have been updated with the latest scientific research for all envi-

Table 1: Summary of Recreation Accomplishments

FY 2003 Annual Goal	Target	Actual
Percentage of physical facilities in Special Recreation Management Areas that are in good or fair condition	82%	82%
Percentage of Recreation Fee Demonstration Project sites and other selected recreation sites that are universally accessible	7%	7%
Percentage of recreation users satisfied with the quality of their recreation experience on the public lands	93%	97%
Percentage of recreation users satisfied with the BLM's interpretation and environmental education efforts in Special Recreation Management Areas	72%	89%

Note: For the third and fourth performance measures, 19 BLM sites in Special Recreation Management Areas (SRMAs) both within and outside the National Landscape Conservation System were chosen for the FY 2003 surveys of visitor recreation experiences. These sites represent about 5 percent of the 375 SRMAs currently listed in the BLM's Recreation Management Information System (RMIS). Since the annual survey process involves approximately 5 percent of the SRMA inventory, the reported satisfaction will vary depending on the sites included in each sampling period. BLM sites vary widely in terms of their development, amenities, and programs. Since different sites are used each year, the reported results may significantly differ from planned projections, as was the case above for satisfaction with interpretation and environmental education. There is no justification for increasing the performance target for this measure until the BLM has the capacity to offer interpretation and environmental education at the many sites where these services are currently not available.

ronments across the country. Special emphasis this year has been on a "Group Use" pamphlet, Western River Corridor Use, and the "Frontcountry Use" program for urban and suburban environments.

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.

A new "Master Tread Trainer" one-day training program was developed and piloted this year to train a cadre of Federal employees, private partners, clubs and organizations, and the public to train others in the principles of Tread Lightly! The BLM, Ford Motor Company, and Tread Lightly!, Inc., sponsored these initiatives this year.

Travel management-related activities have been a central focus for over 85 percent of the Bureau's field offices. Roads and trails found on public lands are either single-track trails or two-track vehicle routes. Many of these are "legacy" roads and trails, created incidentally over the last century (rather than designed and constructed) as a result of mining, grazing, or other public land activities. Today, these roads and trails are widely enjoyed by recreation enthusiasts. While the Bureau maintains approximately 78,000 miles of roads and over 15,000 miles of trails in a systematic way, other vehicle ways and most trails receive little or no maintenance or management attention. An estimated 600,000 miles of these trails exist on BLM land.

To further address trails management, the Bureau continued to participate in the Interagency Trails Management Course. In addition, the Bureau participated on an interagency trails data standards team and organized a BLM travel management team with participants from each state. The National Mountain Bike strategy was also completed.

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 satisfac-

tion, directly benefiting those who pay for and use the site. In 2003, both fee collections and overall recreation use increased.

The BLM Recreation Program also participates in National Public Lands Day (NPLD) projects, which draw thousands of volunteers to a number of 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. Volunteers typically build trails, transform sites into universally accessible areas, renovate buildings, and make numerous other contributions to recreation opportunities and amenities on the public lands. Leave No Trace, a national sponsor of NPLD, donates educational materials and other items and provides no-cost training to site coordinators.

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 tells the story of 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.

One issue for the Bureau is finding opportunities to reach out to widely dispersed recreational visitors. To meet this challenge, the BLM has increased the number of wayside exhibits on public lands to provide interpretive information.

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.

In recent years, the on-shore Federal mineral lands have produced about 35 to 40 percent of the Nation's coal, 10 to 11 percent of its natural gas, and 5 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 GPR requirements of the Department of the Interior, the BLM has submitted the FY 2003 workload performance results comparing performance targets with actual accomplishments. Table 2 shows this comparison for a few selected commercial activities.

The BLM has approximately 54,000 oil and gas leases, 400 geothermal leases, 300 coal leases, 440 other solid leasable mineral leases, and about 220,000 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 recently. The number of coal leases has remained relatively stable over the past few years. The number of leases in the "other solid leasable minerals" category (combined hydrocarbons, phosphate, sodium, potassium, gilsonite, asphalt, some hardrock, and some sand and gravel) has experienced a small decline in recent years. The number of active mining claims appeared to reach its lowest level in 2001 and 2002 and increased in 2003.

Among the energy and mineral leases on the public lands, about 21,500 oil and gas leases, 55 geothermal leases, and an estimated 130 coal leases are in producing status. Public lands also provide about 13 million cubic yards of sand and gravel and other mineral materials during the year. The number of active mining claims increased by 11 percent over last year's total. However, the \$23 million from fee collections in FY 2003 represents a 19 percent increase over FY 2002.

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 final report was published in February 2003 and copies have been distributed to interested offices.

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 16 right-of-way authorizations have been issued for wind energy site testing and monitoring activities in Idaho, Nevada, Oregon, California, Washington, Wyoming, and Montana.

The BLM currently manages geothermal leases that provide geothermal energy to 34 power plants. These 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

Table 2: Selected Commercial Activities Accomplishments

FY 2003 Annual Goal	Target	Actual
Number of energy mineral lease actions authorized on Federal lands	5,360	4,619*
Number of energy mineral post-lease actions on Federal lands	28,700	54,765*
Number of energy mineral compliance, inspection, and enforcement actions on Federal lands	19,500	20,051
Million board feet (MMBF) of timber offered for sale in the Pacific Northwest	150 MMBF	163 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.

of energy for greenhouses, spas, warm-water fish farms, and other commercial uses. The total royalty collected for utilization of geothermal energy in 2003 was about \$10 million, down from \$16 million collected in 2002. This significant decrease in revenue was primarily due to low electricity prices.

The BLM generated 180 megawatts of electricity from photovoltaics in 2003 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 energy 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. FERC published a final regulation on July 23, 2003, that revises procedures for hydroelectric licensing under the Federal Power Act. The new regulation, scheduled to become effective on October 23, 2003, provides for expanded public participation and streamlines the licensing process, particularly with respect to compliance with the National Environmental Policy Act (NEPA).

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 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 two goals have been adopted as separate goal areas in the Department of the Interior's Strategic Plan under "Resource Use," which is one of four outcome goals.

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 about 7 million animal unit months (AUMs) of grazing and collected \$10 million in grazing

fees in 2003. These figures are significantly lower than in past years because of a severe drought throughout the western United States.

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. 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. The BLM produced 163 million board feet (MMBF) of sawtimber in western Oregon and 22 MMBF of sawtimber on the BLM's public domain lands in 2003, an increase over the 170 MMBF in total volume offered in FY 2002.

Timber sales values remained constant or decreased because of declining markets. As a result, the total value of timber offered increased only slightly, from \$22.1 million in FY 2002 to \$22.4 million in FY 2003.

Woodland products are another important component of the BLM's forest management program. Woodland management in Nevada, Utah, New Mexico, and Colorado responds to the local demand for firewood, posts, poles, and other wood or vegetative products. Total sales of forest and woodland products other than timber (e.g., Christmas trees, greenery, pine cones, etc.) decreased from \$208,000 in FY 2002 to \$170,000 in FY 2003.

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. A memorandum of understanding has been developed by the U.S. Departments of Agriculture, Energy, and the Interior to demonstrate a commitment to developing and applying consistent, complementary policies and procedures to encourage the use of woody biomass by-products that result from forest, woodland, and rangeland restoration projects and fuel treatments.

Biomass thinning removes small-diameter trees and residues that result from the scientific application of forest and woodland restoration treatments. Biomass can then 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 bio-

mass source for generating electricity. A memorandum of understanding between the U.S. Departments of Agriculture, Energy, and the Interior seeks to develop and apply consistent, complementary policies and procedures for using woody biomass by-products from fuel treatments and forest, woodland, and rangeland restoration projects.

Other commercial uses include rights-of-way and other permits and leases. Right-of-way actions are processed and grants are 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 2003, about 6,700 right-of-way actions were processed, resulting in about 3,100 grants and amendments and 3,600 other actions being issued.

As Table 3 shows, the estimated FY 2003 market (sales) value of production occurring on the public lands was \$17.80 billion, over 99 percent of which was derived from energy and minerals. The direct and indirect economic impact of all commercial activities amounted to \$37.34 billion. Of the total of \$2.22 billion in annual revenues derived from BLM-managed public lands and mineral resources, energy and minerals generated \$2.17 billion (98 percent) from mineral royalties, rents, bonuses, sales, and fees. States share in a large portion of the revenues collected.

In comparing the economic values and mineral revenues of leasable minerals made available from the Minerals Management Service (MMS), it is important to note that at the end of FY 2002 when the statistics were developed for leasable minerals, there were backlogs of revenues that were not included in time for calculation.

Table 3: Commercial Activities Summary

Public/Federal Land Commercial Activity	Value FY 2003 (\$ millions)	Output Impact FY 2003 (\$ millions)	Federal Revenue Generated ^a FY 2003 (\$ millions)
Oil and Gas, Geothermal, & Helium ²	\$11,958	\$22,003	\$1,562
Coal Leasable Mineral	3,970	10,322	537
Other Leasable ³ and Salable Minerals ⁴	936	2,434	51
Locatable Minerals ⁵	818	2,127	23
Grazing	67	289	10
Timber	34	114	22
Realty ⁶	21	50	12
Total	\$17,804	\$37,339	\$2,217

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 2003 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 (MMS).

² 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.

³ 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.

⁴ The Materials Act of 1947 authorized sales of sand and gravel, stone, pumice, cinder, and petrified wood. These salable materials are sold competitively, except for free uses by governmental entities.

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 remains practically the same.

⁶ Rental fees include linear rights-of-way and communication sites.

IMPLEMENTING THE PRESIDENT'S NATIONAL ENERGY POLICY

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

About one-fourth of the recommendations within the National Energy Policy specifically affect one or more of BLM's energy or planning-related programs and responsibilities.

Responding to the National Energy Policy, the BLM has developed and is systematically carrying out a Bureauwide National Energy Policy Implementation Plan, which currently contains 48 tasks designed to successfully implement the President's Directives.

A total of 56 percent of the Implementation Plan tasks were completed by the end of FY 2003. Around 6 percent were being modified or were pending Departmental or Legislative action, while the remaining 38 percent were ongoing. The BLM anticipated that most of the remaining Plan tasks would be completed by December 2003, with the remainder to be finished by December 2004.

Because the Implementation Plan is a dynamic process, six new tasks have been proposed. They address renewable energy sources, energy conservation, environmental incentives, oil and gas operations, and E-commerce.



These backlogs have been included in this year's revenues. This means that this year's figures provided by the MMS are greater than what they should be for the fiscal year, while last year's figures should have been higher than what was presented.

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 161 wilderness areas encompassing over 6.5 million acres, 604 wilderness study areas encompassing almost 15.6 million acres, 38 National Wild and Scenic Rivers

comprising 1 million acres and over 2,000 river miles, 206 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 2003, as well as 13 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 Steens Mountain Cooperative Management and Protection Area, the White Mountains National Recreation Area, the Yaquina Head Outstanding Natural Area, and the Headwaters Forest Reserve in California, make up the BLM's National Landscape Conservation System.

In fiscal year 2003, the Bureau continued its efforts to protect our Nation's cultural heritage by inventorying almost 540,000 acres for cultural resources, recording 7,927 properties, and issuing or continuing in effect over 600 study or management permits (excluding permits for paleontological collecting). To date, the

Table 4: Selected Natural and Cultural Heritage Accomplishments

FY 2003 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	140	147
Number of titles to wild horses and burros issued within six months of eligibility	4,460	5,702
Number of at-risk cultural and paleontological properties protected on public lands	345	379
Number of acres of proactive cultural resource inventory	54,000	84,558

Bureau has inventoried a total of approximately 16,000,000 acres and recorded 263,179 cultural resource properties. Of these properties, 293 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 2003 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 \$500,000 of in-kind services. Due to sustained funding of this program, ten of the twelve western SHPOs with whom BLM works have some level of coverage for both site and/or inventory data available to the BLM in Geographic Information System (GIS) format, and eight of the SHPOs have the ability to serve site and inventory data to the BLM over the Internet. The products from this program have helped to reduce the time needed to process data requests for cultural resources information and have provided a means for establishing regional cultural resources planning models that contribute to larger BLM planning efforts.
- The delay associated with the historic preservation compliance process has been reduced by an estimated 75 to 95 percent, thanks to 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 quick-

ly, without unproductive downtime or increased risk to historic properties. The existing 8100 Series manuals are being revised and have been circulated to the Washington Office and all field offices for comment, and new manuals are being written on curation (8160) and interpretation (8170). Existing manuals are on track for completion by December 2003, while new manuals will be completed by June 2004.

- The BLM continued its partnership with The Watercourse, a non-profit organization at Montana State University. Through this partnership, The Watercourse is helping the BLM meet the demand for *Project Archaeology*, a nationwide teacher training program with a strong anti-vandalism message. As a result of the BLM's partnership and affiliation with The Watercourse, the Project Archaeology network grew from 19 to 41 states in a 20-month period spanning FY 2002 and FY 2003. Eight partner organizations contributed over \$11,000 to fund *Project Archaeology* activities in FY 2003. Thirteen federal agencies, including the Bureau of Indian Affairs, the Advisory Council on Historic Preservation, and the National Park Service, participate in Project Archaeology's Federal Advisory Council.

The new *Project Archaeology* curriculum guide is nearing completion. Focus groups of Native Americans, African Americans, Latino Americans, and Chinese Americans will convene to review the guide prior to publication. Currently, *Project Archaeology's* message reaches approximately 160,000 adults and children annually. This number will greatly increase as *Project Archaeology* continues to expand, helping even more American children understand the need to preserve and protect their Nation's cultural resources.

- BLM's Heritage Education Program launched *History Mysteries*, a new product aimed at children ages 10

to 14. *History Mysteries* aim to stimulate an interest in the historical stories associated with BLM lands and a desire to steward them. "The Mystery of Butch Cassidy and the Sundance Kid" newspaper, trading cards and a webpage were introduced during summer 2003.

- Inventories and summaries were substantially completed for Bureau collections. All materials that have been identified for repatriation or transfer under the Native American Graves Protection and Repatriation Act (NAGPRA) have been offered to the affiliated federally recognized tribes. To date, the BLM has published or has pending publication 86 Federal Register *Notices of Inventory Completion*, *Notices of Intent to Repatriate*, or newspaper *Notices of Custody Determination* identifying thousands of individual remains and objects for repatriation or transfer to affiliated, federally recognized Indian tribes. All claimed materials have been repatriated.
- The BLM continued work on *Save America's Treasures* grants. For more information on these grants, please refer to the Cultural Properties section of the Stewardship Assets report, which appears later in this document.
- The BLM allocated funding appropriated by Congress for "at risk" cultural and paleontological properties to critically threatened properties or critical projects. Congress has allocated \$195,000 each of the last two years for this type of work. Of the 17 projects funded in FY 2003, 11 involved cultural work and 6 were paleontological projects. The projects ranged from stabilization and restoration, to limited excavation to assess natural and human impacts, to development of searchable on-line databases and GIS maps. Among the criteria used to allocate funding is the ability of BLM offices to leverage appropriated dollars using funding provided by potential partners.
- One "at risk" project funded in FY 2003 was a partnership with the National Park Service in Utah. The project involves a multi-year effort at Moon House Ruin, a unique archaeological site with standing structures attributed to Ancestral Puebloan cultures. In 2003, the focus was on completing a condition assessment. Work by more than a dozen specialists included documenting sites and structures at the ruin complex, preparing detailed maps and planimetric drawings of structures and rock art, and tying the data into a GIS layer. Structural engineers assessed the integrity of the structures and supporting bedrock and a specialist evaluated wall plasters. In 2004, project managers will be ready to consider stabilization measures based on the results of the detailed condition assessment efforts.
- The BLM continued to maintain a website, "Cultural Heritage and Fossil Resources on the Public Lands," (<http://www.blm.gov/heritage/>). This site includes sections on Historic Preservation, with additional overviews of the BLM's Tribal Coordination, Heritage Education, Fossil Resource, Museum, and NAGPRA program components. A new Kids' Page component also has been added to the external website. Its first feature was the *History Mystery* web page, complete with information and activities to enhance children's knowledge. A companion teachers' page shows how teachers can use *History Mysteries* in the classroom. The BLM's cultural website has a dynamic web capability, which includes a discussion thread.
- Over the last ten years, Oregon's Coos Bay District has managed cultural resources on the U.S. Coast Guard facility at Cape Blanco in partnership with the State Of Oregon and both the Coquille and Siletz Indian tribes. A major focus has been to provide public access for over 20,000 visitors each year to the oldest lighthouse in Oregon, erected in 1870. Along with scheduled maintenance, major repairs to the lighthouse completed in FY 2003 included replacement of the copper roof and repairs of corroded structural elements, replacement of all lens room window glass, and refurbishment of the Fresnel lens.
- The BLM supported the development of two new paleontological exhibits in Utah. One exhibit, entitled "Dinosaur Tales: The Science Behind the Stories," was developed at the Utah Museum of Natural History. It features specimens from the BLM's Cleveland-Lloyd Dinosaur Quarry and Grand Staircase-Escalante National Monument, and explains how paleontologists decipher the fossil record using scientific methods. A second exhibit, at the Museum of Northern Arizona, is entitled "Pleiosaur: Terror of the Cretaceous Seas." It features 90-million-year-old marine reptile bones collected from the BLM's Grand Staircase-Escalante National Monument, Glen Canyon National Recreation Area, and the BLM's Kanab Field Office. This exhibit is the centerpiece of the Museum's 75th anniversary celebration.
- The Agua Fria National Monument in Arizona recently began an exciting new partnership with the Deer Valley Rock Art Center, a unit of Arizona State University. The BLM and the Center will cooperate in site recording, research, volunteer training, and

educational projects focused on the monument's spectacular array of prehistoric rock art sites. In FY 2003, 20 volunteers mapped Baby Canyon Pueblo, a large prehistoric village occupied between A.D. 1250-1450, and recorded more than 100 rock art panels. The volunteers are now engaged in analysis and report preparation. The Rock Art Center has used this opportunity to establish a research program, and its Director is preparing a research design for rock art sites in the national monument.

- The BLM continues to work on Jaguar Cave, a pivotal paleontological and archaeological resource situated on the flanks of the Beaverhead Mountains in southeastern Idaho. Previous scientific investigations revealed that the earliest deposits in the cave contain a large variety of extinct mammal species, including camels, horses, the dire wolf, the American Lion, and others—some in possible association with human hunters over 11,000 years ago. In FY 2003, Idaho State University paleontologists analyzed existing collections to identify small vertebrate remains in unanalyzed sediment samples and conducted focused radiocarbon dating of select specimens. The primary goals of this research were to resolve critical

problems in dating of site sediments, to obtain a more complete picture of the late Ice Age environment in southeastern Idaho, and to assess human interactions with the many and diverse Pleistocene animals found at the site.

Significant paleontological discoveries and studies continued in a number of states. 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 2003, 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 Old Safford Bridge in Arizona is part of the route through the Gila Box Riparian National Conservation Area.

Table 5: Selected Public Health and Safety Accomplishments

FY 2003 Annual Goal	Target	Actual
Percentage of administrative facilities that are in fair or good condition	90%	86%
Percentage of dams that are in fair or good condition	69%	68%
Percentage of bridges that are in fair or good condition	94%	92%

Note: Last year, the BLM reported that it would transition from its legacy Facility Inventory Maintenance Management System (FIMMS) to a new Facility Asset Management System (FAMS) in 2003. The final FIMMS was closed out in February 2003. Since FAMS is not yet fully operational, the facilities and deferred maintenance data in this report is derived from the final FIMMS. Consequently, the actual accomplishments reported in Table 5 above represent only the first five months of the fiscal year and are thus underreported for 2003.

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

BLM law enforcement officers worked in excess of 1,425 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:

- 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 612 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 I&W site in New Mexico, the Big Bend leaking underground storage tank in Arizona, and the above-ground fuel tanks at the Red Devil Retort site in Alaska were among the 225 response actions carried out in 2003. These three major cleanups were funded through the BLM's Special Cleanup Fund.
- Continued damage assessment activities to identify 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 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 through 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 in the condition of facilities.
- Increased the deferred maintenance workload for the fourth consecutive year by undertaking over 100 projects valued at \$46 million (including costs for condition assessments, project and contract management, and other overhead expenses), compared with \$42 million of deferred maintenance work in 2002, \$39 million in 2001, and \$13 million in 2000. Projects included several earmarked by Congress for California Desert communications (radio towers) and fish passage improvements (culverts) for salmonid fish.
- Maintained 87 percent of BLM recreation sites and 86 percent of administrative sites, including on-site 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 68 percent of BLM-owned dams are in either fair or good condition.
- Completed four baseline and 38 follow-up audits in the third year of follow-up audits as part of the Compliance Assessment–Safety, Health, and the Environment (CASHE) Program. One of the Bureau's performance goals is to increase the percentage of organizational units in "good safety, health, and environmental condition." The measure for good condition is the completion of CASHE findings. Each BLM organizational unit annually receives a facility compliance progress report that summarizes their incomplete CASHE findings. The performance goal and progress reports have 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 to automate the documentation of CASHE findings and track the status of recommended corrective actions. This web-based CASHE and Safety Management System (CSMS) is a module of the Facilities Asset Management System and will integrate facility compliance with BLM's facility management business practices.
- Removed 42,188 marijuana plants from public lands, seized 8,517 pounds of processed marijuana being smuggled across public lands, and investigated 15 incidents related to drug laboratories. BLM law enforcement officers also investigated 382 fire offenses, 4,937 off-highway vehicle-related offenses, and 123 wild horse and burro offense actions. The number of acts of theft occurring on public lands was 513, while acts of vandalism totaled 842.

- Entered into 73 reimbursable law enforcement agreements that provided a total of \$2,759,000 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 251 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.

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 over 32,000 townships and almost 4.2 million General Land Office (GLO) land title records has been converted to digital form; 2.8 million of these records have also been scanned and imaged for viewing on the GLO website. These records are now more readily accessible to decision makers as well as the public, thanks to Internet and GIS technologies.

In recent years, millions of townships of data have been downloaded into multiple databases 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. The BLM's cadastral and land records provide a critical foundation for addressing energy development and urban growth throughout the United States.

Cadastral and land records are used to manage wildland fires. These records are used to determine the most efficient deployment of fire support personnel by sending them to areas that have valuable real estate and real property.

The BLM continues 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 has proven 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."

Using the GCDB to standardize the PLSS directly supports the BLM's responsibilities in the cadastral community as defined in OMB Circular A-16. The collaborative planning efforts called for in Policy Resolution 00-005 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

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

FY 2003 Annual Goal	Target	Actual
Number of public land records posted on the Internet	200,000	151,721*
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	16%	36%

* Because of the Cobell lawsuit, Indian records cannot be made available on the Internet; many images and data sets have been processed and are currently awaiting posting.

filing requests for historical information directly with BLM offices. One example is the Bureau's General Land Office Records website (<http://www.gloreCORDS.blm.gov>). Since going online in May 1998, this site has recorded almost 5.3 million individual visitors who have accessed 189 million pages of information and ordered more than 85 million copies of patents contained on the site. The demand for the Bureau's land title records remains high, 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.

The BLM has the lead responsibility for the National Integrated Land System (NILS). This system is a collaborative project with the USDA 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.

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 2003, PILT payments totaled \$218 million.

The BLM carries out the Secretary's trust responsibility for several Indian programs, including approval and supervision of post-lease mineral operations on Indian

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
October 01, 2002 – September 30, 2003	37,757,042	16,888,185	846,644
Total	188,911,275	85,025,040	5,273,917

Note: A "Hit" is any connection to the GLO website; a "Visitor" is a series of requests from a user of the GLO website.

Table 8: Selected Economic and Technical Assistance Accomplishments

FY 2003 Annual Goal	Target	Actual
Number of energy and mineral post-lease actions processed on Indian lands	4,850	4,525*
Number of energy and mineral compliance, inspection, and enforcement actions on Indian lands	2,350	2,932

* The accomplishments under this measure are influenced by customer demand levels; even though the goal was not met, the BLM satisfied Indian and tribal demand for fluid and solid mineral post-lease actions.

trust lands, cadastral survey of Indian lands, and the issuance of patents for trust allotments.

