

**FEDERAL ENERGY PRODUCTION
SUPPORTS LOCAL COMMUNITIES**

OVERSIGHT FIELD HEARING

BEFORE THE

SUBCOMMITTEE ON ENERGY AND
MINERAL RESOURCES

OF THE

COMMITTEE ON NATURAL RESOURCES
U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED EIGHTEENTH CONGRESS

FIRST SESSION

Monday, February 13, 2023, in Odessa, Texas

Serial No. 118-3

Printed for the use of the Committee on Natural Resources



Available via the World Wide Web: <http://www.govinfo.gov>

or

Committee address: <http://naturalresources.house.gov>

U.S. GOVERNMENT PUBLISHING OFFICE

51-182 PDF

WASHINGTON : 2023

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OVERSIGHT FIELD HEARING ON FEDERAL ENERGY PRODUCTION SUPPORTS LOCAL COMMUNITIES

Monday, February 13, 2023
U.S. House of Representatives
Subcommittee on Energy and Mineral Resources
Committee on Natural Resources
Odessa, Texas

The Subcommittee met, pursuant to notice, at 3:19 p.m. Central Time, in Room 1200, Henry Auditorium, Engineering Building, University of Texas Permian Basin, Midland Campus, 11105 West Highway 191, Midland, Texas, Hon. Pete Stauber [Chairman of the Subcommittee] presiding.

Present: Representatives Stauber, Tiffany, and Westerman.

Also present: Representative Pfluger.

Mr. STAUBER. The Subcommittee on Energy and Mineral Resources will come to order.

Without objection, the Chair is authorized to declare a recess of the Subcommittee at any time.

The Subcommittee is meeting today to hear testimony on how Federal energy production supports local communities.

Under Committee Rule 4(f), any oral opening statements at hearings are limited to the Chairman and the Ranking Minority Member.

I ask unanimous consent that the gentleman from Texas, Mr. Pfluger, be allowed to participate in today's hearing and be recognized for 5 minutes to deliver an opening statement.

Without objection, so ordered.

STATEMENT OF THE HON. PETE STAUBER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA

Mr. STAUBER. Welcome to a new day in the House of Representatives and, therefore, on the Energy and Minerals Subcommittee. For the last 4 years, under Democratic control, this Subcommittee has preached a "keep it in the ground" mantra, regardless of its world impact. And this mantra includes banning lands from mineral development, arbitrarily raising royalty rates, sidelining American workers at the behest of the wealthy, and importing foreign energy and minerals whenever possible.

But no longer. The Energy and Mineral Resources Subcommittee will now focus on putting Americans back to work. The Subcommittee will focus on traveling out of the Beltway and into the parts of our great nation where we find these natural resources. And that is why I am so pleased to have our first hearing where it belongs, sitting right on top of the great Permian Basin.

It will focus on reshoring our supply chains to prioritize domestic sources of minerals. My great state of Minnesota, for example, has unparalleled mineral wealth with currently untouchable amounts of copper, nickel, cobalt, and platinum group metals. And, no, domestic does not mean from across the Atlantic or from across our northern border. Domestic means domestic. Domestic means from our 50 states, plus the territories.

The Subcommittee will also focus on boosting American oil and gas development on our Federal lands and waters.

We have been endowed with the greatest resources in the world. We can use them to keep costs down and leverage an international geopolitical advantage.

It will focus on other issues as relevant, too, whether it is permitting for energy transmission lines or removing barriers to motivate energy technologies, such as geothermal energy. But today, we are focusing on how oil and gas development boosts our local communities.

This morning, we took a tour across the border into Lea County, New Mexico. To date, the oil and gas industry has contributed \$51.1 million to Lea County alone for education. And, more broadly, oil and gas development accounts for one-third of New Mexico's general fund revenue—housing assistance, public safety, food programs, transportation programs, health care, and infrastructure, all of which are funded by oil and gas receipts.

The Mineral Leasing Act is the law. That means that we must issue oil and gas leases at least quarterly, and the benefits of those lease sales and royalties at the state level means more money for students, teachers, and our communities.

So, why has there been a significant hostility to development in New Mexico since Joe Biden became President, especially when it is such a boon for education? It is not the same oil and gas find as West Texas, the Permian Basin, where operators could easily follow the prescribed rules and regulations.

Sadly, it is because my colleagues on the other side of the aisle and this Administration choose ideology over the law. In New Mexico, with such an expanse of Bureau of Land Management land, the Federal Government permits by decree.

Government decides that oil and gas is going to end in 10 years. They won't issue a permit, or maybe they will issue a permit for one parcel, but slow walk an easement for a pipeline throughout another; or maybe the government decides a chicken or a lizard needs to be added to the endangered species list. There are countless ways for bureaucrats to slow walk a project to death, just like they have in northern Minnesota, all of which are methods to permit by decree.

Contrast this with Texas across the state line. In West Texas, the Texas Railroad Commission permits by rule: You have a proposal. You follow the rules. You receive your permits.

When permitting by decree, the Administration picks and chooses winners or losers. And, unfortunately, even when American operators do it the cleanest in the world and provide tens of millions of dollars to schools, this Administration has decreed that oil and gas operators must lose in New Mexico.

And this isn't the only case where the government picks winners or losers. Just last month, Joe Biden chose to ban mining in more than 225,000 acres of an industrial working forest called the Superior National Forest, in the district that I represent. It is the biggest copper-nickel find in the world—95 percent of our nickel reserves, 88 percent of our cobalt reserves, and over a third of our copper, and other platinum group metals. Purely for political reasons, banned mining in northern Minnesota.

But, just 41 miles north, in the very same watershed, Canada permitted an open-pit gold mine in under 3 years. Joe Biden decreed that my constituents are not allowed to mine domestic critical minerals.

