



HOUSE COMMITTEE ON
NATURAL RESOURCES
CHAIRMAN BRUCE WESTERMAN

To: House Committee on Natural Resources Republican Members
From: EMR Subcommittee, Ashley Nichols – Ashley.Nichols@mail.house.gov and Rob MacGregor, Robert.MacGregor@mail.house.gov
Date: September 19, 2023, 10:30 am
Subject: *Examining the Biden Administration's Mismanagement of the Federal Onshore Oil and Gas Program*

The House Committee on Natural Resources Subcommittee on Energy and Mineral Resources will hold an oversight hearing titled *Examining the Biden Administration's Mismanagement of the Federal Onshore Oil and Gas Program*, September 19, 2023, at 10:30 a.m. (EDT) in 1334 Longworth House Office Building.

Member offices are requested to notify Lonnie Smith (Lonnie.Smith@mail.house.gov) by 2:30 p.m. on Monday, September 18, 2023, if their Member intends to participate in the hearing.

I. KEY MESSAGES

- Domestic production of oil and natural gas on federal lands is key to the economies and livelihoods of local communities across the country.
- We must ensure that domestic energy production is maintained into the future for national security and so we are not reliant on countries like Russia, Saudi Arabia or Venezuela.
- From the outset of the Biden administration, the Bureau of Land Management has attempted to stifle energy production on federal lands by any means necessary. They have done this by suspending quarterly lease sales required by law, slowing the approval of drilling permits, locking up federal lands to development, and increasing costs on producers.
- The actions taken by this administration have driven up energy prices and have threatened the long-term viability of oil production on federal lands, jeopardizing future revenues to states and local communities, good paying jobs, and our national security.

II. WITNESSES

Panel 1:

- Mike Nedd, Deputy Director, Bureau of Land Management, Washington, D.C.

Panel 2:

- Kathleen Sgamma, President, Western Energy Alliance, Denver, Colorado
- Bill Novotny, President, Wyoming County Commissioners Association, Buffalo, Wyoming
- Dr. Barbara Vasquez, Citizen Scientist and Advocate, Western Organization of Resource Councils [*Minority Witness*]
- Nagruk Harcharek, President, Voice of the Arctic Iñupiat (“VOICE”), Anchorage, Alaska

III. BACKGROUND

Energy Development on Federal Lands Under President Biden

The Bureau of Land Management (BLM) under the Department of the Interior (DOI) manages approximately 245 million acres of public lands and approximately 700 million acres of federally owned subsurface minerals. The BLM is responsible for regulating onshore leasing activities for federally managed lands and the subsurface mineral estate. DOI and BLM manage federal oil and gas resources pursuant to the Mineral Leasing Act of 1920¹ (MLA) which prescribes bid amounts, rental rates, and percentage of royalty reserved to the United States under onshore oil and gas leases on most Federal lands. The MLA explicitly states that “lease sales shall be held for each State where eligible lands are available at least quarterly and more frequently if the Secretary of the Interior determines such sales are necessary.”²

In his first days in office, President Biden issued Executive Order 14008 which imposed an indefinite pause on new oil and natural gas leasing on U.S. federal lands and waters “pending completion of a comprehensive review.”³ On June 15, 2021, U.S. District Judge Terry A. Doughty placed an injunction on DOI’s unlawful moratorium and ordered the agencies to restart the leasing process.⁴ In response, the Biden administration appealed the decision and continued to delay scheduling lease sales.⁵ The Biden administration did not hold a lease sale until June of 2022. To make matters worse, this sale was largely watered down as it only offered 20 percent of the parcels that were originally included, and it implemented a 50 percent royalty hike.⁶ As a result, only 110 square miles of the 200 square miles received bids.⁷

Approvals of applications for permits to drill (APDs) also declined precipitously at the beginning of the Biden administration. Efficiently approving APD’s is one way to increase near-term energy production on federal lands and drive down energy prices for all Americans. In FY 2022, the first full fiscal year of the Biden administration, the BLM approved an average of 233 drilling permits per month. In contrast, the BLM was approving nearly 400 drilling permits

¹ 30 U.S. Code § 226.

² *Id.*

³ Exec. Order 14008, 86 Fed. Reg. 19, 7619 (Jan. 27, 2021).

