

**Statement of
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**House Committee on Natural Resources
Subcommittee on Energy & Mineral Resources**

Oversight Hearing on

“Examining the Policies and Priorities of the Bureau of Ocean Energy Management, the Bureau of Safety and Environmental Enforcement, the U.S. Geological Survey, the Bureau of Land Management, and the Office of Surface Mining Reclamation and Enforcement”

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Chairman Lowenthal, Ranking Member Gosar, and Members of the Subcommittee, I am pleased to join you today to discuss the Bureau of Land Management’s (BLM’s) policies, priorities, and accomplishments related to our onshore energy and minerals program. We are proud of all the work we have accomplished to achieve the President’s priorities of enhancing responsible access to public lands, streamlining administrative processes, and increasing benefits to American taxpayers without sacrificing environmental protections.

The BLM manages approximately 245 million acres of surface land and over 700 million acres of subsurface mineral estate on behalf of the American people. The BLM’s mission is to sustain the health, diversity, and productivity of the public lands for multiple uses – including conventional and renewable energy development; livestock grazing; conservation; mining; watershed protection; hunting, fishing, and other forms of recreation. This multiple use, sustained yield mission, mandated in the Federal Land Policy and Management Act (FLPMA), enables the BLM to contribute to economic growth, job creation, and domestic energy production, generating revenues for Federal and state treasuries and local economies.

The BLM’s proposed FY 2021 budget request advances Administration priorities, such as increasing energy security, promoting good government, expanding opportunities for outdoor recreation, putting Americans back to work, and providing conservation stewardship for public lands while reducing regulatory burdens.

Promoting Energy Security & Economic Growth

The Administration has made environmentally responsible development of all domestic energy sources and minerals a priority. In response to several Executive Orders related to energy development on public lands, the Department and the BLM have conducted a wide assessment of its policies to help reduce burdens and improve environmental reviews and permitting authorizations for energy and infrastructure projects. The assessment resulted in a number of new Secretary’s Orders (S.O.s), ranging from S.O. 3355, *Streamlining National Environmental Policy Act Reviews and Implementation of Executive Order 13807*, which provides a number of

internal Departmental directives to increase efficiency of environmental reviews, to S.O. 3349 *American Energy Independence*, which directed bureaus to examine specific actions impacting oil and gas development.

Other significant policy directives included S.O. 3354, *Supporting and Improving the Federal Onshore Oil and Gas Leasing Program and Federal Solid Mineral Leasing Program*, which directed the BLM to hold quarterly oil and gas lease sales, and to identify ways to promote the exploration and development of Federal onshore oil and gas and solid mineral resources, and S.O. 3352, *National Petroleum Reserve – Alaska*, which aimed to jump-start energy production in the National Petroleum Reserve – Alaska (NPR-A).

These S.O.s have generated real results. In years past, the BLM’s Environmental Impact Statements (EIS) had an average preparation time of approximately four years. S.O. 3355 established a goal of completing EISs and associated Federal Register notices within 12 months. Through the BLM’s implementation of S.O. 3355, BLM has reduced its average processing time for EISs to 15 months. In addition to the faster review time, this reform has resulted in enhanced coordination with elected officials, Tribes, other Federal agencies, and the public.

The BLM also reviewed all regulations related to domestic oil and natural gas development on public lands, resulting in several rulemaking and policy changes. For example, in September 2018, the BLM announced a final rule that revised the 2016 Waste Prevention Rule (commonly known as the Venting and Flaring Rule). The BLM updated several existing policies as well. In FY 2019, the BLM issued various new policies on issues including reporting undesirable events (Instruction Memorandum (IM) 2019-020), to the BLM’s FY 2020 Inspection and Enforcement Strategy (IM 2020-006) and the BLM’s review of lease suspensions (IM-2019-007).

