

FOR IMMEDIATE RELEASE
Friday, September 09, 2011
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Witnesses Tell Subcommittee Categorical Exclusions Good for Jobs, Revenue, Energy Production and Environment

WASHINGTON D.C. – The Subcommittee on Energy and Mineral Resources today held an [oversight hearing](#) on “Impacts to Onshore Jobs, Revenue and Energy: Review and Status of Sec 390 Categorical Exclusions of the Energy Policy Act of 2005.” Categorical exclusions are a common sense way to streamline the government process of approving energy production, while at the same time ensuring protection of the environment. Soon after taking office, the Obama Administration imposed new rules to greatly slow down the use of categorical exclusions for energy production on federal lands. In August 2011, the Administration’s baseless new rule, which flue directly in the face of categorical exclusions provisions in EPACT 2005, was [overruled by a U.S. district judge](#).

“Categorical exclusions are only used on land where the environmental impact is minor, the fields have already been developed or where drilling was already analyzed under the National Environmental Policy Act. In order to lessen our dependence on foreign oil, create jobs for Americans, and secure our energy future, Congress should take steps to streamline the process and enable energy projects to move forward without being subject to bureaucratic delays, costly litigation, and a burdensome permitting process,” said Energy and Minerals Chairman Doug Lamborn (CO-05). “Categorical exclusions are just one tool Congress has given the Bureau of Land Management in order to accomplish this goal.”

At the hearing, witnesses testified about the job creation, revenue and environmental benefit of using categorical exclusions for American energy production.

The significant economic impact of categorical exclusions was highlighted by **Randy Bolles, Manager of Regulatory Affairs at the Western Division of Devon Energy Corporation**. Mr. Bolles cited a study by SWCA Environmental Consultants that showed, *“more than 2060 wells Devon drilled under section 390 [categorical exclusions], translated to 6,838 jobs, \$598 million in employment earnings and, over the life of the well, \$35 million in annual government revenue.”* However, Mr. Bolles went on to note that while the economy benefits of categorical exclusions are significant, their absence can have immediate impacts. After BLM guidance restricted the use of categorical exclusions, *“Devon reassigned one of its two drilling rigs in the Washakie field to other areas.”*

Kathleen Sagamma, Director of Government and Public Affairs at Western Energy Alliance testified about the economic and environmental benefits of categorical exclusions noting that, *“effective use of CXs can enable BLM and Forest Service staff to spend less time behind a desk pushing paper and more time in the field monitoring and inspecting.”*

Sagamma cited a study from the Western Organization of Resource Councils (WORC) that showed, *“the number of environmental inspections performed by BLM generally increased over the last decade until 2006 to 2008, when inspections more than doubled. It’s no coincidence that the dramatic increase in BLM inspections corresponded with full implementation of CXs in 2006.”*

Sagamma also called attention to a an analysis by SWCA, “a respected environmental consulting firm” that found, *“delays from just six oil and natural gas projects are preventing the creation of over 30,600 jobs, \$2.6 billion in labor earnings and \$157 in annual royalty and tax revenue in Wyoming alone.”*

Finally, **Jack Coleman**, an expert on the Sec. 390 categorical exclusion provision in EPACT 05 expressed his frustration with the Obama Administration’s actions on the categorical exclusion provision, *“I have been very disappointed by the GAO report and by recent actions by the current Administration to, in essence, legislate words into or out of these provisions through implication and/or settlement of litigation.”* Coleman testified that categorical exclusions were intended to, *“prevent trivializing of NEPA and would likely encourage drilling from an already used drill site, reducing environmental impacts.”*

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