⁴ Partlow, Joshua and Eilperin, Juliet. Louisiana judge blocks Biden Administration’s oil and gas leasing pause.

<https://www.washingtonpost.com/climate-environment/2021/06/15/louisiana-judge-blocks-biden-administrations-oil-gas-leasing-pause/>.

⁵ Valerie Volcovici. “Biden administration appeals federal court decision to block oil, gas leasing pause.” Reuters. August 16, 2021,

<https://www.reuters.com/world/us/biden-administration-appeals-federal-court-decision-block-oil-gas-leasing-pause-2021-08-16/>.

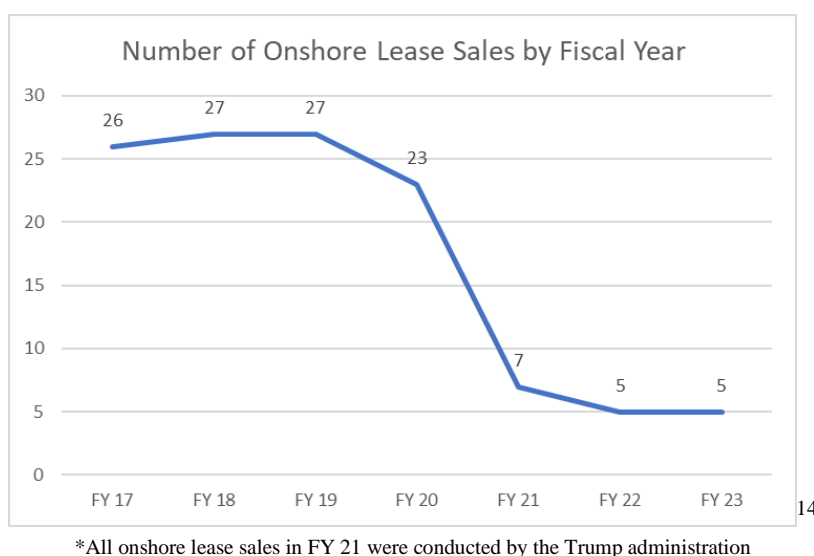
⁶ Energy in Depth, FIRST BIDEN ADMINISTRATION ONSHORE LEASE SALES BRING IN NEARLY \$22 MILLION, 7/1/22,

<https://www.energyindepth.org/first-biden-administration-onshore-lease-sales-bring-in-nearly-22-million/>

⁷ Associated Press, Matthew Brown, First oil sales on public land under Biden bring \$22 million, June 30, 2022, <https://apnews.com/article/biden-billings-climate-and-environment-government-politics-e2d9bb381672f26ea985c65407c728ae>

monthly in FY 2020 under President Donald Trump.⁸ Following historically high energy prices in 2022, the BLM improved its approval rate to 291 drilling permits per month so far in FY 2023.⁹

Despite these failures, federal onshore oil production totaled 428 million barrels during FY 2022, approximately 11 percent of total U.S. oil production, and Federal leases generated approximately \$7.6 billion in bonus bids, royalties, rents, and other revenues.¹⁰ While the administration has attempted to take credit for this increase in production, most, if not all of it has occurred on leases issued by previous administrations. In fact, the Biden administration has only held 10 lease sales over 32 months in office.¹¹ Additionally, the BLM under the Biden administration has only leased roughly 155,000 acres bringing in roughly \$131 million for the taxpayers.¹² For comparison, the Trump administration held 67 lease sales over the same period of time, leasing 3,136,120.6 acres and bringing in roughly \$1.7 billion for the taxpayers.¹³



In response to the BLM’s failure to hold quarterly lease sales as required by law, the Inflation Reduction Act (IRA) was required DOI to offer the greater of two million acres, or 50 percent of the acreage for which expressions of interest (EOI) have been submitted, for lease every year for the next decade. The legislation requires these offers as a prerequisite for approving permits for wind-power and solar-power development on federal lands.¹⁵ However, the BLM is currently attempting to circumvent this mandate by counting acreage considered in the process but not offered in an oil and gas lease sale¹⁶ rather than total submitted EOIs.¹⁷

⁸ <https://www.blm.gov/programs/energy-and-minerals/oil-and-gas/operations-and-production/permitting/applications-permits-drill>

⁹ *Id.* (Data is only available through April 2023)

¹⁰ BLM, Budget Justifications and Performance Information Fiscal Year 2024, P. V-88, <https://www.doi.gov/sites/doi.gov/files/fy2024-blm-greenbook.pdf-508.pdf>.