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 2003 market value of mineral production occurring on Indian trust lands was \$1,927 million. Direct and indirect economic impacts of all mineral activities amounted to \$3,960 million. The mineral royalty generated was \$274 million, a significant source of income for Tribes.

The mineral market value and revenue from oil and gas and coal show a significant increase over FY 2002. As explained in the Commercial Activities section earlier in this report, the increase reflects in part the inclusion in FY 2003 of the backlogs of revenues collected by the Minerals Management Service (MMS) that were not included in time for calculating mineral revenues and values for the FY 2002 Annual Report.

Under the Act of April 6, 1884 (25 USC §176), the survey of Indian lands is under the control of the BLM. In addition to conducting surveys, the Bureau provides other cadastral survey services, such as preparing or interpreting legal descriptions, consulting on boundary management issues, conducting field or records investigations, and providing support for appeals, protests, and litigation on Indian lands.

Bureau of Indian Affairs (BIA) funding for Indian land surveys in the lower 48 states increased from \$2.2 million to \$8.0 million in FY 2003. To identify and priori-

tize survey projects, the BLM worked with the BIA to create a survey workload inventory and then refine the Cadastral Automated Request System (CARS). This allowed the BLM to begin work on the highest-priority surveys. In Alaska, surveys of Indian lands are funded through appropriations to the BLM. The Bureau also receives monies directly from Tribes to carry out surveys. In 2003, the BLM defined and marked 235,477 acres, surveyed 3,256 miles, and set 5,053 survey monuments. The tangible benefit derived from these cadastral survey services is estimated to exceed \$34 million.

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 2003, the BLM conveyed almost 780,000 acres in Alaska and 100,000 acres outside of Alaska.

Under the Act of May 17, 1906 (34 Stat. 197), as amended, the Secretary can allot up to 160 acres of nonmineral land in Alaska to qualified Alaskan Natives. The BLM's Alaska State Office receives applications and handles adjudication, field examinations, and land surveys. If all of the requirements are met, the BLM issues a certificate of allotment that conveys restricted title to the applicant. A similar process is authorized for allotments to Native American Veterans under Public Law 105-276, as amended.

In 2003, the BLM certified 554 parcels and rejected 2 parcels under the 1906 Act. As of October 2003, there are 2,332 parcels remaining to be processed under the 1906 Act (out of an original total of well over 10,000 parcels that existed immediately after the 1971 deadline for applications). Under the Veteran Allotment Act, a total of 191 parcels were rejected in 2003, with 675 parcels still being processed.

Table 9: FY 2003 Mineral Production on Indian Trust Lands

Mineral Commodities	Value FY 2003 (\$ millions)	Output Impact FY 2003 (\$ millions)	Royalty Generated FY 2003 (\$ millions)
Oil and Gas	\$1,382	\$2,543	\$207
Coal	507	1,318	61
Other Minerals *	38	99	6
Total	\$1,927	\$3,960	\$274

Note: All minerals on Indian trust lands are leasable. Leases are issued by the Bureau of Indian Affairs, but royalties generated are collected by the Minerals Management Service. The Office of Trust Funds Management deposits royalties into the Indian mineral owners' accounts.

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

THE INDIAN TRUST REFORM INITIATIVE

The BLM is an active participant in Indian trust reform. In FY 2003, the Bureau completed several initiatives, including:

- overseeing mandatory trust training for managers and employees involved in trust programs
- conducting comprehensive trust workforce planning to ensure the BLM maintains adequate numbers of skilled personnel to carry out trust programs both now and in the future
- maintaining a trust personnel list
- identifying BLM automated systems that contain Indian trust data
- identifying all computers that contain Indian trust data
- participating on high-level interagency Department of the Interior teams relating to trust reform
- providing training on self-determination contracting
- inventorying and evaluating guidance for trust programs to ensure compliance with Department of the Interior trust principles
- working with the Department's Office of the Special Trustee to conduct risk management assessments of trust programs
- issuing guidance for the storage and disposition of Indian trust records
- offering a "Land Tenure in Indian Country" course to educate realty specialists, cadastral surveyors, appraisers, attorneys and other people involved in Indian lands about issues facing the BLM, the BIA, and tribal governments in the area of Indian land titles and ownership
- hiring a Cadastral Indian Program Manager dedicated to coordinating the Indian cadastral program
- purchasing state-of-the-art surveying equipment, geographic coordinate database collection, historical document scanning services, well log analysis software, GPS units, and other equipment to ensure personnel are adequately equipped to do their jobs

The certification process has been lengthy and complex. First, as noted above, each parcel had to be subjected to a field examination to verify historical use and occupancy, after which a mineral examination occurred. Parcels then had to be surveyed to determine their legal description and boundaries. Additionally, about 1,800 of the 2,332 parcels currently awaiting certification involve lands previously patented out (deeded) to private owners or the State of Alaska; the BLM must now seek to have these parcels reconveyed back to the Federal government. Finally, about ten parcels each year involve "reconstructed" applications, which occur when the BIA submits lost or misplaced applications.

In the lower 48 States, the BLM receives trust patent applications and supporting documentation from the BIA. The BLM reviews the information, issues the patent to the BIA, and records and files the patent information.

The BLM also issues fee patents when Indian landowners want to take their land out of trust status.

One of the BLM's most innovative land conveyance authorities is the Southern Nevada Public Land Management Act (SNPLMA), enacted in October 1998. This Act encourages 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 sold 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 proceeds and interest revenues can be used for six 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, the BLM's Red Rock Canyon National Conservation Area and other areas administered by the BLM in Clark County, and the USDA Forest Service's Spring Mountain National Recreation Area.
- Development of a multi-species habitat conservation plan in Clark County, Nevada.
- Development of parks, trails, and natural areas in Clark County pursuant to cooperative agreements with units of local and regional government.
- Conservation initiatives on Federal land in Clark County, Nevada, administered by the Department of the Interior or the Department of Agriculture (a new provision authorized in November 2002 by Public Law 107-282).
- Certain costs associated with the disposal of lands and implementation of the Act.

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 2003, the BLM's SNPLMA land sales Treasury account had \$336 million invested; interest earned during the year totaled \$2.8 million. From the program's inception, the BLM has conveyed over 18,000 acres under SNPLMA, with SNPLMA Special Account receipts of over \$398 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 \$187 million in the first five expenditure categories listed above, with a recommendation for another \$376 million pending for 2004.

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 is the subject of litigation; decisions on the appeal and litigation had not been issued as of September 30, 2003. 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, with emphasis given to support for schools. The BLM will use the remainder for archaeological protection, a multi-species habitat conservation plan, certain costs associated with the disposal of lands and implementation of the Act, and, in partnership with other Federal land management agencies, the purchase of environmentally sensitive lands in Nevada, with priority given to lands outside of Clark County.

The Ivanpah Valley Airport Public Lands Transfer Act has also seen some activity, with land survey work, appraisals, and other preparations now occurring. Lands will be sold to Clark County for the construction of a new general aviation airport after the Airspace Management Plan and other requirements are satisfied. The sale will be for fair market value and is expected to occur late in calendar year 2003 or early in 2004. Sale proceeds will be used for acquiring private in-holdings in the Mojave National Preserve in California and for managing petroglyphs in Clark County, Nevada. However, the monies cannot be spent until an environmental impact statement is completed and the development of an airport at the Ivanpah site is approved.

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). Under this Act, which applies nationally, not just to southern Nevada, 4 percent of sales or exchange receipts are distributed to the state in which the sale occurred for educational purposes or for the construction of public roads and improvements.

Of the remaining receipts, the BLM can retain up to 20 percent to cover administrative costs of sales and exchanges under the Act. The remainder (i.e., at least 80 percent) must be used to purchase inholdings or lands with exceptional resources adjacent to federally designated areas. 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 Federal land use plan approved before July 25, 2000. Not less than 80 percent of the proceeds of a sale must be used for land acquisitions in the same state in which sales occurred; the remaining 20 percent of purchase monies may be used in the same state or any other state. The Act does not mandate any sales or establish quotas for sale or purchase. As of the end of fiscal year 2003, sales proceeds under the Federal Land Transaction Facilitation Act totaled approximately \$2.5 million and exchange proceeds approximately \$2.3 million, for a cumulative total of \$4.8 million.

A memorandum of understanding among the applicable Federal agencies to implement the Act was signed on May 5, 2003. This agreement provides the guidelines on how fund disbursements are to be determined 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 almost 170 land use plans on the public lands. The focus of the Bureau’s efforts is ensuring 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 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 as cooperating agencies 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. Many of the BLM’s partners are strongly interested in the local economic and social consequences of our land use decisions. As a result, the BLM has sponsored development of the Economic Profile System, a tool providing easy access to economic data, and has incorporated workshops on economic trends and strategies into its public involvement process. It is hoped that these actions 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 expecta-

Table 10: Selected Land Use Planning Accomplishments

FY 2003 Annual Goal	Target	Actual
Percentage of “time-sensitive” land use plans on their approved schedule	100%	100%
Percentage of non-time-sensitive land use plans on schedule	75%	75%

tions. Over time, the Bureau plans to update its entire planning base.

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 identifies high-priority land use planning efforts as time-sensitive plans. Time-sensitive plans are selected because they are related to the development of energy resources, respond to nationally significant lawsuits, or have 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 a few of the highlights from fiscal year 2003:

- 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 2003, the BLM completed watershed assessments on about 12.0 million acres of public rangelands and evaluated 1,393 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.
- The BLM is a member of the Sustainable Rangelands Roundtable, a group of multidisciplinary experts in the economic, social, and ecological aspects of rangeland sustainability drawn from Federal, state, and tribal governments, as well as nongovernmental organizations. The roundtable is developing nationwide indicators for rangeland sustainability in the U.S. In FY 2003, the BLM attended bimonthly meetings and helped write the First Approximation Report, which contains the 64 identified indicators for rangeland sustainability. One of the next steps for the Roundtable is facilitating the development of a nationwide report on rangeland sustainability.
- As noted in the "Future Effects" section of this report, the BLM is pursuing water-quality-based abandoned mine lands (AML) cleanup projects. In 2003, the BLM completed watershed-based work on 71 AML sites in eight states; Colorado and Utah accounted for most of these sites.
- The BLM developed a ground water monitoring plan to monitor shallow ground water resources in an area of natural gas development near Pinedale, Wyoming. Drilling for natural gas is done through the shallow aquifer, which contains high-quality water. Monitoring on a quarterly basis will help ensure that the shallow aquifer is maintained as a high-quality resource.

Table 11: Selected Resource Restoration Accomplishments

FY 2003 Annual Goal	Target	Actual
Number of acres treated with wildland fire, prescribed fire, and mechanical fuels treatments to restore natural ecological processes	350,000	685,347*
Number of acres treated to prevent the spread of noxious weeds	245,000	298,212

* Total includes prior-year projects that could not be completed because of the lack of a prescription window (i.e., the right combination of factors such as wind velocity, temperature, humidity, wind speed, fuel moisture content, etc.).

- Water wells for livestock grazing have been drilled to provide water supplies located away from riparian vegetation areas. Preservation of riparian vegetation is an important part of maintaining the health of the land in the arid Southwest because riparian areas are limited in extent and are often at risk for proper functioning condition.
- The BLM's Tucson Field Office is evaluating and monitoring surface and ground water at the San Pedro Riparian National Conservation Area in Arizona. This is being done to ensure long-term preservation of unique riparian vegetation that provides habitat for more than 250 species of migrant birds that use the riparian corridor as wintering habitat or as a temporary resting place during migration to southern latitudes.
- The BLM's Las Vegas Field Office assessed alternative water supplies (i.e., drilling a water well) for visitor use at a recreation site in Nevada so that visitor access can be restricted at a spring that provides habitat for species of special concern. Visitor access will continue for the area but will be managed by improving the location of water supplies.
- A focus of the forest and woodland management program in FY 2003 was on developing and implementing a strategy to increase the number of forest health restoration treatments, including updating forest inventories to better track the condition of forest resources. Approximately 40,000 acres of commercial and noncommercial treatments were applied to make forests and woodlands more resilient to fire, insects, disease, and other disturbances.
- Under stable funding levels, the BLM has continued to prevent substantial amounts of salts in the form of dissolved solids from entering the Colorado River system. As of the end of FY 2003, approximately 11,510 tons of salts had been prevented from entering the river system, an increase of about 1,380 tons over FY 2002. (As of the end of FY 2002, approximately 10,130 tons of salts had been prevented from entering the river system, a revised figure that represents an increase of approximately 150 tons over FY 2001; the FY 2001 figure, in turn, was revised to 9,980 tons of salts in January 2003.)
- Controlling salinity in rangeland surface runoff is closely related to controlling soil erosion, so watershed maintenance work was commonly employed, including riverbank stabilization projects and tamarisk or sagebrush removal coupled with seed plantings of perennial grasses and forbs. Other means of salt retention included improved grazing



The Colorado River travels through 1.5-billion-year-old metamorphic rock, as well as the red rocks of Ruby Canyon, in the Colorado Canyons National Conservation Area. (Greg Gnesios, BLM Grand Junction Field Office)

management, fire and fuels management (prescribed burns), road maintenance, off-road vehicle management, and riparian area restoration. Currently, it is estimated that the BLM achieved 84,530 tons of salt saved through FY 2003 and a revised total of over 73,020 tons of salt saved through FY 2002.

- During FY 2003, the BLM created a new Salinity Coordinator position to coordinate salinity control activities in the five Colorado River Basin states that receive funding for salinity control on public land. Of prime importance will be determining better estimates of salt retained on BLM land from projects in the Basin. The BLM Salinity Coordinator will work closely with BLM managers, the Bureau of Reclamation's Salinity Program Manager, the USDA Natural Resources Conservation Service's Salinity Coordinator, and the Colorado River Basin Salinity Control Forum to create the best program possible for minimizing salt loading in the Colorado River Basin.
- The Bureau is conducting a multi-state regional analysis for BLM-managed lands in the prairie grasslands to support multi-species conservation, wildlife program planning and implementation, and land use planning activities. The focus is on enhancing our understanding of the changing resource conditions and resource management situation on the landscape at multiple spatial scales. This is needed because of the desire to avoid habitat declines and possible listing of the prairie grassland species (e.g., the black-tailed prairie dog) under the Endangered Species Act. The resulting analysis is intended to provide information regarding the BLM management in terms of habitat quantity and quality and the location of terrestrial habitats, while identifying possible BLM regional conservation strategies and considerations.
- The BLM's Ely Field Office, with assistance from the BLM's National Science and Technology Center (NSTC), responded to a mine tailings site near Pioche, Nevada. This site had highly acidic tailings in ten impoundments, some of which had failing tailings dams; arsenic, lead, cadmium, and other heavy metals were being released downstream. In addition, tailings were being blown by the wind into the nearby community. The BLM installed run-on controls to correct for surface water run-on and prevent further releases from flooding, and sprayed a proprietary soil stabilizer on over 20 acres of tailings to prevent windblown releases.
- The BLM's Medford Field Office in Oregon, with assistance from the NSTC, responded to an acid mine

drainage site. Acid mine drainage was flowing from an open adit directly into the Rogue River, a renowned salmon fishery and rafting river in an area just upstream of a Wild and Scenic portion of the river. The BLM characterized the drainage and then pilot-tested two technologies to treat it before it reached the river. The BLM also conducted an underground investigation to determine ways of reducing or treating the acid drainage within the mine before it discharges. Further assessment and monitoring are planned.

- With the assistance of a multi-year Applications of Science grant, the NSTC is investigating methods of stabilizing abandoned mine tailings sites by using soil amendments (e.g., compost, lime, or fertilizer) to revegetate the waste. New amendments are being tested for applicability on BLM lands based on the latest research. The University of Arizona, University of Nevada—Reno, and Montana State University are assisting with the research in sites with their eco-regions. Phytostabilization offers the benefit of significantly reducing cleanup costs when compared to excavating and hauling mine waste to disposal sites.
- Soil surveys are being conducted on public lands in California and Wyoming using advanced technology tools. Soil surveys in designated Off-Highway-Vehicle open areas in the California Desert will help determine resistance to soil degradation from this popular recreational use. Geographic Information System (GIS) and remote sensing themes are being statistically analyzed for correlation to key soil properties measured in the field.
- A pilot soil survey area in the Powder River Basin, Wyoming, is being used to develop predictive models of soil occurrence on the landscape. Landsat 7 imagery, 10-meter digital elevation models, and other GIS layers are being analyzed using ArcGIS and ERDAS Imagine software to develop the model. The model is then tested and refined using field validation. This soil information will be used to help determine potential impacts to the land from coalbed methane exploration and extraction.
- The NSTC developed an Information Bulletin on measuring soil moisture to assist field offices in their drought monitoring efforts. Costs and effectiveness of currently available techniques and instrumentation were discussed, along with some tips on proper sampling strategies. Drought conditions continue to be prevalent in many regions of the West.

- In FY 2003, the BLM completed one multi-state analysis and initiated two more to address air quality impacts from potential natural gas development in Montana, Wyoming, Utah, Colorado, and New Mexico. The Montana/Wyoming analysis utilized state-of-the-art air quality dispersion modeling techniques to predict impacts in the largest and most complex computer-based assessment performed to date. Based on this analysis, the BLM incorporated additional air pollutant emission control measures as part of a leasing Record of Decision. In addition, the BLM will continue to work with the states of Montana and Wyoming, EPA Region 8, the USDA Forest Service, and applicable Native American Tribes to ensure actual air quality impacts from the development remain within applicable thresholds. Similar air quality impact assessments are currently underway in Utah, Colorado, and New Mexico.
- The BLM continues to participate in Interagency Visibility and Atmospheric Deposition monitoring networks, which are designed to evaluate current conditions, establish trends, and assure that conditions remain within applicable thresholds. These networks include the Interagency Monitoring of PROtected Visual Environments (IMPROVE) and the National Atmospheric Deposition Program/National Trends Network (NADP/NTN). Monitoring results will be used to demonstrate that observed conditions continue to meet Congressional goals.



A National Atmospheric Deposition Program wet deposition sampler. Wet deposition refers to acid fog, rain, and snow. This unit was set up in Newcastle, Wyoming, to follow air quality impacts in the area.

USING TRACERS TO DETERMINE POLLUTION SOURCES AND OTHER FACTORS

The BLM is currently using chemical tracers such as common table salt to quantify pollutant sources for abandoned mine lands (AML), to measure the time of travel for hazardous material spills, and to quantify dispersion for stream temperature modeling. Using tracers in the AML program provides more accurate and efficient measures of stream discharge than the time-consuming direct measurement method. The resources normally used for making stream discharge measurements can then be used instead to collect water chemistry samples throughout the study area. The combination of discharge and chemistry data is then used to identify and quantify sources of pollution.

Tracers have also been used to measure the time of travel in streams. Time of travel gives a good measure of mean velocity, which can be used in temperature modeling for fish habitat. Time-of-travel information is also useful in the event of a hazardous materials spill into the stream. It can be used to determine the likely arrival time of the pollutant, the likely time of peak concentration, and the likely time when most of the pollutant will have passed a given point. The same time-of-travel studies can also be used to measure longitudinal dispersion, which is then used in temperature models for fish habitat studies.

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 SEPTEMBER 2003 IN ACCORDANCE WITH THE STANDARDS, OBJECTIVES, AND GUIDELINES PRESCRIBED BY THE FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT (FMFIA) AND THE OFFICE OF MANAGEMENT AND BUDGET (OMB). THE OBJECTIVES OF THIS ASSESSMENT WERE TO ENSURE THAT:

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

In performing its assessment, the 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 as of September 30, 2003, from sources such as internal management control assessments, KPMG's prior-year audit of the Bureau's financial statements, various program evaluations/studies, and performance plans and reports.

Based on all of the above, as well as the preliminary results of the BLM's independent financial statement

audit for FY 2003, the Bureau can conclude that it is in substantial compliance with the U.S. Government Standard General Ledger at the transaction level, and with Federal accounting standards as required by the Federal Financial Management Improvement Act (FFMIA). However, due to a Departmentwide material weakness identified in security and applications controls in financial management systems, along with the reportable condition identified in the BLM's FY 2003 financial statement audit, the BLM cannot provide reasonable assurance that it is in substantial compliance with OMB Circular A-130, Management of Federal Information Resources, and OMB Circular A-127, Financial Systems. The existence of these material weaknesses or the accounting system nonconformance does not prevent the BLM from providing reasonable assurance on the effectiveness of its management controls taken as a whole.

Table 12 outlines the specific management control assessments conducted by the Bureau, the audit conducted by KPMG that was relied upon, and the Departmentwide material weaknesses that were referred to the Bureaus for corrective actions.

Table 12: FY 2003 Assessments and Audits

Management Control Reviews Used as the Basis for the BLM's Annual Assurance Statement		
Assessment/Audit	Date Completed	Results
Cadastral Survey	June 2003	Best Practice: The New Mexico State Office (NMSO) developed and deployed a tracking system, the Cadastral Survey Progress Report (CSPR). Information in the CSPR is arranged by location (Township and Range), and it is designed to track day-to-day cadastral survey assignments. The CSPR is a simple, easy-to-use and low-maintenance tool that allows the State's Cadastral Chief to track what funds have been spent on each cadastral project, and what funds remain. If this system is implemented Bureauwide, it should be incorporated into the MIS financial system as part of the Bureau's official system of record. This would provide the Bureau with a true trust accounting record associated with cadastral survey services. No material weaknesses were found.
Safety Management	August 15, 2003	Best Practice: The NMSO is now using an on-line, Lotus Notes-based safety training tracking system that is superb and is being studied/adopted by several other states. The Carlsbad Field Office, New Mexico has developed a cooperative agreement with the USFS to provide professional inspections on all vehicles, saving significant dollars and enhancing the quality and timeliness of the inspections.
Property Management Targeted Compliance Review	May 2003	No material weaknesses were found.
Acquisition Management Targeted Compliance Review	April 2003	No material weaknesses or best practices were found.
Financial Procedures Review – Cash/Other Financial Activities	May 2003	No material weaknesses or best practices were found.
Assistant Disbursing Officer (Emergency Fire Fighter Payroll Activities)	April 2003	No material weaknesses or best practices were found.
<i>Self-Assessments/Certifications:</i>		
Dam Safety	August 2003	No material weaknesses or best practices were found.
Mineral Materials I&E/PV	June 2003	No material weaknesses or best practices were found.
Film Permits (2920)	June 2003	No material weaknesses or best practices were found.
<i>KPMG Audits Used as Alternative Reviews – (1) FY 2002 Financial Statement Audits</i>	December 2002	Material weakness corrective actions on target – See the accompanying text
<i>Departmentwide Audits/Material Weaknesses: (1) Accountability and Control over Artwork and Artifacts; and, (2) Information System Security Controls</i>	January 2003	Material weakness corrective actions on target – See the accompanying text

The BLM implemented corrective actions in fiscal year 2003 to address four carryover material weaknesses: (1) management and oversight of the land exchange program, (2) management and oversight of the appraisal function, (3) accounting for property, and (4) accounting for year-end payables. The BLM also implemented corrective actions to address two Departmentwide material weaknesses: (1) lack of accountability and control for artwork and artifacts and (2) information system security controls.