Meanwhile, miners in Canada simply followed their rules, and they received a permit. It is wrong. It is misguided, and it is time we hold them accountable.

With that, I look forward to this discussion today with our three witnesses.

I now recognize the Full Committee Chair, Bruce Westerman, for his opening statement.

STATEMENT OF THE HON. BRUCE WESTERMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ARKANSAS

Mr. WESTERMAN. Well, thank you, Pete.
Good afternoon to everyone.

August, it is an honor to be here in your district again. The last time I was here, it was you and I, and then Leader McCarthy, who is now Speaker McCarthy. And that cold day when we had that press conference outside, we were laying the groundwork for this meeting today. We were talking about American energy independence. We were talking about cutting supply lines that depended on China and Russia and foreign adversaries. And that was part of the making of a commitment to America.

And this is like Step No. 2 or No. 3 in the commitment to America. And we have a long ways to go to make sure that America is energy independent, that we are not relying on foreign allies, or foreign adversaries, for the things that we have to have to keep our economy functioning and to keep Americans safe.

It is great to have Pete here. He is the Chairman of the Energy and Minerals Subcommittee that deals under the guise of the Natural Resources Committee on all things energy and minerals—onshore, offshore mining.

And Tom Tiffany, who is the Chair of the Federal Lands Subcommittee, and deals with the tremendous amount of issues and natural resources under Federal lands. We also deal with water and wildlife, and the Endangered Species Act, NEPA. All those things fall under the jurisdiction of our Committee. And energy production starts under the jurisdiction of this Committee.

As I mentioned earlier, Cathy McMorris Rodgers, the Chairman of the Energy and Commerce Committee, will be here Thursday for another hearing where they will talk about the hurdles that Americans are facing downstream in refining and processing and getting the permits on those downstream manufacturing and

processing areas that are so critical to creating even more jobs and even more national security.

Last week, we had a hearing in DC. We titled it “Unleashing America’s Energy Potential,” and it shined a light on the policies that are preventing us from achieving those goals today. And our goal is to make sure that we are using the tools of the Federal Government to somehow get the bureaucrats off of dead center so that they will do their job to issue permits.

It doesn’t make sense when you go out and talk to folks in the field and you ask them, is there any difference between a permit that was obtained in a relatively short period of time through a state permitting agency versus a permit obtained over a long period of time through the Bureau of Land Management?

And I have had people tell me for years, over and over: You can’t go out and look at a project completed under a state permit and a Federal permit and tell any difference to the environmental restrictions and the guidelines to the quality of the project. It all ends in the same result.

So, as Federal policymakers, we have to ask the question are America’s tax dollars best being spent by these Federal bureaucracies that aren’t producing results? They are becoming more of a hindrance instead of part of the solution. We don’t want the Federal Government to be part of the problem. We want the Federal Government to be part of the solution. And it is under our power to put those policies in place and I believe ultimately to use the power of the purse to make sure that those policies are implemented.

There is no reason, no reason whatsoever, that the President of the United States should ever go to Saudi Arabia or Venezuela or, God forbid, Russia, or any other place to ask them to make up the supply of energy that we could be producing here at home. There should never be another time in our future when the President of the United States depletes our Strategic Petroleum Reserve to lower prices instead of focusing on the real economic issue, and that is low supply.

We have to increase supply so that we don’t see these inflationary costs and these instances where we have fuel prices at the pump going through the roof. And we know that transportation fuel is only part of it. Natural gas is one of the cleanest burning, most efficient burning fuels on the planet. Because we have been able to utilize a lot of natural gas, America has been able to lower our greenhouse gas emissions more than the top 12 countries in the Paris climate accords combined.

Natural gas produced in the United States, one report shows, is 41 percent cleaner than natural gas produced by Vladimir Putin. You have a lot of oil in the Permian Basin. You have a lot of gas in the Permian Basin. But the largest deposit of natural gas on the planet is in the Marcellus and Utica Shale play out in Pennsylvania. Yet, we can’t build pipelines up to New England.

And, when all this was going on with Russia and people were talking about us buying energy from Russia, we were buying liquefied natural gas, bringing it into the Port of Boston to supply gas to New England residents instead of building pipelines from Pennsylvania to New England.

That just plain doesn't make sense, and it shouldn't be that way. It shouldn't require Congress having to have hearings and pass laws to do the right thing. But, if that is what it takes, I know that there are three other gentlemen here and about 220 or 218 more in Washington, DC that are wanting to do the same thing—to put common sense back into the equation, to look out for America's needs and America's resources, and to also do this in a way that generates wealth and provides American jobs instead of shipping our jobs overseas.

So, I thank the witnesses that are here today. I enjoyed reading your testimony. I look forward to hearing your oral testimony and then having a chance to ask questions and to find out more about these issues so that it can inform us to write legislation that we should be marking up and passing out of the House in early March. And, hopefully, you will see a broad energy package coming out of the House of Representatives by the end of March to address these issues.

And I really believe we will get some bipartisan support and even some bicameral support in the Senate, because Americans are tired of having to depend on other countries and not have the national security and having to front the huge cost for energy.

Mr. Chairman, I will yield back.

Mr. STAUBER. Thank you, Mr. Westerman.

The Chairman now recognizes the gentleman from Texas, Mr. Pfluger, for 5 minutes to deliver an opening statement and to introduce our witness from Texas, Ms. Bentley.

**STATEMENT OF THE HON. AUGUST PFLUGER, A
REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS**

Mr. PFLUGER. Thank you very much to the entire Committee on Natural Resources, Chairman Westerman, and my colleagues from Minnesota and Wisconsin, for being here. It is very important that we have a hearing here in the Permian Basin, Odessa, Texas, talking about the issues.