¹¹ Bureau of Land Management, State Oil and Gas Lease Sales, <https://www.blm.gov/programs/energy-and-minerals/oil-and-gas/leasing/regional-lease-sales>.

¹² *Id.*

¹³ *Id.*

¹⁴ *Id.*

¹⁵ Public Law 117-169, Sec. 50265.

¹⁶ Kathleen Sgamma, Testimony before House Committee on Natural Resources. February 8, 2023.

https://naturalresources.house.gov/uploadedfiles/testimony_sgama.pdf

¹⁷ Bureau of Land Management, IM 2023-006, IMPLEMENTATION OF SECTION 50265 IN THE INFLATION REDUCTION ACT FOR EXPRESSIONS OF INTEREST FOR OIL AND GAS LEASE SALES, November 21, 2022, <https://www.blm.gov/policy/im-2023-006>

Regulatory Actions

The BLM has taken a number of regulatory actions that could further impede oil and gas production on federal lands now and into the future.

The day after the 2022 mid-term elections, the BLM issued a supplemental environmental assessment (EA) in response to lawsuits from serial litigants analyzing greenhouse gas emissions that could result from the development of 3,600 oil and natural gas leases sold between 2015-2020.¹⁸ The analysis in the environmental assessment impacts over 3.4 million acres in Colorado, Montana, New Mexico, North Dakota, South Dakota, Utah, and Wyoming. Notably, the EA analyzes the “downstream combustion of the fluid minerals developed under these leases.”¹⁹ The calculation of the midstream transportation and end use combustion of the natural resources produced in these lease sales causes the greenhouse gas estimates of production to greatly increase.

During the week of Thanksgiving 2022, the BLM announced seven new Instruction Memoranda related to leasing on federal lands.²⁰ The regulatory changes made in the Instructional Memoranda restricted flexibility for domestic operators on existing leases and limited acreage offered in future lease sales by undercounting submitted expressions of interest. The very next week, the BLM rolled out a proposed rule titled “Waste Prevention, Production Subject to Royalties, and Resource Conservation”²¹ for comment. This rulemaking aims to further regulate natural gas emissions from oil and natural gas production on federal lands.

On April 3, 2023, the BLM published in the Federal Register a proposed rule, “Conservation and Landscape Health” with a 75-day comment period. The proposed rule elevates conservation as a “use” within the Federal Land Policy and Management Act (FLPMA) multiple-use framework without Congressional authority. The BLM will pursue this through so-called conservation leases for both protection and restoration activities. This proposed rule would fundamentally change the way the BLM carries out its multiple use and sustained yield mandates. There are concerns the administration will determine that uses such as grazing, energy production, and recreation are incompatible with a conservation lease or areas identified as “intact landscapes.”²²

At the end of July, the BLM issued a proposed rule to update its oil and gas leasing regulations.²³ The proposed rule would formally implement provisions from the Inflation Reduction Act (IRA), which increased the royalty rate for production on federal lands while also increasing and creating new fees on producers. While the rule codified pieces of the IRA, it also made major, non-statutory, changes to the BLM’s onshore leasing program. Specifically, the rule proposes

¹⁸ BLM REQUESTS PUBLIC INPUT ON REVISED GREENHOUSE GAS LEASING ANALYSIS, Nov. 9, 2022, <https://www.blm.gov/press-release/blm-requests-public-input-revised-greenhouse-gas-leasing-analysis>

¹⁹ Supplemental Environmental Assessment Analysis for Greenhouse Gas Emissions Related to Oil and Gas Leasing in Seven States from February 2015 to December 2020, November 2022, p.9,

https://eplanning.blm.gov/public_projects/2022218/200537447/20069931/250076113/WEG%20EA.pdf

²⁰ The BLM issues updated oil and gas leasing guidance, https://www.blm.gov/sites/default/files/docs/2022-11/Fact%20Sheet_Oil%20and%20Gas%20Leasing%20Guidance_%2011.21.22.pdf

