

Statement of Mike Pool
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U.S. Department of the Interior
Before the
House Natural Resources Committee
Subcommittee on Energy and Mineral Resources
United States House of Representatives
On
H.R.2150, the National Petroleum Reserve Alaska Access Act
June 16, 2011

Thank you for the opportunity to discuss H.R. 2150, the National Petroleum Reserve Alaska Access Act. The bill directs the Department of the Interior to continue a program of competitive oil and gas leasing in the National Petroleum Reserve in Alaska (NPR-A). The Department supports the goal of facilitating the development of oil and gas resources in the NPR-A in an environmentally responsible manner. On May 14, 2011, as part of an effort to increase safe and responsible domestic oil production, President Obama directed the Secretary of the Interior to conduct annual oil and gas lease sales in the NPR-A, and Secretary Salazar has affirmed this commitment.

Many of the activities called for in H.R.2150 are within the scope of existing Department authorities and consistent with our priorities and activities already underway. Under these authorities, 191 tracts are currently leased by the Bureau of Land Management (BLM) in the NPR-A with a leased acreage of over 1.6 million acres. We would like to work with the Committee to move toward our shared goal of improving the efficiency of the oil and gas leasing and development process while maintaining safety and environmental standards in the NPR-A.

Background

In 1923, President Harding signed an executive order establishing the Naval Petroleum Reserve Number 4, on the North Slope of Alaska. The Order reserved to the Navy all oil and gas resources within the Reserve, and prohibited private production from all areas not then covered by a valid entry, lease or application. The U.S. Navy conducted the first modern oil exploration program of the area from 1944 to 1953. The Naval Petroleum Reserves Production Act of 1976 renamed the area the National Petroleum Reserve in Alaska, and transferred authority and administrative responsibility to the Department of the Interior. The Act directed the Department to commence further exploration of the Reserve, but prohibited petroleum production, and all developments leading to production of petroleum, from the Reserve. In 1980, an appropriations enactment superseded the prohibition on the production, and directed the Department to conduct an expeditious program of competitive oil and gas leasing in the Reserve. Under subsequent amendments to the Naval Petroleum Reserves Production Act of 1976, and implementing regulations, the BLM is required to balance the exploration and development of oil and gas resources with, among other values, the protection of wildlife, habitat, and the subsistence values of rural residents and Alaska Natives.

The BLM manages nearly 23 million acres in the NPR-A. In 2004, the BLM completed planning for 8.8 million acres in the Northwest NPR-A Integrated Activity Plan/Environmental Impact Statement (IAP/EIS). The BLM completed the 4.6 million acre Northeast NPR-A Supplemental IAP/EIS in 2008 with the assistance of the North Slope Borough as a cooperating agency. In 2010, the BLM moved to establish consistent management direction for the entire NPR-A, including the unplanned southern portion of the Reserve, through an Integrated Activity Plan/Environmental Impact Statement. A Draft IAP/EIS is planned for May of 2012.

Through a careful planning process which includes public input, the BLM has in place an active leasing program in the NPR-A, under which lease sales have been offered in 1999, 2002, 2004, 2006, 2008, and 2010. Over 1.6 million acres are currently under lease in the NPR-A. In December, 2011, the BLM plans to conduct a lease sale of tracts. The BLM also plans to hold a lease sale in 2012 and each year thereafter.

The U.S. Geological Survey (USGS) also has studied the area. A USGS report from October 2010 entitled "Petroleum Resource Assessment of the National Petroleum Reserve in Alaska," found an estimated 896 million barrels of conventional, technically recoverable oil and 53 trillion cubic feet of conventional, undiscovered gas within NPR-A and adjacent state waters. In 2011, the USGS released its assessment of the economic recoverability of undiscovered, conventional oil and gas resources within the NPR-A and adjacent state waters. This new analysis estimates that approximately 350 to 500 million barrels of undiscovered oil are economically recoverable at \$90 per barrel. Additional studies are ongoing.

It should be noted that facilitating responsible development in Alaska, including in the NPR-A, poses unique challenges. The potential environmental and public health impacts of production, and exploration and development can be more difficult to ascertain given the often-harsh conditions of the area. As a result, planning and exploration activities can take longer than in other areas of the U.S. The Administration remains firmly committed, however, to facilitating environmentally responsible development in this region.