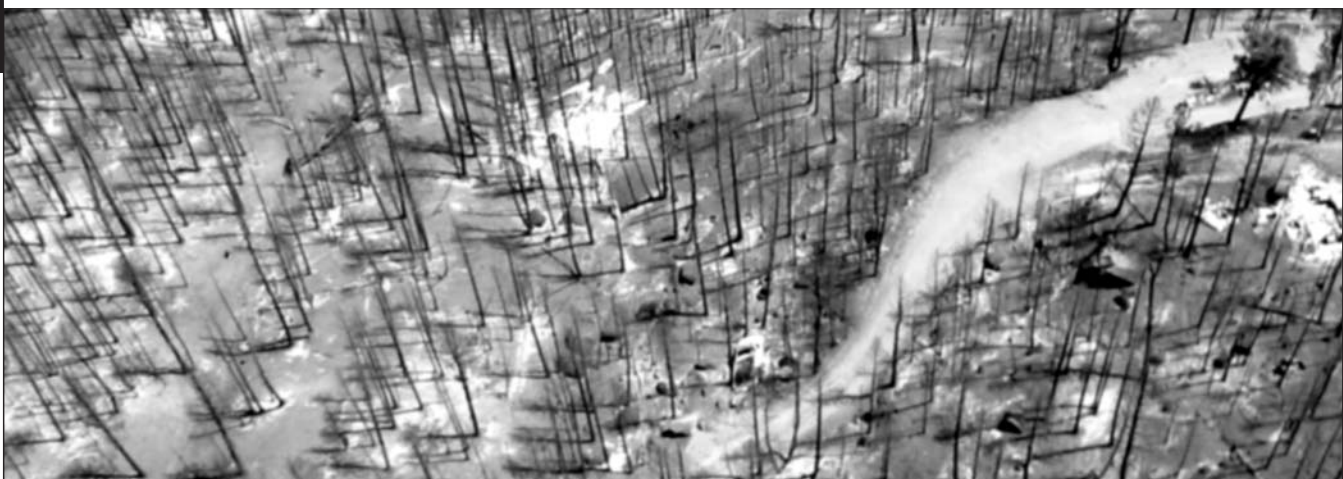
Management and Oversight of the Land Exchange Program/Appraisal Function - In FY 2003, the BLM deployed a Land Exchange and Appraisal Working Group to review the land exchange and appraisal processes, review prior audit reports, and make recommendations on how to improve overall management oversight, including delegations of authority, workload management, staffing, and training. The Working Group included personnel from the BLM, the Department, other Federal agencies, and state governmental agencies. The Working Group has completed its review and the BLM has identified actions it will take in response to the Working Group's recommendations. The Bureau will continue to implement actions to correct the material weakness in the land exchange program.

On June 19, 2003, the Secretary of the Interior announced her decision to consolidate all agency appraisal functions within the Department. An Action Team composed of representatives from the affected agencies has been formed to develop an implementation plan to guide the transfer of agency appraisal functions to the new DOI appraisal organization. This organizational structure will be implemented in October 2003. Since responsibility for appraisal functions will now be centered at the Department, the BLM considers this

material weakness to be closed at the Bureau level and has no additional corrective actions planned.

Accounting for Property - The Department has issued its capitalization standards and, in October 2003, the BLM began capitalizing all roads, bridges, and dams that meet the capitalization threshold. The BLM has provided Property Training 101 and 201 to its administrative officers, property managers and technicians; provided Administrative Officers Training to Bureau administrative officers; and held a property procurement conference that included a State Property Managers Workshop. Additional guidance has been issued to clarify requirements related to (1) Personal Property Inventories; (2) Real Property Inventory and Certification; and (3) Policy for Establishing, Monitoring, Closing, and Maintaining Site Information for Capitalized Real Property Construction Projects. In addition, an aggressive review schedule has been established to help identify deficiencies and to provide corrective and follow-up actions. The BLM has also implemented procedures to evaluate leases, prior to the award of the lease agreement, to determine if the lease should be capitalized. All actions to correct this material weakness have been completed. The remaining milestones will be implemented on an ongoing basis. Therefore, the Bureau considers this material weakness to be corrected.

Accounting for Year-End Payables - The BLM has taken actions to improve the accounts payable process. These actions include (1) expanding the use of the Interior Department Electronic Acquisition System (IDEAS) to request the establishment of Cooperative Agreements, Cost Share Agreements, Grants, and Interagency Agreements; (2) obtaining payable information from the National Interagency Fire Center (NIFC) since most of the



Aerial view of the devastation caused by a fire in Montana.

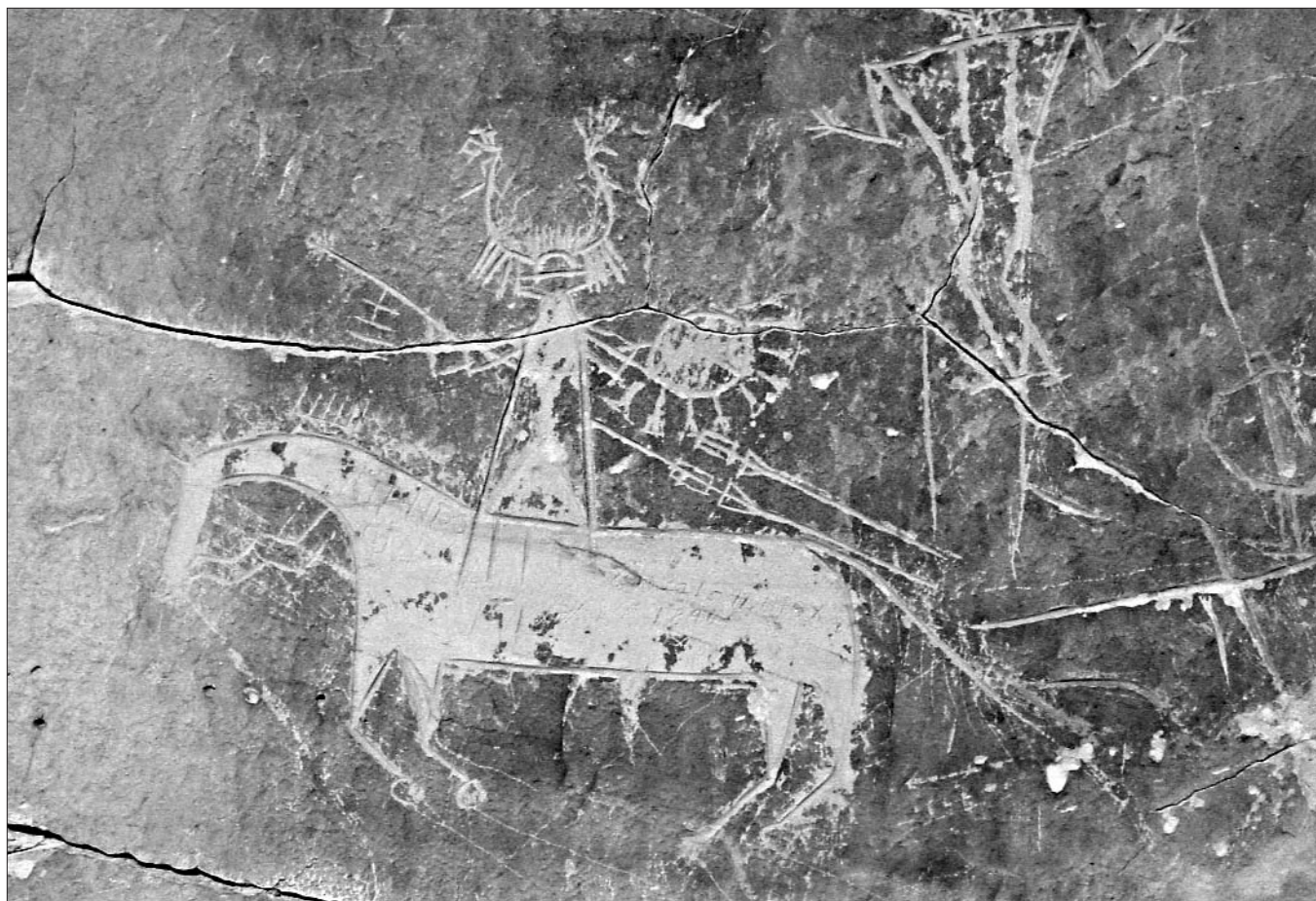
BLM's year-end payables relate to fire activity; and (3) obtaining payable trend analysis to assist in making estimates. The BLM also has participated on the Department of the Interior Accruals Team that defined the methodology to be used for accounts payable. Additionally, the BLM has analyzed historical data for the prior two fiscal years, as well as current fiscal year quarterly data for unliquidated obligations and invoices paid. This data will assist in determining the accuracy of the accrual amount for future quarters. An automated approach has been developed to allow the inputting of accrual data in the Federal Financial System (FFS) prior to the end of each quarter. All actions to correct this material weakness have been completed. Therefore, the Bureau considers this material weakness to be corrected.

Accountability and Control for Artwork and Artifacts - During FY 2003, the BLM obtained and reported on information regarding the type and nature of collections in non-Federal repositories. The BLM also identified long-term actions to (1) issue a management plan for collections in non-Federal repositories in 2005

and (2) catalogue 80 percent of collections in BLM facilities.

Information System Security Controls - During FY 2003, the BLM achieved the following milestones in its remediation plan to resolve the Department's material weaknesses relating to information system security controls:

- Adopted the DOI Information Technology (IT) Security (SEC) Policy
- Initiated a BLM ITSEC Plan
- Trained Program Managers and System Owners in IT security responsibilities
- Realigned the Bureau's IT Security Manager (BITSM) in the BLM's Chief Information Officer (CIO) organization and allocated appropriate resources to fully implement the Bureau ITSEC program



The Tolar petroglyph site, located along the Green River in southwestern Wyoming, contains a rock carving of a horse and rider.

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, multi-year, 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 con-

trols, along with the completion of required data elements. Once a transaction passes all edits, all relevant tables and the general ledger are simultaneously updated.

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

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

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

The Bureau was one of the first agencies in Interior to establish an interface between 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.

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

NATURAL AND HUMAN-CAUSED DISASTERS

MOST OF THE BUREAU'S FACILITIES ARE LOCATED IN THE WESTERN STATES, INCLUDING ALASKA. THESE 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. The American Southwest has experienced a multi-year drought in recent years, resulting in the fire danger being much above normal.

The 2003 fire season had the potential to be long and active. Widespread moisture in the spring, followed by warm springtime temperatures through much of the Interior West, should have produced a heavy growth of grasses on public rangelands. The BLM's fire managers prepared for a long, hot summer.

However, in most BLM locations, the season was considered mild. By early September, only about 400,000 acres of BLM land nationwide had burned, making it one of the lightest fire seasons in recent memory. Only 1998, when 381,000 acres of BLM land burned, is comparable in the last decade to the 2003 season. Overall,

the BLM has averaged about 1.2 million acres burned a year since 1993.

Several factors were behind the lighter-than-expected season. Ignition sources did not materialize. The few thunderstorms that did occur were generally accompanied by moisture, drowning wildfires before they had a chance to grow large. Additionally, the drought kept light fuels such as grass down in some locations, making it difficult for fires to carry.

The BLM also enjoyed a high rate of initial attack success. As of late August, firefighters had achieved close to a 99 percent success rate on initial attack.

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

Public lands are not immune from the criminal activities that threaten resources and the health and safety of visitors. With the growth of communities, especially in those areas that are adjacent to public lands, illegal activities and unauthorized use will continue to flourish. These activities also occur on the most remote pieces of public land and include vandalism and theft of irreplaceable natural and cultural resources.

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. The intent of these restrictions is to maintain the special values of these areas, but there are public land users who will deliberately violate the restrictions, damaging these unique areas and their resources.

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

Other illegal activities that impact public lands include illegal drug cultivation and drug labs, hazardous waste dumping, illegal activities associated with our Nation's borders, and other crimes that negatively impact the public lands.

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.

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.

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



Fire crew mopping up after a fire in Nevada.

keeping track of every activity occurring across the Bureau's nearly 262 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 examples are the looting of cultural and paleontological resources to be sold to overseas collectors and the millions of dollars in lost resources and funds expended for the suppression of human-caused fires.

DEFERRED MAINTENANCE

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.

The Deferred Maintenance section presented later in this document provides more detailed information on the extent of the BLM's capital assets (buildings, administrative sites, recreation sites, roads, bridges, trails, and dams). It also explains how the BLM tracks these 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 Bureau will not be able to significantly reduce its maintenance backlog. 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

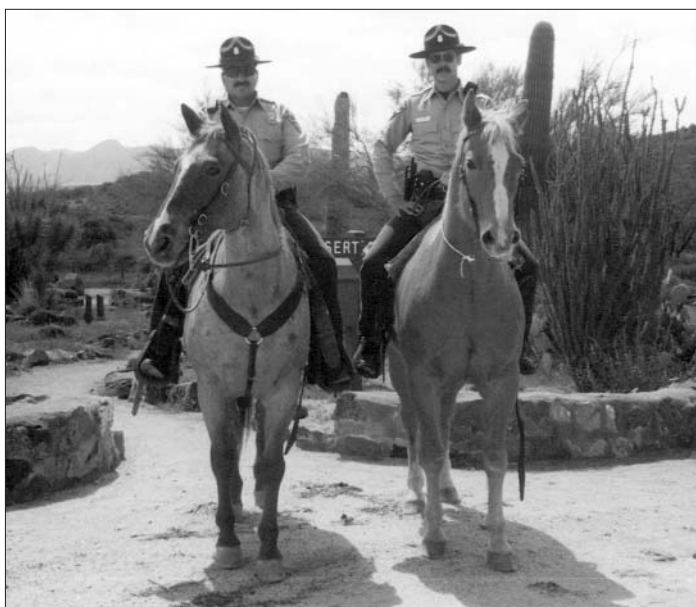
issues; injuries or death that occur on BLM-managed land or roads; issues regarding takings and suspension of mining claims; and other issues. The resultant outcomes will not materially affect the BLM's future financial condition or operations. The U.S. Treasury's judgment fund would likely bear most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

Possible Future Effects: Please refer to the Notes to Principal Financial Statements, Note 13, Environmental Cleanup Liabilities and Other Accrued Contingent Liabilities, for detailed information.

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.



Law enforcement officers in Arizona.

Please refer to the Notes to Principal Financial Statements, Note 13, Environmental Cleanup Liabilities and Other Accrued Contingent Liabilities, for detailed information on the nature and extent of the BLM's environmental cleanup workload and 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 that may pose an environmental or public safety hazard on the public lands. BLM personnel conduct targeted 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. As of the end of FY 2003, the total number of sites in the database had increased from 9,870 (the FY 2002 total) to 11,392.

The Bureau received \$10 million for AML water-quality-based site cleanups in 2003, 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.

In 2003, the BLM completed watershed-based work on 71 AML sites in eight states. Colorado and Utah accounted for most of these sites. In cooperation with partners, the BLM also mitigated or took temporary actions to address physical safety and/or health hazards at over 470 AML sites, with Nevada accounting for roughly 325 of those sites.

The Bureau continued to alert the public to the dangers of abandoned mines by providing web-based information on AML hazards and ongoing projects; distributing several thousand safety brochures; and giving AML safety presentations to classrooms, special interest groups, and local outreach venues. The BLM also continued to support the Mine Hazard Awareness Campaign, a Federal and state cooperative effort initiated by the U.S. Department of Labor's Mine Safety and Health Administration to increase public awareness of the dangers posed by active and abandoned mines. This program emphasizes overall safety awareness, with a special emphasis on education for school-age children.

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.

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 Sheets:** These statements report on the operating assets and liabilities related to the delivery of goods and services. They display the dollar value of unspent funds, assets (such as accounts receivable; inventory; investments; and property, plant, and equipment), and liabilities (such as accounts payable and various accrued liabilities).
- **Consolidated Statements of Net Cost of Operations and the Consolidated Statements of Changes in Net Position:** These 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 Statements of Budgetary Resources and the Consolidated Statements of Financing:** The Combined Statements of Budgetary Resources show the budgetary resources made available through appropriations and other sources, obligations incurred against those resources, and the dollar amount of cash outlays. The Consolidated Statements of Financing explain and reconcile 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 Statements 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 EVENTS

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 2003 and FY 2002:

- 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. The BLM is authorized to invest 85 percent of the sales in interest-bearing Treasury securities, while 10 percent of the proceeds go to the Southern Nevada Water Authority and 5 percent goes to the State of Nevada's Education Fund. 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 2002, the BLM maintained over \$131 million in investments related to SNPLMA land sales. During FY 2003, the Bureau had larger land sales than in any previous fiscal year, collecting almost \$280 million in cash receipts. Additionally, the BLM collected almost \$3 million of interest revenue related to its SNPLMA investments.

- 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 that were in existence on the date of enactment. The sale of stockpiled crude helium began in March 2003 and will continue until January 1, 2015, at which time the helium reserves should be reduced to 600 million cubic feet. These sales have significantly increased the BLM's helium operation's revenue. Prior to FY 2003, typical helium revenue was approximately \$20 million in any given year. The FY 2003 helium revenue was almost \$90 million and is expected to be around \$100 million a year for the next several years.

The BLM's Net Position at the end of FY 2003 was \$150 million, an increase of \$242 million from FY 2002. The BLM's Net Position consists of two components: (1) Unexpended Appropriations of \$413 million and (2) Cumulative Results of Operations of \$(263) million. The increase in BLM's overall Net Position can mostly be attributed to the two items noted above. Revenue related to SNPLMA increased by \$163 million, while helium sales revenue increased by \$70 million.



Trail volunteers on the Pacific Crest Trail.

Financial Statements

*Bureau of Land Management
Consolidated Balance Sheets as of September 30, 2003 and 2002
(dollars in thousands)*

	2003	2002
Assets (Note 2):		
Intragovernmental:		
Fund Balance with Treasury (Note 3)	\$ 857,881	\$ 983,026
Investments, Net (Note 4)	370,316	164,992
Accounts Receivable (Note 5)	8,907	6,494
Other:		
Advances and Prepayments	1,498	3,601
Total Intragovernmental	<u>1,238,602</u>	<u>1,158,113</u>
Cash in Imprest Funds	55	54
Accounts Receivable, Net (Note 5)	14,936	8,985
Inventory and Related Property, Net (Note 6)	335,796	354,264
General Property, Plant, and Equipment, Net (Note 7)	332,762	283,552
Other:		
Advances and Prepayments	136	2,617
Total Assets (Note 8)	<u>\$1,922,287</u>	<u>\$1,807,585</u>
Liabilities and Net Position:		
Liabilities (Note 9):		
Intragovernmental:		
Accounts Payable	\$ 13,741	\$ 12,575
Debt to Treasury (Note 10)	1,199,204	1,309,204
Other:		
Accrued Payroll and Benefits	2,318	7,102
Undistributed Collections	49,968	52,793
Deferred Credits (Note 11)	17,131	18,581
Unfunded Payroll Liabilities (Note 12)	21,041	19,913
Due to Treasury Judgment Fund	12,224	12,224
Total Intragovernmental	<u>1,315,627</u>	<u>1,432,392</u>
Accounts Payable	43,333	44,679
Environmental Cleanup Liabilities (Note 13)	17,567	5,423
Federal Employees' Compensation Act Actuarial Liability	95,345	83,600
Other:		
Accrued Payroll and Benefits	23,444	43,695
Secure Rural Schools Act Payable	106,492	98,776
Deposit Funds (Note 14)	66,955	134,999
Deferred Credits (Note 11)	48,340	7,269
Unfunded Annual Leave	55,009	49,037
Accrued Contingent Liabilities (Note 13)	650	350
Total Liabilities	<u>1,772,762</u>	<u>1,900,220</u>
Commitments and Contingencies (Notes 13 and 15)		
Net Position:		
Unexpended Appropriations	412,460	480,276
Cumulative Results of Operations	(262,935)	(572,911)
Net Position	<u>149,525</u>	<u>(92,635)</u>
Total Liabilities and Net Position	<u>\$1,922,287</u>	<u>\$1,807,585</u>

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

*Bureau of Land Management
Consolidated Statements of Net Cost of Operations
for the Fiscal Years Ended September 30, 2003 and 2002
(dollars in thousands)*

	2003	2002
(Note 20)		
Preserve Natural and Cultural Heritage Resources		
Gross Cost	\$ 170,851	\$ 175,072
Earned Revenue	245,053	86,219
Net Cost	<u>(74,202)</u>	<u>88,853</u>
Understand the Condition of the Public Lands		
Gross Cost	195,338	156,645
Earned Revenue	2,634	1,470
Net Cost	<u>192,704</u>	<u>155,175</u>
Restore At-Risk Systems and Maintain Functioning Systems		
Gross Cost	241,230	213,551
Earned Revenue	10,528	10,154
Net Cost	<u>230,702</u>	<u>203,397</u>
Provide Opportunities for Environmentally Responsible Recreation		
Gross Cost	99,040	93,901
Earned Revenue	18,548	13,527
Net Cost	<u>80,492</u>	<u>80,374</u>
Provide Opportunities for Environmentally Responsible Commercial Activities		
Gross Cost	292,848	251,462
Earned Revenue	179,892	110,471
Net Cost	<u>112,956</u>	<u>140,991</u>
Reduce Threats to Public Health, Safety, and Property		
Gross Cost	556,582	607,779
Earned Revenue	47,951	57,410
Net Cost	<u>508,631</u>	<u>550,369</u>
Improve Land, Resource, and Title Information		
Gross Cost	104,140	112,909
Earned Revenue	14,375	10,744
Net Cost	<u>89,765</u>	<u>102,165</u>
Provide Economic and Technical Assistance		
Gross Cost	436,208	363,940
Earned Revenue	682	695
Net Cost	<u>435,526</u>	<u>363,245</u>
Totals		
Gross Cost (Note 16)	2,096,237	1,975,259
Earned Revenue	519,663	290,690
Net Cost of Operations	<u>\$ 1,576,574</u>	<u>\$ 1,684,569</u>

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

*Bureau of Land Management
Consolidated Statements of Changes in Net Position
for the Fiscal Years Ended September 30, 2003 and 2002
(dollars in thousands)*

	2003	2002
Unexpended Appropriations		
Balances, Beginning of Year	\$ <u>480,276</u>	\$ <u>471,043</u>
Budgetary Financing Sources:		
Appropriations Received	2,173,722	1,918,844
Appropriations Transferred Out, Net	(418,345)	(247,232)
Appropriations Used	(1,811,313)	(1,661,265)
Other Adjustments	(11,880)	(1,114)
Total Budgetary Financing Sources	<u>(67,816)</u>	<u>9,233</u>
Balances, End of Year	\$ <u>412,460</u>	\$ <u>480,276</u>
Cumulative Results of Operations		
Balances, Beginning of Year	\$ <u>(572,911)</u>	\$ <u>(690,477)</u>
Budgetary Financing Sources:		
Appropriations Used	1,811,313	1,661,265
Rent and Royalty Nonexchange Revenue	75,927	4,528
Fines and Penalties	69	18
Transfers In/(Out) Without Reimbursement, Net	(72,417)	69,386
Other Budgetary Financing Sources	4,994	4,970
Other Financing Sources:		
Transfers In/(Out) Without Reimbursement, Net	2,373	(55)
Imputed Financing From Costs Absorbed by Others (Note 17)	64,291	62,023
Total Financing Sources	<u>1,886,550</u>	<u>1,802,135</u>
Net Cost of Operations	(1,576,574)	(1,684,569)
Balances, End of Year	\$ <u>(262,935)</u>	\$ <u>(572,911)</u>

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

*Bureau of Land Management
 Combined Statements of Budgetary Resources
 for the Fiscal Years Ended September 30, 2003 and 2002
 (dollars in thousands)*

	2003	2002
(Note 18)		
Budgetary Resources:		
Budget Authority:		
Appropriations Received, General Funds	\$ 2,691,714	\$ 2,214,791
Net Transfers	(3,565)	15,061
Unobligated Balance:		
Beginning of Year	450,964	440,508
Net Transfers, Actual	(20,366)	213,002
Spending Authority from Offsetting Collections:		
Earned:		
Collected	212,897	142,917
Receivable from Federal Sources	4,305	(2,808)
Change in Unfilled Customer Orders:		
Advance Received	(2,601)	3,732
Without Advance from Federal Sources	4,007	(3,861)
Recoveries of Prior Year Obligations	69,598	43,405
Permanently Not Available Pursuant to Public Law	<u>(40,107)</u>	<u>(11,114)</u>
Total Budgetary Resources	<u>\$ 3,366,846</u>	<u>\$ 3,055,633</u>
Status of Budgetary Resources:		
Obligations Incurred:		
Direct	\$ 2,721,085	\$ 2,565,493
Reimbursable	60,668	39,176
Total Obligations Incurred	<u>2,781,753</u>	<u>2,604,669</u>
Unobligated Balance Apportioned	584,726	450,657
Unobligated Balance Not Available	<u>367</u>	<u>307</u>
Total Status of Budgetary Resources	<u>\$ 3,366,846</u>	<u>\$ 3,055,633</u>
Relationship of Obligations to Outlays:		
Obligations Incurred	\$ 2,781,753	\$ 2,604,669
Obligated Balance, Net, Beginning of Year	685,823	592,871
Obligated Balance, Net, End of Year:		
Accounts Receivable	17,143	12,838
Unfilled Customer Orders from Federal Sources	20,297	16,290
Undelivered Orders	(621,892)	(560,602)
Accounts Payable	(119,100)	(154,349)
Less: Spending Authority Adjustments	<u>(77,910)</u>	<u>(36,736)</u>
Outlays:		
Disbursements	2,686,114	2,474,981
Collections	(210,296)	(146,649)
Subtotal	<u>2,475,818</u>	<u>2,328,332</u>
Less: Offsetting Receipts	<u>(550,084)</u>	<u>(276,683)</u>
Net Outlays	<u>\$ 1,925,734</u>	<u>\$ 2,051,649</u>