I would like to specifically thank University of Texas Permian Basin to be able to pull together a hearing. Dr. Sandy Woodley, the entire staff here, thank you; Ector County Judge Dustin Fawcett; the Mayor of Odessa, Texas, Javier Joven; and the President of the Chamber of Commerce, Renee Earls, thank you for being here, for your support, and so many others—Sheriff Mike Griffiths, and so many others that are here.

The hearing was open to all members of the Committee, Republican and Democrat. And I think what is telling right now is that we want to have this bipartisan discussion. We want to talk across the aisle to our colleagues about the issues that we are facing, because this should not be a partisan issue to put energy in an inexpensive, reliable form that every American family can enjoy, that increases our economic prowess, that helps our national security, that we are able to deliver across the ocean to places like Ukraine or other countries that are being threatened or held hostage by adversaries or would-be adversaries. This should not be a partisan discussion. We should be able to come together.

And it is disappointing to see a lack of participation in a field hearing like this. If you are willing to attack this industry, then

come out and see it. And we have invited those Members that do. And I think that is important to note, that we don't have those folks showing up right now.

But we do have folks showing up that want to make a change, that want to talk about the very issues that you have just heard. When you look at the Permian Basin, Texas is lucky to be on the private side. But, today, we are probably going to spend some time talking about the Federal lands side.

And my very first piece of legislation in Congress, H.R. 218, talks about preventing the Biden administration from placing a moratorium on Federal leasing, or drilling, or the permitting of pipelines. That was in advance of President Biden taking the oath of becoming President. That was in the first week of January 2021, because we knew, based on his campaign promises, that he was going to attack the industry, and here we are.

So, while Texas is lucky, other parts of the United States do have to go through the Federal permitting, and that is one of the things that we need to talk about today. When you are looking to supply energy needs for America, President Biden's first call should have been, his first visit should have been, to Odessa, Texas, not Saudi Arabia. He shouldn't have called Putin or Venezuela. He should have come right here to the Permian Basin to ask what the producers here, what all of you in this room and throughout this community can do.

Globally, the share of crude oil production coming from the Permian has grown 1 percent in 2007 to nearly 6 percent—in 2007 to 6 percent. At one point in late 2019, early 2020, this region was doing almost 14 percent, 15 percent of global production on a daily basis, 13-plus million barrels a day. That is increasing economic security, not just for the United States of America, but for our allies. That is increasing the jobs that every community has, the 10 million Americans who participate in this industry.

And the fact is that the Permian Basin is the largest secure supply of oil and gas in the entire world and remains a safe harbor of stability and opportunity. And, by investing in the Permian Basin, America is investing in our own future.

It is my pleasure to introduce you to the witness from the Permian Basin, Tracee Bentley, who is an incredible leader in charge of the Permian Strategic Partnership, with a membership of 19 companies, a model for what private partnerships with public entities can do—by investing in our education, by investing in health care, by investing in infrastructure needs—not just right here in Midland and Odessa but also into New Mexico, by taking private dollars and putting them to work so that families can enjoy high-quality education and high-quality health care, and that they can have a safe transit and a safe commute, that our roads and our bridges and our highways are safe.

Tracee brings a wealth of knowledge, coming to us from Colorado prior to this and running a large trade organization responsible for encouraging investment in the energy industry inside New Mexico.

I know that we are going to be very, very happy and pleased to hear her testimony. And I can't wait to hear the questions asked because, when it comes to the communities, the investments that those communities are making into energy security, which is a

national security issue, nobody knows this better than Tracee Bentley, and nobody knows it better on the impact that it has on every American family who decides to take this up as a career, to put food on the table and to put their kids through college and raise their families than Tracee Bentley.

Mr. Chairman, thank you for coming to the Permian Basin. Thank you for coming to Odessa, Texas.

I yield back.

Mr. STAUBER. Thank you, Representative Pfluger.

Now I am going to introduce our other witnesses: The Honorable David Gallegos hails from Eunice, New Mexico, and represents the 41st District in the New Mexico State Senate.

Mr. Doug Ackerman is from Santa Fe, New Mexico, and serves as the President and CEO of the New Mexico Oil & Gas Association.

Let me remind the witnesses that under Committee Rules, they must limit their oral statements to 5 minutes, but their entire statement will appear in the hearing record.

We use timing lights. When you begin, the light will turn green. When you have 1 minute left, the light in front of you will turn yellow. And, at the end of 5 minutes, the light will turn red. I will ask you to please complete your statement by that time.

I will also allow all witnesses on the panel to testify before Member questioning.

The Chair now recognizes Senator Gallegos for 5 minutes.

**STATEMENT OF DAVID M. GALLEGOS, NEW MEXICO STATE
SENATOR, DISTRICT 41, EUNICE, NEW MEXICO**

Mr. GALLEGOS. Thank you, Mr. Chair.

Thank you, Chairman Westerman, Subcommittee Chairman Stauber, and honorable Members. It is an honor to be here today to testify before you and to discuss the significant contributions that onshore Federal oil and gas production provides for my community in southeast New Mexico.

My name is David Gallegos. I am honored to serve on the New Mexico State Senate, District 41, and previously served in the New Mexico House of Representatives. And, during my tenure in the State legislature, I have had the privilege of representing Eddy and Lea County in southeastern New Mexico. And that is the heart of the oil and gas country in New Mexico.

As the second highest oil producer in the nation, New Mexico continues to play a vital role in our nation's push for energy independence. Reducing our reliance on foreign countries that often fail to meet our environmental standards in energy production is more important than ever. And I am proud that New Mexico has become the leader in providing cleaner, safer, more reliable, and affordable energy through the use of oil and natural gas production.