Finally, with regards to energy development in Alaska, on December 22, 2017, the Secretary released an updated resources assessment for the NPR-A, which estimates technically recoverable oil and gas resources to be 8.7 billion barrels of oil and 25 trillion cubic feet of natural gas. Since this report’s release, the BLM has generated approximately \$16.4 million in revenue from oil and gas lease sales in the NPR-A. The BLM also continues planning efforts to lease tracts in the 1002 area of the Coastal Plain as authorized by the Tax Cuts and Jobs Act of 2017, Public Law 115-97. The final EIS was published on September 20, 2019, and the BLM expects to publish a Record of Decision in the coming months.

Enhancing Public Land Development

The BLM supports an “all of the above” energy development approach, fulfilling the Administration’s promise to facilitate domestic energy production, generate revenue, and support jobs in the energy sector. To accomplish these goals, the President’s FY 2021 budget requests \$199.3 million for the BLM’s Energy and Minerals Management programs.

Revenues generated from public lands represent one of the Federal government’s largest sources of non-tax revenues. Oil, natural gas, coal, and other mineral resources generate the highest revenue values of any uses of public lands. Over the last two years, oil and gas production from Federal lands generated in excess of \$3.2 billion in Federal royalties, rental payments, and bonus

bids. Approximately half of this revenue was shared with the state where production activities occurred, while the rest went to the U.S. Treasury. States and counties utilize these important funds to support the construction and maintenance of roads, schools, and other community needs. Further, the U.S. Department of the Interior Economic Report FY 2018 estimated that in FY 2018, the Federal onshore oil and natural gas program alone provided approximately \$71.5 billion in economic output and supported approximately 300,000 jobs nationwide.

Oil & Natural Gas

With the \$139.2 million request for BLM's Oil and Gas Management and Inspection and Enforcement program, the BLM will continue to ensure our nation's oil and gas resources are developed in an environmentally responsible manner that is consistent with Federal law, while also maximizing production, minimizing waste, and ensuring the payment of rents and royalties through accurate production data collection. Guided by this commitment to responsible energy development, the BLM conducts oil and gas lease sales in every applicable state, at least quarterly, for eligible and available lands as required by the Mineral Leasing Act (30 U.S.C. § 226(b)(1)(A)).

As a result, the American taxpayer has reaped enormous rewards. For example, in FY 2018, BLM state offices generated over \$1.1 billion from oil and gas lease sales, an amount nearly equal to the BLM's discretionary budget for FY 2018. This also represented the highest grossing year on record for onshore lease bonus bids, nearly tripling the collections received from BLM oil and gas lease sales held in 2008, the previous high year. In fiscal year 2019, the BLM continued to build on past energy development milestones by holding 28 oil and gas lease sales – with 1,710 new leases covering 1.9 million acres. These lease sales resulted in almost \$219 million in bonus bids, rentals, and fees.

Finally, the BLM's approach to oil and natural gas production on public lands has focused on being both better business partners and environmental stewards. The BLM is working diligently to improve its oil and gas permitting processes. In FY 2019, the BLM approved 3,741 Applications for Permit to Drill (APDs) on Federal and Indian lands. By prioritizing permitting efficiency, modernizing databases, and shifting resources across the BLM offices, the average APD processing time for an administratively complete application continues to drop to an average of 44 days spent with the BLM in FY 2019, relative to 63 days spent with the BLM in FY 2018, and 120 days in FY 2017. In FY 2021, the BLM will continue its efforts to reduce processing times by enhancing efficiencies, clarifying permitting processes, and leveraging technological resources.

As production activity has increased in recent years, this has created a corresponding increase in the number of oil and gas inspections and efforts to ensure appropriate accountability of production volumes across producing leases. Increased operational complexity requires additional analysis, monitoring, and inspections to ensure effective development of the resources. To provide for adequate environmental safety and general protection of the surrounding communities, the BLM is conducting 100 percent of high priority production inspections.

