Subcommittee on Energy and Mineral Resources

Paul Gosar, Chairman

Hearing Memorandum

November 3, 2017

To: All Subcommittee on Energy and Mineral Resource Subcommittee Members

From: Majority Committee Staff, Kate Juelis (x6-9837) and Ashley Nichols (x5-9297)
Subcommittee on Energy and Mineral Resources

Hearing: Legislative hearing on a **Discussion Draft of H.R. ____,** To distribute revenues from oil and gas leasing on the outer Continental Shelf to certain coastal States, to require sale of approved offshore oil and gas leases, to promote offshore wind lease sales, and to empower States to manage the development and production of oil and gas on available Federal land, and for other purposes.
November 7, 2017 at 2:00 PM; 1324 Longworth House Office Building

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Summary of the Bill

This discussion draft seeks to optimize management of our nation's energy resources by increasing access to and promoting the development of oil, gas, and wind energy.

Title I, or the "ASTRO Act," facilitates access to oil and gas resources across America's outer Continental Shelf ("OCS") lands. This bill establishes a revenue sharing framework to distribute revenues collected from oil and gas leasing on the OCS to certain coastal states. The Act increases the amount that can be distributed to qualifying Gulf states under the Gulf of Mexico Energy Security Act of 2006, and limits the President's authority to withdraw certain areas of the OCS from oil and gas leasing. Finally, this bill increases regulatory certainty by requiring the execution of all approved oil and gas lease sales, should the Secretary of the Interior call for a revised national lease sale program. Furthermore, this bill strategizes offshore wind lease sales by requiring feasibility and compatibility studies, and streamlines the Marine Mammals Protection Act permitting process.

Title II, or the "ONSHORE Act," enables States with established permitting and regulatory programs to manage certain federal permitting and regulatory responsibilities for oil and gas development on Federal lands within their borders. This Act directs the Secretary of the Interior to designate preferred leasing areas for oil and gas development and to defer to the States regarding the regulation of hydraulic fracturing practices.

Invited Witnesses (in alphabetical order)

Mr. Ray Brady
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Washington, DC

Mr. Lynn Helms
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North Dakota Industrial Commission
Bismarck, ND

Mr. David Holt
President
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Mr. Eric Smith
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Background

Title I: The ASTRO Act

Our nation is uniquely positioned to safely develop diverse energy sources, and is capable of satisfying domestic and global demand. Impeding such progress and certainty is a politicized series of laws and regulations. The Bureau of Ocean Energy Management ("BOEM") estimates that 89.9 billion barrels of oil and 327.5 trillion cubic feet of gas are contained, but undiscovered, on the OCS.[1] However, the vast majority of the OCS, 94% in fact, is excluded from oil and gas leasing under the 2017-2022 plan.[2]

Currently, the Atlantic, Pacific, and nearly all of the Alaskan OCS lands are off limits to development. Offshore operators require long lead times to plan projects, so restricting lease sales today directly reduces production in decades to come. Department of the Interior Secretary Ryan Zinke recognized the extremely harmful effects of such a restricted leasing schedule, and called for the development of a new leasing schedule to more carefully consider all potential leasing areas on the OCS.[3]

The exclusion of these resources comes at the expense of the taxpayer and disadvantages our national and local economies. Oil and gas revenues provide the second largest source of revenue to the U.S. Treasury, second only to federal income tax.[4] In Fiscal Year 2016, OCS revenues totaled $2.8 billion, making up nearly half of all oil and gas revenues for the federal government.[5] Certain states also receive a share of OCS revenues, supplementing their budgets and providing support to coastal communities. The Gulf of Mexico Energy Security Act of 2006