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

*Bureau of Land Management
Consolidated Statements of Financing
for the Fiscal Years Ended September 30, 2003 and 2002
(dollars in thousands)*

	2003	2002
Resources Used to Finance Activities:		
Budgetary Resources Obligated:		
Obligations Incurred	\$ 2,781,753	\$ 2,604,669
Spending Authority from Offsetting Collections and Recoveries	<u>(288,206)</u>	<u>(183,385)</u>
Obligations Net of Offsetting Collections and Recoveries	2,493,547	2,421,284
Offsetting Receipts	<u>(550,084)</u>	<u>(276,683)</u>
Net Obligations	<u>1,943,463</u>	<u>2,144,601</u>
Other Resources:		
Transfers In/(Out) Without Reimbursement, Net	2,373	(55)
Imputed Financing From Costs Absorbed by Others (Note 17)	<u>64,291</u>	<u>62,023</u>
Net Other Resources Used to Finance Activities	<u>66,664</u>	<u>61,968</u>
Total Resources Used to Finance Activities	<u>2,010,127</u>	<u>2,206,569</u>
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	(54,315)	(78,413)
Resources That Fund Expenses Recognized in Prior Periods	(82,258)	(3,394)
Budgetary Offsetting Collections and Receipts That Do Not Affect Net Cost of Operations	116,287	4,546
Resources That Finance the Acquisition of Assets	(61,131)	(55,993)
Allocation Transfer Reconciling Item, Parent Account (Note 19)	(387,815)	(420,268)
Other Resources That Do Not Affect Net Cost of Operations	<u>(32,229)</u>	<u>—</u>
Total Resources Used to Finance Items Not Part of the Net Cost of Operations	<u>(501,461)</u>	<u>(553,522)</u>
Total Resources Used to Finance the Net Cost of Operations	<u>1,508,666</u>	<u>1,653,047</u>
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	5,972	542
Increase in Environmental Cleanup Liability	12,144	—
Increase in Other Unfunded Liabilities	20,889	—
Increase in Exchange Revenue Receivable from the Public	<u>(4,176)</u>	<u>—</u>
Total Components Requiring or Generating Resources in Future Periods	<u>34,829</u>	<u>542</u>
Components Not Requiring or Generating Resources:		
Depreciation and Amortization	29,932	27,374
Allocation Transfer Reconciling Item, Recipient Account (Note 19)	2,342	3,606
Other	805	—
Total Components Not Requiring or Generating Resources	<u>33,079</u>	<u>30,980</u>
Total Components of Net Cost of Operations That Did Not Require or Generate Resources in the Current Period	<u>67,908</u>	<u>31,522</u>
Net Cost of Operations	<u>\$ 1,576,574</u>	<u>\$ 1,684,569</u>

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 or Department), 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 14.

Statement of Federal Financial Accounting Standards (SFFAS) No. 4, *Managerial Cost Accounting Concepts and Standards for the Federal Government*, requires agencies to report the full cost of programs, activities, and outputs. 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 the 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. Except for the Statements of Budgetary Resources and portions of the Statements of Financing, all statements are presented on a consolidated basis and use eliminating entries to avoid overstatement of balances caused by intrabureau transactions. Significant intrabureau 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) Judgment 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 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 began in March of 2003 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 Sheets. 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 and the estimated useful life is 2 years or more.
3. Equipment and vehicles are capitalized at cost if the acquisition cost is \$10 or more 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 zero.

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 the Treasury Judgment Fund, a permanent, indefinite appropriation,

to pay certain judicially and administratively ordered monetary awards against the United States. The Judgment 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 Judgment Fund bills agencies for amounts paid under the Contract Disputes Act, while it 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 10.

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 10.

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 10.

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 the 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 12.

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

K. CONTINGENT LIABILITIES

The BLM is a party to various administrative proceedings, legal actions, environmental suits, and claims brought by or against it. Contingent liabilities are recorded in the accounting records when 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 13.

L. FEDERAL EMPLOYEES' COMPENSATION ACT 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

The BLM's employees participate in one of two retirement programs, either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement Systems (FERS), which became effective on January 1, 1987. Most employees hired after December 31, 1983, are automatically covered by FERS and Social Security. Employees hired prior to January 1, 1984, could elect to either join FERS and Social Security or remain in CSRS. Employees covered by CSRS are not subject to Social Security taxes, nor are they entitled to accrue Social Security benefits for wages subject to CSRS.

For FERS employees, the BLM contributes an amount equal to 1 percent of the employee's basic pay to the tax deferred Thrift Savings Plan and matches employee contributions up to an additional 4 percent of pay. FERS employees can contribute 13 percent of their gross earnings to the plan. CSRS employees are limited to a contribution of 8 percent of their gross earnings and receive no matching contributions from the BLM.

The Office of Personnel Management (OPM) is responsible for reporting assets, accumulated plan benefits, and unfunded liabilities applicable to CSRS participants and FERS employees governmentwide. The BLM has recognized an imputed cost and imputed financing source for

the difference between the estimated service cost and the contributions made by the BLM and covered CSRS employees. 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. BUDGETARY COLLECTIONS AND OFFSETTING RECEIPTS

The BLM's offsetting receipts are collections that are credited to general funds or special funds and that offset gross outlays. Unlike offsetting collections, which are credited to expenditure funds and offset outlays at the fund level, offsetting receipts are credited to receipt funds and offset outlays at the agency or governmentwide level. Offsetting receipts may be either distributed or undistributed to agencies. Distributed offsetting receipts offset the outlays of the BLM, while undistributed offsetting receipts offset governmentwide outlays.

P. 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 from those estimates.

Note 2 - Entity and Non-Entity Assets

Entity assets are those that the BLM has the authority to use in its operations. Non-entity assets are currently held by, but not available to, the BLM and will be forwarded to Treasury, other Federal agencies, or the public at a future date.

September 30, 2003:	Entity	Non-Entity	Total
Intragovernmental:			
Fund Balance with Treasury	\$ 776,744	\$ 81,137	\$ 857,881
Investments, Net	335,634	34,682	370,316
Accounts Receivable	8,907	—	8,907
Other:			
Advances and Prepayments	1,498	—	1,498
Total Intragovernmental	<u>1,122,783</u>	<u>115,819</u>	<u>1,238,602</u>
Cash in Imprest Funds	55	—	55
Accounts Receivable, Net	13,846	1,090	14,936
Inventory and Related Property, Net	335,796	—	335,796
General Property, Plant, and Equipment, Net	332,762	—	332,762
Other:			
Advances and Prepayments	<u>136</u>	<u>—</u>	<u>136</u>
Total Assets	<u>\$1,805,378</u>	<u>\$116,909</u>	<u>\$1,922,287</u>
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
Other:			
Advances and Prepayments	<u>3,601</u>	<u>—</u>	<u>3,601</u>
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
Inventory and Related Property, Net	354,264	—	354,264
General Property, Plant, and Equipment, Net	283,552	—	283,552
Other:			
Advances and Prepayments	<u>2,617</u>	<u>—</u>	<u>2,617</u>
Total Assets	<u>\$1,615,305</u>	<u>\$ 192,280</u>	<u>\$1,807,585</u>

Note 3 - Fund Balance with Treasury

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

Obligated and unobligated balances reported for the Status of Fund Balance with Treasury do not agree with obligated and unobligated balances reported on the Statements of Budgetary Resources because (1) the budgetary balances include amounts supported by other than Fund Balance with Treasury, such as investments and allocation transfers (transferring agency), and (2) the Fund Balance with Treasury amounts include items for which budgetary resources are not recorded, such as deposit funds, unavailable collections, and allocation transfers (receiving agency).

Fund Balances:	2003	2002
General Funds	\$ 590,428	\$ 621,140
Special Funds	148,074	141,117
Revolving Funds	54,874	83,692
Trust Funds	20,719	19,182
Other Fund Types	<u>43,786</u>	<u>117,895</u>
Total	<u>\$ 857,881</u>	<u>\$ 983,026</u>
Status of Fund Balance with Treasury:	2003	2002
Unobligated Balance:		
Available	\$ 333,841	\$ 269,729
Unavailable	80,938	157,267
Obligated Balance not yet Disbursed	<u>443,102</u>	<u>556,030</u>
Total	<u>\$ 857,881</u>	<u>\$ 983,026</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

Investments consist of U.S. Treasury Bills, maturing within one year. Amounts shown on the Balance Sheets are at cost, plus discounts amortized using the interest method.

	2003	2002
Cost	\$369,098	\$ 164,152
Amortized Discount	<u>1,218</u>	<u>840</u>
Net Book Value	<u>\$370,316</u>	<u>\$ 164,992</u>

The market value of investments was \$370,400 as of September 30, 2003, and \$165,047 as of September 30, 2002. 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, 2003: Intragovernmental Public		
Accounts Receivable, Billed		
Current	\$ -	\$ 1,446
Past Due Accounts:		
1-180 Days	-	5,685
181-365 Days	-	956
Over 1 Year	-	1,351
Allowance for Uncollectible Accounts	-	(1,154)
Net Accounts Receivable, Billed	-	8,284
Accounts Receivable, Unbilled	<u>8,907</u>	<u>6,652</u>
Total Accounts Receivable, Net	<u>\$8,907</u>	<u>\$ 14,936</u>
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	6	4,868
Accounts Receivable, Unbilled	<u>6,488</u>	<u>4,117</u>
Total Accounts Receivable, Net	<u>\$6,494</u>	<u>\$8,985</u>

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

Note 6 - Inventory and Related Property, Net

	2003	2002
Stockpile Materials:		
Recoverable Below-Ground Crude Helium	\$ 334,376	\$ 352,879
Gas and Storage Rights, Net:		
Gas and Storage Rights	1,538	1,538
Accumulated Depletion Allowance	<u>(468)</u>	<u>(462)</u>
Gas and Storage Rights, Net	<u>1,070</u>	<u>1,076</u>
Inventory, Net:		
Working Capital Fund:		
Inventory	350	441
Allowance for Loss on Inventory	<u>—</u>	<u>(132)</u>
Inventory, Net	<u>350</u>	<u>309</u>
Total	<u>\$ 335,796</u>	<u>\$ 354,264</u>

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

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

September 30, 2003:	Acquisition Value	Accumulated Depreciation	Net Book Value
Land and Land Improvements	\$ 85,185	\$ (32,162)	\$ 53,023
Buildings	134,468	(58,139)	76,329
Other Structures and Facilities	37,443	(26,478)	10,965
Construction in Progress	30,914	—	30,914
Equipment and Vehicles	255,380	(118,936)	136,444
Data Processing Software:			
In Use	4,229	(3,147)	1,082
In Development	<u>24,005</u>	<u>—</u>	<u>24,005</u>
Total	<u>\$571,624</u>	<u>\$(238,862)</u>	<u>\$ 332,762</u>
September 30, 2002:			
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:			
In Use	4,709	(2,905)	1,804
In Development	13,079	—	13,079
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>

Capitalization criteria and other information regarding property, plant, and equipment are discussed in Note 1(H). "Property Being Held Pending Disposition" at the end of FY 2002 was disposed of during FY 2003.

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, 2003, the value of these securities was \$256,367; at September 30, 2002, the value was \$322,752. 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

Liabilities covered by budgetary resources and liabilities not covered by budgetary resources are combined in the Balance Sheets presentation. Liabilities covered by budgetary resources are liabilities to be paid with existing appropriation authority. Liabilities not covered by budgetary resources represent those liabilities for which Congressional action is needed before budgetary resources can be provided. Current liabilities are expected to be liquidated during the subsequent fiscal year. Additional information regarding liabilities may be found in Note 1(I).

September 30, 2003:	Covered by Budgetary Resources		Not Covered by Budgetary Resources		Total
	Current	Non-Current	Current	Non-Current	
Intragovernmental:					
Accounts Payable	\$ 13,741	\$ -	\$ -	\$ -	\$ 13,741
Debt to Treasury	100,000	1,099,204	-	-	1,199,204
Other:					
Accrued Payroll and Benefits	2,318	-	-	-	2,318
Undistributed Collections	-	-	49,968	-	49,968
Deferred Credits	17,131	-	-	-	17,131
Unfunded Payroll Liabilities	-	-	6,958	14,083	21,041
Due to Treasury Judgment Fund	-	-	-	12,224	12,224
Total Intragovernmental	133,190	1,099,204	56,926	26,307	1,315,627
Accounts Payable	43,333	-	-	-	43,333
Environmental Cleanup Liabilities	-	4,507	-	13,060	17,567
Federal Employees' Compensation Act Actuarial Liability	-	-	-	95,345	95,345
Other:					
Accrued Payroll and Benefits	23,444	-	-	-	23,444
Secure Rural Schools Act Payable	-	-	106,492	-	106,492
Deposit Funds	-	-	66,955	-	66,955
Deferred Credits	48,340	-	-	-	48,340
Unfunded Annual Leave	-	-	-	55,009	55,009
Accrued Contingent Liabilities	-	-	-	650	650
Total Liabilities	<u>\$ 248,307</u>	<u>\$ 1,103,711</u>	<u>\$ 230,373</u>	<u>\$ 190,371</u>	<u>\$ 1,772,762</u>
September 30, 2002:					
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 Judgment 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
Environmental Cleanup Liabilities	-	4,507	-	916	5,423
Federal Employees' Compensation Act Actuarial Liability	-	-	-	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
Accrued Contingent Liabilities	-	-	-	350	350
Total Liabilities	<u>\$ 143,901</u>	<u>\$ 1,303,711</u>	<u>\$ 293,039</u>	<u>\$ 159,569</u>	<u>\$ 1,900,220</u>

Note 10 - Debt to Treasury

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

	2003	2002
Principal:		
Net Worth Debt	\$ -	\$ 27,991
Additional Borrowing from Treasury	251,650	251,650
Total Principal	251,650	279,641
Interest	947,554	1,029,563
Total Debt to Treasury	<u>\$ 1,199,204</u>	<u>\$ 1,309,204</u>

For the last several years the BLM has paid \$10,000 annually on its debt to Treasury. The sale of stockpile crude helium began in March 2003 and will continue until January 1, 2015. These sales have significantly increased the BLM's helium fund revenue. Due to the increased revenue, the BLM is planning to repay approximately \$100,000 each year until the debt is repaid or until the stockpile crude helium sales cease, in which case the repayment plan would be revised.

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

Note 11 - 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.

	2003	2002
Intragovernmental:		
Unspent Title V and Title VI Funds	\$ 875	\$ 5,869
Unspent Fire Science Project Funds	11,776	9,266
Other	4,480	3,446
Total	<u>\$ 17,131</u>	<u>\$ 18,581</u>
Southern Nevada Land Sale Deposits	\$ 46,385	\$ 6,042
Other	1,955	1,227
Total	<u>\$ 48,340</u>	<u>\$ 7,269</u>

Note 12 - Intragovernmental Unfunded Payroll Liabilities

Liabilities for workers' compensation and unemployment compensation are amounts which will be paid to the Department of Labor, when billed, through the Department of the 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).

	2003	2002
Workers' Compensation Payable	\$ 17,395	\$ 16,178
Unemployment Compensation Payable	970	1,442
Accrued FICA on Unfunded Annual Leave	2,676	2,293
Total	<u>\$ 21,041</u>	<u>\$ 19,913</u>

Note 13 - Environmental Cleanup Liabilities and Other Accrued Contingent Liabilities

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.

The BLM has recognized an estimated liability of \$17,567 and \$5,423 for FY 2003 and FY 2002, respectively, for sites where the BLM either caused contamination or is otherwise involved in such a way that it may be legally liable for some portion of the cleanup, and the environmental cleanup liability is probable and reasonably estimable. These estimates include the expected future

cleanup costs, and for those sites where future liability is unknown, the cost of a study necessary to evaluate cleanup requirements.

In accordance with Federal accounting guidance, if an estimated liability is a range of amounts, and no amount within the range is a better estimate than any other amount, the minimum amount in the range is recognized. The amounts recognized in the previous paragraph are the minimum amounts within the range noted for these estimated liabilities. The upper limits on the ranges of these liabilities are \$20,333 and \$7,786 for FY 2003 and FY 2002, respectively.

In addition to the limited number of cases discussed above where the BLM may be involved, other hazardous conditions exist on public lands for which the BLM might fund cleanup. The estimated liability excludes estimates of future sites for which the BLM will voluntarily undertake remediation without legal responsibility to do so. The BLM has no reasonably possible sites. The probable sites are recognized and disclosed above, while all other environmental cleanup sites are classified as remote.

Judgments 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. 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 Judgment Fund would likely bear most of the costs incurred to pay any judgments or settlements.

At the end of FY 2003, four cases which were probable had reasonably estimable liabilities of \$650; at the end of FY 2002 there were three cases totaling \$350. These liabilities have been accrued in the accompanying financial statements as of September 30, 2003 and September 30, 2002.

In addition to these probable cases, at the end of FY 2003 there were 15 other cases where the likelihood of an outcome unfavorable to the BLM was reasonably possible. Of these 15 cases, those with reasonably estimable liabilities aggregated approximately \$2,642. At the end of FY 2002 there were 14 such cases totaling approximately \$2,500.

Additional discussion of contingent liabilities is presented in Note 1(K).

Note 14 - 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 consist primarily of lease deposits awaiting adjudication, but also include lease security deposits. 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 2003, the BLM received \$40,450 in oil and gas deposits and additional receipts, refunded \$1,120, and transferred \$105,022 to MMS upon adjudication. 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. Lease security deposits are generally returned to the lessor upon the expiration of a lease. However, in certain circumstances, particularly if contamination cleanup is necessary, the BLM will keep a portion of the security deposit and record it as revenue.

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.

	2003	2002
Oil and Gas Leases	\$ 13,314	\$ 79,006
Alaska Mineral Lease	34,681	33,693
Mineral Materials and Leases	9,849	12,926
Lands and Realty Management	8,144	5,772
Other	967	3,602
Total	<u>\$ 66,955</u>	<u>\$ 134,999</u>

Note 15 - 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 2004 is based on information received from GSA. For 2005 and subsequent years, the amounts are inflated each year at 3 percent over the previous year.

The other real property amount for 2004 is based on the annual rent for all property within the category. For 2005 and subsequent years, the amounts are inflated each year at 3 percent over the previous year.

Government vehicle 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 2004 is based on a 3 percent increase over the actual personal property expense amount for 2003. For 2005 through 2008, 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 2004 through FY 2008 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
2004	\$ 19,465	\$ 16,804	\$ 17,200	\$ 53,469
2005	19,686	16,000	17,716	53,402
2006	19,867	14,324	18,247	52,438
2007	17,989	13,508	18,795	50,292
2008	12,281	10,383	19,359	42,023
After 5 Years	16,320	80,472	—	96,792
Total Future Lease Payments	<u>\$ 105,608</u>	<u>\$ 151,491</u>	<u>\$ 91,317</u>	<u>\$ 348,416</u>

Note 16 - Gross Cost

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

	2003	2002
Personnel Services and Benefits	\$ 901,345	\$ 830,548
Contributions to States	434,070	368,589
Contractual Services	387,026	375,424
Supplies and Materials	69,777	112,317
Travel and Transportation	66,522	73,769
Rental, Communication, and Utilities	71,288	70,443
Acquisition of Stewardship Land	37,876	60,974
Property and Equipment Not Capitalized	39,191	47,143
Depreciation	30,390	27,548
Settlement of Claims	3,766	9,802
Printing and Reproduction	3,147	3,152
Cost of Goods Sold	18,577	2,392
Acquisition of Heritage Assets	1,590	1,258
Bad Debt Expense	555	294
Interest Expense	41	56
Gain on Disposition of Assets, Net	(213)	(694)
Change in Federal Employees' Compensation Act Actuarial Liability	11,745	(565)
Change in Unfunded Liabilities:		
Judgment Fund	—	11,464
FICA on Unfunded Annual Leave	383	2,293
Workers' and Unemployment Compensation	745	2,148
Unfunded Annual Leave	5,972	542
Environmental Cleanup	12,144	(3,088)
Legal Claims	300	(20,550)
Total Gross Cost	<u>\$ 2,096,237</u>	<u>\$ 1,975,259</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 Judgment 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 Judgment Fund rather than the BLM's appropriations. Treasury provides agencies with information regarding the month and amount of payments actually made, at which time the BLM recognizes the imputed financing source and cost.

	2003	2002
Imputed Financing from OPM:		
Pension Costs	\$ 26,118	\$ 21,448
Health Benefit and Life Insurance Costs	34,652	31,096
	<u>60,770</u>	<u>52,544</u>
Imputed Financing from Treasury Department's Judgment Fund	<u>3,521</u>	<u>9,479</u>
Total Imputed Financing From Costs Absorbed by Others	<u>\$ 64,291</u>	<u>\$ 62,023</u>

Note 18 - Combined Statements of Budgetary Resources

Apportionment Categories of Obligations Incurred

All of the BLM's funds were appropriated under Category B and were subject to annual apportionment by OMB.

Permanent Indefinite Appropriations

As of September 30, 2003, the Bureau had 23 permanent indefinite appropriations with total budgetary resources of

\$607,725, which represented \$291,145 of obligations incurred and an available unobligated balance of \$316,580. As of September 30, 2002, the Bureau had 24 permanent indefinite appropriations with total budgetary resources of \$347,278, which represented \$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.

Legal Arrangements Affecting the Use of Unobligated Balances of Budget Authority

The BLM's FY 2003 operating programs were financed, and its financial activity summarized, under 53 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 53 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 2003, the BLM had one fund classified as a current annual fund, 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 2003, the BLM had two 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 108-7, 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 108-7 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.

Differences Between Amounts Reported in the Statements 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 one another. 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 2003, the BLM reported \$1,074 of budgetary resources in this appropriation. 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 Statements of Budgetary Resources, while the recipient of allocation transfers reports the proprietary activity on its Balance Sheets, Statements of Net Cost of Operations, and Statements of Changes in Net Position. This process creates a reconciling difference on the Statements of Financing.

The BLM is the parent agency for the Wildland Fire Management Account and the Central Hazardous Material Fund. In FY 2003, the BLM transferred \$418,897 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 \$10,381 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. During FY 2002, the BLM transferred \$409,214 and \$7,444, respectively.

The BLM is an allocation transfer recipient of Natural Resources Damage Assessment and Restoration funds from the Office of the Secretary and received \$614 in FY 2003. The BLM also received \$1,320 of Highway Trust funds from the Federal Highway Administration during FY 2003. During FY 2002, the BLM received \$286 and \$939, respectively. 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 has not received any funding during the past two fiscal years.

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 items created on the Statements of Financing are not generated solely by the current year transfers, but also consist of current year activity related to prior year transfers.

	2003	2002
Parent Accounts:		
Current Year Transfers	\$ 429,278	\$ 416,658
Prior Year Transfers		
Affecting Current Year Activity	<u>(41,463)</u>	<u>3,610</u>
Allocation Transfer Reconciling Item	<u>\$ 387,815</u>	<u>\$ 420,268</u>
Recipient Account:		
Current Year Transfers	\$ 1,934	\$ 1,225
Prior Year Transfers		
Affecting Current Year Activity	<u>408</u>	<u>2,381</u>
Allocation Transfer Reconciling Item	<u>\$ 2,342</u>	<u>\$ 3,606</u>

Note 20 - 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.

