



HOUSE COMMITTEE ON  
**NATURAL RESOURCES**  
CHAIRMAN BRUCE WESTERMAN

**To:** House Committee on Natural Resources Republican Members  
**From:** Energy and Mineral Resources Subcommittee, Ashley Nichols –  
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**Date:** Wednesday, April 26, 2023  
**Subject:** Oversight hearing “*Examining the President’s FY 2024 Budget Request for the Bureau of Ocean Energy Management, the Bureau of Safety and Environmental Enforcement, and the U.S. Geological Survey*”

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The Subcommittee on Energy and Mineral Resources will hold an oversight hearing “*Examining the President’s FY 2024 Budget Request for the Bureau of Ocean Energy Management, the Bureau of Safety and Environmental Enforcement, and the U.S. Geological Survey*” on April 26, 2023, 2:00 p.m. EDT in Room 1324 Longworth House Office Building.

Member offices are requested to notify Lonnie Smith [Lonnie.Smith@mail.house.gov](mailto:Lonnie.Smith@mail.house.gov) by 4:30 p.m. on April 25, if their Member intends to participate in the hearing.

## I. KEY MESSAGES

- In contrast to the anti-energy policies of the Biden administration, the solutions included in H.R. 1, the Lower Energy Costs Act, provide a roadmap for successful energy development, long-term energy security and a reliable source of federal and state revenues.
- The Outer Continental Shelf Lands Act (OCSLA) requires that the Secretary “shall prepare... *and maintain* an oil and gas leasing program.”<sup>1</sup> The Bureau of Ocean Energy Management (BOEM), housed within the Department of the Interior (DOI), is nearly one year late in issuing a new five-year program for offshore oil and natural gas leasing, putting American jobs and revenues at risk.
- Recent court filings indicate that DOI plans to issue the new five-year program by the end of 2023, causing an unprecedented gap in lease sales. Even if the five-year program is completed, BOEM has not yet started the necessary environmental reviews for the potential lease sales included in the new plan. These reviews generally take 14-18 months to complete, meaning sales may be delayed for another year or more.
- This is first time since the five-year program process was initiated in 1980 that DOI has failed to issue a five-year plan on time.
- The U.S. Geological Survey (USGS) provides research data for agencies in the Department of the Interior and members of the public, covering issues from energy and mineral resource mapping to wildlife diseases to groundwater and streamflow tracking.

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<sup>1</sup> 43 USC § 1344 (a)

While some of this research is helpful in supporting land management and mineral development decision-making, the agency has utilized broad discretion under the Organic Act of 1879 to establish unauthorized programs. Significant oversight is needed to ensure responsible use of taxpayer funds.

## II. WITNESSES

- Ms. Liz Klein, Director, Bureau of Ocean Energy Management, Washington, DC
- Mr. Paul Huang, Deputy Director, Bureau of Safety and Environmental Enforcement, Washington, DC
- Dr. David Applegate, Director U.S. Geological Survey, Reston, VA

## III. BACKGROUND

Agency	FY 2022 Actual	FY 2023 Enacted	FY 2024 Request	Change FY 2024 Request to FY 2023 Enacted
<b>Bureau of Ocean Energy Management (BOEM)</b>	\$164.45 million	\$175.32 million	\$211.24 million	\$35.92 million (+20.5%)
<b>Bureau of Safety and Environmental Enforcement (BSEE)</b>	\$156.85 million	\$168.01 million	\$190.95 million	\$22.93 million (+13.6%)
<b>U.S. Geological Survey (USGS)</b>	\$1.68 billion	\$1.61 billion	\$1.85 billion	\$247.29 million (+15.4%)

### *Offshore Leasing and Five-Year Plan*

Under OCSLA, the DOI is responsible for preparing *and maintaining* an oil and gas leasing program that meets national energy needs while considering various factors, including input from intergovernmental partners and stakeholders. However, recent events, such as the vacating of Lease Sale 257 and cancellation of Lease Sales 258, 259 and 261, later mandated by the so-called Inflation Reduction Act (IRA), raise questions about DOI's compliance with OCSLA and the future of the offshore leasing program.<sup>2</sup>

DOI is nearly one year late in publishing a new National OCS Program (commonly referred to as the “five-year program”) for offshore oil and natural gas leasing. Recent court filings indicate that DOI plans to issue a new five-year program in September 2023, meaning the program will not be finalized until December 2023.<sup>3</sup> This is first time since the five-year program process was initiated in 1980 that DOI has not issued a plan on time. The resulting uncertainty jeopardizes U.S. business investment and capital expenditures, threatening future development. Senate

