



BLM NEWS RELEASE

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BLM Director Puts Focus on Oil and Gas Inspections

VAIL, Colorado – Citing a shortage of inspectors, declining budgets, and a record number of wells on public lands, Bureau of Land Management Director Neil Kornze highlighted the importance of the BLM’s budget request for a fee system to increase the agency’s oil and gas inspection capacity.

In his keynote speech to the 60th annual meeting of the Rocky Mountain Mineral Law Foundation in Vail, Colo., Kornze said, "Over the last few years, the BLM has significantly reduced the time it takes to process drilling permits. Right now nearly 7,000 permits have been approved, but are sitting unused. That’s two years’ worth of drilling permits that are ready to go today. And while permitting efforts have improved, critical inspections are lagging, and we must do better."

Kornze told the group of mineral law experts that BLM is focused on a range of inspections, including drilling and production inspections. The General Accountability Office recently reported that BLM failed to inspect some 40 percent of high-priority drilling operations during 2009-2012. Similarly, in recent years the BLM has been unable to complete 100 percent of its high-risk production inspections, which are critical for ensuring proper accounting of the billions of dollars of oil and gas produced from public lands.

“The BLM takes its responsibilities seriously, and we must increase our inspection efforts to help protect communities and the environment and to ensure that taxpayers are getting a fair return on public resources,” Kornze said. “Irregular and declining budgets have hindered our ability to move out aggressively in this area. Through the President’s 2015 budget proposal, we are now seeking to fund inspections through a fee system that will allow us to be much more responsive to the needs of industry and, importantly, to meet the foundational safety and accounting responsibilities of our oil and gas program.”

The BLM is responsible for inspection and enforcement on a record 100,000 wells nationwide, with tens of thousands of new wells coming on line in recent years. At the same time, the budget for the BLM’s oil and gas program has declined 20 percent since 2007 when accounting for inflation.

Congress recently authorized a fee system for offshore oil and gas inspections that are conducted by the Bureau of Safety and Environmental Enforcement. That fee and inspection program has

been a major success both for the agency and the companies that can now count on regular and efficient inspections.

It is estimated that the fee system proposed for BLM in the President's budget would allow the BLM to recruit more than 60 new inspectors throughout the country. Without additional resources to meet this critical need, the BLM may be forced to consider drawing scarce resources from other high priority efforts like permitting and leasing.

The Rocky Mountain Mineral Law Foundation is an educational non-profit organization that provides for the study of the law and regulations relating to mining, oil and gas, water, public lands, energy, environmental protection, and related areas.

The BLM manages more than 245 million acres of public land, the most of any Federal agency. This land, known as the National System of Public Lands, is primarily located in 12 Western states, including Alaska. The BLM also administers 700 million acres of sub-surface mineral estate throughout the nation. The BLM's mission is to manage and conserve the public lands for the use and enjoyment of present and future generations under our mandate of multiple-use and sustained yield. In Fiscal Year 2013, the BLM generated \$4.7 billion in receipts from public lands.

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