In Fiscal Year 2022, the oil and gas contributed \$10.8 billion to our state and local coffers, which was more than double the previous high in Fiscal Year 2021. Annually, oil and gas contributions make up the average of one-third New Mexico's state budget, and the recent record-level revenues were accomplished despite harmful reductions by the Biden administration.

And, according to data that was provided by Energy in Depth New Mexico, the Obama and Trump administrations held an average of 3.25 and 3.5 lease sales in New Mexico per year respectively, and, as President, the Biden administration has only held a schedule or a total of two sales with current average of 0.67 lease sales per year. Even if the Biden administration were to hold three sales in 2023, we will have only offered the average of 1.7 lease sales per year in New Mexico. This is significantly less than the Obama and Trump administration.

Despite these facts, I am proud to share that, in my home county, Lea County, it is rated as the No. 1 county in the nation for oil production. This production has led to historic funding for public schools locally and throughout the state. Roughly one-third of the state's public education funding is derived from the oil and gas, providing \$1.4 billion annually to support our students and teachers.

As a longtime school board member of the Eunice Public School District, they allow us to, and I apologize, be the beneficiary—so Lea County is beneficiary of \$48.7 million for our public schools. That was in Fiscal Year 2022. And it supports 14,793 students and 1,343 teachers that reside in my district.

This funding aids our teachers, our students—our student tenants in actually adding the needs for the most at-risk students. And these allow us to produce an education for our students that are beyond what the capability is of the district alone.

These figures are more than \$283 million, which was provided by the industry to New Mexico's higher education, and it is clear that the oil and gas not only is funding our current needs, but our future needs and our successes.

Unfortunately, the Biden administration's position on energy jeopardizes those very dollars and risks the quality of life for my family and my constituents.

Oil and gas production from public lands accounts for roughly one-fourth of the annual U.S. production, and limits on the Federal drilling disproportionately impacts New Mexico, which depends heavily on the revenue from our share of the extraction royalties. Any significant revenue reduction caused by the imposing production limits would result in catastrophic cuts to our public schools, our infrastructure, our public safety, and New Mexicans' health.

At a time when New Mexico ranks below the national average on economic opportunity, the oil and gas industry provides more than 134,000 New Mexicans with high-paying jobs. Meanwhile, the revenue received by the state supports construction maintenance of our roads, highways, and helps put officers in our communities to help keep us safe.

The positive impacts of oil and gas can be seen each day, it being with the school bus driving our kids to and from school, our clothes we wear, the technology in our classroom, and the workforce we use, our everyday necessities, and the affordable and reliable energy is heating the homes of my constituents, their families. It is time for both the state and Federal Government to work together in adopting an all-energy policy, for traditional fossil fuels and alternative energy to be included in a comprehensive effort to secure our nation's energy.

I appreciate the opportunity to speak here today, and I am standing ready to work with you to make an effort a reality.

Thank you.

[The prepared statement of Mr. Gallegos follows:]

PREPARED STATEMENT OF DAVID M. GALLEGOS, NEW MEXICO STATE SENATOR,
DISTRICT 41

Chairman Westerman, Subcommittee Chairman Stauber, and Honorable Members, thank you for the opportunity to testify today and discuss the significant contributions of onshore federal oil and gas production to my state and community.

My name is David Gallegos and I am honored to serve in the New Mexico State Senate for District 41. I previously served in the New Mexico House of Representatives, and during my tenure in the State Legislature, I have had the privilege of representing Eddy and Lea counties—the heart of oil and gas country in New Mexico.

As the second highest oil producer in the nation, New Mexico continues to play a vital role in our nation's push for energy independence. Reducing our reliance on foreign countries that often fail to meet our environmental standards in energy production is more important than ever, and I am proud that New Mexico has become a leader in providing cleaner, safer, more reliable, and affordable energy through oil and natural gas production.

In Fiscal Year 2022, oil and gas contributed \$10.8 billion dollars to our state and local coffers, more than double the previous high in Fiscal Year 2021.¹ Annually, oil and gas contributions make up an average of one-third of New Mexico's state budget, and the recent record-level revenues were accomplished despite the harmful restrictions by the Biden administration.

According to recent data provided by Energy in Depth New Mexico:

“[T]he Obama and Trump administrations held an average of 3.25 and 3.5 lease sales in New Mexico per year, respectively, as President, while the Biden administration has only held or scheduled a total of two sales, with a current average of 0.67 lease sales per year. Even if the Biden administration were to hold three lease sales in 2023, it will have only offered an average of 1.7 lease sales per year in New Mexico—significantly less than the Obama and Trump administrations.”²

Despite these facts, I am proud to share that my home county, Lea County, is the number one county in the nation for oil production.³ This production has led to historic funding for our public schools locally and throughout the state. Roughly one-third of our statewide public education funding is derived from oil and gas production, providing \$1.4 billion dollars annually to support our students and teachers.⁴ As a longtime school board member for Eunice Municipal Schools, I would note that Lea County was the beneficiary of \$48.7 million dollars for our public schools in Fiscal Year 2022, which supports 14,793 students and 1,343 teachers in my district.⁵ This funding aids our school leaders as they diligently work to address the needs of New Mexico's most at-risk students. Add to these figures the more than \$283 million dollars provided by the industry to New Mexico higher education, and it is clear that oil and gas is not only funding our current needs, but our future successes.

Unfortunately, the Biden administration's position on energy jeopardizes those very dollars and risks the quality of life for my family and my constituents. Oil and gas production from public lands accounts for roughly one-fourth of annual United States production, and limits on federal drilling disproportionately impact New Mexico which depends so heavily on revenue from our share of extraction royalties.