[1] Unlocking America's Offshore Energy Opportunity, (Oct. 6, 2017), http://www.americasoffshoreenergy.com/#/?section=unlocking-americas-offshore-energy-opportunity
[2] Evaluating Federal Offshore Oil and Gas Development: Hearing before the House Committee on Natural Resources, 115th Cong. (July 12, 2017) (statement of Katharine MacGregor, Acting Assistant Secretary, Dep't of the Interior.
[3] THE DEPARTMENT OF THE INTERIOR, Sec. Order No. 3350, (2017).
[4] Will revenue sharing spur more offshore drilling?, Global Energy Institute, Platts McGraw-Hill https://www.globalenergyinstitute.org/will-revenue-sharing-spur-more-offshore-drilling
[5] Statistics, Office of Natural Resources Revenue, https://statistics.onrr.gov/ReportTool.aspx

("GOMESA") established a revenue distribution structure for the Gulf states of Alabama, Louisiana, Mississippi, and Texas. The shared revenues compensate these states for the large-scale infrastructure required by OCS production, and to mitigate the environmental risks presented by offshore development. Facilitating access to exploration and production in promising OCS areas will strengthen national, state, and local economies.

In addition, opening the OCS Atlantic, Pacific, and Eastern Gulf areas to oil and gas development would continue to strengthen the nation's position as a global energy leader. A recent study found that development of the resource potential in these areas would create 840,000 new jobs and would generate over $200 billion in cumulative revenues for the nation.[6]

Allocation of Revenues Derived from Oil and Gas Leasing on the Outer Continental Shelf

The federal government is charged with managing and realizing a fair return for development of over 1.7 billion acres of offshore lands.[7] Until the passage of GOMESA, the federal government generally received all revenues generated from oil and gas development on the OCS. The Gulf of Mexico quickly became the leader in offshore production, and as the number of offshore wells grew, so did the associated infrastructure and environmental risks of drilling. Ports, pipelines, and refineries rapidly expanded along the Alabama, Louisiana, Mississippi, and Texas coasts to support OCS development. Gulf states successfully negotiated GOMESA, which established a revenue sharing scheme for qualifying Gulf states. Under GOMESA, states receive 37.5% of all qualifying OCS revenues, with 20% of each state's share dedicated to coastal political subdivisions.

As OCS production necessarily demands onshore infrastructure and requires states to assume environmental risks, a revenue sharing scheme should be in place for coastal states that will be directly affected by production on federal lands. In the ongoing debate about opening the Atlantic OCS to offshore production, many coastal governors and state lawmakers have made clear that their support depends on the existence of a revenue sharing program that would equitably compensate their states.[8]

Virginia Governor Terry McAuliffe stated in a letter to BOEM that "…a primary concern that must be satisfied in order for Virginia to be included in the leasing area is a revenue sharing agreement between participating Atlantic coasts and the federal government."[9] One of the main provisions of this bill establishes revenue sharing for states in the Mid and Southern Atlantic planning areas, including Virginia, in an attempt to fairly compensate the qualifying producing states, and to ensure disbursement certainty into the future.

[6] Untapped Potential, The American Petroleum Institute. http://maps.api.org/offshore/
[7] Laura B. Comay, *Five Year Program for Federal Offshore Oil and Gas Leasing: Status and Issues in Brief*, (CRS R44692), (Congressional Research Service, Washington, DC), 3, March 31, 2017.
[8] *Supra,* 4.
[9] Letter from Virginia Governor Terry McAuliffe to Kelly Hammerle, National Program Manager, BOEM, August 11, 2017, http://governor.virginia.gov/media/9428/08162017-boem-letter.pdf

Optimizing Access to the Outer Continental Shelf

The federal offshore lease sale schedule is developed through an extensive process that narrows down lease locations within planning areas. BOEM weighs several factors, including geology, economics, operator and public interest, and environmental sensitivity when identifying lease sale areas. The Administration, at present, cannot add lease sales to an approved program, thereby limiting sales (and associated development and revenue) to planning decisions made up to seven years prior.

Withdrawals in December 2016 by President Obama compounded the lack of access and precluded offshore oil and gas production on millions of acres of OCS Atlantic and Alaskan federal lands.[10] This unilateral removal of 118.8 million acres from oil and gas development, created an immediate threat to national security and barred economic growth along these coasts. This withdrawal was predicated on Section 12(a) of the Outer Continental Shelf Lands Act, which authorizes the President to withdraw OCS lands from leasing consideration, but does not provide insight into a President's ability to undo such withdrawals.[11] A key provision of this bill would preclude a President from making such withdrawals, instead leaving this critical decision to Congress.