H.R. 2150 / Leasing & Authorizations

H.R. 2150 directs the Department (BLM) to continue a program of competitive oil and gas leasing in the NPR-A, and to facilitate permitting of drilling and surface development activities in an environmentally responsible manner. The bill specifically requires the Department to conduct at least one lease sale annually from 2011 through 2021 in those areas of the reserve most likely to produce commercial quantities of oil and natural gas (Sec. 3). As noted above, the Administration supports annual lease sales in the NPR-A and has committed to holding them, while respecting environmentally sensitive areas. Efforts to begin this annual lease sale are already underway with existing authorities.

The bill requires the Secretary of the Interior to consult with the Department of Transportation (DOT) for all surface development activities; to ensure that other federal agencies meet specific timelines for issuing appropriate authorizations; and to submit a plan for approval of potential rights-of-way on an area covering nearly 23 million acres (Sec. 4). Also, the bill requires the Secretary to promulgate regulations which establish deadlines and sets forth specific actions the Department must take if deadlines are not met (Sec. 5).

The Department has concerns with the leasing and authorization provisions in H.R. 2150. For example, the bill's provisions requiring leasing in areas of NPR-A most likely to produce commercial quantities of oil and natural gas may conflict with decisions reached through the BLM's careful public land-use planning process. These decisions balance protection of wildlife, habitat, and subsistence values with oil and gas exploration and development.

The Department has additional concerns with the bill, including:

- the requirement that the Secretary consult with the DOT on all surface disturbance, rather than only on major roads and pipelines [Sec. 4(a)];
- the requirement that the Secretary must ensure that other federal permitting agencies comply with the deadlines set forth in the bill [Sec. 4(b)];
- the implication that all requested permits must be issued, regardless of a proposed action's potential impacts or the availability of alternatives [Sec. 4(b)];
- the timelines required by the bill that may not be compatible with the public involvement, comment, and review requirements of other laws, including the National Environmental Policy Act [Sec. 4(b).];
- the suggestion that the Department must pre-approve rights-of-way on millions of acres of lands that industry may never seek to develop [Sec. 4(c)].

If enacted, these requirements would likely divert BLM resources and result in delay of further development of NPR-A resources in an environmentally responsible manner. Further, the BLM's existing regulations already establish deadlines for appropriate authorizations and require prompt notification of any delays.

H.R. 2150/ Resource Assessment

The bill requires the Department (U.S. Geological Survey) to complete an updated comprehensive assessment of technically recoverable conventional and unconventional fossil fuel resources in the NPR-A (Sec. 6). As noted, the USGS recently completed an updated assessment of the conventional oil and gas resources of NPR-A. The Department has concerns with this requirement. Because the USGS used all available information in its 2010 assessment and no new data or information has become available since that time, the USGS believes there is no need to reassess these resources now.

The USGS has started evaluating the unconventional petroleum resources in NPR-A, with the plan to assess these resources in the future. A coalbed methane assessment for the North Slope including NPR-A was completed in 2006; the mean estimate of undiscovered, technically recoverable resources indicated a potential for about 18 trillion cubic feet (TCF) of coalbed gas. The results for other unconventional resources on the North Slope, including shale gas and tight gas, are expected to be available in 2-3 years.

It is not clear from the language in the bill whether a coal assessment would be required. The North Slope of Alaska contains coal resources [which are the source of the coalbed methane], but the cost of mining and transporting the coal would be substantial. Earlier this year, the USGS, in cooperation with the Department of Energy, National Energy Technology Laboratory, published a database compilation of published and nonconfidential unpublished coal data from the Cook

Inlet and North Slope areas of Alaska. Despite the database, there are relatively few data with which to conduct a robust coal assessment.

Conclusion

The BLM's leasing program in the NPR-A ensures that safe and responsible exploration and development of domestic oil and natural gas resources can be done in a manner that also protects wildlife and habitat, and honors the subsistence values of rural residents and Alaska Natives. We welcome the opportunity to work with the Committee, the oil and gas industry, the Alaska Native community, and the public to continue to develop the NPR-A in an environmentally responsible manner. Thank you for the opportunity to present the views of the Department on H.R. 2150. I will be glad to answer any questions.