¹New Mexico Oil & Gas Association. (2022). *Fueling New Mexico*. Retrieved from https://assets.nationbuilder.com/nmoga/pages/98/attachments/original/1672930489/Fueling_New_Mexico_Report_Low_Res.pdf?1672930489

²Energy in Depth New Mexico. (2022, November 14). Retrieved from <https://www.energyindepth.org/president-bidens-comments-on-federal-lands-leasing-in-new-mexico-are-disconnected-from-reality/>

³(2020, March 27). Retrieved from Hobbs News-Sun: <https://www.hobbsnews.com/2020/03/27/lea-county-is-nations-no-1-oil-producer/>

⁴New Mexico Oil & Gas Association. (2022). *Fueling New Mexico*. Retrieved from https://assets.nationbuilder.com/nmoga/pages/98/attachments/original/1672930489/Fueling_New_Mexico_Report_Low_Res.pdf?1672930489

⁵Ibid.

Any significant revenue reduction caused by imposing production limitations would result in catastrophic cuts to our public schools, infrastructure, public safety, and health.

At a time when New Mexico ranks below the national average in economic opportunity, the oil and gas industry provides more than 134,000 New Mexicans with high-paying jobs. Meanwhile, the revenue received by the state supports the construction and maintenance of our roads and highways, and helps put more officers in our communities to keep us safe.

The positive impacts of oil and gas can be seen each day, be it the school buses driving our children to and from school; the clothing we wear; the technology in the classroom and workforce we use; our everyday necessities; and the affordable and reliable energy that is heating the homes of my constituents and their families. It is time for both state and federal governments to work together to adopt an all-energy policy where traditional fossil fuels and alternative energy can be included in a comprehensive effort to secure our nation's energy future. I appreciate the opportunity to speak today and I stand ready to work with you to make such an effort a reality.

Mr. STAUBER. The Chair thanks the witness for his testimony.
The Chair now recognizes Mr. Ackerman for 5 minutes.

STATEMENT OF DOUG ACKERMAN, PRESIDENT & CEO, NEW MEXICO OIL & GAS ASSOCIATION, SANTA FE, NEW MEXICO

Mr. ACKERMAN. Chairman Westerman, Subcommittee Chairman Stauber, distinguished members of the Committee, on behalf of the 400-plus members of the New Mexico Oil & Gas Association, first and foremost, thank you for being here, thank you for your support, and thank you for having us here.

New Mexico is the second largest oil-producing state in America. Our industry continues to provide the energy people need to live their lives. Through innovation, technology, and the industry's ability to exceed environmental standards, New Mexico operators supply our nation and world with cleaner, more affordable oil and natural gas energy.

Because of our prolific Permian and San Juan Basins and a dedicated workforce of 134,000 strong, New Mexico operators produced another record-breaking year, and the industry remains the No. 1 source of revenue in the state budget of New Mexico.

New Mexico's oil and gas industry generated over \$63.3 billion in oil and gas revenue in Fiscal Year 2022, an increase of 132 percent, which generated a record \$10.8 billion in state and local revenue this past year; \$5.8 billion goes to the state general fund, 5 billion to the other state and local tax revenues, reserve fund, and permanent fund. The growth will have an unprecedented impact on the state of New Mexico during this fiscal year.

The \$5.8 billion to the state's general fund equates to about 35 percent of the New Mexico State budget, a contribution the oil and gas industry has achieved consecutively since Fiscal Year 2014.

With the growth of our industry, these funds ensure New Mexico will have the resources to invest in our children's education. Our oil and gas industry revenues supported \$1.4 billion for public and higher education operating budgets, as well as an additional \$268 million in new capital outlay spending for public school construction and renovation. Our oil and gas industry funds also support vital infrastructure, such as the construction of new roads and

highways, which keep New Mexicans and our supply chains moving.

Our funds also help New Mexico put more first responders and public safety officers on the street, helping to keep our communities safer.

From Raton to Las Cruces and Gallup to Tucumcari, the positive impact of our industry is tremendous for all New Mexicans. This fiscal and economic leadership goes hand in hand with environmental stewardship and the protection of our state's natural resources. Our operators around the state are consistently working to ensure the oil and natural gas produced here is cleaner, safer, and more environmentally sound than anywhere else in the world.

We are your neighbors. We take great pride in working together and giving back to our communities to help make them stronger and better for all of our families.

With energy demand increasing around the world, our industry workforce remains strong, committed to providing the energy America needs while moving New Mexico forward. Energy produced here is vital to our national security.

Thank you for your time.

[The prepared statement of Mr. Ackerman follows:]

PREPARED STATEMENT OF DOUG ACKERMAN, PRESIDENT & CEO,
NEW MEXICO OIL & GAS ASSOCIATION

New Mexico is the second-largest oil producing state in America. Our Industry continues to provide the energy people need to live their lives. Through innovation, technology, and the industry's ability to exceed environmental standards, New Mexico operators supply our nation and the world with cleaner, more affordable oil and natural gas energy.

Because of our prolific Permian and San Juan Basins and a dedicated workforce of over 134,000 statewide, New Mexico operators produced another record-breaking year and the industry remains the #1 source of revenue in the state budget of New Mexico. New Mexico's Oil and Gas Industry generated over \$63.3 billion in oil and gas revenue in FY22, an increase of 132 percent from FY21, which generated a record \$10.8 billion in state and local revenue this past year (\$5.8 billion to the state's general fund and \$5 billion to other state and local tax revenues, reserve fund and permanent fund.) The growth will have an unprecedented impact on the state of New Mexico during this fiscal year.

COMMUNITY IMPACT:

The \$5.8 billion to the state's General Fund equates to about 35% of New Mexico's state budget, a contribution the oil and gas industry has achieved consecutively since FY14.

With the growth of our industry, these funds ensure New Mexico will have the resources to invest in our children's education. Our Oil and gas industry revenue supported \$1.4 billion for Public and Higher Education operating budgets as well as an additional \$268 million in new capital outlay spending for public school construction and renovation.