In addition to oil and gas, the OCS contains diversified renewable energy sources. Offshore wind has become the primary focus of renewable energy development, and can potentially provide over 4,000 gigawatts of energy to the mainland grid.[12] However, there exists considerable permitting and regulatory delays preventing this power from getting on line and there are currently no constructed or approved wind farms in federal waters. For instance, BOEM has issued thirteen commercial wind energy leases on the U.S. OCS, all of which are in the process of navigating the challenging and duplicative series of environmental regulations and stakeholder engagements required for final construction approval.[13] The nation's first offshore wind farm, the Block Island Wind Farm, located in state waters off Rhode Island, became operational at the end of 2016.[14] As BOEM continues to lease federal offshore acreage for wind development, it is essential that their method be strategic and well informed.

Title II: The ONSHORE Act

The Bureau of Land Management (BLM) is responsible for managing the Federal onshore mineral estate, which includes roughly 700 million acres of land held primarily by the BLM and U.S. Forest Service.[15] BLM leases these lands to developers through quarterly lease sales (when parcels are available for lease)[16] and issues the necessary federal permits to leaseholders required for oil and gas development. At the end of Fiscal Year (FY) 2016, the

[10] Representative David Brat (VA-7), H.R. 2157- OCEAN Act Summary
[11] 43 U.S.C.1331
[12] U.S. Offshore Wind, American Wind Energy Association, Nov 3, 2017 (https://www.awea.org/offshore-wind).
[13] BOEM Fact Sheet, Renewable Energy on the Outer Continental Shelf, September 2017 (https://www.boem.gov/BOEM-Overview-Renewable-Energy/).
[14] Supra, Note 12..
[15] Bureau of Land Management. About the BLM Oil and Gas Program. https://www.blm.gov/programs/energy-and-minerals/oil-and-gas/about. (Accessed October 10, 2017).
[16] Bureau of Land Management. Oil and Gas Leasing Instructions. https://www.blm.gov/programs/energy-and-minerals/oil-and-gas/leasing/general-leasing. (Accessed October 10, 2017).

BLM managed a total of 40,143 onshore oil and gas leases covering only 27 million acres, the lowest number of leases since FY 1985.[17]

Onshore Oil and Gas Program Management Under the BLM

In recent years, unnecessary permitting delays, costly regulatory requirements, and uncertainty in the leasing process have discouraged oil and gas developers from operating on Federal land.

While the BLM manages a vast mineral estate of 700 million acres, only 113 million acres of onshore Federal land are open and accessible for oil and gas development.[18] In fact, 166 million acres are off limits or inaccessible to oil and gas development altogether.[19] Duplicative environmental reviews under the National Environmental Policy Act, along with frivolous protests on the parcels made available for leasing, have resulted in unnecessary delays in the leasing process and an overall decrease in the number of leased parcels. Since 2008, the number of acres of Federal land leased for oil and gas production has decreased by over 40 percent.[20]

Uncertainty associated with the issuance of required permits presents additional challenges to oil and gas producers seeking to develop Federal land. For example, the BLM issued Applications for Permits to Drill (APD) in an average of **257 days** in 2016.[21] By contrast, state agencies can issue permits in just 30 days on average.[22]

While oil and gas production has increased in recent years overall, this growth has occurred largely on state and private lands.[23] Unnecessary leasing reductions coupled with lengthy and unpredictable permitting processes have discouraged producers from developing Federal lands. Instead, they have opted to do business on state and private lands where higher royalty rates exist.[24]

States rely on mineral revenues to fund their schools, universities, infrastructure projects, and a host of other necessary public programs and services.[25] The overly burdensome leasing, permitting, and regulatory processes facing oil and gas producers have resulted in lost revenue for the Federal government and energy producing states. This means lost opportunities for economic development and job creation in communities across the country.