<sup>2</sup> H.R. 5376 – Inflation Reduction Act of 2022  
<https://www.congress.gov/bill/117th-congress/house-bill/5376/text>

<sup>3</sup> American Petroleum Institute, et al., V. U.S. Department of the Interior, et al., Case No. 22-1222 Document #1988849 Declaration of Walter D. Cruickshank  
<https://www.lmoga.com/assets/uploads/documents/DOI-brief-3-6-2022.pdf>

Democrats have even sounded the alarm over the unprecedented action in the Energy and Natural Resources Committee earlier this year.<sup>4</sup> In addition, the proposed program published by DOI in July of 2022 included the possibility of scheduling no lease sales over the next 5 years<sup>5</sup> which also violates OSCLA’s language: “The leasing program shall consist of a schedule of proposed lease sales indicating, as precisely as possible, the size, timing, and location of leasing activity.”<sup>6</sup>

As of February 1, 2023, BOEM manages active leases on only a fraction of the total OCS acreage available for leasing, with approximately 77% remaining unleased for decades. This untapped acreage has the potential to yield significant energy resources and federal and state revenues, but the delay in completing the five-year program and holding scheduled lease sales has left Congress, industry, and taxpayers in the dark. Lease Sale 259, recently held in the Gulf of Mexico, which was mandated in the IRA after cancelation by the Biden administration, generated \$263,801,783 in high bids for 313 tracts covering 1.6 million acres.<sup>7</sup> Revenues from these lease sales will be directed to the U.S. Treasury, Gulf Coast states, the Land and Water Conservation Fund (LWCF), and the Historic Preservation Fund.

Following the final IRA-mandated Gulf of Mexico lease sale 261, to be held in September 2023, there are no other lease sales scheduled. The lack of certainty surrounding the future of the offshore leasing program has created a difficult situation for companies operating offshore – especially when coupled with the Environmental Protection Agency (EPA) and National Marine Fisheries Service (NMFS) permitting challenges that are impacting nearly all phases of development. Because BOEM has not started development of the environmental documents required under the National Environmental Policy Act (NEPA) for new sales, DOI may not hold another lease sale for another year or more.

### ***BSEE Inspection Fees & Offshore Decommissioning Activity***

The BSEE budget request raises several concerns for offshore energy development. A key concern is the proposal for new and increased inspection fees on offshore operations.<sup>8</sup> In addition to raising current fee levels, the request includes a new “followup” inspection fee for subsequent visits to facilities, which would increase the cost of operations offshore.<sup>9</sup>

The budget request increases funding for offshore decommissioning from \$3M in FY23 to \$30M for FY24, a 900% increase over FY23 enacted levels and far more than any other program request for the agency<sup>10</sup> This demonstrates a clear prioritization of decommissioning offshore

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<sup>4</sup> Manchin Statement on Interior’s Unprecedented Delay, March 8, 2023. Sn. Joe Manchin

<https://www.energy.senate.gov/2023/3/manchin-statement-on-interior-s-unprecedented-delay-on-five-year-offshore-oil-and-gas-leasing-plan>

<sup>5</sup> Interior Invites Public Comment on Proposed Five Year Program, July 2022

<https://www.doi.gov/pressreleases/interior-department-invites-public-comment-proposed-five-year-program-offshore-oil-0>

<sup>6</sup> 43 U.S. Code § 1344 (a)

<sup>7</sup> Bureau of Ocean Energy mgmt., Lease Sale 269 <https://www.boem.gov/newsroom/press-releases/gulf-mexico-oil-and-gas-lease-sale-results-announced>

<sup>8</sup> Bureau of Safety and Environmental Enforcement. Budget Justification. Fiscal Year 2024. <https://www.bsee.gov/sites/bsee.gov/files/budget-justifications/fy2021-bsee-budget-justification.pdf>

<sup>9</sup> Bureau of Safety and Environmental Enforcement. Budget in Brief. Fiscal Year 2024. <https://www.doi.gov/sites/doi.gov/files/fy2024-bib-bsee-508.pdf>

<sup>10</sup> Bureau of Safety and Environmental Enforcement. Budget Justification. Fiscal Year 2024. <https://www.bsee.gov/sites/bsee.gov/files/budget-justifications/fy2021-bsee-budget-justification.pdf>

infrastructure over new development. Coupled with the uncertain future of the offshore leasing program, the policies included in the BSEE budget request further disincentivize operators to invest in new offshore projects.

### ***Offshore Wind***

The FY24 budget request includes \$64.5 million for BOEM's Renewable Energy Program. Building upon its work in FY23, BOEM continues to prioritize accomplishing the Biden-Harris administration's goal of deploying 30 gigawatts (GW) of offshore wind energy capacity by 2030 and the Department of the Interior's goal to deploy 15 GW of floating offshore wind capacity by 2035, no matter the costs.