Our Oil and Gas Industry funds also support vital infrastructure such as the construction of new roads and highways which keep New Mexicans and our supply chains moving. Our funds also help New Mexico put more first responders and public safety officers on the streets, keeping our communities safer.

ENVIRONMENTAL STEWARDSHIP:

From Raton to Las Cruces and Gallup to Tucumcari, the positive impact of our industry is tremendous for all New Mexicans. This fiscal and economic leadership goes hand in hand with environmental stewardship and the protection of our state's natural resources. Our operators around the state are constantly working to ensure that the oil and natural gas produced here is cleaner, safer, and more environmentally sound than anywhere else in the world.

We are your neighbors and take great pride in working together and giving back to our communities to make them stronger and better for our families.

With energy demand increasing around the world, our industry workforce remains committed to providing the energy America needs while moving New Mexico forward. Energy produced here is vital to our national security.

QUESTIONS SUBMITTED FOR THE RECORD TO DOUG ACKERMAN, PRESIDENT & CEO,
NEW MEXICO OIL & GAS ASSOCIATION

Questions Submitted by Representative Westerman

Question 1. The small BLM office in Carlsbad, New Mexico receives approximately one-third of all applications for permit to drill submitted to the Bureau of Land Management. A recent GAO report (GAO-20-329) stated that the APD approval time decreased nationally from 196 days in May 2016 to 94 days in June 2019. This dramatic decrease was largely in due to BLM field offices prioritizing APDs for review under the Trump administration. APD approvals are again approaching 300-day delays, with some operators waiting years for approval.

1a. Do you think that BLM headquarters should allow and encourage BLM field offices with excessive APD delays to prioritize APD approval by working proactively with the private sector to ensure the necessary information is submitted and reviewed in a timely manner to comply with the 30 day deadline for APD approval in the Mineral Leasing Act?

Answer. Absolutely. While the permitting staff in the Carlsbad Field Office (CFO) attempts to prioritize permitting needs of those member companies of ours who pursue direct engagement with the office, the average number of days an application for permit to drill (APD) remains pending until final approval from the CFO is currently averaging around 500 days. Moreover, our members are forced to logistically manage their rig lines while dealing with a number of “overdue” permit instances in which the CFO surpasses the 700+ pending days threshold prior to their approval. Any encouragement or additional effort made by BLM headquarters to facilitate additional prioritization between their field offices and the private sector to ensure necessary information is reviewed in a timely manner would be extremely beneficial to our members.

It is important to note that the industry is doing our part to ensure these APDs are submitted complete by participating in workgroups to standardize the APD (this was done in the past & we are trying to get another workgroup together with CFO). Some items inside the APD are left to the Authorized Officer for interpretation. Certain NRS (Natural Resource Staff) ask us to complete the APD in AFMSS 2 then add several attachments at the end of the APD for their review while others only require the necessary attachments required for AFMSS 2. NRS staff seem to focus on different goals, ex. one may not require cut/fill diagrams while another will require it. The goal of AFMSS 2 was to make a standard APD that anyone in the county could approve so that other field offices could assist with approving APDs. Industry provides 3rd party surveys for several of the specialists, cave/karst, botany, archaeology, and any other that is required by BLM. This is costly for industry but is a requirement for BLM to approve APDs so we pay it.

1b. Do you think BLM headquarters should consider a reallocation of resources and staff to local BLM field offices with excessive APD delays to alleviate permitting backlogs?

Answer. Certainly. In fact, a review of the Automated Fluid Mineral Support System (AFMSS 2.0) data suggests that other state/field offices with a disproportionately lower volume of APD’s submitted per rig line operating in their respective region(s), have been able to process APD’s with greater efficiency. Therefore, an extensive review of personnel and subsequent reallocation of resources to those field offices such as the CFO with excessive APD delays (even in the form of a temporary strike team and/or remote personnel support given the digital permit processing system) would be highly beneficial to our member companies. This could alleviate many of the 3rd party surveys. Additionally, AFMSS is routinely down or encounters errors that lead to prolonged and unnecessary delays in processing permits. Investing in the technology/infrastructure behind the AFMSS platform to keep it functioning at the highest levels would be beneficial.

Question 2. What else can the BLM and Congress do to address permitting backlogs and ensure permits are issued in a timely manner?

Answer—

A. Ensure Utilization of Congressionally Directed NEPA Efficiencies—Congress should ensure that the original intent of Section 390 of the Energy Policy Act of 2005 is realized by expressly directing those categorical exclusions be utilized for projects meeting the specified criteria, and strictly limit when an agency may decline their use. Congress specified that certain activities were to be excused from burdensome (or duplicative) NEPA requirements because they were determined to not have a significant effect on the human environment (e.g. drilling on existing well pads). In practice, BLM frequently declines to utilize these Congressionally directed efficiencies, although a high rate of submitted APD's would meet one of the five statutorily codified exclusions. Furthermore, given existing impediments to the express authorizations of these previously codified exclusionary criteria, BLM headquarters should develop clear and concise Guidance that honors the intent of Congress in defining these instances and encourage a rollout and implementation plan with each field office in which they're tasked with adhering to such.

B. Overhaul the existing Office of personnel Management (OPM) onboarding process to ensure streamlined reallocation and recruitment of human resources within the Bureau of Land Management—Currently, it is NMOGA's understanding that approximately 35% of approved positions throughout the state of New Mexico's BLM field offices remain unfilled due to archaic background review and onboarding processes taking up to two years, on average, to fill announced and published roles. Should this Congress or Administration wish to achieve energy prosperity for the country moving forward, regardless of what energy forms (fossil or non) you may support, we will have to instill efficiencies in the onboarding process to appropriately staff the agency for adequate permit processing. This may also include consideration of unique incentives to incentivize and attract field specialists (e.g. archeologists, botanists and biologists) to certain regions, along with the consideration of "remote" employee retention to support digital processing of permits.