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[17] Bureau of Land Management. Oil and Gas Statistics. https://www.blm.gov/programs/energy-and-minerals/oil-and-gas/oil-and-gas-statistics (Accessed October 10, 2017).
[18] Marc Humphries. U.S. Crude Oil and Natural Gas Production in Federal and Nonfederal Areas. June 22, 2016. http://www.crs.gov/reports/pdf/R42432
[19] Marc Humphries. U.S. Crude Oil and Natural Gas Production in Federal and Nonfederal Areas. June 22, 2016. http://www.crs.gov/reports/pdf/R42432
[20] Bureau of Land Management. Oil and Gas Statistics. https://www.blm.gov/programs/energy-and-minerals/oil-and-gas/oil-and-gas-statistics (Accessed October 10, 2017).
[21] Bureau of Land Management. Oil and Gas Statistics. https://www.blm.gov/programs/energy-and-minerals/oil-and-gas/oil-and-gas-statistics (Accessed October 10, 2017).
[22] Western Energy Alliance. Permitting. https://www.westernenergyalliance.org/knowledge-center/land/onshore-development/permitting
[23] Michael Ratner. 21st Century U.S. Energy Sources: A Primer (May 19, 2017). http://www.crs.gov/reports/pdf/R44854
[24] Center for Western Priorities. A Fair Share: The Case for Updating Oil and Gas Royalties on Our Public Lands. Page 2. June 18, 2015. http://www.westernpriorities.org/wp-content/uploads/2015/06/Royalties-Report_update.pdf
[25] The United States Extractive Industries Transparency Initiative. Explore Data, Montana. https://useiti.doi.gov/explore/MT/#disbursements (Accessed October 10, 2017).

Delegation of Authority to the States

The ONSHORE Act allows the Secretary of the Interior to delegate authority to the states for permitting and regulatory responsibilities for onshore oil and gas development on Federal lands within their borders. The current one-size-fits-all Federal regulatory scheme is burdensome for States and producers alike and fails to recognize the unique challenges in each State.

States have extensive and sufficient regulatory frameworks for permitting oil and gas development that have been in place for decades.[26] Delegating certain functions currently performed by the BLM to the states would ensure the responsible development of oil and gas resources while eliminating the uncertainty and significant costs associated with the Federal regulatory process.

Enabling states to assume these functions for oil and gas development will result in greater certainty for producers and allow the BLM to focus its limited resources on the agency's core mission of managing federal lands. These much-needed reforms will encourage oil and gas development on Federal land and promote economic development and diversification in energy producing states across the West.

Administrative Fees Assessed on Mineral Revenues

The Mineral Leasing Act of 1920 provides for states to receive a 50 percent share of the revenues resulting from the leasing and production of onshore mineral resources on Federal land within their borders.[27] Alaska, which receives 90 percent of revenues, is the only exception. These revenues include payments from rentals, bonuses, and royalties on various forms of energy production on Federal public lands.[28] Specifically, revenues are generated by payments related to oil, gas, and coal leasing, as well as the leasing of certain minerals, including phosphates, sulfur, sodium, and potash.[29]

Within the Department of the Interior, the Office of Natural Resources Revenue (ONRR) manages onshore and offshore Federal and Indian mineral revenues associated with the leasing and production of oil, natural gas, solid minerals, and renewable energy resources. ONRR is responsible for the collection, verification, and disbursement of revenues according to the Mineral Leasing Act.[30] Once ONRR collects and verifies these revenues, the agency disperses the appropriate amounts to the states.

While the law provides for mineral revenues to be shared evenly between the Federal government and the states, the Department of the Interior (DOI) has assessed an administrative fee on mineral revenue collection since 2007.[31] In 2014, the Mineral Leasing Act was amended