²¹ 87 FR 73588, <https://www.federalregister.gov/documents/2022/11/30/2022-25345/waste-prevention-production-subject-to-royalties-and-resource-conservation>

²² Department of the Interior, Bureau of Land Management, “Conservation and Landscape Health, April 3, 2023, <https://www.federalregister.gov/documents/2023/04/03/2023-06310/conservation-and-landscape-health>

²³ Bureau of Land Management, Fluid Mineral Leases and Leasing Process, 88 FR 47562, 7/24/23,

<https://www.federalregister.gov/documents/2023/07/24/2023-14287/fluid-mineral-leases-and-leasing-process>.

ending nationwide bonding and increasing the minimum bond amounts for individual lease bonds and statewide lease bonds from \$10,000 to \$150,000 and from \$25,000 to \$500,000 respectively. The BLM attempts to justify this significant change to “limit the reclamation-related liabilities of the Federal Government.”²⁴ However, according to DOI, there are only 37 orphaned oil and gas wells on BLM-managed lands and the Department has only utilized bonds to plug wells on federal lands 40 times over the last decade.²⁵

Additionally, the proposed rule introduces the idea of using “preference criteria”²⁶ to inform the BLM’s selection of lands for lease sales. The BLM’s stated rationale for this change is preserving agency resources and avoiding conflict in areas “with sensitive cultural, wildlife, and recreation resources.”²⁷ This methodology could be especially problematic if BLM field offices avoid leasing in all areas with endangered or threatened species, critical habitat, or nearby a recreation area, a move which would greatly limit leasing on federal lands. Lastly, the regulation proposes to create new fees and increases existing fees while limiting the use of lease suspensions and drilling permit extensions.²⁸ The later action is especially egregious given the administration’s poor track record with respect to lease sales and drilling permit approvals.

In early August 2023, BLM issued a Supplemental Environmental Impact Statement (SEIS) to its Draft Resource Management Plans (RMP) for the Colorado River Valley Field Office (CRVFO) and the Grand Junction Field Office (GJFO).²⁹ The original RMP’s were finalized in 2015 under the Obama administration but were challenged in court by serial litigants. In 2018, Judge Babcock in the U.S. District Court for the District of Colorado ruled that the BLM failed to take a hard look at the indirect effects resulting from the combustion of oil and gas in the planning area under the RMP and that it failed to take into consideration a reasonable number of alternatives.³⁰ The SEIS created two new alternatives with the new preferred alternative (Alternative E) closing 568,300 acres in the CRVFO and 998,000 acres in the GJFO to future fluid mineral leasing.³¹ This decision to lock up 1.6 million acres to future oil and gas leasing was immediately slammed by Republican members of the Colorado delegation.³²

Arctic National Wildlife Refuge

Under the Tax Cuts and Jobs Act, former President Donald Trump established an oil and gas program in the 1002 Area of the Arctic National Wildlife Refuge (ANWR) which required at least two lease sales in the Coastal Plain, one within four years of the law’s enactment (by December 2021) and a second within seven years of enactment (December 2024).³³ The

²⁴ *Id.*

²⁵ United States Department of the Interior, Questions for the Record Response, June 22, 2023.

²⁶ Bureau of Land Management, Fluid Mineral Leases and Leasing Process, 88 FR 47562, 7/24/23, <https://www.federalregister.gov/documents/2023/07/24/2023-14287/fluid-mineral-leases-and-leasing-process>.

²⁷ *Id.*

²⁸ *Id.*

²⁹ Bureau of Land Management, *Draft Resource Management Plan Supplemental Environmental Impact Statement Colorado River Valley Field Office and Grand Junction Field Office*, August, 2023,

https://eplanning.blm.gov/public_projects/2016085/200525292/20083156/250089338/CRVFO_GJFO_Draft_SEIS_2023_Aug.pdf

³⁰ Case 1:16-cv-01822-LTB, 10/17/18, <https://westernlaw.org/wp-content/uploads/2016/07/2018.10.17-CO-River-Valley-RMP-Final-Decision.pdf>

³¹ Draft Resource Management Plan Supplemental Environmental Impact Statement Colorado River Valley Field Office and Grand Junction Field Office, August, 2023, P. 24.