C. Mitigate Unnecessary Delays Caused by NEPA Litigation—Congress should change the standard for judicial review of NEPA determinations by amending NEPA to only allow courts to set aside agency determinations for reasons of abuse of discretion and/or allow agency determinations to stand if they are in substantial compliance with NEPA. Congress should also limit standing to challenge NEPA determinations by adopting modest, but clear thresholds, for parties to establish standing to challenge agency determinations under NEPA and associated agency actions.

D. Streamlining APO Permitting—To decrease unnecessary burdens on BLM resources and improve the administration of APO permitting, Congress should enact the following statutory provisions:

- i. Require BLM to develop regulations to allow APDs to be issued through provisional permitting (permitting-by-rule); and
- ii. Require that APDs be issued for a minimum of four years, instead of two years with the potential for a two-year extension; and
- iii. Automatically extend APO terms throughout the full duration of any litigation challenging the APO and BLM corrective action.

E. Clarify BLM's Limited Discretion to Defer Lease Sales—Congress should clarify that the MLA substantially limits BLM's authority to defer oil and natural gas lease sales and confirm that BLM must conduct lease sales at least quarterly. Congress should clarify that the MLA only allows BLM to cancel or suspend a specific lease sale if doing so would violate a clear statutory requirement or obligation. Additionally, Congress should clarify that the Interior Secretary shall issue the leases to the winning bidder within 60 days of auction, with no delays allowed for protests or other analysis before the acreage is issued. The Secretary shall issue the lease, not put it into suspension or place it under a hold until protests are resolved. Once the parcel is offered at sale, the protest is deemed cleared.

Question 3. How can this administration encourage companies to reinvest capital in exploration to increase production and drive down oil and natural gas prices?

Answer. Amidst the global backdrop of high energy prices and skyrocketing inflation, the Biden administration should ensure it's doing all it can to support continued access to produce oil and natural gas on federal lands. The US Department

of the Interior should hold regular lease sales, as statutorily required by the Mineral Leasing Act. Additionally, permits and Application for Permit to Drill (APO) should be approved in a timely manner. The Biden Administration's historically low federal acreage reduction in leasing, along with its myriad of new regulations, coupled with the omnipresent risk of litigation, create serious challenges for operators working to responsibly develop federal mineral resources. To ensure NMOGA's members can meet growing energy demands, Congress should promote infrastructure development and reform the permitting process. Streamlining the National Environmental Policy Act (NEPA) process and ending obstruction of oil and natural gas projects in the permitting process will spur project investment in energy infrastructure. And lastly, NMOGA member companies need regulatory certainty. While our members often exceed federal regulatory standards as part of their efforts to operate safely and efficiently, certainty is key to deploying capital and we respectfully request that this Administration ensures federal regulations are technology-neutral, flexible, cost-effective, and not duplicative of other federal and state regulations. Approve more APDs & ROWs. APDs receive much of the attention but ROWs are just as important to produce wells without flaring/venting. ROWs cut down on truck traffic which also reduces emissions and allows for safer travel. Industry is being asked to perform 3rd party environment assessments for the BLM to help speed up approval times.

Mr. STAUBER. I thank the witness for his testimony. The Chair now recognizes Ms. Bentley for 5 minutes.

**STATEMENT OF TRACEE BENTLEY, PRESIDENT AND CEO,
PERMIAN STRATEGIC PARTNERSHIP, MIDLAND, TEXAS**

Ms. BENTLEY. Good afternoon, Mr. Chair and members of the Committee.

My name is Tracee Bentley, and I am the President and Chief Executive Officer of the Permian Strategic Partnership, also known as PSP.

I am grateful for the opportunity to share our work with you and that you have chosen to host this hearing right here in the Permian, which not only leads the nation in energy production but is also a place where innovation, private industry, and the private sector all come together in a very unique and powerful way.

PSP is a partnership of 20 oil and gas companies operating in the Permian Basin, which includes West Texas and southeastern New Mexico. Our companies who are members of our partnership are listed in my written oral testimony.

PSP was founded in 2018. Our mission is to strengthen and improve the quality of life for Permian Basin residents by partnering with Federal, state, and local leaders to develop and implement strategic plans that foster superior schools, safer roads, quality health care, and a well-trained workforce.

In 5 short years since our founding, the PSP has directly invested nearly \$125 million of our own dollars in projects across the region, but we have leveraged these dollars into collaborative investments totaling \$975 million.

In 2022 alone, we committed \$32.6 million toward education, workforce, health care, and road safety initiatives, all of which will support the region's crucial social and economic infrastructure.

Our work for future generations begins with investing in education. One out of every three residents in the Permian reads below a third grade level. Polling of PSP member company employees has shown that public education is the single greatest factor in

evaluating a location change, and it is equally important to families already living here in the Permian.

The majority of our students are not meeting grade-level standards, and over 50 percent of our students are economically disadvantaged. Progress is being made, but we still face the challenge of exponential growth.

PSP has directly invested over \$47 million in education initiatives across our region. As one example, we announced a partnership with the Cal Ripken, Sr. Foundation to provide \$7.5 million toward the creation of 134 state-of-the-art STEM facilities in schools across our region. This will impact 3,000 teachers and 60,000 students.

While a robust curriculum is critical to our educational success, it means little if there is nobody there to teach it. Our classrooms are facing massive shortages of qualified teachers. And, while this is a problem that cannot be solved with any single initiative, we believe that one key element is to provide professional development opportunities for our teachers.

We have invested more than \$4 million in helping teachers go through the rigorous process to become certified through the National Board for Professional Teaching Standards.