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[26] Western Energy Alliance. Comments on Bureau of Land Management Regulatory Reform, DOI-2017-0003-0003. August 10, 2017.
[27] 30 U.S.C. §181
[28] Marc Humphries, Energy and Mineral Development on Federal Land (2015).
http://www.crs.gov/Reports/IF10127?source=search&guid=ab1ee1f40564437797071c178c8fa2ad&index=
[29] Briefing by Marc Humphries, Specialist in Energy Policy, Congressional Research Service received by Energy and Mineral Resources Subcommittee Majority Staff on August 20, 2017.
[30] U.S. Department of Interior. Office of Natural Resources Revenue. Highlights.
https://www.onrr.gov/about/pdfdocs/Fact%20Sheet_ONRR%20Highlights_July%202016.pdf
[31] Pub. L. No. 110-161 (2007).

to make this fee assessment authority permanent.[32] This 2 percent fee is used by DOI to cover the cost of collecting bonuses, rents, and royalties and dispersing revenues to the states. In FY 2016, this fee amounted to approximately $25 million.[33]

The ONSHORE Act would enable states to administer the collection of their share of mineral revenues produced on their lands, eliminating the need for this administrative fee charged by the Federal government. Specifically, this legislation would amend the Mineral Leasing Act to remove the authorization for the 2 percent administrative fee for states with approved regulatory programs under the ONSHORE Act. This will enable states with approved regulatory programs to receive the entirety of their 50 percent share of Federal mineral revenues. If enacted, states can still choose to forego this option and continue to receive their revenue disbursements through the current process administered by ONRR.

Federal mineral revenues are a crucial source of income for the states, serving to offset losses in private tax revenue due to the tax-exempt status of Federal land.[34] States utilize these funds to mitigate the environmental impacts of mineral development, support infrastructure projects,[35] and fund public services and programs, including public school systems and community colleges.[36] Allowing the states to receive the entirety of their 50 percent share of Federal mineral revenues will contribute to the provision of these and other necessary public services.

Hydraulic Fracturing Regulations

In 2015, the Obama Administration finalized regulations that would impose federal requirements on hydraulic fracturing practices related to oil, gas, or geothermal production on Federal land.[37] In 2016, the U.S. District Court of Wyoming invalidated the regulations, noting that Congress has not authorized the Department of the Interior to regulate hydraulic fracturing practices.[38] The Obama Administration appealed this decision to the 10th Circuit Court of Appeals, which dismissed the case in September 2017 based on the Bureau of Land Management's announcement that the agency would repeal the rule in July 2017.[39]

The ONSHORE Act prohibits the Department of the Interior from enforcing federal regulations regarding hydraulic fracturing relating to oil, gas, or geothermal production activities in any state that has corresponding regulations. Instead, the Department must defer to the states' requirements concerning hydraulic fracturing on Federal land.

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32 Pub. L. No. 113-67 (2013).
33 United States Department of Interior. Budget Justifications and Performance Information Fiscal Year 2018. Office of the Secretary Department-Wide Programs. https://www.doi.gov/sites/doi.gov/files/uploads/fy2018_os_budget_justication.pdf
34 Marc Humphries, Mineral Royalties on Federal Lands: Issues for Congress (2015). http://www.crs.gov/reports/pdf/R43891
35 Marc Humphries, Mineral Royalties on Federal Lands: Issues for Congress (2015). http://www.crs.gov/reports/pdf/R43891
36 The United States Extractive Industries Transparency Initiative. Explore Data, Wyoming. https://useiti.doi.gov/explore/WY/#disbursements (Accessed August 29, 2017).
37 Devin Henry, Court dismisses lawsuit over Obama-era fracking rule (September 21, 2017). http://thehill.com/policy/energy-environment/351771-court-dismisses-lawsuit-over-obama-era-fracking-rule
38 Timothy Cama, Obama-appointed judge strikes down federal fracking rule (June 21, 2016) http://thehill.com/policy/energy-environment/284388-judge-strikes-down-federal-fracking-rule
39 Devin Henry, Court dismisses lawsuit over Obama-era fracking rule (September 21, 2017). http://thehill.com/policy/energy-environment/351771-court-dismisses-lawsuit-over-obama-era-fracking-rule

The bill would also prevent the Department from enforcing any Federal regulations governing the hydraulic fracturing process relating to oil, gas, or geothermal production on land held either in trust or restricted status for the benefit of Indians except with the consent of the relevant beneficiaries.