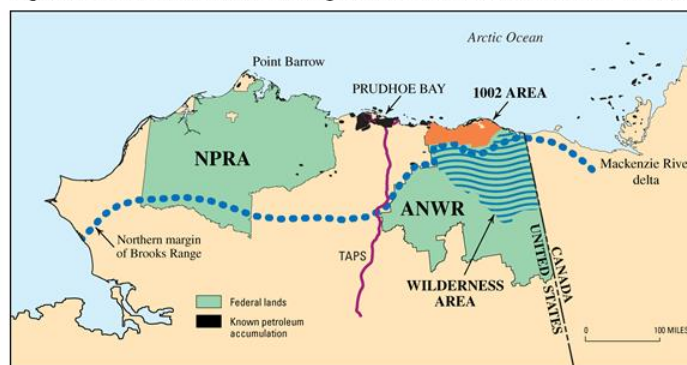
³² Congressional Western Caucus, WESTERN CAUCUS CONDEMNS BLM’S PROPOSED RMP ON OIL AND GAS LEASING IN COLORADO, August 4, 2023, <https://westerncaucus.house.gov/news/documentsingle.aspx?DocumentID=4382>.

³³ Public Law 115-97.

language limits energy development in the 1002 Area to 2,000 acres (one ten-thousandth of ANWR’s acreage) and could result in the development of 10.4 billion barrels of oil. On January 6, 2021, the BLM held the first oil and gas lease sale for the 1002 Area, offering 22 tracts on 1.1 million acres.³⁴ The sale yielded a total of \$14.4 million in bids and BLM subsequently issued leases for nine tracts, covering 437,804 total acres.³⁵ Seven of the leases went to the Alaska Industrial Development and Export Authority (AIDEA), a state-established public corporation, and the other two went to private companies³⁶ who ended up relinquishing them due to the delays caused by the Biden administration.³⁷

In June 2021, BLM issued suspensions of operations and production on the awarded leases, temporarily prohibiting exploration and development of the leased tracts in order to “initiate a comprehensive environmental analysis to review the potential impacts of the Program and to address legal deficiencies in the current leasing program’s environmental review under NEPA.”³⁸ In early September 2023, DOI formally cancelled the leases while also locking up 13 million acres in the National Petroleum Reserve in Alaska (NPR-A).³⁹ This action was panned by the entire Alaska Congressional delegation, local community leaders, the Regional Alaska Native tribal government, and local indigenous communities.⁴⁰

Figure 1. Northern Alaska Showing ANWR and the Coastal Plain 1002 Area



Source: U.S. Geological Survey

³⁴ Bureau of Land Management, *Oil & Gas Lease Sale - January 6, 2021*, https://www.blm.gov/sites/default/files/docs/2021-01/BLM-Alaska_2021-Coastal-Plain-Sale-Bid-Recap_20210106.pdf.

³⁵ *Id.*

³⁶ Bureau of Land Management, *Alaska Coastal Plain 2021 Lease Sale Results*, https://www.blm.gov/sites/default/files/docs/2021-01/BLM-Alaska_Coastal-Plain-Lease-Sale_Results_Map_20210106.pdf.

³⁷ Anchorage Daily News, Alex DeMarban, *Private company gives up oil and gas lease in Arctic refuge, leaving Alaska agency as lone leaseholder*, 8/22/22, <https://www.adn.com/business-economy/energy/2022/08/22/private-company-gives-up-oil-and-gas-lease-in-arctic-refuge-leaving-alaska-agency-as-lone-leaseholder/>.

³⁸ U.S. Department of the Interior, *Interior Department Suspends Oil and Gas Leases in Arctic National Wildlife Refuge*, 6/1/21, [https://www.doi.gov/pressreleases/interior-department-suspends-oil-and-gas-leases-arctic-national-wildlife-refuge#:~:text=WASHINGTON%20E2%80%94%20The%20Department%20of%20the,Environmental%20Policy%20Act%20\(NEPA\).](https://www.doi.gov/pressreleases/interior-department-suspends-oil-and-gas-leases-arctic-national-wildlife-refuge#:~:text=WASHINGTON%20E2%80%94%20The%20Department%20of%20the,Environmental%20Policy%20Act%20(NEPA).)

