



March 15, 2021

The Honorable Raúl Grijalva
Chairman
House Natural Resources Committee
1324 Longworth House Office Building
U.S. House of Representatives

Re: Subcommittee Hearing: Modernizing Energy Development Laws for the Benefit of Taxpayers, Communities, and the Environment

Dear Chairman Grijalva and Members of the Committee:

On behalf of the Center for Biological Diversity, its members, and supporters, we are writing to express our support for Representative Lowenthal's *Bonding Reform and Taxpayer Protection Act* (H.R. 1505) and *Transparency in Energy Production Act* (H.R. 1506) as well as Rep. DeGette's *Methane Waste Prevention Act* (H.R. 1492).

We also request additional improvements to Rep. Porter's *Ending Taxpayer Welfare for Oil and Gas Companies Act* (H.R. 1517) and Rep. Levin's *Restoring Community Input and Public Protections in Oil and Gas Leasing Act* (H.R. 1503).

We wholeheartedly agree with you that the fossil fuel industry has for decades taken advantage of antiquated laws that have caused — and continue to cause — devastating harms to the environment, drive the climate crisis we face today, wreak havoc in communities across this country, and harm every citizen in this country. However, even if these five pieces of legislation were to be enacted, the fossil fuel industry would still reap enormous benefits from the destruction of our public lands and climate. We ask that the Natural Resources Committee look to President Biden's bold Executive Order 14008¹ and further strengthen these bills so that they align with the scientific conclusions of the Intergovernmental Panel on Climate Change and stem the climate emergency we face.

We remain most concerned that royalty rates and other leasing fees in H.R. 1517 and H.R. 1503 still remain far too low to discourage harmful fossil fuel extraction on public lands and waters. As noted in the hearing, some states are already charging higher royalty rates than the federal government — and would still charge higher rates even if these bills were passed. Texas, for example, has a 25% royalty rate and \$2,500 per acre rental rate starting in the third year of leases on state lands. To the extent it is still cheaper to do business on federal lands than the state of Texas, these bills still subsidize the fossil fuel industry as it continues to exacerbate the climate crisis. We recommend that all royalty rates have a floor of 25% and a mandatory directive to the Secretary of the Interior to not only increase the royalty rates based on inflation, but a mandatory

¹ *Executive Order 14008: Tackling the Climate Crisis at Home and Abroad*, 86 Fed. Reg. 7,619 (01/27/2021) (stating that the “Secretary of the Interior shall pause new oil and natural gas leases on public lands or in offshore waters pending completion of a comprehensive review and reconsideration of Federal oil and gas permitting and leasing practices in light of . . . potential climate and other impacts associated with oil and gas activities.”).

yearly review of royalty rates that allows for public input in setting those rates. Raising royalties rates to an amount that remains too low to discourage production only serves to deepen the dangerous dependence of states on revenue generated from activities that harm our land, waters, and climate. Reinforcing this dependence, along with boom and bust cycles of extraction, may generate more income for states and the federal government, but that amount pales in comparison to the hundreds of billions of dollars in damage caused by run-away climate change that burdens all citizens of this country.

We sincerely appreciate the significant and substantive improvements to the *Bonding Reform and Taxpayer Protection Act*, *Transparency in Energy Production Act*, and *Methane Waste Prevention Act*, compared to the bill introduced in the previous Congress. We strongly support efforts to clean up and address the legacy of orphaned wells across the United States, but those efforts must be paired with strong reforms on bonding so that no more orphaned wells occur in the future and the public is not stuck with a significant bill to conduct the clean up that the fossil fuel industry should be responsible for. Rep. Lowenthal's legislation does just that. And we are strongly supportive of bringing full transparency to fossil fuel development on public lands and waters, which has been allowed to occur beyond public scrutiny for too long by the Bureau of Land Management and the Bureau of Ocean Energy Management.

Rep. DeGette's bill contains the strict controls on methane emissions as well as meaningful targets for reducing methane by 2030 — a key deadline for the IPCC. We recommend implementing similar restrictions on methane emissions from offshore fossil fuel extraction activities as a way to further strengthen this legislation.

As the IPCC has explained, we must aggressively reduce emissions to keep global annual emissions below 25 gigatons of equivalent carbon dioxide per year if we have any realistic chance to limit global warming below the 1.5°C target.² As the Committee moves forward, we hope that legislative improvements keep this target at the center of its deliberations. And as the Committee considers additional legislation, we recommend that it focus primarily on legislation that moves towards the cessation of all new leasing and permitting on public lands and waters, and then a ratcheting down of existing production in a rational and orderly manner.

Thank you for your consideration,

Sincerely,



Brett Hartl
Government Affairs Director
Center for Biological Diversity

² *Emissions Gap Report 2019*, United Nations Environment Program at xviii (2019), <https://wedocs.unep.org/bitstream/handle/20.500.11822/30797/EGR2019.pdf>.