Coal

The BLM is responsible for leasing the Federal coal mineral estate on approximately 570 million acres under the authority of the Mineral Leasing Act. The BLM continues to invest in the West's mining communities and national economic development by proposing \$18.9 million for the BLM's Coal Management Program in FY 2021.

Federal coal resources continue to be an important component of the nation's energy mix. In FY 2019, coal was used to generate approximately 25 percent of the nation's electricity, and coal production on Federal lands provided approximately 40 percent of our nation's coal.

During the last decade (FY 2010-2019), approximately 3.72 billion tons of coal were produced from Federal leases with a total value of approximately \$60 billion. In this time period, the BLM held 21 successful coal lease sales for approximately 47,832 acres and 2.34 billion tons of mineable coal. In addition to generating over \$6.59 billion in royalties, rents, and other revenues from BLM administered coal leases, the lease sales also produced approximately \$2.63 billion in bonus payments

Other Mineral Development

The BLM manages non-energy solid mineral development on Federal lands that is essential to the American economy. Demand is increasing globally for non-energy solid minerals such as potassium, phosphate, sodium and potash. Other important mineral resources from public lands include uranium, gold, silver, and gypsum, building stone. The BLM processes sales and issues permits for mineral material such as sand, and gravel, stone, and clays, which are essential to maintenance and construction of roads and buildings. The President's FY 2021 budget request of \$11.8 million reflects the commitment to meeting the demand for mineral materials and non-energy solid leasable minerals through expediting permit approvals.

The BLM is also committed to reducing burdens to help increase non-energy mineral development on public lands. As such, the BLM drafted a proposed rule to clarify the Secretary's and the BLM's authority to reduce the royalty on non-energy solid leasable minerals. On October 18, 2019, the BLM proposed to amend its regulations to revise the process for lessees to seek and for the BLM to grant reductions of rental fees, royalty rates, and/or minimum production requirements. The comment period for this proposed rule ended December 17, 2019, and the BLM is reviewing the comments.

Further, E.O. 13817, *A Federal Strategy to Ensure Secure and Reliable Supplies of Critical Minerals*, demonstrates the Administration's focus to on reverse the trend of increased American dependence on foreign imports of critical minerals that are essential to American prosperity and national security. Implementing the President's Order, the Department issued S.O. 3359, *Critical Mineral Independence and Security*. As part of S.O. 3359, on May 18, 2018, the Department issued a final list of minerals deemed critical to the United States. Notably, many of these critical minerals are found on BLM-managed lands.

Renewable Energy

The Administration's commitment to a comprehensive "all of the above" energy strategy is demonstrated with a \$29.5 million request for the BLM's Renewable Energy program. The request will support timely processing of leasing and development applications for geothermal energy, wind and solar energy projects, and transmission infrastructure associated with these projects. This effort will add to the already 3,744 megawatts (MW) of installed solar and wind generation capacity. Laws enacted in most western states require energy companies to supply a portion of their energy from renewable resources. As a result, the BLM anticipates a continued interest in public lands as a source for renewable energy development.

Currently, the BLM manages more than 20 million acres of public lands with high solar potential in six states (California, Nevada, Arizona, New Mexico, Colorado, and Utah) and nearly 20.6 million acres of public lands with wind potential in 11 western states. In the last year, the BLM approved two additional solar projects – Palen Solar (500 MW) and Desert Quartzite (450 MW) in California and anticipates approving additional projects in 2020.

In addition, the BLM has approved 40 wind energy projects on public lands with 5,600 MW of total capacity – enough to power one million homes. One active project in Wyoming, the Chokecherry Sierra Madre Wind Energy Project, includes 1,000 wind turbines (half of which are sited on Federal lands) capable of generating up to 3,000 MW. Under the current schedule, installation is anticipated to begin in 2022. When fully operational, the project will be the largest onshore wind energy facility in North America. The BLM is also on-track to complete its environmental review in September 2020 for the Borderland Winds project located in New Mexico. If approved, the project would contribute an additional 100 MW of wind energy.