*Bureau of Land Management
Consolidating Statement of Net Cost of Operations
for the Fiscal Year Ended September 30, 2003
(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	\$ 130,579	\$ 192,591	\$ 238,748
Earned Revenue from the Public	239,845	—	8,259
Net Cost with the Public	<u>(109,266)</u>	<u>192,591</u>	<u>230,489</u>
Gross Cost of Intragovernmental Sales	7,574	2,747	2,345
Intragovernmental Earned Revenue	7,373	2,634	2,269
Intragovernmental Net Cost	201	113	76
Total Net Cost	<u>(109,065)</u>	<u>192,704</u>	<u>230,565</u>
Construction, Cleanup, and Land Acquisition			
Gross Cost with the Public	29,860	—	137
Earned Revenue from the Public	—	—	—
Net Cost with the Public	<u>29,860</u>	<u>—</u>	<u>137</u>
Gross Cost of Intragovernmental Sales	—	—	—
Intragovernmental Earned Revenue	—	—	—
Intragovernmental Net Cost	—	—	—
Total Net Cost	<u>29,860</u>	<u>—</u>	<u>137</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	5,003	—	—
Earned Revenue from the Public	—	—	—
Net Cost with the Public	<u>5,003</u>	<u>—</u>	<u>—</u>
Gross Cost of Intragovernmental Sales	—	—	—
Intragovernmental Earned Revenue	—	—	—
Intragovernmental Net Cost	—	—	—
Total Net Cost	<u>5,003</u>	<u>—</u>	<u>—</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	(2,165)	—	—
Intragovernmental Earned Revenue	<u>(2,165)</u>	<u>—</u>	<u>—</u>
Intragovernmental Net Cost	—	—	—
Total Net Cost	—	—	—
Totals			
Gross Cost with the Public	165,442	192,591	238,885
Earned Revenue from the Public	239,845	—	8,259
Net Cost with the Public	<u>(74,403)</u>	<u>192,591</u>	<u>230,626</u>
Gross Cost of Intragovernmental Sales	5,409	2,747	2,345
Intragovernmental Earned Revenue	5,208	2,634	2,269
Intragovernmental Net Cost	201	113	76
Total Net Cost of Operations	<u>\$ (74,202)</u>	<u>\$ 192,704</u>	<u>\$ 230,702</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
\$ 95,955	\$ 254,448	\$ 525,325	\$ 89,615	\$ 68,175	\$ 1,595,436
17,581	89,586	23,037	481	67	378,856
<u>78,374</u>	<u>164,862</u>	<u>502,288</u>	<u>89,134</u>	<u>68,108</u>	<u>1,216,580</u>
1,735	1,964	23,884	14,465	629	55,343
1,668	1,865	23,192	13,894	615	53,510
67	99	692	571	14	1,833
<u>78,441</u>	<u>164,961</u>	<u>502,980</u>	<u>89,705</u>	<u>68,122</u>	<u>1,218,413</u>
2,051	—	12,746	60	19	44,873
—	—	1,368	—	—	1,368
<u>2,051</u>	—	<u>11,378</u>	<u>60</u>	<u>19</u>	<u>43,505</u>
—	—	—	—	—	—
—	—	—	—	—	—
<u>2,051</u>	—	<u>11,378</u>	<u>60</u>	<u>19</u>	<u>43,505</u>
—	36,436	—	—	—	36,436
—	88,441	—	—	—	88,441
—	<u>(52,005)</u>	—	—	—	<u>(52,005)</u>
—	—	21,565	—	—	21,565
—	—	27,292	—	—	27,292
—	—	<u>(5,727)</u>	—	—	<u>(5,727)</u>
—	<u>(52,005)</u>	<u>(5,727)</u>	—	—	<u>(57,732)</u>
—	—	—	—	367,385	372,388
—	—	—	—	—	—
—	—	—	—	<u>367,385</u>	<u>372,388</u>
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	<u>367,385</u>	<u>372,388</u>
—	—	—	—	—	—
—	—	—	—	—	—
(701)	—	<u>(26,938)</u>	—	—	<u>(29,804)</u>
<u>(701)</u>	—	<u>(26,938)</u>	—	—	<u>(29,804)</u>
—	—	—	—	—	—
—	—	—	—	—	—
98,006	290,884	538,071	89,675	435,579	2,049,133
17,581	178,027	24,405	481	67	468,665
<u>80,425</u>	<u>112,857</u>	<u>513,666</u>	<u>89,194</u>	<u>435,512</u>	<u>1,580,468</u>
1,034	1,964	18,511	14,465	629	47,104
967	1,865	23,546	13,894	615	50,998
67	99	<u>(5,035)</u>	571	14	<u>(3,894)</u>
<u>\$ 80,492</u>	<u>\$ 112,956</u>	<u>\$ 508,631</u>	<u>\$ 89,765</u>	<u>\$ 435,526</u>	<u>\$ 1,576,574</u>

*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>
—	—	—	—	—	—
—	—	—	—	—	—
—	—	<u>(19,752)</u>	—	—	<u>(19,752)</u>
—	—	<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
 Supplementary Statement of Budgetary
 Resources by Major Budget Accounts
 for the Fiscal Year Ended September 30, 2003
 (dollars in thousands)*

	Wildland Fire Management	Management of Land and Resources	Miscellaneous Permanent Payment Accounts
Budgetary Resources:			
Budget Authority:			
Appropriations Received, General Funds	\$ 879,406	\$ 831,445	\$ 252,255
Net Transfers	(16,182)	77	—
Unobligated Balance:			
Beginning of Year	119,528	34,203	6,046
Net Transfers, Actual	(13,397)	400	—
Spending Authority from Offsetting Collections:			
Earned:			
Collected	34,768	55,026	—
Receivable from Federal Sources	275	2,709	—
Change in Unfilled Customer Orders:			
Advance Received	1,550	(37)	—
Without Advance from Federal Sources	2,205	1,721	—
Recoveries of Prior Year Obligations	39,842	19,248	200
Permanently not Available Pursuant to Public Law	(4,254)	(5,367)	—
Total Budgetary Resources	\$ 1,043,741	\$ 939,425	\$ 258,501
Status of Budgetary Resources:			
Obligations Incurred:			
Direct	\$ 917,157	\$ 871,884	\$ 252,575
Reimbursable	24,893	30,778	—
Total Obligations Incurred	942,050	902,662	252,575
Unobligated Balance Apportioned	101,691	36,751	5,926
Unobligated Balance not Available	—	12	—
Total Status of Budgetary Resources	\$ 1,043,741	\$ 939,425	\$ 258,501
Relationship of Obligations to Outlays:			
Obligations Incurred	\$ 942,050	\$ 902,662	\$ 252,575
Obligated Balance, Net, Beginning of Year	307,526	231,469	2,757
Obligated Balance, Net, End of Year:			
Accounts Receivable	3,330	6,491	—
Unfilled Customer Orders from Federal Sources	13,012	6,441	—
Undelivered Orders	(274,274)	(191,982)	(3,863)
Accounts Payable	(56,311)	(39,099)	(470)
Less: Spending Authority Adjustments	(42,322)	(23,677)	(200)
Outlays:			
Disbursements	893,011	892,305	250,799
Collections	(36,318)	(54,989)	—
Subtotal	856,693	837,316	250,799
Less: Offsetting Receipts	—	—	(185,381)
Net Outlays	\$ 856,693	\$ 837,316	\$ 65,418

Unaudited - see accompanying independent auditors' report.

Payments In Lieu of Taxes	Permanent Operating Funds	Oregon and California Grant Lands	Other	Combined
\$ 220,000	\$ 303,070	\$ 105,633	\$ 99,905	\$ 2,691,714
—	192	—	12,348	(3,565)
356	103,280	2,317	185,234	450,964
—	—	100	(7,469)	(20,366)
—	—	—	123,103	212,897
—	—	—	1,321	4,305
—	—	—	(4,114)	(2,601)
—	—	—	81	4,007
41	3,811	3,090	3,366	69,598
(1,448)	—	(687)	(28,351)	(40,107)
<u>\$ 218,949</u>	<u>\$ 410,353</u>	<u>\$ 110,453</u>	<u>\$ 385,424</u>	<u>\$ 3,366,846</u>
\$ 218,594	\$ 121,555	\$ 107,882	\$ 231,438	\$ 2,721,085
—	—	—	4,997	60,668
218,594	121,555	107,882	236,435	2,781,753
—	288,798	2,571	148,989	584,726
355	—	—	—	367
<u>\$ 218,949</u>	<u>\$ 410,353</u>	<u>\$ 110,453</u>	<u>\$ 385,424</u>	<u>\$ 3,366,846</u>
\$ 218,594	\$ 121,555	\$ 107,882	\$ 236,435	\$ 2,781,753
190	56,692	37,018	50,171	685,823
—	—	—	7,322	17,143
—	—	—	844	20,297
(285)	(67,552)	(22,671)	(61,265)	(621,892)
(13)	(7,516)	(5,967)	(9,724)	(119,100)
(41)	(3,811)	(3,090)	(4,769)	(77,910)
218,445	99,368	113,172	219,014	2,686,114
—	—	—	(118,989)	(210,296)
218,445	99,368	113,172	100,025	2,475,818
—	(294,221)	—	(70,482)	(550,084)
<u>\$ 218,445</u>	<u>\$(194,853)</u>	<u>\$ 113,172</u>	<u>\$ 29,543</u>	<u>\$ 1,925,734</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, General Funds	\$ 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 Pursuant to Public Law	—	(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

Unaudited - see accompanying independent auditors' report.

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



Pueblo Mountain Wilderness Study Area: a group photo of Sierra Club volunteers placing wooden water bars on a closed route.

Stewardship Assets (unaudited - see accompanying independent auditors' report)

The BLM has been entrusted with stewardship responsibility for the multiple-use management of natural resources on almost 262 million acres of public land. The agency also supervises mineral leasing and operations on 700 million acres of mineral estate that underlie BLM and other Federal surface ownerships, as well as private surface ownerships. About 166 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."

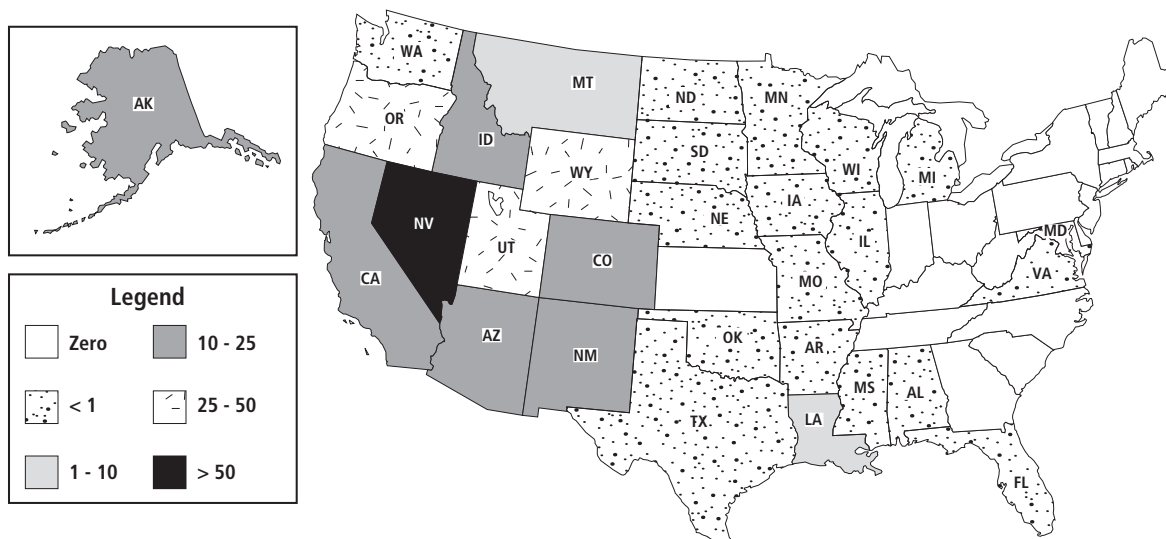


Figure 1 - Percentage of Each State's Surface Acreage Managed by the BLM

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) b. Continental USA Rangelands ^{2 - 3 - 4}	5 Million Acres 160 Million Acres	Potential natural community (excellent) ..20% Late seral (good)80% Potential natural community (excellent).....7% Late seral (good)30% Mid seral (fair).....34% Early seral (poor)12% Unclassified ⁵17%
Forested Land a. Forestlands b. Woodlands	11 Million Acres 44 Million Acres	9 Million Acres.....Healthy 14 Million AcresNeeding Restoration ⁶ 32 Million AcresUnknown
Riparian Areas and Wetlands a. Riparian Areas b. Wetlands	140,000 Miles 10 Million Acres 13 Million Acres	Alaska Properly Functioning100% NonfunctionalTrace UnknownTrace Lower 48 States Properly Functioning46% Functioning but at Risk42% Nonfunctional9% Unknown3% 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	16 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 BLM's goal 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 the BLM's 160 million acres of rangeland in the continental United States. The BLM incorporates Integrated Pest Management techniques. The 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 39 percent 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 61 percent of rangeland has been inventoried using Ecological Site Inventories or the Soil-Vegetation Inventory Method. The percentage by state is as follows: Arizona, 76 percent; California, 16 percent; Colorado, 58 percent; Idaho, 54 percent; Montana (including North Dakota and South Dakota), 78 percent; Nevada, 54 percent; New Mexico, 80 percent; Oregon (including Washington), 82 percent; Utah, 62 percent; and Wyoming, 56 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 14 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
Arizona	11,834,148
California	7,875,087
Colorado	8,250,173
Idaho	11,695,021
Montana/Dakotas	8,143,453
Nevada	45,715,363
New Mexico/Oklahoma	11,830,471
Oregon/Washington	13,899,495
Utah	22,390,083
Wyoming/Nebraska	17,924,927
Total Acreage	159,558,221

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 2003, field offices completed rangeland health evaluations on 1,393 grazing allotments encompassing about 10.5 million acres. To date, 8,753 allotments have been reviewed encompassing 68,942,754 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).

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.

Forests and Woodlands: Approximately one-fifth of the land under BLM jurisdiction, or 55 million acres, is forest and woodland. Forests and woodlands that are 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.

Forests 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 forests and woodlands by state.



View of a forested area in Oregon's Medford District.

Table 3 - Forests and Woodlands: Distribution by State

State	Forests (thousand acres)	Woodlands (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	3341
Utah	338	5,735	6,073
Washington	36	14	50
Wyoming	474	530	1,004
Total Acreage	11,192	43,908	55,100

Forest and Woodland Management: All BLM forests and woodlands 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 forests managed by the 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 forests managed by the 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.

Forest 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-fourth of the forests and woodlands it manages, or approximately 14 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 forests and woodlands.

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, woody shrubs, and trees; these areas are easily distinguished from drier upland vegetation.

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	2,615	15,564
Colorado	4,426	9,478
Eastern States	5	119
Idaho	3,906	3,511
Montana	3,878	11,889
Nevada	2,614	18,565
New Mexico	459	3,674
Oregon	4,188	147,703
Utah	5,067	17,711
Wyoming	4,478	14,816
Totals	140,096	12,817,227

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 140,000 miles of riparian areas on BLM's public lands. Overall, riparian-wetland areas account for about 9 percent of the almost 262 million acres of land under BLM management.

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

Riparian-wetland areas provide habitat for more than 42 percent of all the mammals in North America. They are also 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 as desert pupfish, to broad-ranging endangered and threatened anadromous species such as steelhead and chinook salmon. These species and their aquatic envi-

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

ronments depend on sound BLM land stewardship (protection and management) of all BLM land types (forests and woodlands, rangelands, and riparian-wetland areas) on a landscape or watershed basis, in cooperation with other management jurisdictions, state and Federal agencies, and interest groups.

The 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 of 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.

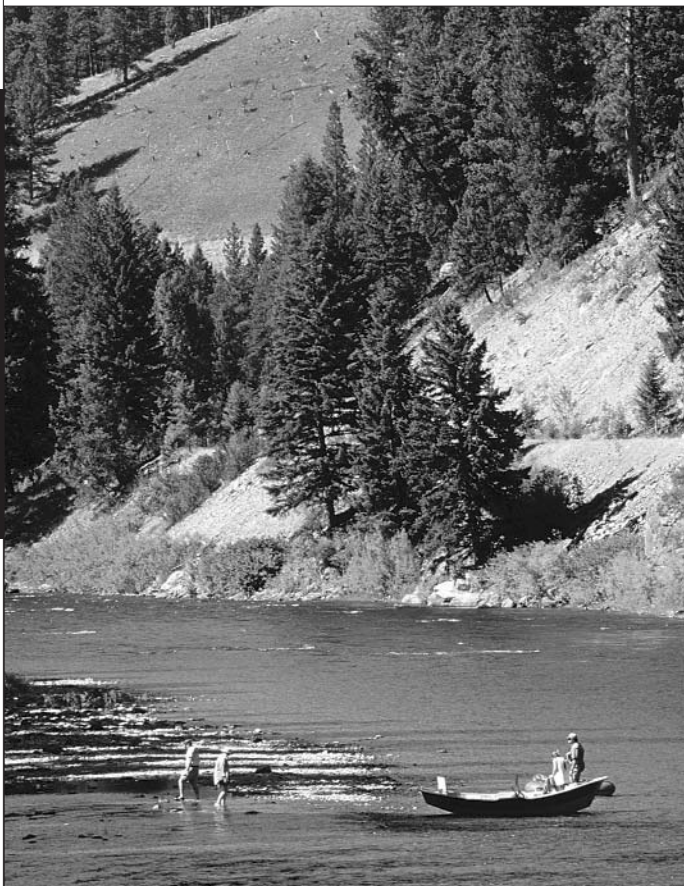
The condition of the more than 96,000 miles of perennial streams in Alaska is good; of the 15,145 miles of BLM-administered streams in Alaska occupied by anadromous fish species, only about 2 percent have been impacted by mining activities, roads, and oil and gas development. The remaining stream miles 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 those aquatic areas that have been assessed ranges from good to excellent, including the 1,110 miles of rivers designated as Wild and Scenic in these states. However, conditions are degraded or poor in many areas that have been impacted by activities such as historic livestock management practices, water diversion, ground-water pumping, legacy mining, timber harvesting, and road building. For the 3,676 miles of BLM-administered streams in Oregon, Washington, Idaho, and California that support salmon and trout, habitat conditions range from poor to excellent.

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

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



With its tree-covered banks, blue waters, and abundant "Blue Ribbon" trout, the Lower Blackfoot offers some of the best floating and fishing in Montana.

NET CHANGE IN STEWARDSHIP LAND ACREAGE FROM 2002 TO 2003

Table 6 below shows the acreage under the exclusive management of the BLM for 2002 and 2003, as well as changes between the two years, by state. The increase of 493,053 acres during 2003 represents an increase of about .19 percent, which resulted from the net effect of acquisitions (purchases), disposals (sales), exchanges (both transfers in and out, frequently together with an

equalization payment by one of the parties), withdrawals, restoration transactions, and audits/reviews (corrections) of records. The large increase in Arizona is primarily a result of acres added based upon new Geographic Information System (GIS) data; the increase in California is a result of lands acquired under various public land laws; and the increase in Idaho is largely a result of withdrawn lands restored to the BLM's management jurisdiction. The large decrease in Alaska is a result of acres patented out under various public land laws.

Table 6 - Acreage under the Exclusive Management of the BLM in 2002 and 2003

State	2002 Acreage	2003 Increase	2003 Decrease	2003 Net Change	2003 Acreage
Alabama	111,369	0	0	0	111,369
Alaska	85,953,625	0	301,462	-301,462	85,652,163
Arizona	11,651,958	592,534	16,094	+576,440	12,228,398
Arkansas	295,185	0	0	0	295,185
California	15,128,485	71,612	1,427	+70,185	15,198,670
Colorado	8,373,504	1,626	7,024	-5,398	8,368,106
Florida	26,899	0	0	0	26,899
Idaho	11,846,931	155,151	8,583	+146,568	11,993,499
Illinois	224	0	0	0	224
Iowa	378	0	0	0	378
Louisiana	321,734	0	0	0	321,734
Maryland	548	0	0	0	548
Michigan	74,807	0	0	0	74,807
Minnesota	146,658	0	0	0	146,658
Mississippi	56,212	0	0	0	56,212
Missouri	2,094	0	0	0	2,094
Montana	7,964,623	0	595	-595	7,964,028
Nebraska	6,354	0	0	0	6,354
Nevada	47,874,294	1,481	15,019	-13,538	47,860,756
New Mexico	13,362,538	9,723	830	+8,893	13,371,431
North Dakota	59,642	0	160	-160	59,482
Oklahoma	2,136	0	0	0	2,136
Oregon	16,125,145	12,840	2,079	+10,761	16,135,906
South Dakota	274,960	0	510	-510	274,450
Texas	11,833	0	0	0	11,833
Utah	22,867,896	1,410	1,644	-234	22,867,662
Virginia	805	0	0	0	805
Washington	402,355	961	0	+961	403,316
Wisconsin	159,982	0	0	0	159,982
Wyoming	18,354,151	2,391	1,249	+1,142	18,355,293
Total	261,457,325	849,729	356,676	+493,053	261,950,378

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 management areas, along with their number and size. In general, the ecological

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	4,806,947	
National Conservation and Protection Areas [c]	13	13,976,146	
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]	161	6,515,287	
Wilderness Study Areas [a]	604	15,566,656	
National Wild and Scenic Rivers [c]	38	1,005,652	2,061
Headwaters Forest Reserve [c]	1	7,400	
National Historic Trails [c]	10		4,563
National Scenic Trails [c]	2		640
Other Special Management Areas			
National Recreation Trails [a]	29		441
National Back Country Byways [a] ³	56		3,028
Santa Rosa Mountains National Scenic Area [a]	1	101,000 ⁴	
Lake Todatonten Special Management Area [c]	1	37,579	
Herd Management Areas [a]	206	29,649,100	
Areas of Critical Environmental Concern [a]	907	12,939,368	
National Natural Landmarks [a]	45	417,429	
Research Natural Areas [a]	184	426,566	
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 (e.g., rangelands, aquatic areas, etc.) 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 national conservation areas and the Yaquina Head Outstanding Natural Area.



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

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 following 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 807,881-acre monument is located on the edge of one of the most beautiful places on Earth—the Grand Canyon. This monument is a scientific treasure, containing many of the same values that have long been protected in Grand Canyon National Park.

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

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	807,881	216,544	29,839	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	163,892	0	18,530	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		4,806,947	746,783	481,391	6,035,121

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 untrammeled Sonoran desert landscape.

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

The monument's biological resources include a spectacular diversity of plant and animal species. The most striking aspect of the plant communities within the monument is 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



Within the Ironwood Forest National Monument, 3,907-foot-high Ragged Top Mountain harbors a profusion of Sonoran Desert species. (Chris Tincher, BLM Oklahoma Field Office)

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.



Magnificent vistas lure hikers to California's King Range National Conservation Area, one of the last pristine stretches of California coastline. (Bob Wick, BLM Arcata Field Office)

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

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

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

The monument offers a refuge for endangered, threatened, and rare animal species such as the San Joaquin kit fox, the California condor, the blunt-nosed leopard lizard, the giant kangaroo rat, the San Joaquin antelope squirrel, the longhorn fairy shrimp, and the vernal pool fairy shrimp. It also supports important populations of pronghorn antelope and tule elk, as well as being home to many rare and sensitive plant species. Despite past 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 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 connects 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 163,892-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.