As of February 2023, BOEM is managing 27 commercial wind leases along the Atlantic coast, covering over 2.1 million acres on the OCS. Of course, these renewable resources all depend on critical minerals, which Committee Republicans believe should be sourced domestically to avoid reliance on hostile foreign nations that use questionable labor standards. Moreover, there are ongoing conflicts with existing ocean users such as recreational and commercial fishing, which have not been fully addressed by the administration.

Under the IRA, during the 10-year period following the IRA's enactment, BOEM may not issue a lease for offshore wind development unless the agency has offered at least 60 million acres for oil and gas leasing on the outer continental shelf (OCS) in the previous year. This could affect future federal offshore wind leasing efforts as well as decision-making for BOEM's upcoming offshore oil and gas 5-year leasing program.

### ***Republican Alternatives and H.R. 1, the Lower Energy Costs Act***

Natural Resources Republicans recently advanced H.R. 1335, the TAPP American Resources Act. The legislation was included in H.R. 1, the Lower Energy Costs Act, which passed the House of Representatives on March 30, 2023, with bipartisan support. The Biden administration must cease the attack on domestic energy and advance permitting reforms that will speed construction for major infrastructure projects across the country. In sharp contrast with the Biden administration's management of the offshore leasing program, this legislation provides clear direction regarding development of the five-year plan, scheduling of lease sales, issuing permits and streamlining the regulatory process. The solutions included in H.R. 1 provide a roadmap for successful energy development, long-term energy security and a reliable source of federal and state revenues.

### ***U.S. Geological Survey***

The U.S. Geological Survey (USGS) has five mission areas – core science systems, ecosystems, energy and minerals, natural hazards, and water resources. These mission areas include analysis of the quality and quantity of our energy and mineral resources, water levels and flood risks, changing health of ecosystems including wildlife disease, natural hazard risk management, and many others. The FY24 budget request for USGS is \$1.85 billion (including supplemental funding received through the Infrastructure Investments and Jobs Act and the Inflation Reduction

Act), a proposed \$247.29 million over last year's level, representing an increase of 15.4 percent for the agency's funding.<sup>11</sup>

The FY24 budget request calls for an increase of \$22.5 million for the USGS Mineral Resources Program, which conducts critical mineral supply chain research, mine waste research, analyses of mineral recovery from reclamation, and assessments of potential new sources of critical minerals.<sup>12</sup> This would also include the Earth MRI program, which is specifically designed to map the United States in detail to locate each critical mineral. A \$24 million increase is also proposed for the Energy Resources Program, which provides publicly available estimates of the nation's energy resources and analyzes technically recoverable geological reserves in the U.S.

The USGS is also the primary author of DOI's list of critical minerals, which is updated every three years. This is a finite list of hardrock minerals that considered essential to the economic or national security of the United States and which are determined to be at significant risk of supply chain disruption. The Final List of Critical Minerals published in 2022 made a number of significant changes to the Final List published in 2018 – notably, an increase in the number of listed minerals from 35 to 50, the addition of nickel to the list, and the removal of uranium and helium.<sup>13</sup> These changes may indicate that while the creation of this list was well intentioned, it has become politicized under the Biden administration. For instance, Chairman Westerman warned DOI to reconsider their decision to de-list uranium and helium in a letter dated February 3, 2022,<sup>14</sup> as then-burgeoning military tension on Ukraine's border was likely to disrupt supply chains in the region. Unfortunately, the warning was not heeded. Today, the global uranium market continues to be dominated by Russia and its allies. The supply of helium faces uncertainty as well. In fact, USGS recently solicited public input about whether the helium supply is at an increased risk of disruption. The comment period for this input closed on March 16, 2023,<sup>15</sup> and the results are pending.

Additionally, there are several programs at USGS that are unauthorized and require oversight to ensure fiscal responsibility. One of these is the Ecosystems Mission Area's Climate Adaptation Science Centers (CASCs), a program originally intended to assist research efforts to support land management planning for environmental and climate-related issues. Nine regional centers are directed to focus on geographically relevant topics, including drought, coastal erosion, wildfires, and permafrost, depending on the area. However, there is considerable lack of transparency in how research projects are selected for funding, as well as a lack of overhead limitations on costs.<sup>16</sup> The expansion and vagueness of eligible research areas also generates concerns regarding overlap with existing federal programs, as well as a departure from the original intent of the CASC program. The FY24 budget request for the CASC program is \$87.3 million, up

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<sup>11</sup> U.S. Geological Survey, Budget Justification, Fiscal Year 2024, [pg. 2, https://www.doi.gov/sites/doi.gov/files/fy2024-usgs-greenbook.pdf-508.pdf](https://www.doi.gov/sites/doi.gov/files/fy2024-usgs-greenbook.pdf-508.pdf).