Major Provisions of the Bill

Section 102: Disposition of Revenues from Oil and Gas Leasing on the Outer Continental Shelf to Producing States

- Establishes oil and gas revenue sharing structure for Virginia, North Carolina, South Carolina, and Alaska. Modeled after GOMESA, the Atlantic states and Alaska will ultimately receive 37.5% of the revenues generated by offshore oil and gas leasing and development; and

- Revenue Allocations provided by this bill are phased in as follows:
  - Phase I:
    - 87.5% to US Treasury; and
    - 12.5% to qualifying state treasuries.
  - Phase II:
    - 75% to US Treasury; and
    - 25% to qualifying state treasuries.
  - Phase III:
    - 50% to the US Treasury;
    - 37.5% to qualifying state treasuries;
    - 6.25% to the DOT for investment in energy infrastructure and support projects in coastal ports;
    - 6.25% to the DOI for deferred maintenance projects on National Park System units; and
    - Provides for minimum allocation of 10% of revenues among the Atlantic states.

Section 103: Limitation on the Amount of Distributed Qualified Outer Continental Shelf Revenues Under GOMESA

Modifies Section 105(f)(1) of GOMESA to increase the limitations on distributions to Gulf producing states over time.

Section 104: Limitation on Authority of the President to Withdraw Areas of the Outer Continental Shelf from Oil and Gas Leasing

- Requires an Act of Congress to establish new moratoriums on offshore drilling and for the creation of National Marine Monuments; and

- Rescinds all previous moratoriums other than established Marine Sanctuaries and National Monuments.

Section 105: Modification to the Outer Continental Shelf Leasing Program

- Requires the execution of each approved lease sale in an existing Five Year Plan, should the Secretary of the Interior ("Secretary") call for a revised plan. This improves planning certainty by preventing the cancellation of an approved lease sale.

Section 106: Inspection Fee Collection

- Permanently authorizes the collection of offshore platform and drill rig inspection fees, without raising or otherwise affecting current fees.

Section 107: Arctic Rule Shall Have No Force or Effect

- Precludes the enforcement of the "Oil and Gas and Sulfur Operations on the Outer Continental Shelf – Requirements for Exploratory Drilling on the Arctic Outer Continental Shelf" rule, also known as the Arctic Rule.

Section 108: Application of OCSLA to the U.S. Territories

- Applies the Outer Continental Shelf Lands Act ("OCSLA") to all U.S. Territories, providing the Secretary the authority to conduct energy lease sales and manage offshore natural resources.

Section 109: Wind Lease Sales on the outer Continental Shelf

- Directs the Secretary to conduct at least two offshore wind lease sales per year;

- Mandates offshore wind lease sales off of California and Hawaii, should these areas be compatible with DoD activities; and

- Requires the Secretary to conduct economic feasibility studies for potential offshore wind lease sales off of Puerto Rico, USVI, and Guam.

Section 110: Reducing Permitting Delays for the Taking of Marine Mammals

- Addresses permits for the taking of marine mammals by clarifying certain definitions and establishing timelines for permits under the Marine Mammal Protection Act; and

- Eliminates duplicative regulation by exempting authorized permit holders from section 9 of the Endangered Species Act.

Section 202: Cooperative Federalism in Oil and Gas Permitting on Available Federal Land

- Amends the Mineral Leasing Act to allow the Secretary of the Interior to delegate to the states authority for permitting and regulation of oil and gas activities on Federal land

within that state. Specifically, states may seek approval to process Applications for Permit to Drill (APDs) or drilling plans;

- Allows states seeking to assume these responsibilities to submit an application for approval of a state program to the Secretary containing: 1) a description of the state program that the state proposes to establish and administer under state law and 2) a statement from the governor or attorney general of the state that the laws of such state provide adequate authority to carry out the state program;