Finally, the BLM has the delegated authority to manage geothermal leasing on more than 240 million acres of public lands with geothermal potential in 11 western states and Alaska. As a result, BLM oversees more than 405 geothermal leases, with 79 leases in producing status generating approximately 2,000 megawatts of installed geothermal energy capacity. This amounts to over 40 percent of the total U.S. geothermal energy capacity. In FY 2020, the BLM anticipates approving an additional 230 MW of geothermal capacity.

Energy Transmission, Broadband, and other Rights-of-Way

Facilitating energy transmission is vital to achieving strategic energy goals and supporting economic development while maintaining a strong national security posture. As the largest Federal land manager in the West, the BLM plays a key role in planning critical energy corridors and siting transmission facilities.

In accordance with the requirements of the Energy Policy Act of 2005, the BLM designated approximately 5,000 miles of West-wide energy corridors on public lands in the 11 contiguous western states via a 2009 Record of Decision that amended 92 land use plans. These corridors, also known as "West-wide" or "Section 368" energy corridors, are intended for expedited permitting of electric transmission and distribution lines for oil, gas, and hydrogen. Currently, the BLM is leading a comprehensive, inter-agency review of this western Federal energy

corridor network. The review process is a collaborative effort with representatives from state, tribal, and local governments, the energy industry, non-governmental organizations, and local communities. At the end of this review, anticipated to conclude in FY 2020, the BLM will have the information needed to execute relevant corridor network updates, implement inter-agency process improvements, and increase the efficiency of rights-of-way (ROW) administration.

The BLM manages approximately 118,000 ROW grants, which are authorizations to use specific pieces of public land for a defined project. Over 59,000, or half, of these ROWs are for energy related infrastructure and facilities. ROWs are issued for a variety of uses, including electrical power generation, broadband deployment, transmission and distribution systems, highways, railroads, pipelines (other than oil and gas pipelines), transmission and reception of electric signals, and other facilities or systems which are in the public interest. The BLM continues to prioritize ROW actions and cadastral services that support and advance the Administration's energy strategy, promote broadband access, encourage economic development, provide for recovery of undiscovered or lost revenues, assist in national security, and promote public health and safety.

Under the direction of E.O. 13821, *Streamlining and Expediting Requests to Locate Broadband Facilities in Rural America*, and the Presidential Memorandum on *Supporting Broadband Tower Facilities in Rural America on Federal Properties Managed by the Department of the Interior*, the BLM and the Department are fulfilling the strategic goals designed to increase broadband internet access on Federally-managed lands. Broadband funding will also be utilized in FY 2021 to prepare an updated rule associated with linear fiberoptic ROWs and developing efficient rental methods. As part of the rulemaking, BLM will provide an industry workshop to facilitate an open dialog with industry and stakeholders, as well as educate interested parties on the application process. In addition to this rulemaking, FY 2021 broadband funding will also support enhancements to the BLM's fiberoptic program.

Modernization of ROW administration and the ROW application process is a top priority for the BLM in FY 2021. To increase efficiency, the BLM has issued new guidance for streamlining certain vegetation management activities on and adjacent to powerline ROWs on public lands. This effort, which provides guidance on the implementation of section 512 of FLPMA and BLM right-of-way regulations, reduces the threat of catastrophic wildfires while increasing the reliability of the electric grid. The BLM is continuing to work closely with utility companies to develop collaborative ways to best serve communities, enhance energy reliability, strengthen the security of the electric grid, and reduce wildfire risk.

Conclusion

The President's FY 2021 budget reflects the Administration's continued commitment to striking the right balance of preservation and sustainable use of resources in a way that increases energy security, enhances the safety of our communities, and allows America to prosper while providing proper conservation stewardship of our land and resources consistent with the law. The Department remains committed to promoting responsible energy production that helps create and sustain jobs, promotes a robust economy, and contributes to America's energy independence. Thank you for the opportunity to present this testimony.