Basaltic fissure volcanic eruptions, such as the ones that produced Idaho's Great Rift in Craters of the Moon National Monument, are characterized by relatively slow extrusion of lavas from fissures or vents. (Jerry Sintz, BLM Utah State Office (retired))

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 coves, lava tubes, deep cracks, and vast lava fields form a beautiful volcanic sea on central Idaho's Snake River Plain. Volcanic eruptions first occurred at Craters of the Moon about 15,000 years ago. The most recent eruptions ended about 2,100 years ago and were likely witnessed by the Shoshone people. The volcanic area now lies dormant, but its eight eruptive periods formed 60 lava flows that traveled as far as 45 miles from their vents. Some of the lava flowed around areas of higher ground, forming isolated islands of vegetation called "kipukas." Today, these kipukas provide a window on the vegetation communities of the past. They contain some of the last pristine vegetation in the Snake River Plain, including 700-year-old juniper trees and relic stands of sagebrush and native bunchgrass.

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

Hundreds of markings, petroglyphs, and inscriptions left by visitors have transformed this geologic phenomenon into a living journal of the American West. The monument's most notable visitor, Captain William Clark of 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 monument on their westward leg. In his journal, Clark described the abundant wildlife of the area, including mule deer, elk, and antelope, and on April 29, 1805, the Lewis and Clark expedition recorded the first bighorn sheep observation by non-Indians in North America.

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

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

Long before the time of Lewis and Clark, the area was inhabited by numerous native tribes, including the Blackfeet, Assiniboin, Gros Ventre (Atsina), Crow, Plains Cree, and Plains Ojibwa. Pioneers and 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 banks of the Upper Missouri National Wild and Scenic River provide habitat for wild turkeys and bighorn sheep.

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, 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.



Hikers enjoy the view from the top of one trail at the Kasha-Katuwe National Monument located in northern New Mexico.

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 13 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 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

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
Sloan Canyon	Nevada	48,438	0	0	48,438
El Malpais	New Mexico	227,100	2,500	32,522	262,122
Total Acreage		13,976,146	8,662,930	6,734,937	29,374,013

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

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 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, two 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.



Storm clouds gather over the grasslands of Las Cienegas National Conservation Area. Dramatic afternoon monsoons are typical of southern Arizona in late summer.

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.

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.



Rising as high as 1,200 feet, the Dumont Dunes Off-Highway Vehicle Area provides riders with outstanding views of the surrounding California desert. (James Pickering, BLM California State Office)

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 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



American kestrels are found in the Snake River Birds of Prey National Conservation Area near Boise, Idaho.

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.

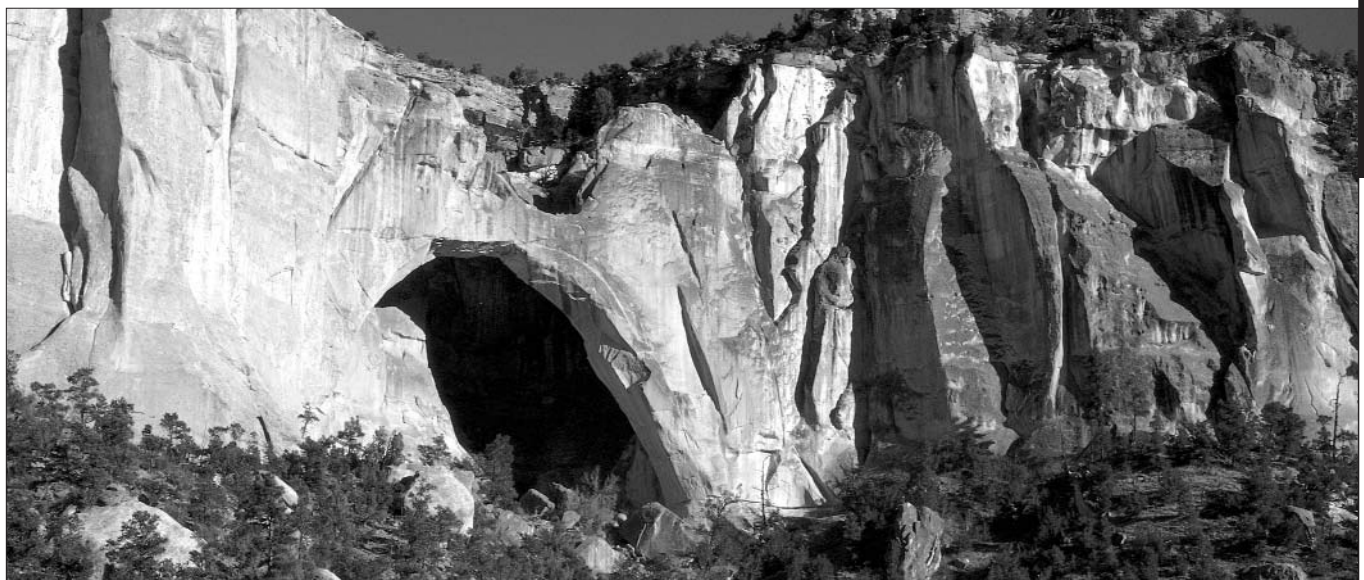
Scant rainfall and scarce permanent water, along with desiccating winds and high temperatures, make this a harsh environment for plants and wildlife, yet a surprising number of plants and animals inhabit the national conservation area. Over 100 bird species, 45 mammal species, and a variety of reptiles 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 **Sloan Canyon National Conservation Area** was designated on November 6, 2002, and is the most recently designated national conservation area. It includes 48,438 acres and is located about 15 miles south of Las Vegas, Nevada. Sloan Canyon contains unique scenic and geological features and extraordinary cultural resources. The NCA includes the northern portion of the McCullough Range, which is volcanic in origin. The peaks are rounded, with a steep eastern escarpment and a gradual western slope. Elevations span from 2,000 feet at the eastern base of the range to 5,092 feet at Black Mountain. The ridgeline offers excellent views of the Las Vegas valley, numerous ranges, and the Eldorado and Jean dry lakes. The area primarily supports a creosote bush community comprising barrel cactus, Joshua trees, cholla, and prickly pear.

The most interesting cultural resources consist of petroglyphs, which are Native American carvings etched into the canyon walls. Over 1,700 individual design elements on more than 300 rock panels have been documented. Archaeologists believe the petroglyphs represent native cultures dating from the Archaic to the Historic era. It is thought that Native Americans hunted bighorn that came into the canyon to obtain water from natural tanks that filled during the late July and early August rainy season.

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.



Pinyon- and juniper-studded sandstone frames La Ventana, a high natural arch located within the El Malpais National Conservation Area.

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. The Steens Mountain Advisory Council was established. Cooperative and innovative 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 three 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 million acres and is named for its unusual, jagged, white limestone ridgeline. One of its most prominent features is a 127-mile national wild river segment of Beaver Creek, which flows from the high alpine tundra of Mount Prindle.

Outstanding Natural Areas: 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 Outstanding Natural Area, consisting of 100 acres.

The Yaquina Head 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 man-made handicapped-accessible tidepools (in a restored quarry), marine mammal resting sites, and gray whale viewing, as well as bird and wildflower viewing opportunities in the uplands.

Yaquina Head has been designated as a Globally Important Bird Area by the American Bird Conservancy and the National Audubon Society. The area, which is



Hikers are treated to majestic views into glacially carved Kiger Gorge at Steens Mountain. (Mark Armstrong, BLM Burns District Office)

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 161 wilderness areas comprising over 6.5 million acres, as well as 604 wilderness study areas encompassing more than 15.5 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, geo-

logical, 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 rivers and their immediate environments must possess at least one outstandingly remarkable value—scenic, recreational, geologic, fish and wildlife, historic, cultural, or other similar values.

Table 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	76	3,621,312	74	956,819
Colorado	4	139,524	55	623,021
Idaho	1	802	66	1,350,124
Montana	1	6,000	40	448,863
Nevada	24	990,319	85	3,822,421
New Mexico	3	139,281	59	973,726
Oregon	4	186,723	98	2,706,265
Utah	3	27,720	99	3,255,890
Washington	1	7,140	1	5,518
Wyoming	0	0	42	575,841
Total	161 ¹	6,515,287	604 ¹	15,566,656

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.

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	609,280
California	6	78	24,800
Montana	1	149	89,300
New Mexico	2	71	22,720
Oregon	23	811	259,552
Total	38	2,061	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 5,203 miles along twelve 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 of the Federal miles along 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 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. The BLM works closely with the Partnership for the National Trails System and affiliated organizations on many volunteer projects and related conferences.

Two visitor/interpretive centers, the National Historic Oregon Trail Interpretive Center (Baker, Oregon) and the National Historic Trails Interpretive Center (Casper, Wyoming), offer important visitor services. These centers seek to foster understanding, respect, appreciation, and support for trail resources, protection programs, and related recreational activities. The National Historic Trails Interpretive Center located in Casper, Wyoming, is operated by the BLM in partnership with the National Historic Trails Center Foundation and the City of Casper. The Center tells the stories of those who traveled along the Oregon, Mormon Pioneer, California, and Pony Express National Historic Trails. In addition, it focuses on Native American issues and presents trail stories from the regional Bridger and Bozeman Trails. For information on the National Historic Oregon Trail Interpretive Center, please see the Museum Collections – Collections in Federal Facilities section found later in this report.

The BLM has two additional interpretative centers that will open in the near future. The El Camino Real International Heritage Center (Socorro, New Mexico), a joint project between the BLM and the State of New Mexico, is moving towards completion. The State has received the keys from the contractor; a preview ribbon cutting ceremony was held for contributors in September 2003. The State has pledged \$1 million towards permanent exhibits, and the Center is expected to open its doors in the fall of 2004. The California National Historic Trail Interpretative Center (Elko, Nevada), currently under construction, is scheduled to be opened in the summer of 2006.

The BLM manages more than 4,500 miles along ten **National Historic Trails**. These ten trails are the Iditarod, Juan Bautista De Anza, California, Nez Perce, Lewis and Clark, El Camino Real de Tierra Adentro, Oregon, Mormon Pioneer, Pony Express, and, as of December 2002, the Old Spanish National Historic Trail.

On December 4, 2002, President George W. Bush signed Public Law 107-325, a bill amending the National Trails System Act to designate the Old Spanish Trail as a National Historic Trail. Interior Secretary Gale Norton recently signed a memorandum asking the BLM and the NPS to jointly administer this trail, similar to the El Camino Real de Tierra Adentro Trail. The 2,700-mile Old Spanish Trail follows three routes joining Santa Fe, New Mexico, with Los Angeles, California. It was significant as a Mexican trade route between Santa Fe and Los Angeles in the 1840s. At that time, Santa Fe served as a continental hub of international trade, linked to the east by the Santa Fe Trail and to the south by El Camino Real de Tierra Adentro (both already designated national historic trails).

This trade had major impacts on both Euro-Americans and American Indians in the Great Basin and beyond. Approximately 913 miles are on BLM-administered land.

In Alaska, the Iditarod was one of the first national historic trails to be designated. It has a history of use as part of a migration route across the Bering Land Bridge that may predate all other historic trails. 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 the 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 commemoration events for this trail will continue through 2006.

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 the first trail jointly administered by the BLM and the National Park Service.

National Scenic Trails on BLM lands pass through many diverse landscapes with high scenic quality, including deserts, chaparral, marshes, grasslands, mountains, canyons, rivers, and forests. 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 by providing to facilitate the 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 BLM manages over 400 miles along 29 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 National Back Country Byway program was developed by the BLM to complement the National Scenic Byway program. The BLM's back country byways show enthusiasts the best the West has to offer in a trip off the beaten path—from the breathtaking thunder of waterfalls to geology sculpted by ancient volcanoes, glaciers, and rivers. Most of these byways are native surface or gravel base roads tracing across vast stretches of land. However, Back Country Byways can fall into one of four category types, ranging from paved all-weather roads suitable for normal passenger vehicles, to single-track trails suitable only for dirt bikes, mountain bikes, or snowmobiles during winter season.

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. Most byways traverse remote country, providing solitude and spectacular scenery. Many provide an important economic stimulus to connecting rural western towns.

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. The BLM currently manages 56 designated National Back Country Byways totaling over 3,000 miles in 11 states. The most recent addition to

the program is the Big Sky Back Country Byway in Eastern Montana, which crosses a landscape of rolling prairie and "dry land" farmland against a backdrop of breathtaking "big sky" vistas. The Big Sky Back Country Byway stretches for over 100 miles in a north-south route connecting to the Missouri and Yellowstone River trails, made famous by the historic journey of Lewis and Clark during 1804-1806. The byway follows old travel routes used by the military and Native Americans, passes world-class cultural treasures, provides access to large tracts of public lands, and serves as an economic stimulus to local communities along the three state highways the route covers.

In addition to the National Back Country Byways, approximately 20 state or nationally designated scenic byways, totaling nearly 2,500 miles, traverse BLM lands across seven states. A few of these include the Billy the Kid Trail Scenic Byway in New Mexico, the Rogue-Umpqua National Forest Scenic Byway in Oregon, and the Gold Belt Tour Scenic Byway in Colorado (also a BLM Back Country Byway).

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).

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 321 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 206 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 37,186 animals, with about 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 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

Table 12 - Herd Management Areas

State	Number of HMAs	Acreage	Total Number of Horses and Burros
Arizona	10	1,900,933	2,613
California	22	2,330,974	4,218
Colorado	4	401,151	620
Idaho	6	382,982	697
Montana	1	28,255	170
Nevada	102	15,827,077	17,930
New Mexico	2	32,701	68
Oregon	20	2,710,560	2,885
Utah	23	2,370,465	2,621
Wyoming	16	3,664,002	5,364
Totals	206	29,649,100	37,186

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 907 ACECs encompassing almost 13 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 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.

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 184 research natural areas comprising more than 426,000 acres. Table 15 shows the location, number, and acreage of the research natural areas managed by the BLM.

Table 13 - Areas of Critical Environmental Concern

State	Number of ACECs	Acreage
Alaska	41	4,545,920
Arizona	50	638,110
California	143	1,664,108
Colorado	66	621,589
Eastern States	2	239
Idaho	99	581,667
Montana	43	248,576
Nevada	36	1,356,464
New Mexico	140	572,134
Oregon	190	746,278
Utah	59	1,267,389
Wyoming	38	696,894
Totals	907	12,939,368

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

Table 15 - Research Natural Areas

State	Number of RNAs	Acreage
Alaska	14	141,361
Arizona	9	14,056
California	15	43,512
Colorado	10	4,665
Idaho	50	45,181
New Mexico	12	27,852
Oregon	72	143,486
Utah	2	6,453
Totals	184	426,566

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 Outstanding Natural Area in Oregon.

CHANGE IN NATURAL HERITAGE ASSETS FROM 2002 TO 2003

Table 16 provides the net change in natural heritage designations from fiscal year 2002 to fiscal year 2003. The large changes in Areas of Critical Environmental Concern were a result of both additional areas being designated and re-inventorying efforts that had a significant impact on acreage, particularly in Alaska.

Table 16 - Net Change in Natural Heritage Designations

Special Management Area	Number					2002 Balance
	2002 Balance	2003 Increase	2003 Decrease	2003 Net Change	2003 Balance	
National Monuments	15				15	4,806,267
National Conservation and Protection Areas	12	1		+1	13	13,927,708
Cooperative Management and Protection Area	1				1	425,550
White Mountains National Recreation Area	1				1	998,772
Yaquina Head National Outstanding Natural Area	1				1	100
Wilderness Areas	147	14		+14	161	6,254,512
Wilderness Study Areas	601	17	14	+3	604	16,328,238
National Wild and Scenic Rivers	38				38	1,005,652
Headwaters Forest Reserve	1				1	7,400
National Historic Trails	9	1		+1	10	
National Scenic Trails	2				2	
National Recreation Trails	28	1		+1	29	
National Back Country Byways	55	1		+1	56	
Santa Rosa Mountains National Scenic Area	1				1	101,000
Lake Todatonten Special Management Area	1				1	37,579
Herd Management Areas	208		2	-2	206	29,732,585
Areas of Critical Environmental Concern	852	66	11	+55	907	13,989,373
National Natural Landmarks	45				45	417,429
Research Natural Areas	152	43	11	+32	184	347,214
Globally Important Bird Areas	2				2	56,500

Grace Iverson, BLM volunteer, draws a scrub jay in for a photo. South Florida's Jupiter Inlet Natural Area has provided a safe haven for this federally listed threatened species. (Jerry Sintz, BLM Utah State Office (retired))



Acres				Miles				
2003 Increase	2003 Decrease	2003 Net Change	2003 Balance	2002 Balance	2003 Increase	2003 Decrease	2003 Net Change	2003 Balance
680		+680	4,806,947					
48,438		+48,438	13,976,146					
			425,550					
			998,772					
			100					
398,549	137,774	+260,775	6,515,287					
14,762	776,344	-761,582	15,566,656					
			1,005,652	2,061				2,061
			7,400					
				3,650	913		+913	4,563
				640				640
				426	15		+15	441
				2,972	105	49	+56	3,028
			101,000					
			37,579					
151,961	235,446	-83,485	29,649,100					
924,184	1,974,189	-1,050,005	12,939,368					
			417,429					
99,445	20,093	+79,352	426,566					
			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. Public lands continue to yield new fossil finds and exciting discoveries that shed light on the history of life. Fossils of the smallest mammal and one of the largest dinosaurs that ever walked the earth were found on

public lands. Paleontologists continue to explore and contribute new information about plants and animals that lived as much as 540 million years ago.

Collections are used to teach museum visitors, from all walks of life and ethnic backgrounds, about life in the past. Researchers value the collections from 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. Archaeological and paleontological field schools conducted on the public lands serve to educate students and volunteers.

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 numerous 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 in non-Federal facilities throughout the country. To date, the Bureau has identified 162 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 facilities provide access to researchers and scientists, develop public displays utilizing the collections, and, in the eastern United States, make collections of western materials accessible to segments of the population that might not otherwise be able to view such materials. Collections in external repositories thus fulfill their mission and are being



A group of paleontologists meet at one of the BLM's many sites.

curated and fully used for public benefit, all at little or no cost to the American public.

It is only through partnerships with these professional facilities that the Bureau can realize its goal of ensuring that 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 collections 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 2003 under the Museum Partnership Program and BLM field office programs are as follows:

- Museum Partnership Program: In FY 2003, no funding was provided by the Museum Partnership Program to museum collections partners as there was no funding provided to the Program itself.
- BLM Field Office Funding and/or Assistance: In FY 2003, funding and/or assistance was provided by BLM field offices through Assistance Agreements, Cooperative Agreements, Facility Agreements, Memoranda of Understanding, and Purchase Orders. Partners included the University of Alaska Museum, Arizona State Museum, Museum of Northern Arizona, University of Arizona Laboratory of Paleontology, Museum of Western Colorado, 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, Maxwell Museum of Anthropology, 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, 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 Bureau's 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/pa/arch_cult/rockart.html
- www.co.blm.gov/ahcl/index.htm
- www.mt.blm.gov/bcc/index.html
- www.nm.blm.gov/nmsocultural/cultural_splash.html
- www.nm.blm.gov/features/blm_paleo/blm_paleo.html
- www.nm.blm.gov/features/dinetah/dinetah_splash.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

Website addresses for all 162 of BLM partner facilities that hold collections are located at www.blm.gov/heritage/sp.htm. When a partnering collections facility 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 facility, its collections, and its programs; to expand the availability of facility collections and expertise to a wider audience; to display a larger portion of the collections to public view; to make facility 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 facility.

COLLECTIONS IN FEDERAL FACILITIES

Outside of the millions of objects residing in non-Federal facilities, the BLM curates over 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/index.htm). In 2003, the Center hosted 25,850 visitors, down from the previous year as the facility was closed December 1, 2002, through February 28, 2003, for the installation of a new environmental control system.

At the close of fiscal year 2003, AHC collections were estimated to consist of approximately 3,195,750 specimens (principally archaeological materials, along with some historic and paleontological materials), as well as 1,897 linear feet of associated records. Presently, collections at AHC occupy an area of approximately 7,580 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/bcc/).

At the close of fiscal year 2003, BCC collections were estimated to consist of 542,884 objects (principally archaeological materials, along with some historic materials), as well as approximately 108 linear feet of associated records. Presently, collections at the BCC occupy an area of approximately 2,147 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 2003, the center hosted 60,200 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 2003, 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 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	Good
Non-Federal Facilities	162	Unknown ¹

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

Background

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

Condition Assessment

The condition of museum collections in BLM facilities is good. 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 formal inspections of the 162 non-Federal facilities. While the condition of BLM's museum collections in these facilities is in the strictest sense unknown, these collections are reasonably presumed to be in good condition unless there is proof to the contrary (e.g., breakage, noted deterioration, etc.). All facilities have been contacted and the Bureau has information regarding the name, location, and website of each facility, as well as the year it was established. Additionally, where available and/or applicable, the BLM has been provided with attendance figures, collections type, professional organization membership, academic accreditation, museum accreditation, and Museum Assessment Program participation.

The creation and maintenance of a website is one indication of a facility's commitment to the collections housed there. All repositories holding BLM museum collections either have developed, or are in the process of developing, a website. The non-Federal facilities holding BLM collections, some of which were founded centuries ago, have histories of excellence and have demonstrated a long-standing commitment to their collections. More recently founded repositories were created in response to a need identified by the local community. Three repositories were established in the 18th century, 49 in the 19th century, and 110 in the 20th century. Many collections are housed in facilities that are departments or divisions of universities or colleges. All of the educational institutions housing BLM collections have been accredited, demonstrating a recognized level of quality and excellence.

Sixty-six of the facilities that hold museum collections from BLM-managed lands are accredited by the American Association of Museums (the only organization accrediting museums in the United States) or have participated in the Museum Assessment Program, demonstrating participation in one of the museum field's vehicles for quality assurance and public accountability. Participation in either of these programs is an extremely lengthy and involved process requiring significant time and resources, which excludes participation by many facilities such as very small museums, laboratories, or university departments.

Professional organization membership illustrates the commitment by a facility to fostering best practices, professionalism, ethical standards, communication, public education, cooperation, and fellowship. All of the facilities housing BLM collections, or individual staff members of these facilities, belong to one or more of the numerous professional associations and organizations in the museum/curatorial field.

These non-Federal facilities are professional facilities and, as such, maintain staff and conditions that are consistent with established scientific standards. These facilities are providing curation for all of the collections in their repositories, including BLM collections. The facilities 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 collections are located in 162 of these facilities across the United States and Canada.

NET CHANGE IN MUSEUM COLLECTIONS FROM 2002 TO 2003

The number of non-Federal facilities believed to hold BLM collections decreased from 165 to 162 in FY 2003. This was a result of additional research based on responses to a BLM questionnaire discussed below.

Almost all of the 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. A total of 95 repositories responded in some way to the BLM questionnaire. Of those, 53 responded to questions regarding collections inventory (not all of the facilities 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 facilities 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 the 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 162 non-Federal museums.

During fiscal year 2003, the Anasazi Heritage Center recorded an increase of approximately 69,250 specimens and the Billings Curation Center an increase of approximately 13,412 specimens. These increases were a result of transfers of some collections and the acquisition of others. The National Historic Oregon Trail Interpretive Center recorded no increases.

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 localities are an important consideration in developing land use management decisions. More than 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 that are estimated to total over 20 million acres. Because of the increasing interest and activity related to fossils over the past three decades, more than 50,000 fossil sites have been documented on BLM-managed lands. The following interpreted localities include many of these sites:

Colorado

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

Idaho

- Malm Gulch ACEC

Utah

- Cleveland Lloyd Dinosaur Quarry
- Copper Ridge Sauropod Dinosaur Tracks
- Mill Canyon Dinosaur Trail
- Warner Valley Dinosaur Track Site

Wyoming

- Alcova Pterodactyl Track Site
- Big Cedar Ridge Fossil Plant Area ACEC
- Brown/Howe Dinosaur Area ACEC
- Dry Creek Petrified Tree Environmental Education Area
- Little Mountain ACEC
- Red Gulch Dinosaur Track Site 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 collecting vertebrate fossils. BLM permits are issued only to qualified paleontologists for scientific research, education, and display or exhibit at a university or museum.