<sup>12</sup> U.S. Geological Survey, Budget Justification, Fiscal Year 2024, [pg. 9, https://www.doi.gov/sites/doi.gov/files/fy2024-usgs-greenbook.pdf-508.pdf](https://www.doi.gov/sites/doi.gov/files/fy2024-usgs-greenbook.pdf-508.pdf).

<sup>13</sup> U.S. Geological Survey, 2022 Final List of Critical Minerals, <https://d9-wret.s3.us-west-2.amazonaws.com/assets/palladium/production/s3fs-public/media/files/2022%20Final%20List%20of%20Critical%20Minerals%20Federal%20Register%20Notice%20222022-F.pdf>.

<sup>14</sup> Letter from Ranking Member Bruce Westerman and Members of the Committee on Natural Resources to Secretary Debra Haaland, re: critical minerals list and Eastern European unrest, February 3, 2022.

<sup>15</sup> 88 FR 5904

<sup>16</sup> Testimony of Scott J. Cameron, former acting Assistant Secretary for Policy, Management and Budget of the Department of the Interior, before the Committee on Natural Resources, Subcommittee on Energy and Mineral Resources on February 17, 2022.

from \$63.1 million enacted last year.<sup>17</sup> Given the large increase in funding and lack of transparency, significant oversight is needed to ensure accountability to the taxpayers regarding this program.

The USGS is requesting \$395 million for Ecosystems Programs, a \$87.8 million increase over the FY23 enacted level. According to the USGS, this mission area is “the biological research arm of the U.S. Department of the Interior.”<sup>18</sup> This includes research on species management, land management, biological threats, environmental health and the aforementioned national and regional climate adaptation research centers.<sup>19</sup> USGS created this mission area in its 2011 reorganization plan. According to the Congressional Research Service, “critics of this expanded mission contend that ecosystem-based research should not be a focus...rather, research on fish and wildlife and their habitat should be the responsibility of other agencies such as the U.S. Fish and Wildlife Service.”<sup>20</sup> While the budget request proposes additional funding for the ecosystems mission area, there are sizable shifts in funding priorities. For example, an over 2,600 percent funding increase is requested for the “Effects of Interacting Threats and Stressors” in which USGS plans to “address the interacting effects of climate change and biological threats using a systematic risk-based approach” while reducing funding for current environmental research on coral disease, chronic wasting disease, and invasive carp.<sup>21</sup>

The FY24 budget request proposed \$313.4 million for Water Resources Programs, an \$8.9 million increase over the FY 23 enacted level respectively.<sup>22</sup> According to USGS, the goal of this mission area is to “monitor, assess, conduct targeted research, and deliver information on a wide range of water resources and conditions including streamflow, groundwater, water quality, and water use and availability.”<sup>23</sup> One of its most well-known programs is the Groundwater and Streamflow Information Program, which “supports the collection and (or) delivery of both streamflow and water-level information at approximately 8,500 sites and water-level information alone for more than 1,700 additional sites. The data are served online - most in near realtime” to provide information on potential flooding dangers and other matters.<sup>24</sup> The FY24 budget request proposed a \$2.25 million increase from the \$114.5 million FY23 enacted level.<sup>25</sup>

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<sup>17</sup> U.S. Geological Survey, Budget Justification, Fiscal Year 2024, pg. 9, <https://www.doi.gov/sites/doi.gov/files/fy2024-usgs-greenbook.pdf-508.pdf>.

<sup>18</sup> <https://www.usgs.gov/mission-areas/ecosystems/about-ecosystems-mission-area>

<sup>19</sup> Id

<sup>20</sup> <https://www.everycrsreport.com/reports/R43777.html>

<sup>21</sup> U.S. Geological Survey, Budget Justification, Fiscal Year 2024, pg. 32 <https://www.doi.gov/sites/doi.gov/files/fy2024-usgs-greenbook.pdf-508.pdf>.

<sup>22</sup> U.S. Geological Survey, Budget Justification, Fiscal Year 2024, pg. 2, <https://www.doi.gov/sites/doi.gov/files/fy2024-usgs-greenbook.pdf-508.pdf>.

<sup>23</sup> <https://www.usgs.gov/mission-areas/water-resources>

<sup>24</sup> <https://www.usgs.gov/mission-areas/water-resources/science/usgs-streamgaging-network>

<sup>25</sup> <https://www.doi.gov/sites/doi.gov/files/fy2024-usgs-greenbook.pdf-508.pdf>, at 14.