

**Senate Appropriations Committee
Budget Hearing**

**Remarks by John Quigley
Acting Secretary
Department of Conservation and Natural Resources**

February 23, 2010

Chairman Corman, committee members, guests. Thank you for this opportunity to discuss the budget priorities of the Department of Conservation and Natural Resources.

DCNR's mission is to conserve and sustain Pennsylvania's natural resources for the use and enjoyment of present and future generations. The women and men of DCNR continue to live up to this high calling.

Governor Rendell has proposed a 2010-2011 budget that, in combination with efficiency measures, service reductions, and realignment of operations, will allow us to manage the department to protect our natural heritage and secure its future for the benefit of all Pennsylvanians.

As you know, DCNR's role is broad, touching not only state park and state forest lands and issues, but communities as well. The Governor's Growing Greener II initiative has helped DCNR improve our state park infrastructure, build trails and assist communities, counties and partners to build a better future for their residents. Under Governor Rendell's leadership, DCNR -- either by acquiring land directly or by partnering with lands trusts and local governments -- has protected an unprecedented 130,000 acres of open space and critical habitat as state and local public lands. Those investments added some 73,000 acres to the state forests and around 5,000 acres to the state parks -- including Erie Bluffs -- as well as enabled an increase of about 52,000 acres to open space in local communities across the state.

DCNR continues to advance its landscape approach to conservation, working regionally with partners on sustainable community initiatives. For instance, the Governor's early interest in north central Pennsylvania resulted in the creation of the Pennsylvania Wilds, a collaborative project led by DCNR in conjunction with the Department of Community and Economic Development, 12 counties, local business and many civic organizations. This effort has brought a common vision and identity to the region, wisely invested state dollars, and generated private investment and financial gain to the tourism-related employers in the Wilds.

And in keeping with the Governor's commitment both to governmental efficiency and renewable energy, the department's grant program is going "green" with grant criteria to encourage better conservation practices and an online grant application process that reduces mailing and paper use and improves reporting and performance evaluation.

My opening statement today, however, will focus chiefly on the two highest profile aspects of the DCNR budget and departmental -- and Commonwealth -- policy: the availability of our State

Parks system to our millions of visitors, and the balance of multiple State Forest uses that include natural gas drilling in the Marcellus Shale region of the state.

As you may be aware, last October Pennsylvania's state park system was awarded the 2009 National Gold Medal Award for Excellence in Park and Recreation Management from the American Academy for Park and Recreation Administration and the National Recreation and Park Association. The award honors excellence in long-range planning, resource management, volunteerism, environmental stewardship, program development and professional development -- and the skills and dedication of the women and men of DCNR who operate, maintain, and manage the state park system.

State Park visitation increased by 13.2% to 38.6 million visitors last year. This is a testament to the high quality outdoor experience that we offer with our continually evolving outdoor recreation programs, nature interpretation, and environmental education activities.

In a time when state governments across the country -- from Arizona to New York -- are closing state parks for budgetary reasons, the Governor's commitment to keep Pennsylvania's parks open is reflected in his FY 10-11 budget proposal. It provides the necessary resources -- through the General Fund appropriation and a transfer of \$1.7M from the Oil and Gas Lease Fund -- to allow all 117 state parks to remain open. To meet the proposed budget while maintaining a high quality of service, DCNR has initiated a variety of efficiencies across our system, including consolidation of facilities and work assignments among fewer staff, expanding seasonal operations versus year-round operation, and expanding the park complex framework.

DCNR manages 2.2 million acres of state forest land containing some of the most highly valued hardwood timber in the world, most particularly black cherry. Our expertly managed state forests provide a steady, continuous supply of quality timber to the market, supporting Pennsylvania's wood products industries. In spite of a weak timber market brought on by the national recession, last year DCNR's Bureau of Forestry generated \$20 million in revenue from 14,000 acres of annual timber sales.

Managing our State Forest involves far more than timber sales. DCNR maintains 5,200 miles of state forest roads and 4,000 miles of trails; protects and conserves native plant communities; inventories and analyzes forest conditions; and, provides an array of public forest recreational opportunities, such as snowmobile riding, hunting, wildlife watching, and hiking. All of this requires balancing the multiple uses of the public forest while maintaining the State Forests' third-party, "sustainable" certification which we've held since 1997.

The balancing of multiple uses in the forests also includes mineral extraction. DCNR has a 62-year history of leasing state forest land for drilling for natural gas. Almost all of that history has been with shallow wells. Since 1947, some 1,600 individual shallow wells have been drilled on land for which we own the mineral rights; approximately 700 of those wells are still producing.

During the Rendell Administration, DCNR revised its policy on leasing state forest land for natural gas extraction to change the focus from shallow drilling to medium and deep reservoirs of natural gas, like the Marcellus Shale. The reason for this change was to reduce the impact of drilling on the surface: reaching deep and medium reservoirs requires fewer well pads and thus fewer roads and other disturbances to the land than do shallow wells.

Also during this Administration, DCNR's natural gas lease document was overhauled to aggressively protect the environment. Changes include provisions to limit the size of and spacing between well pads and therefore the amount of trees that need to be removed. The lease keeps drilling at a set distance from water resources; addresses habitat restoration post-drilling; and instructs lessees on how to prevent the introduction of invasive species. The lease further excludes drilling that impacts viewsheds, state parks, dark sky areas and wild and natural areas due to their high ecological value. And as part of our environmental review in advance of a lease sale, we delineate the environmentally sensitive areas of the tracts for lease and prohibit these areas from surface development.

Our experience with Marcellus Shale exploration and drilling is of course quite new. Six deep Marcellus wells have been drilled on State Forest land to date; but, as you know, industry interest in further natural gas exploration in the whole Marcellus area is intense. To back up the Governor's commitment to sound environmental practices and ensure that DCNR has the tools to sustainably manage our public lands as drilling activities in the Marcellus Shale increase, the Governor's FY 10-11 budget proposes 12 new positions in DCNR's Bureau of Forestry. These 12 employees will enhance our ability to monitor and manage the forests to ensure their future health, and will assist with DCNR's monitoring of well sites to ensure companies adhere to the provisions of our lease.

The proposed General Fund appropriation for DCNR's Bureau of Forestry provides almost 30% of the bureau's operating needs. The other revenue necessary to operate the bureau comes from timber sales and the Oil and Gas Lease Fund – royalties and some proceeds from lease sales.

The \$128 million generated from the January 2010 lease sale is due in March and those funds will be deposited in the Oil and Gas Lease Fund. The Governor has proposed that \$10.6 million from the Fund be used to support Forestry operations, and \$2 million be used to supplement the General Fund appropriations for state parks and general operations.

DCNR is currently carefully reviewing available acreage for future leasing to meet the Governor's request that \$180 million from the Oil and Gas Lease Fund be transferred to the General Fund in FY 10-11. DCNR selects lease tracts through a rigorous process to minimize environmental impact and maximize revenues. All successful bidders are covered by the new lease document and thus strict environmental standards. The Governor has once again directed us to minimize the amount of acreage to be offered, reflective of his ongoing commitment to protecting the environment while meeting current fiscal challenges. That conservative approach was proven in the success of our lease sale last month.

I can assure the members of this Committee that we will continue to do our best to meet our mission with available resources, and that we will continue to look for innovative ways to do our work more efficiently, more effectively, and more economically. We will also continue to manage the Commonwealth's irreplaceable State Forests in a sustainable manner that balances all of its many uses and values.