- Requires the Secretary to approve or disapprove of an application within 180 days of receipt. The Secretary may approve an application if the Secretary has 1) determined that the state would be at least as effective as the Secretary in issuing and enforcing permits, 2) determined that the state applicant's program complies with this Act and provides for the termination of permits if a violation warrants such action, 3) determined that the state applicant has sufficient personnel and funding to carry out the state regulatory program, 4) provided public notice, opportunity for public comment, and held a public hearing within the state, and 5) determined that approval of the state program would not result in a proportional decrease in royalty payments to the Treasury;

- Allows states that choose to take over the entire APD process to charge a fee less than or equal to the APD fee charged by the Federal government and requires such states to use the fee to administer the state program;

- Allows, in the event that a state is not adequately enforcing APDs or drilling plans, the Secretary to provide for the Federal enforcement of such permits or plans after notifying the state of any deficiencies and allowing 30 days for the state to correct those deficiencies. A state may appeal the Secretary's decision to assume these delegated authorities in the applicable U.S. District Court;

- Authorizes the Secretary to charge inspection fees to operators on Federal land in states that have been delegated the authority to administer the entire APD process. This allows the Secretary to conduct inspections in addition to those conducted by the state to ensure Federal oversight.

Section 203: Conveyance to Certain States of Property Interest in State Share of Royalties and other Payments

- Amends the Mineral Leasing Act of 1920 to provide that the 2 percent administrative fee charged by the Federal government on mineral revenue collection is only assessed on states without approved state programs; and

- Requires, upon request, the Secretary of the Interior to convey to a state all right, title, and interest in and to a percentage of the amounts required to be paid into the Treasury from sales, bonuses, royalties, and rentals for public land or deposits located in that state. A state may only elect to collect oil and gas revenues if that state has an approved state

program. Once the Secretary has conveyed the right, title, and interest to a state, mineral revenue payments will be made directly to the state rather than to the Treasury.

Section 204: Permitting on Non-Federal Surface Estate

- Amends the Mineral Leasing Act of 1920 to clarify that permitting for operations on state or private lands accessing any size portion of federally owned oil and gas resources will not be considered a Federal action and shall not require a Federal permit. States are responsible for all permitting, inspection, and enforcement of oil and gas operations on non-Federal land; and

- Amends the Mineral Leasing Act of 1920 to clarify that permitting for oil and gas operations on non-Federal surface estate concerning non-Federal minerals that may have potential drainage impacts on Federal minerals is not a federal action and shall not require a Federal permit.

Section 205: Preferred Oil and Gas Leasing Areas

- Directs the Secretary to update existing land use plans and designate preferred oil and gas leasing areas with each plan. Conducting a lease sale for oil and gas development within preferred oil and gas leasing areas shall not be considered a Federal action under the National Environmental Policy Act; and

- Directs the Secretary to conduct lease sales and issue leasing stipulations according to existing land use plans and shall not base leasing activities on revised land use plans until such plans are finalized and approved by the Secretary.

Section 206: State and Tribal Authority for Hydraulic Fracturing Regulations

- Amends the Mineral Leasing Act to require the Secretary to defer to state regulations, permitting, and guidance for all activities regarding hydraulic fracturing relating to oil, gas, or geothermal production activities on Federal land;

- Requires each state to submit to the Bureau of Land Management a copy of its regulations that 1) apply to hydraulic fracturing operations on Federal land, and 2) require disclosure of chemicals used in hydraulic fracturing operations on Federal land. The Secretary of the Interior must make such state's regulations available to the public; and

- Prohibits the Department of the Interior from enforcing any federal regulation, guidance, or permit requirement governing the hydraulic fracturing process, or any of its components, relating to oil, gas, or geothermal production activities on land held either in trust or restricted status for the benefit of Indians except with the express consent of the beneficiary on whose behalf such land is held in trust or restricted status.

Section 207: Review of Integrated Activity Plan for the National Petroleum Reserve in Alaska

- Directs the Secretary to review the areas open to leasing within the National Petroleum Reserve in Alaska (NPR-A) to determine which lands within the NPR-A should be made available for oil and gas leasing and make additional lands available for leasing accordingly.

Administration Position

Unknown at this time.

Cost

CBO has not scored the legislation.

Effect on Current Law (Ramseyer)