³⁹ U.S. Department of the Interior, *Biden-Harris Administration Takes Major Steps to Protect Arctic Lands and Wildlife in Alaska*, 9/6/23, <https://doi.gov/pressreleases/biden-harris-administration-takes-major-steps-protect-arctic-lands-and-wildlife-alaska>.

⁴⁰ Delegation, *Alaska Leaders: Biden Administration puts American energy security at risk, harms the state and Alaska Native Communities*, 9/6/23, <https://www.murkowski.senate.gov/press/release/delegation-alaska-leaders-biden-administration-puts-american-energy-security-at-risk-harms-the-state-and-alaska-native-communities>.

⁴¹ EIA, *Analysis of Projected Crude Oil Production in the Arctic National Wildlife Refuge*, 5/23/18, <https://www.eia.gov/outlooks/aeo/anwr.php>

Impacts on Domestic Energy Prices

These policy decisions have had a stark impact on energy prices across the country. When President Biden was elected in November 2020, the average gasoline price in the U.S. was roughly \$2.20 per gallon.⁴² Under President Biden's watch, gasoline prices reached a record-breaking high in 2022, with prices soaring to a nationwide average of over \$5 a gallon.⁴³ At the same time, electricity and natural gas prices have also soared, punishing families and small businesses across the country. In May of this year it was calculated that nearly 20 million U.S. households were behind on their utility bills because of rising energy prices.⁴⁴ In total, energy prices increased roughly 37.2% in President Biden's first 26 months in office, which is the largest increase of any of the last seven Presidents.⁴⁵ There seems to be no end in sight to the rising energy costs, as gasoline prices have jumped 10% from July of this year.⁴⁶ West Texas Intermediate (WTI) is up almost \$10 a barrel from last month⁴⁷ and the cost of natural gas and electricity continue to surge which likely means it will be a tough winter for a lot of American families.

Instead of taking action to increase domestic production and take market share from countries like Russia and Saudi Arabia, the Biden administration continues to beg other countries to produce more.⁴⁸

In response to failing Biden administration energy policies, in March of 2023 the House Committee on Natural Resources advanced the TAPP American Energy Act, legislation to provide a much-needed jumpstart to American energy production by preventing both this administration and future administrations from slowing production, ultimately helping U.S. industries by eliminating bureaucratic hurdles, empowering the energy sector to innovate, expanding access to federal lands and waters for responsible energy development and more. More information on the TAPP American Energy Act can be found [here](#). The legislation was incorporated into the Republican House Majority's comprehensive energy legislation, H.R. 1, the [Lower Energy Costs Act](#).

⁴² U.S. Energy Information Administration, Petroleum & Other Liquids, U.S. All Grades All Formulations Retail Gasoline Prices (Dollars per Gallon), https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=pet&s=emm_epm0_pte_nus_dpg&f=m.

⁴³ *Id.*

⁴⁴ 3 CBS News, *Nearly 20 million US households are behind on their utility bills*, May 23, 2023, <https://www.cbsnews.com/sacramento/news/nearly-20-million-us-households-are-behind-on-their-utility-bills/>.

⁴⁵ Roll Call, David Winston, *Opinion: Introducing the 'Presidential Inflation Rate': Biden trails only Carter* Overall prices have jumped 15 percent since president was sworn in, 3/15/23, <https://rollcall.com/2023/03/15/introducing-the-presidential-inflation-rate-biden-trails-only-carter/>.

⁴⁶ U.S. Energy Information Administration, Petroleum & Other Liquids, U.S. All Grades All Formulations Retail Gasoline Prices (Dollars per Gallon), https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=pet&s=emm_epm0_pte_nus_dpg&f=m.

⁴⁷ OilPrice.com, *Oil Price Charts*, <https://oilprice.com/oil-price-charts/>.

⁴⁸ AP, *Jon Gambrell, Oil prices spike as Saudi Arabia, Russia extend 1.3 million barrel a day oil cut through December*, 9/5/23, <https://apnews.com/article/saudi-arabia-oil-production-cut-opec-2d6f724e899f31e92d4bdf052921125c>.