Arizona

The Safford Field Office manages vertebrate fossil sites of late Pliocene age, including the 111 Ranch and Bear Springs Badlands ACECs established because of their rich fossil resources. These properties contain sediments deposited near the beginning of the Ice Age (about 2 to 3 million years ago) and contain mammals such as glyptodonts and capybaras. Over 50 species have been collected from the properties, including mammals, birds, and reptiles. The mammals collected represent one of the best Blancan-aged assemblages in North America. Vertebrate fauna not previously reported from these fossil beds include beaver, tapir, deer, raccoon, skunk, swan, goose, turkey, hawk, box turtle, and mud turtle. Some material collected will likely be the basis

for new species. A number of tracks have also been recorded, including those of camels, llamas, mastodons, and a collie-sized three-toed horse.

BLM paleontological inventories continue in southeast Arizona as part of an ongoing project began by the Safford Field Office in FY 1999. The Safford Field Office works in partnership with the Mesa Southwest Museum in Mesa, Arizona; the museum's affiliate, the Southwest Paleontological Society; and the International Wildlife Museum in Tucson to inventory and collect fossils. Over 500 fossils have been collected since the start of this project. In FY 2003 alone about 1,000 acres were surveyed, resulting in 100 fossils being collected and documented, including a very rare glyptodont skull (a giant armadillo-like animal), the first discovered in the state in over 60 years. Fossils from these inventories are on display at the Mesa Southwest Museum and the museum of the Graham County Historical Society in Thatcher, Arizona. Numerous other fossils have been sent to specialists around the United States and Canada for further study.

New Mexico

The long-standing partnership between the BLM and the New Mexico Museum of Natural History and Science (NMMNH&S) continues to provide outstanding curation and display of paleontological specimens from BLM-managed land, as well as educational opportunities for the public. During FY 2003, a total of 302 new localities were added to the NMMNH&S database, of which 150 were on BLM land. Approximately 2,000 acres of BLM land was surveyed under BLM permits.

This year, the NMMNH&S reopened a renovated "Cretaceous Seacoast" hall with real "New Mexico Fossils" that showcased the skull of the "Bisti Beast," the large theropod dinosaur (smaller cousin of *T. rex*) that was airlifted out of the Bisti/De-Na-Zin Wilderness Area in the San Juan Basin. The reopened hall highlights a number of fossil specimens collected from the BLM lands in New Mexico.

Additional collecting by museum staff in Cretaceous outcrops of the San Juan Basin has led to the rediscovery of an old quarry site visited by the C.H. Sternberg (1920 expedition) within what is now the Fossil Forest Research Natural Area. New material was collected and moved to the museum for preparation. New turtle, crocodile, theropod, and ceratopsian (horned dinosaur) material were recovered from the Bisti/De-Na-Zin Wilderness Area. Microvertebrate fossil locations recently identified are creating a new understanding of mammalian diversity in late Cretaceous time into the Paleocene across the K-T boundary (the Cretaceous-Tertiary interface – about 65 million years ago). Material was also recovered from the Menefee Formation, which until recently, has been a fairly unproductive unit.

Collecting at the Jurassic Peterson Quarry continues; five more plaster-jacketed specimens were removed from the quarry in FY 2003. There are now almost 100 jacketed specimens from this quarry containing various skeletal elements of giant sauropod dinosaurs (quadruped herbivores) such as *Camarasaurus* and *Diplodocus* as well as the large carnivorous dinosaur, *Allosaurus*. These specimens are waiting cleaning, preparation, and analysis. Recovery of freshly exposed articulated sauropod vertebrae is underway in another portion of the quarry. The quarry represents the southernmost exposure of the Jurassic age Morrison Formation and is taking its place on the list of large, productive dinosaur quarries known from Colorado, Montana, South Dakota, Utah, Colorado, and Wyoming of the same age. Material from the quarry is currently being prepared at the Museum's glass-enclosed fossil works, where the public can watch preparation of the bones. The site continues to provide an outdoor classroom for vertebrate paleontology classes from the University of New Mexico and New Mexico Museum of Natural History and Science volunteers and docents.

Additional collection space was dedicated in April 2003 specifically for oversized material like the material collected from the Peterson Quarry. Another Jurassic dinosaur, *Seismosaurus*, which was collected from the Ojito Wilderness Study area in north-central New Mexico, was dramatically displayed at the dedication of the 1800-square-foot building purchased with funds provided through an Assistance Agreement with BLM. Casts of *Seismo's* head and tail were displayed on rods attached to two museum field vehicles to demonstrate the impressive length of this 110-foot-long beast. The museum is preparing to kick off a capital campaign to raise funds for updating the existing Jurassic Hall. Once completed, the hall will provide a dramatic showcase for the re-created *Seismosaurus* and the material collected from the Peterson Quarry.



Dinosaur bone being prepared for removal from the Peterson dinosaur quarry site near Albuquerque, NM.

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 carapace (shell) of the animal, estimated to be about the size of a Volkswagen Beetle, weighed about a ton 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 has been completed. These specimens are currently being prepared in the Museum's prep lab for display.

Utah

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 (about 80 to 90 million years ago), carried out in cooperation with the Utah Geological Survey, has yielded remains of two ceratopsid (horned) dinosaurs, including partial skulls. Discovery of a hadrosaur (duck-billed dinosaur) 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 (bony armor plates) 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 (small vicious meat-eaters similar to the small dinosaurs in Jurassic Park III).

At the Cleveland-Lloyd Dinosaur Quarry, renewed fieldwork and research now show that the 10,000 bones collected there probably accumulated during a long period of drought. Young *Allosaurus* gathered near a drying waterhole and preyed on each other as both food and water ran out. An earlier hypothesis (dinosaurs becoming trapped in mud) was found to have little supporting evidence.

Wyoming

In Wyoming, the Red Gulch Dinosaur Track Site, developed and managed by the Worland Field Office, has become one of the most visited interpreted paleontological sites in the state. Visitors can view hundreds of dinosaur tracks and learn about how they were formed, the dinosaurs that made them, and the environment they lived in. The discovery of this track site has prompted several research efforts on track sites in 2003.

There were 53 different researchers holding 83 active permits working on public lands in Wyoming in FY 2003. In the Big Horn Basin alone, 21 researchers were studying tracks, dinosaurs, and early mammals this year, including excavations of three separate dinosaur bone bed deposits, a locality containing eggshells and juvenile dinosaur bones, and what will probably be a new species of dinosaur when preparation and study are completed. Specimens of *Allosaurus*, *Camarasaurus*, *Triceratops*, *Tyrannosaurus*, and other dinosaurs were excavated, and numerous species of early Tertiary mammals were recovered. A locality containing several specimens of the uncommon *Uintatherium*, an Eocene age (about 50 million years ago) rhino-like mammal, was reported by public lands visitors and excavated by the University of Wyoming in cooperation with the Rawlins Field Office.

The Discovery Channel filmed an excavation on public lands as the first part of their plans to follow a dinosaur specimen from discovery through preparation to final display and research. Cody Field Office staff assisted in this filming project.



The Red Gulch Dinosaur Track Site in Wyoming features hundreds of dinosaur tracks.

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, as well as delighting and fascinating anyone who comes upon them, whether they be a curious tourist, an intrepid back-country 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, 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.

Cultural resources have enormous potential for contributing to the Nation's economic development, primarily through heritage tourism. In recognition of this, on March 3, 2003, President Bush signed Executive Order 13287, *Preserve America*, to actively advance the protection, enhancement, and contemporary use of the cultural resources owned by the Federal government, and to promote intergovernmental cooperation and partnerships for the use of cultural resources. The Preserve America Initiative, of which the Executive Order is a component, is part of a new White House initiative developed in cooperation with the Advisory Council on Historic Preservation and the Departments of Commerce and Interior. The goal of the Preserve America Initiative is to support community efforts to preserve and use cultural and natural resources.

The Executive Order requires the Federal government to manage its historic properties as assets that support agency missions, contribute to community economic development, promote an understanding of our Nation's history, and foster an appreciation of American values. Federal agencies must improve their planning and accountability. Each property-managing agency is required to make a baseline assessment of the status of its inventory of historic properties; the general condition and management needs of its historic properties; steps underway or planned to meet those needs; and the suitability of historic properties to contribute to economic development, including heritage tourism. The Advisory Council on Historic Preservation is currently developing advisory guidelines for agencies to use in completing the assessments and reports required by the Executive Order. These guidelines are being developed in cooperation with an interagency group in which BLM is an active participant. The initial assessment report is due to the Council on September 30, 2004.

The economic benefits of heritage tourism 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 heritage tourism, where visitors seek to experience the arts, heritage, and special character of a place. German tourists, in particular, are fascinated with Indians and their past. Many people in Germany grew up reading the Old West novels of Karl May, a nineteenth 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 programs are playing a key role in supporting existing school curriculums and teaching higher-order thinking skills. The BLM continues to add sections to its cultural website, "Cultural Heritage and Fossil Resources on the Public Lands," (<http://www.blm.gov/heritage/>). In FY 2003, BLM's Heritage Education Program launched *History Mysteries*, a new product aimed at children ages 10-14 designed to stimulate an interest in the historical stories and actual on-the-ground resources associated with public lands. The first *History Mystery* dealt with "The

Mystery of Butch Cassidy and the Sundance Kid," and the various sites these historical figures are known to have visited on what eventually came to be public land.

The BLM is continuing work on a publication entitled "America's Priceless Heritage." This publication will ultimately consist of 13 booklets, one overarching Bureau booklet and 12 individual state booklets for each State Office. These publications will describe the cultural and paleontological resources found in each state, including their chronology and significance. They will also detail some of the partnerships that are in place to manage cultural resources as well as chronicling the economic benefits of and threats to them.

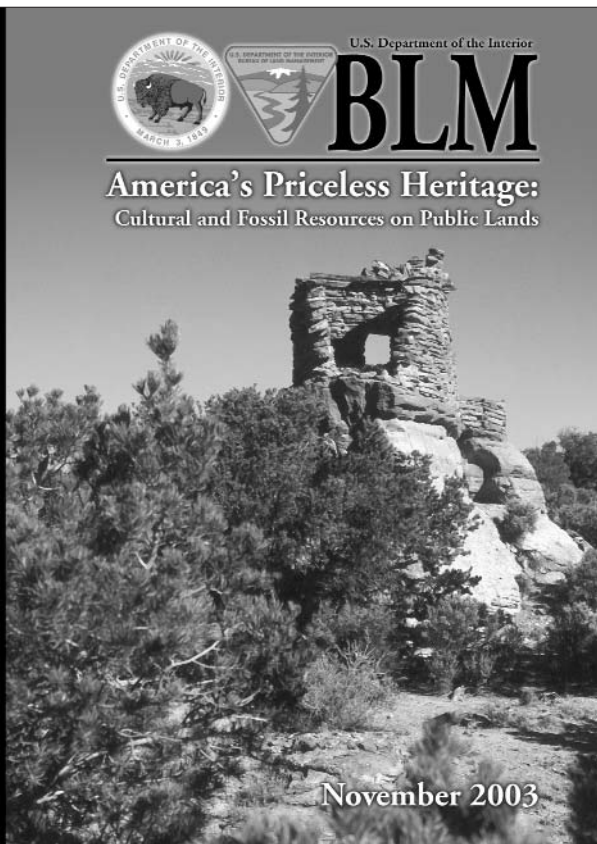
To date, over 263,000 archaeological and historical resources have been recorded on the roughly 16 million acres of public lands that have been inventoried, which represents six percent of all lands administered by the BLM. Projecting these estimates to the almost 262 million acres of BLM-administered lands works out to an estimated 4 to 4.5 million potential archaeological and historical properties on the public lands.

Currently, the BLM has 293 listings on the National Register of Historic Places that encompass 4,338 contributing properties, as well as 22 national historic landmarks and 5 world heritage properties. Portions of 10 national historic trails covering 4,563 miles cross the public lands. 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 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?



The cover for *America's Priceless Heritage*, which describes the cultural and paleontological resources on BLM-managed public lands.

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 2003, 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.

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

Table 18 - Number and Condition of Cultural Properties

Type of Cultural Property	Number of Properties ¹	Condition ²
Recorded Archaeological and Historic Sites	263,179 ³	Acceptable
Included in the above:		
National Historic Landmarks	22	Acceptable
National Register of Historic Places	293 Listings (consisting of 4,338 Contributing Properties)	Acceptable
World Heritage Properties	5	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 This number is a conservative estimate for fiscal year 2003. The number for fiscal year 2002 was 255,252. 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.

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 263,000 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 263,000 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 six 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 2002 TO 2003

During fiscal year 2003, an additional 7,927 archaeological and historical sites were recorded, along with a prior-year adjustment of 27, which represents a total increase of 7,954, or 3.1 percent. The number of National Register of Historic Places listings increased by 16, while the number of contributing properties increased by 132.

Deferred Maintenance (unaudited - see accompanying independent auditors' report)

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 4,009 BUILDINGS AND STRUCTURES, 687 ADMINISTRATIVE SITES, 2,129 RECREATION SITES, 78,123 MILES OF ROADS, 896 BRIDGES, 15,457 MILES OF TRAILS, AND 732 DAMS. THESE ASSETS SUPPORT THE MANAGEMENT, USE, AND ENJOYMENT OF THE PUBLIC LANDS FOR COMMERCIAL, RECREATIONAL, AND OTHER PURPOSES.

The Bureau's maintenance backlog is estimated to range from \$344 million to \$732 million. It will take 10 years to erase this backlog at expected funding levels, without any additional projects or adjustments 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, the BLM began determining an asset's current replacement value as part of the comprehensive baseline condition assessments of administrative and recreation sites. 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 0.10 for a facility to be considered in good condition. These comprehensive baseline condition assessments are the first of three phases to eventually establish a performance-based annual maintenance management program.

The dollar amount of deferred maintenance is an estimate, since the actual cost of correcting deferred maintenance will not be known until the work is performed. Deferred maintenance costs are estimated by State and field office engineering personnel, with assistance from recreation planners, range conservationists, archaeologists, and other program specialists, using the condition assessment surveys. Assets in a deferred maintenance status are grouped for management and accounting purposes in four categories: (1) administrative sites and buildings, (2) recreation sites and buildings, (3) roads and trails, and (4) dams, bridges, and culverts.

As of September 30, 2003, the total accumulated deferred maintenance was estimated to range from

\$344 million to \$732 million. The first accompanying table shows deferred maintenance by asset category.

A portion of the maintenance backlog has been developed into specific projects and included in the BLM's Five-Year Deferred Maintenance and Capital Improvement Plan. The total deferred maintenance component in the FY 2004–2008 Plan is \$223 million, as shown in the second accompanying table by future funding year and subactivity (funding source). The \$223 million includes project-specific work, along with project and contract management, condition assessments, information technology, and other work directly related to deferred maintenance.

Estimated Range of Deferred Maintenance as of September 30, 2003

Grouped by Category	General Property, Plant, and Equipment		Stewardship Assets		Totals	
	Low	High	Low	High	Low	High
Administrative Sites and Buildings	\$ 83,000,000	\$110,000,000	\$ 0	\$ 0	\$ 83,000,000	\$110,000,000
Recreation Sites and Buildings	62,000,000	77,000,000	0	0	62,000,000	77,000,000
Roads and Trails	0	0	171,000,000	471,000,000	171,000,000	471,000,000
Dams, Bridges, and Major Culverts	0	0	28,000,000	74,000,000	28,000,000	74,000,000
Total	\$145,000,000	\$187,000,000	\$199,000,000	\$545,000,000	\$334,000,000	\$732,000,000

Deferred Maintenance by Future Funding Year and Subactivity (Funding Source)*

Funding Source	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	Total
MLR Deferred Maintenance**	\$11,100,000	\$10,800,000	\$11,200,000	\$11,500,000	\$10,400,000	\$55,000,000
Infrastructure Improvements	26,200,000	27,100,000	27,400,000	28,400,000	27,300,000	136,400,000
O&C Deferred Maintenance***	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	5,500,000
Construction	700,000	1,800,000	1,200,000	1,400,000	1,800,000	6,900,000
Wildland Fire****	6,100,000	2,900,000	3,700,000	6,400,000	500,000	19,600,000
Total	\$45,200,000	\$43,700,000	\$44,600,000	\$48,800,000	\$41,100,000	\$223,400,000

* This table shows the deferred maintenance that has been developed into specific projects and included in the BLM's Five-Year Deferred Maintenance and Capital Improvement Plan. The \$223 million total for FY 2004–2008 includes other costs for project and contract management, condition assessments, information technology, and other work directly related to managing and reducing the maintenance backlog. The table does not include the capital improvement work associated with the projects.

** Management of Lands and Resources (MLR) is the major appropriation category in the BLM's annual budget.

*** Oregon and California Grant Lands (O&C) is a minor appropriation category that covers certain counties in western Oregon.

**** BLM projects only. The BLM's Five-Year Plan includes Wildland Fire projects for the Bureau of Indian Affairs, Fish and Wildlife Service, and National Park Service because Wildland Fire funding for these bureaus comes through the BLM's appropriations.

Independent Auditors' Report



United States Department of the Interior
Office of Inspector General
Washington, D.C. 20240

December 10, 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 2003 and 2002 (No. C-IN-BLM-0076-2003)

We contracted with KPMG LLP, an independent certified public accounting firm, to audit the Bureau of Land Management's (BLM) financial statements as of September 30, 2003, and for the year then ended. The contract required that KPMG conduct its audit in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States of America, Office of Management and Budget Bulletin 01-02, *Audit Requirements for Federal Financial Statements*, and the General Accounting Office/President's Council on Integrity and Efficiency, *Financial Audit Manual*.

In its Independent Auditor's Report dated October 31, 2003, (Attachment 1) KPMG issued an unqualified opinion on BLM's financial statements. KPMG identified six reportable conditions related to internal controls and financial operations: (1) security and internal control over information technology systems, (2) accounting for intra-departmental transactions, (3) internal control over charge cards, (4) timely deobligation of undelivered orders, (5) accounting for property, and (6) reporting of environmental liabilities. KPMG does not consider any of the reportable conditions to be material weaknesses. In addition, KPMG identified a weakness in the reporting of deferred maintenance amounts. With regard to compliance with laws and regulations, KPMG found BLM to be noncompliant with portions of the Federal Financial Management Improvement Act (FFMIA). Specifically, BLM's financial management systems did not substantially comply with Federal financial management systems requirements and reporting of deferred maintenance amounts did not substantially comply with Federal accounting standards.

KPMG is responsible for the auditors' report and for the conclusions expressed in the report. We do not express opinions on the Bureau of Land Management's financial statements, conclusions on the effectiveness of internal control, conclusions on whether the Bureau of Land Management's financial management systems substantially complied with FFMIA; or conclusions on compliance with laws and regulations.

In the November 12, 2003 response (Attachment 2), BLM concurred with the report's findings and recommendations and indicated corrective actions would be taken. Based on BLM's response, we consider all the recommendations resolved but not implemented. The recommendations will be referred to the Assistant Secretary for Policy, Management and Budget for resolution and tracking of implementation.

The legislation, as amended, creating the Office of Inspector General, (5 U.S.C.A. App. 3) requires semiannual reporting to Congress on all audit reports issued, actions taken to implement audit recommendations, and recommendations that have not been implemented. Therefore, this report will be included in our next semiannual report.

We appreciate the cooperation and assistance of BLM personnel during the audit. If you have any questions, please contact me at (202) 208-5512.

Attachments (2)



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 U.S. Department of the Interior:

We have audited the accompanying consolidated balance sheets of the Bureau of Land Management (BLM) as of September 30, 2003 and 2002, and the related consolidated statements of net cost of operations, consolidated statements of changes in net position, combined statements of budgetary resources and consolidated statements of financing for the years then ended (hereinafter referred to as "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 as of and for the years ended September 30, 2003 and 2002 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 identified the following reportable conditions. However, none of the reportable conditions are believed to be material weaknesses.

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

Our limited procedures over deferred maintenance identified a weakness in the reporting of deferred maintenance amounts as required supplementary information.

The results of our tests of compliance with laws and regulations, exclusive of those referred to in the *Federal Financial Management Improvement Act of 1996* (FFMIA), disclosed no instances of noncompliance 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*.



KPMG LLP, KPMG LLP, a U.S. limited liability partnership, is a member of KPMG International, a Swiss association.

The results of our tests of FFMIA disclosed instances where the BLM did not substantially comply with Federal financial management systems requirements and 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 Bureau of Land Management (BLM) as of September 30, 2003 and 2002, and the related consolidated statements of net cost of operations, consolidated statements of changes in net position, combined statements of budgetary resources, and consolidated statements of financing for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the BLM as of September 30, 2003 and 2002, and its net costs, changes in net position, budgetary resources, and reconciliation of net costs to budgetary obligations for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The information in the Management's Discussion and Analysis, Required Supplementary Stewardship Information (Stewardship Assets), and Required Supplementary Information (Supplementary Statements of Budgetary Resources by Major Budget Accounts on pages 68 through 71 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 or OMB Bulletin No. 01-09, *Form and Content of Agency Financial Statements*. We did not audit this information and, accordingly, we express no opinion on it. However, we have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. As a result of such limited procedures, we believe that the required supplementary information for deferred maintenance is not in conformity with accounting principles generally accepted in the United States of America because the BLM does not have adequate policies and procedures for identifying, recording, and updating in a timely manner its deferred maintenance amounts.

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 initiate, record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Material weaknesses are reportable conditions in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements, in amounts that would be material in relation to the financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

In our fiscal year 2003 audit, we noted certain matters discussed below involving internal control over financial reporting and its operation that we consider to be reportable conditions. However, none of the reportable conditions are believed to be material weaknesses.

A. Security and Internal Control Over Information Technology Systems

Security and general controls over the BLM's financial management systems have not been fully implemented. This is a repeat finding from the prior year, and even though the BLM has made progress in implementing security controls over its information systems, improvement is needed in the areas described below, as required by OMB Circular A-130, *Management of Federal Information Resources*. The below 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 security plans for certain 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. In certain instances, BLM has not maintained proper segregation of duties over the procurement system. Certain field office employees are not following existing policies and procedures that were established to support proper segregation of duties for the procurement process and its associated application.

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) only authorized users have access to data and resources; (2) users have the minimum access necessary to perform their job functions; (3) access to very sensitive resources, such as security software programs, is limited to very few individuals; and (4) 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.

Certain procedural and technical access controls over BLM's financial applications have not been implemented or are not operating effectively to minimize the risks of unauthorized internal access to its systems and its data.

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.

Software Development and Change Controls

Establishing controls over the modification of application software programs helps ensure that only authorized programs and modifications are implemented. Without proper change controls, there is an increased risk that either intentional or unintended changes are made to the system's processing functionality, the wrong version of a program could be implemented, a virus could be inserted, or security features could be excluded or disabled. BLM has not fully developed standardized policies and procedures for controlling changes for one of its financial applications.

Recommendation

The BLM should continue the development and implementation of its formal action plan to improve the internal security and general controls over its 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.

B. Accounting for Intra-departmental Transactions

As part of its reporting process, the BLM is required to reconcile intra-departmental transactions between other Department of the Interior (Department) bureaus (referred to as trading partners). At the end of the third quarter, the BLM's trading partner activity was out of balance by \$95 million. As of the end of the fiscal year, the BLM had reduced its trading partner activity out of balance amount by \$91 million to less than \$4 million. While the BLM continues to improve its manual process for resolving trading partner variances, such variances can be significant throughout the year, require an inordinate amount of BLM staff time to resolve, and indicate misstatements in financial reporting at both the bureau and Department levels.

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 of the Department's bureaus. Although the information is entered into Hyperion throughout the year, variances are not adequately reconciled and resolved in a timely manner due to limitations inherent in the manual reconciliation process, with the majority of the reconciliations continuing to occur at the end of a reporting period (e.g., quarterly reporting) 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 continued to devote resources to identify and correct out of balance variances, develop its processes to standardize the data provided to other bureaus, provide unbilled receivable detail frequently, and request information as needed from other bureaus on unidentified receivables. These procedures have reduced the amount of the BLM's trading partner variances. However, the manual process has inherent limitations and continues to be informal and dependent on the cooperation of other bureaus. In addition, the Department alone does not have the necessary resources to correct this condition and needs the input and cooperation of its bureaus.

Failure to timely reconcile and correctly record trading partner activity throughout the year could potentially jeopardize the timely preparation of accurate financial statements in future years.

