

## House oversight hearing looks at DOI burdens to onshore energy production

January 18, 2018

On January 18, the House Natural Resources Subcommittee on Energy and Mineral Resources held an oversight hearing to assess the Department of the Interior's (DOI) progress on eliminating burdens to domestic onshore energy production, pursuant to Secretarial Orders 3349 and 3354. According to the Bureau of Land Management (BLM), the onshore oil and gas leasing process takes at least 16 months from the time a parcel is nominated to the award of a lease sale.

During the hearing, witness Jarred Kubat, vice president of land, legal and regulatory at Wold Energy Partners, LLC (WEP), commented on the regulatory uncertainties, inefficiencies, and inconsistencies that he believes disproportionately impact small businesses. With only 37 full time employees and 71 percent of WEP's assets residing on federal lands in Wyoming, Kubat explained that the 415-day average delay between parcel nomination and lease offering is far too long for small operators. Shane Shulz, director of government affairs for QEP Resources, echoed Kubat's sentiments, stating that lengthy impact reports and protest periods on lease nominations have decreased the overall leasing activity on federal lands. This federal "paralysis by analysis," as Shulz referred to it, is often a major driver for energy companies to find private, state-regulated lands as more attractive investments. According to a 2016 Congressional Research Service report analyzing energy production in federal versus nonfederal areas, oil production on federal lands has fluctuated over the past 10 fiscal years but has increased dramatically on nonfederal lands.

BLM's Deputy Director for Programs and Policy Brian Steed affirmed that recent actions to reduce regulatory burdens have created more revenue for the agency. From 2016 to 2017, the 30 percent increase in onshore oil and gas lease sales generated an 87 percent increase in revenue totaling \$360 million, which is a dramatic rise compared to the previous year's \$193 million. Steed noted the DOI's plans to further reform lease sales by rescinding the duplicative Master Leasing Plans (MLP), deferring to the Resource Management Plans (RMP), and streamlining reviews under the National Environmental Policy Act (NEPA). He also stated that the DOI intends to eliminate a 2016 rule on venting, flaring, and leaks and a 2015 rule on hydraulic fracturing. Minority witness Nada Culver, senior director of policy and planning for the Wilderness Society (TWS), argued against the legality of dismantling BLM's venting and flaring rule, mentioning the DOI's past efforts to administratively eliminate the rule and a Senate rejection in May 2017 of a joint resolution that sought to nullify this rule. Culver stated that aside from the negative health effects stemming from the release of volatile organic compounds and smog particulates, the federal government also loses out on royalties that could be collected on the natural gas that is vented or flared, citing a GAO report published in 2010. Culver claimed that the key factors in industry lease investments were mainly market forces, resource geology and distribution, and BLM acreage, as opposed to federal regulation.

*Sources: Bureau of Land Management; Congressional Research Service; Energy Information Administration; Environmental Protection Agency; Department of the Interior; Government Accountability Office; U.S. House Natural Resources Subcommittee on Energy and Mineral Resources; U.S. Forest Service*

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