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U.S. House of Representatives

Committee on Natural Resources

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Opening Statement of

Chairman Doug Lamborn

Subcommittee on Energy and Mineral Resources

On Thursday, March 26th, 2015

1324 Longworth House Office Building

Oversight Hearing on: "Effect of the President's FY 2016 Budget and Legislative Proposals for the Bureau of Land Management and the U.S. Forest Service's Energy and Minerals Programs on Private Sector Job Creation, Domestic Energy and Minerals Production and Deficit Reduction."

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Today's hearing will address the U.S. Forest Service and Bureau of Land Management's 2016 budget proposals for energy and minerals management. We will be examining how these agencies' budgets will be used to promote energy development, and how safe operations can be ensured without duplicative and overly burdensome regulations.

The BLM seeks \$1.35 billion dollars for funding in Fiscal Year 2016, an increase of \$140 million from what was previously enacted. This increase will in part be premised on the administration's claim of increased oil production on onshore federal land.

There has been an increase of federal onshore production of oil from 103 million barrels in 2008, to 148 million barrels in 2014. When tribal lands are included, that number jumps to over 200 million barrels produced.

This increase is noteworthy, and is a trend that should continue across all energy sectors. However, I am afraid the good news ends there.

For those same years that oil production has increased on non-tribal lands, coal production has fallen from 483 million tons to 402 million, while natural gas production has decreased by 500 billion cubic feet.

Although the administration credits itself for the increase in oil production, such credit is misplaced. Indeed, of the currently active 46,000 leases, the administration approved 10,000 of those at most. In other words, nearly 80 percent of currently active leases were issued by prior administrations. The administration has done nothing to improve this percentage.

According to information made available on the BLM's website, the BLM issued the lowest number of new leases in Fiscal Year 2014 than in any other year. In fact, the BLM has averaged 56 percent fewer leases issued per year than even the Clinton administration.

Meanwhile, the total number of acreage leased has rapidly decreased. When this Administration first took office, over 47 million acres of public lands were leased - the highest total since 1992. Since then, total acreage leased has fallen by a staggering 27 percent.

Furthermore, the current BLM has been insistent on introducing new regulations and legislative proposals that are duplicative in nature, unnecessarily burdensome, and not based in the realities of onshore oil and gas or solid mineral production.

One example of this is the new hydraulic fracturing rule that was finalized last Friday. Although the administration insists this new regulation will “only” cost \$11,000 per well, it does not factor in the accompanying regulatory delays and their associated costs.

It would be a little less frustrating if the fracking rule had been the only attack on energy production that the BLM seeks to implement. Yet it is not, and at a time when oil and natural gas prices are at consistent lows, the BLM seeks to potentially raise royalty rates and institute a new inspection fee.

Your budget justification states: “Energy and mineral resources generate the highest revenue values of any uses of the public lands.” Yet the long delays, coupled with proposed higher royalty rates and increased inspection fees will continue to dissuade industry interest in federal lands. This is not the way for BLM to proceed, and is driving away the revenues that help justify the existence of your agency.

As for the U.S. Forest Service, it has proposed a \$6.489 billion budget for 2016. This is a \$942 million dollar increase over 2015. However, the Service does not seek to adequately spread around the requested wealth.

For those two line items that support energy and mineral development, the Service seeks an 8 percent decrease. This potential cut could cost the treasury more than \$42 million in 2016, and adversely affect energy and mineral production on Forest Service land.

Together, both the BLM and the Forest Service manage approximately 20 percent of the total surface area of the United States, and over one third of the nation’s on-shore mineral estate. I hope our discussion today will ensure that your budget is used to promote increased revenues for the American people on those vast lands that Congress has entrusted to you.

With that said, I thank Chief Tidwell and Director Kornze for your time today, and look forward to your testimony.