Recommendation

The BLM, in conjunction with the Department and other Interior bureaus, should implement an automated process and formal policies and procedures for the proper reconciliation and correction of variances in trading partner transactions.

C. Internal Control Over Charge Cards

The BLM has provided a significant number of its employees with charge cards in order to streamline acquisition and payment procedures and reduce the administrative burden associated with traditional and emergency purchasing of supplies and services. During fiscal year 2003, the BLM had approximately 19,000 active charge cards, which included purchase, travel, fleet, uniform, and corporate cards. These cards were used in approximately 430,000 transactions during fiscal year 2003, totaling approximately \$100 million.

In conjunction with the issuance of charge cards, the BLM issued guidance and instructions on the card's utilization through its policy manual. This policy manual sets forth restrictions on the use of the cards as well as certain internal control procedures such as a timely and complete reconciliation of billing statements by cardholders and a timely review by supervisors. In addition, the policy requires BLM field and state offices to conduct an annual review of a sample of cardholders (minimum of 10%) and to report the results of the reviews to the BLM's National Business Center (NBC). The supervisor reviews and annual state office reviews are essential internal controls.

As part of our audit we reviewed several charge card transactions and monthly statements. In addition, we reviewed the results of the BLM's annual charge card review. We noted several instances of noncompliance with BLM charge card policy. However, in general, we found a common theme of cardholders and approving officials not reconciling and approving statements in a timely manner. This issue is a repeat finding from the prior year. The reasons for employee noncompliance with established charge card policies appears to stem from a variety of factors, including the need for continued training on charge card procedures, more diligent management oversight to ensure controls are being followed, and consequences to the cardholder for persistent misuse.

By not ensuring that controls are operating effectively, the BLM increases its risk that charge cards may be used for purposes other than official government-related business, and that these potential misuses will go uncorrected. Due to the significant volume of transactions, adequate internal control over charge card transactions is important in preventing misuse. The BLM's established charge card policies help provide effective internal control when placed into operation.

Recommendation 1

The BLM should take aggressive action to ensure compliance with its established charge card policies. To help ensure compliance:

- The BLM should continue to provide training to field and state office personnel on charge card procedures.
- BLM management, at the field and state office levels, should be more diligent in monitoring and enforcing compliance with its charge card policies.

Recommendation 2

As part of the BLM's annual review of its charge card activity, the BLM should require field and state offices to follow-up on all potential misuse of cards and noncompliance with the BLM charge card policy. Such offices should then report to state directors and the BLM's National Business Center its corrective action taken to ensure future compliance with the charge card policy. In instances of misuse of the charge card, the offices should report actions taken to recover government funds.

D. Timely Deobligation of Undelivered Orders

The BLM has not fully implemented its own policies to ensure that budgetary account transactions for undelivered orders (outstanding obligations) are deobligated in a timely manner. It is the BLM's policy that all offices carefully review outstanding obligations in the accounting system on a quarterly basis to verify the accuracy of outstanding obligation balances.

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, in which offices certify the validity of outstanding obligations. The certification reports were expanded to help identify outstanding obligations that have not had activity for over one year and have a higher risk of being invalid. However, our audit continued to find instances, projected to be approximately \$18 million, of outstanding obligations that should have been deobligated, the majority of which were inactive for over one year. Supporting documentation indicated field office reviews were not fully performed, or the reviews erroneously concluded the outstanding obligation was valid, or the reviews identified outstanding obligations as invalid but did not follow-through on eliminating them from the accounting system.

Recommendation 1

The BLM should improve its review procedures over outstanding obligations to ensure amounts are deobligated timely. Improvements need to include field offices:

- Performing more effective and complete reviews.
- Giving special attention to outstanding obligations that have been inactive for over one year.
- Deobligating identified invalid amounts in a timely manner.

Recommendation 2

The BLM's National Business Center should improve its outstanding obligations certification report by adding an additional column to indicate that identified invalid amounts have been deobligated.

E. Accounting for Property

The BLM is not always accounting for additions and deletions to general property in a timely manner. As part of our audit, we found weaknesses in the following areas:

- Some current year additions to personal property had been purchased and expensed in prior fiscal years. These items should have been recorded as property in prior fiscal years.
- Some constructed assets, added to completed property in the current year from the construction in process account, were actually placed into service in prior fiscal years. These items should have been added to completed property in prior fiscal years.
- Some constructed assets, added to completed property in the current year from the construction in process account, contained amounts that were expensed in prior fiscal years. These amounts should not have been expensed and should have been captured in construction in process in prior fiscal years.
- Some current year deletions of property had been taken out of service in prior fiscal years. These items should have been deleted from property in prior fiscal years.
- One of the field offices we visited had not performed an accurate and thorough inventory of its fixed assets. We identified property that should have been recorded and property that should have been deleted. The field office had just previously certified that it had conducted a complete inventory and its fixed asset listing was correct.

Our audit concluded the above untimely additions and deletions to property did not have a significant impact on the current year's or prior years' financial statements. However, if further improvements are not made to the current procedures, there is a risk that future year financial statements could be significantly misstated.

Accounting for property is a repeat condition from the prior year, which was considered a material weakness. During the current year, the BLM has made significant improvements in its internal control over property, which included:

- Implementing a process to review leases to determine if such leases are considered capital or operating for accounting purposes.
- Reviewing the nature and potential book value of roads, bridges, and dams located on its stewardship land. The review determined the estimated net book value of such assets is not significant to property in the financial statements. Further, the BLM has worked closely with the Department of the Interior to develop new property capitalization procedures. These procedures will capture and report future acquisitions of property located on stewardship lands that should be recorded as property in the balance sheet, as defined by Federal accounting standards.
- Strengthening its internal control over conducting and monitoring field site inventories of property.
- Continuing to perform management reviews of field office procedures regarding accounting for property, including construction in process amounts. The reviews were conducted on site and include testing amounts for existence and completeness.

However, while improvements have been made in the accounting for property, there continues to be issues with some items of property not being accounted for in the correct fiscal year. These issues appear to stem from inadequate communication between the field offices and the BLM's National Business Center and inadequate procedures to ensure all costs of constructed assets are identified and recorded in construction in process at the time costs are incurred.

Recommendation

The BLM should continue to strengthen its procedures over the timely recording of additions and deletions to general property. Specifically, the BLM needs to improve its procedures to expedite year-end communications between the field offices and its National Business Center to ensure additions and deletions are accounted for in the correct fiscal year. Further, the BLM should improve its procedures to ensure all costs of constructed assets are identified and recorded in construction in process at the time costs are incurred.

F. Reporting of Environmental Liabilities

Government-related environmental liabilities are liabilities where a Federal government entity either caused the contamination or is otherwise related to it in such a way that it is legally liable to clean up the contamination. Conversely, government-acknowledged environmental liabilities are events that are of financial consequence to the Federal government because it chooses to respond to the event. Federal accounting guidance requires government-acknowledged environmental liabilities to be recorded in the financial statements (i.e., deemed to be probable) when funds have been appropriated for the costs and transactions have occurred. For example, if the Federal government has acknowledged responsibility for cleaning up a site, the cost of which is \$10 million, and \$2 million has been appropriated but only \$1 million in services have been rendered, the probable criteria is only met to the extent of \$1 million.

We found the BLM's evaluation of its government-acknowledged sites was not conducted in accordance with Federal accounting guidance, specifically Federal Financial Accounting and Auditing, Technical Release Number 2 – *Determining Probable and Reasonably Estimable For Environmental Liabilities in the Federal Government*. The current year evaluation led to the erroneous uncorrected accrual in the financial statements of approximately \$13 million of government-acknowledged amounts for which funds had been appropriated, but costs had not been incurred.

Recommendation

The BLM should strengthen its management review procedures over the environmental liability assessment process for financial reporting purposes to ensure assessments are conducted and reported consistently with Federal accounting guidance.

Internal Control Over Required Supplementary Information

We noted certain significant deficiencies in internal control over the reporting of deferred maintenance amounts discussed in the following paragraphs that, in our judgment, could adversely affect the BLM's ability to identify, record, and update in a timely manner the deferred maintenance amounts reported as required supplementary information to the financial statements.

G. Reporting of Deferred Maintenance Amounts

Federal accounting guidance defines deferred maintenance as maintenance that was not performed when it should have been or was scheduled to be and which, therefore, was put off or delayed for a future period. Maintenance is the act of keeping fixed assets in acceptable condition. It includes preventive 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. Maintenance excludes activities aimed at expanding the capacity of an asset or otherwise upgrading it to serve needs different from, or significantly greater than, those originally intended.

Our audit found the BLM does not have adequate policies or procedures for reporting deferred maintenance amounts in its annual report. In February 2003 (seven months prior to fiscal year end), the BLM shut down its deferred maintenance system (Facility Inventory Maintenance Management System, or FIMMS), and since that time the BLM did not have an active system to track changes to deferred maintenance amounts for financial reporting purposes.

Further, as a result of our limited procedures performed over deferred maintenance amounts reported in the annual report, we identified the following problems:

- Several items did not meet the definition of deferred maintenance under Federal accounting guidance and were instead capital asset improvements or additions.
- Several items were not supported by adequate documentation, such as supporting cost estimates and completed condition assessments. Further, the higher end amounts of the deferred maintenance ranges reported in the annual report were not supported by amounts contained in the FIMMS system, and were instead estimates prepared by BLM management. A lack of adequate supporting documentation makes it difficult to determine the condition of the asset along with the accuracy of the reported deferred maintenance amounts.
- Several items should have been deleted because they were previously maintained or were never going to be maintained.

The above conditions increase the risk that deferred maintenance amounts reported in the annual report may not be accurate.

Recommendation

The BLM should improve its policies and procedures for identifying, recording, and updating in a timely manner the deferred maintenance amounts reported in its annual report. Improvements should include implementation of a policy that defines deferred maintenance in accordance with Federal financial accounting standards and requires adequate supporting documentation for all deferred maintenance amounts. Improvements should also include the implementation of a centralized database to report deferred maintenance amounts in its annual report.

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 October 31, 2003.

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 those referred to in FFMIA, disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 01-02.

The results of our tests of FFMIA disclosed instances, described below, where the BLM's financial management systems did not substantially comply with Federal financial management systems requirements and where the reporting of deferred maintenance amounts did not substantially comply with Federal accounting standards.

H. Federal Financial Management Systems Requirements

As discussed in the section of our report entitled Internal Control Over Financial Reporting, the BLM needs to improve security and internal control over information technology systems. The BLM has not finalized security plans for certain financial applications; has not maintained proper segregation of duties over the procurement system; has not implemented certain procedural and technical access controls over financial applications to minimize the risks of unauthorized internal access to its systems and its data; 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; and has not fully developed standardized policies and procedures for controlling changes to one of its financial applications. As a result, the BLM does not substantially comply with the security and general electronic data processing control requirements of OMB Circular A-130, *Management of Federal Information Resources*.

Recommendation

We recommend the BLM improve its security and internal control over information technology systems to a level in which BLM substantially complies with the security and general EDP control requirements of OMB Circular A-130, *Management of Federal Information Resources*.

I. Federal Accounting Standards

As discussed in the section of our report entitled Internal Control Over Required Supplementary Information, the BLM needs to improve its policies and procedures for reporting deferred maintenance amounts in its annual report. Statement of Federal Financial Accounting Standards No. 14, *Amendments to Deferred Maintenance Reporting Amending SFFAS No. 6, Accounting for Property, Plant and Equipment and SFFAS No. 8, Supplementary Stewardship Reporting*, requires an estimate of the dollar amount of maintenance needed to return all property to its acceptable operating condition. Such estimate is to be reported as required supplementary information to the financial statements. Deferred maintenance is defined as preventive maintenance to preserve the asset so that it continues to provide acceptable services and achieves its expected life. Maintenance excludes activities aimed at expanding the capacity of an asset or otherwise upgrading it to serve needs different from, or significantly greater than, those originally intended.

Our audit found several items reported as deferred maintenance amounts in the annual report that did not meet the definition of deferred maintenance under Federal accounting standards and were instead capital asset improvements or additions. Further, the BLM shut down its deferred maintenance system used for financial reporting purposes seven months prior to the end of the fiscal year, and since that time the BLM did not have an active system to track changes to deferred maintenance amounts. As a result of these conditions, the BLM does not substantially comply with Federal accounting standards.

Recommendation

We recommend the BLM strengthen its policies and procedures to ensure that deferred maintenance amounts, reported as required supplementary information to the financial statements, are prepared in accordance with Federal accounting standards.

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, including:

- Preparing the financial statements in conformity with accounting principles generally accepted in the United States of America;
- Establishing and maintaining internal controls 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 fiscal year 2003 and 2002 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 2003 audit, we considered the BLM's internal control over financial reporting by obtaining an understanding of the BLM's internal control, determining whether internal controls 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 controls 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 these internal controls had been placed in operation, assessing control risk, and performing tests of controls. Our procedures were not designed to provide assurance on internal control over required supplementary stewardship information and, accordingly, we do not provide an opinion 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 controls relating to the existence and completeness assertions. Our procedures were not designed to provide assurance on internal control over performance measures and, accordingly, we do not provide an opinion thereon.

As part of obtaining reasonable assurance about whether the BLM's fiscal year 2003 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 FFMA. 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 FFMA, 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 FFMA Section 803(a) requirements.

Distribution

This report is intended for the information and use of the BLM management, the Department of the Interior's management, the Department of the Interior's Office of Inspector General, Office of Management and Budget, Government Accounting Office, 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

October 31, 2003

Bureau of Land Management
Summary of the Status of Prior Year Findings
September 30, 2003

Ref	Condition Area	Status
A	Accounting for property	Condition has been downgraded from a material weakness in the prior year to a reportable condition in fiscal year 2003.
B	Accruing for year-end payables	Corrected.
C	Security and internal control over information technology systems	Condition has not been corrected and is repeated in fiscal year 2003.
D	Accounting for intra-departmental transactions	Condition has not been corrected and is repeated in fiscal year 2003.
E	Internal control over charge cards	Condition has not been corrected and is repeated in fiscal year 2003.
F	Timely deobligation of undelivered orders	Condition has not been corrected and is repeated in fiscal year 2003.



United States Department of the Interior

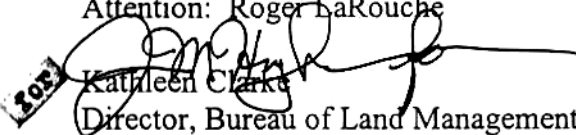
BUREAU OF LAND MANAGEMENT
Washington, D.C. 20240
<http://www.blm.gov>

In Reply Refer To:
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NOV 12 2003

MEMORANDUM

To: Assistant Inspector General for Audits
Attention: Roger LaRouche

From: 
Kathleen Clark
Director, Bureau of Land Management

Subject: Draft Independent Auditors' Report on the Bureau of Land Management's
Financial Statements for Fiscal Years 2003 and 2002 (Assignment No. C-IN-
BLM-0076-2003)

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.

Attachment

**Draft Independent Auditors' Report on the Bureau of Land Management's
Financial Statements for Fiscal Years 2003 and 2002
(Assignment No. C-IN-BLM-0076-2003)**

Recommendation A: Security and Internal Control Over Information Technology Systems

The BLM should continue the development and implementation of its formal action plan to improve the internal security and general controls over its 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.

Response:

The BLM concurs with the recommendation. The following procedures have been, or will be done to address the specific items noted in KPMG's report.

Security Programs

The BLM has generated OMB Circular A-130 Interim Approval to Operate (IATO) documentation for the financial applications that KPMG identified during their audit. The IATO documentation includes the following: (1) System Security Plan, (2) Self Assessment, (3) Asset Valuation Guide & System Inventory, (4) Technical Vulnerability Assessment, and (5) the Plan of Actions & Milestones. Full OMB Circular A-130 certification and accreditation will follow within one year from the approval of the IATO.

Segregation of Duties

The BLM currently has review procedures in place to minimize the risk related to insufficient segregation of duties over the procurement system, Interior Department Electronic Acquisition System (IDEAS). The BLM conducts annual Acquisition Management Reviews as part of the Department of the Interior's Acquisition and Property Management Performance Assessment/Management Control Review requirements. Additionally, procurement awards are randomly selected and reviewed for compliance with Department and Bureau policy.

Added measures will be implemented during early FY 2004 to help mitigate this issue as well. Segregation of duties will be incorporated under the Rules of Behavior, which is part of the IDEAS security plan. Also, annual certification will be required by all IDEAS users.

Access Controls

As noted in the "Security Programs" section above, the BLM has generated an IATO for each of the financial applications that KPMG identified during their audit. The IATO documentation addresses access control. In addition to the testing performed by KPMG, extensive access control testing has been performed by Northrop Grumman, contracted by the BLM to assist in generating the IATO documentation. Vulnerabilities noted by both companies have been identified and resolved.

Service Continuity

The BLM's National Business Center (NBC) has procured, installed, and configured additional hardware and software to address service continuity for the financial systems that KPMG identified during their audit. All additional hardware and software for the financial contingency servers are located at the NBC's backup facility. Service continuity for the financial systems has either already been fully tested, documented, and is operational or is scheduled for completion during FY 2004.

Software Development and Change Controls

The BLM plans to establish software development change control for all of its financial systems by the end of FY 2004.

Recommendation B: Accounting for Intra-departmental Transactions

The BLM, in conjunction with the Department and other Interior bureaus, should implement an automated process and formal policies and procedures for the proper reconciliation and correction of variances in trading partner transactions.

Response:

The BLM concurs with the recommendation. The issues that the BLM faces with intra-departmental transactions are common throughout the Department of the Interior (DOI). The process of identifying and reconciling eliminating entries is a continuous work in progress and the BLM is being as pro-active as possible in identifying issues, as identified in KPMG's report.

As an initiative of the Departmental Eliminations Team, a DOI bureau was heading an automation project for the Department that would reduce the effort needed to match transactions between bureaus. To date, the project has been put on hold due to lack of funding. However, the Eliminations Team will meet in November 2003 to finalize the funding needed to complete the automation project, and perhaps resurrect the automation effort.

While the facts presented in KPMG's report are accurate, the BLM believes they misstate the actual condition of the BLM's elimination efforts. At the end of the third quarter, the BLM's intra-departmental out of balance amount was indeed \$95 million. However, \$83 million of this difference was comprised of transfers not recorded by another bureau due to the timing of information available to them from the Treasury Department.

Recommendation C: Internal Control Over Charge Cards

Recommendation 1

The BLM should take aggressive action to ensure compliance with its established charge card policies. To help ensure compliance:

- The BLM should continue to provide training to field and state office personnel on charge card procedures.
- BLM management, at the field and state office levels, should be more diligent in monitoring and enforcing compliance with its charge card policies.

Recommendation 2

As part of the BLM’s annual review of its charge card activity, the BLM should require field and state offices to follow-up on all potential misuse of cards and noncompliance with the BLM charge card policy. Such offices should then report to state directors and the BLM’s National Business Center its corrective action taken to ensure future compliance with the charge card policy. In instances of misuse of the charge card, the offices should report actions taken to recover government funds.

Response:

The BLM concurs with the recommendation. In addition to the extensive formal written policies and guidance that exist relating to charge cards, all cardholders, Approving Officials (AO), and Agency/Organization Program Coordinators (A/OPC) have received comprehensive web-based training. All new cardholders, AOs, and A/OPCs are also required to take a web-based training course that is specific to their responsibilities.

The BLM’s National Business Center will be submitting several recommendations to the Washington Office Assistant Director, Business and Fiscal Resources. The recommendations will be designed to centralize overall management of the charge card program at the State and Center levels and ensure that properly documented and approved statements are on file in all State/Center/Field offices. In addition, a tool is being developed which will aid reviewing officials with their charge card statement reviews to make them easier.

Recommendation D: Timely Deobligation of Undelivered Orders

Recommendation 1

The BLM should improve its review procedures over outstanding obligations to ensure amounts are deobligated timely. Improvements need to include field offices:

- Performing more effective and complete reviews.
- Giving special attention to outstanding obligations that have been inactive for over one year.
- Deobligating identified invalid amounts in a timely manner.

Recommendation 2

The BLM’s National Business Center should improve its outstanding obligations certification report by adding an additional column to indicate that identified invalid amounts have been deobligated.

Response:

The BLM concurs with the recommendation. The BLM’s National Business Center (NBC) has developed comprehensive procedures for reviewing undelivered orders and created a user-friendly report that contracting officers can use as a tool to complete their review and certify open obligations. However, in order to make the improvements noted within KPMG’s report, all BLM offices must make the review and cleanup of undelivered orders a priority.

The NBC will be implementing KPMG’s second recommendation by adding an additional column to the outstanding obligations certification report that indicates identified invalid amounts have been deobligated. Additionally, the BLM will continue to look for other ways to make the undelivered order review and cleanup process easier and more effective.

Recommendation E: Accounting for Property

The BLM should continue to strengthen its procedures over the timely recording of additions and deletions to general property. Specifically, the BLM needs to improve its procedures to expedite year-end communications between the field offices and its National Business Center to ensure additions and deletions are accounted for in the correct fiscal year. Further, the BLM should improve its procedures to ensure all costs of constructed assets are identified and recorded in construction in process at the time costs are incurred.

Response:

The BLM concurs with the recommendation. As noted in KPMG’s report, the BLM continues to strive to identify and correct deficiencies related to the timely processing of property management documents. In addition to those items noted in KPMG’s report, the BLM added a second full time property accountant to ensure that property and financial records are monitored for accuracy throughout the year. The BLM will also continue its aggressive approach to the property management reviews and strengthen its communication between the field offices and the National Business Center.

Recommendation F: Reporting of Environmental Liabilities

The BLM should strengthen its management review procedures over the environmental liability assessment process for financial reporting purposes to ensure assessments are conducted and reported consistently with federal accounting guidance.

Response:

The BLM concurs with the recommendation. The BLM recognizes the inconsistencies of this year’s reporting with Federal accounting guidance. However, the BLM is not an independent agency and must follow the policies developed by the Department of the Interior in its reporting. The BLM was following the Department’s written instructions on reporting environmental liabilities, which were issued by the Office of the Assistant Secretary, Policy, Management, and Budget in a memo dated July 25, 2003. In the past, the BLM has recorded environmental liabilities in accordance with Federal accounting guidance and will continue to do so once the Department’s guidance surrounding environmental cleanup accruals is clarified and reissued.

Recommendation G: Reporting of Deferred Maintenance Amounts

The BLM should improve its policies and procedures for identifying, recording, and updating in a timely manner the deferred maintenance amounts reported in its annual report. Improvements should include implementation of a policy that defines deferred maintenance in accordance with Federal financial accounting standards and requires adequate supporting documentation for all deferred maintenance amounts. Improvements should also include the implementation of a centralized database to report deferred maintenance amounts in its annual report.

Response:

The BLM concurs with the recommendation. The BLM does, however, follow the specific written direction and policy of the Department of the Interior with regard to definitions of deferred maintenance used in our report. The BLM has been investing in and establishing a new centralized database for all maintenance costs that will greatly improve the quality and analysis of deferred maintenance reporting data. In FY 2003, the BLM initiated several additional steps to accomplish many of the recommendations including instituting a bureau-wide facilities condition assessment and analysis process, reengineering the maintenance business process, and improving the data management capabilities of the 5-Year Plan for Deferred Maintenance and Capital Improvement.

Recommendation H: Federal Financial Management Systems Requirements

We recommend the BLM improve its security and internal control over information technology systems to a level in which BLM substantially complies with the security and general EDP control requirements of OMB Circular A-130, *Management of Federal Information Resources*.

Response:

As discussed in the response to recommendation A, the BLM will continue to strengthen its internal security and internal control over information technology systems.

Recommendation I: Federal Accounting Standards

We recommend the BLM strengthen its policies and procedures to ensure that deferred maintenance amounts, reported as required supplementary information to the financial statements, are prepared in accordance with Federal accounting standards.

Response:

As discussed in the response to recommendation G, the BLM will continue to strengthen its policies and procedures to ensure that deferred maintenance amounts are prepared in accordance with Federal accounting standards.

Comment Card

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OMB NO. 1040-0001

Expires: January 31, 2005

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