

Chairman Gosar
Opening Statement – ONSHORE Act

Today, the Subcommittee will consider a draft version of the “Opportunities for the Nation and States to Harness Onshore Resources Act”, or the “ONSHORE Act.” This legislation seeks to facilitate responsible onshore energy production on Federal lands and promote economic prosperity in energy producing States in the West and in Alaska.

For too long, inefficiencies and redundant requirements imposed by the Federal government have discouraged oil and gas production on Federal land. Duplicative environmental reviews and unnecessary permitting delays at the Federal level have encouraged producers to take their business elsewhere, resulting in a growing disparity between production on State and private land when compared to Federal land. This has resulted in lost revenue to the Federal and State governments.

Meanwhile, the States have developed extensive regulatory frameworks for permitting oil and gas development on State lands. Not only do they already perform many of the regulatory functions performed by the Bureau of Land Management, but they do so more efficiently and with less cost.

Recognizing the need for efficiency in the Federal permitting process, the ONSHORE Act would allow the Secretary of Interior to delegate specific authorities related to oil and gas development to the States. After receiving Secretarial approval, States will be able to assume certain permitting and regulatory responsibilities on Federal lands within their borders, reducing redundancy in the permitting process and increasing certainty for oil and gas producers. The States are more than capable of assuming these responsibilities and will be able to conduct them with less cost to the taxpayer.

Allowing States to manage the permitting process for drilling on Federal land will increase efficiency, reduce compliance costs and incentivize operators to consider doing business on Federal land. Moreover, these reforms will enable the Bureau of Land Management to focus on the agency’s core mission of managing Federal lands.

The ONSHORE Act will also reinforce the States’ authority to permit and manage oil and gas development on State and private land. This legislation would clarify that operations on State and private surface areas that impact Federal oil and gas will not be subject to the Federal regulatory process. The States should have exclusive jurisdiction to manage energy production on State and private land and this bill underscores the States’ authority in these circumstances.

This draft bill will also ensure that the States receive their fair share of oil and gas revenues produced on Federal land. The Mineral Leasing Act provides for even distribution of mineral revenues between the Federal Government and the States in which they are produced. However, the Federal government has charged a 2 percent fee for the collection, valuation and disbursement of these revenues for many years. In fiscal year 2016, this fee amounted to approximately \$26 million in lost payments to the States. The ONSHORE Act would eliminate this 2% fee for States with approved regulatory programs for the management of oil and gas development on Federal land. These States will also have the option of managing the collection

of these revenues without the Federal government serving as the middleman. The ONSHORE Act provides States with a path to maintain stewardship over their share of mineral revenues and utilize it for the benefit of their citizens.

Finally, this legislation will require the Secretary to defer to the States regarding the regulation of hydraulic fracturing activities. Each State in which hydraulic fracturing occurs already has stringent hydraulic fracturing regulations in place that address the unique concerns of their State. Imposing Federal standards in addition to State regulations only adds redundant requirements and unnecessary costs without yielding additional environmental benefits.

Today, the Subcommittee will hear from witnesses who can attest to the States' ability to manage permitting and regulatory programs for onshore oil and gas development on Federal lands. We will also discuss the regulatory hurdles that operators face when developing Federal land and the importance of oil and gas revenues to the States.