When it comes to health care, our region has a high prevalence of chronic conditions, including, among others, obesity, diabetes, and heart disease. A recent healthcare assessment shows 25 percent of residents right here in Midland and Odessa seek complex inpatient care outside of the Permian, while 45 percent of the rest of the region leave the region for inpatient care. This is unacceptable.

PSP has invested \$53 million with our partners, including two of our outstanding regional universities—of course the University of Texas Permian Basin, Texas Tech University, Southeast New Mexico College in Carlsbad, and New Mexico Junior College in Hobbs.

PSP has helped expand access to 14 different types of certifications, residencies, fellowships, and behavioral health professionals, providing Permian Basin residents a local pathway to fulfilling careers while also ensuring that local businesses' workforce needs are met.

Truck drivers, quite literally, drive the economy here, and the Permian is facing a severe shortage of certified truck drivers. In fact, a recent study that we supported indicate that drivers were the leading occupational shortage among skilled workers in our area.

Last month, we announced our partnership with Odessa College, a \$3.5 million investment to expand their Truck Driving Academy. And we hope to do something similar in southeast New Mexico. This will provide essential training in high-demand, high-paying careers for nearly 100 Permian Basin residents per year while also making our roads safer.

These are just a few examples of our efforts toward improving health care, education, and workforce development in our communities. Our work is made possible through each of our members' vision and long-term commitment to our region and to our communities.

Members of the Committee, we ask you to partner with us. By supporting responsible energy development in our region, you are supporting our efforts and our investment in an area that the United States and the world will rely on for many, many decades to come.

We look forward to working with you to make transformative progress through strategic public-private partnerships in our region.

Thank you.

[The prepared statement of Ms. Bentley follows:]

PREPARED STATEMENT OF TRACEE BENTLEY, PRESIDENT AND CEO, PERMIAN STRATEGIC PARTNERSHIP

Good afternoon, Mr. Chairman, and distinguished members of the Subcommittee. My name is Tracee Bentley, and I am the President and Chief Executive Officer of the Permian Strategic Partnership, also known as the PSP. I am grateful for the opportunity to share our work with you and that you have chosen to host this hearing here in our home in the Permian Basin, which not only leads the nation in oil production but is also home to the thriving communities that we work with every day.

For those not familiar with the PSP, we are a partnership of 20 oil and gas companies operating in the Permian Basin in West Texas and Southeastern New Mexico. While the Permian Basin has helped drive the American economy for decades, many of our communities are underserved. One out of every three residents in the Basin reads below a third grade level. Meanwhile, less than half of our students are meeting grade level standards.

The PSP was founded in 2018; our mission is to strengthen and improve the quality of life for Permian Basin residents by partnering with federal, state, and local leaders to develop and implement strategic plans that foster superior schools, safer roads, quality healthcare, affordable housing, and a well-trained workforce. The companies involved with the PSP bring the people, expertise, resources and leadership needed to develop solutions in partnership with local leaders and communities.

In the five short years since our founding, the PSP has directly invested nearly \$125 million in projects across the Permian Basin and contributed to collaborative investments totaling \$975 million. In 2022 alone, the PSP committed \$32.6 million toward education, workforce, healthcare and road-safety initiatives, all of which will support crucial social and economic infrastructure in both West Texas and Southeastern New Mexico.

Partnerships between the oil and gas industry and our local communities are essential for the success of the Permian Basin, as they foster collaboration that can lead to increased investment, job creation, and economic development. Through this work, we simultaneously strengthen the existing foundations of our communities and create the opportunities that will fuel them for generations to come.

Our work for those future generations begins with investing in them through education. Polling of the PSP's member company employees has shown that public education is the single greatest factor in evaluating a location change, and it is equally important to families already living in the Permian Basin. Children in school today will be joining the workforce of tomorrow and access to a quality education is critical for success both now and in the future. Our schools, and school leadership, must have the resources to provide the next generation with access to highly qualified teachers and a robust curriculum.

Today, the percentage of Midland and Ector County Independent School District students that met grade-level standards across reading, math, and science is under 45%. The majority of students at these two ISDs do not meet grade level. I'll let that sink in for a minute. Over 50% of the students at these two ISDs are economically disadvantaged. Progress is being made but we still face the challenge of exponential growth.

Fueled by the growth of the region, public schools in the Permian Basin are experiencing extreme increases in student populations and, unfortunately, have underperformed in the past when compared to other areas. We understand that in order for our communities to thrive, we must ensure that teachers and schools in the Permian Basin have the resources and support they need to help not only improve, but excel.

To achieve this goal, the PSP has directly invested over \$47 million in education initiatives across the Permian Basin, supporting local public schools, universities, teachers and students.

One area of particular focus in education for the PSP is ensuring access to Science, Technology, Engineering and Math (STEM) learning. By providing resources for these curricula, we can encourage our children through developing problem-solving and critical thinking skills while also building their knowledge base for future careers.

This year, the PSP announced a partnership with the Cal Ripken Sr. Foundation to provide \$7.5 million toward the creation of 134 state-of-the-art STEM facilities in schools across the Permian Basin, impacting 3,000 teachers and 60,000 students. Through this investment, students will have access to the tools and resources they need to explore the world around them while learning useful skills for the future. These centers will be installed over the next four years and will help inspire students to pursue careers in STEM for decades.

While a robust curriculum is critical to educational success, it means little if there is no one to teach it. Teachers play a crucial role in shaping the future of our children and our communities. Research shows that student performance rises with teacher experience and quality—and declines with high teacher turnover and inconsistent school leadership.

Sadly, as in many areas across the country, our classrooms are facing a massive shortage of qualified teachers. While this is a complex problem that cannot be solved with any single initiative, we believe that one key element is to provide professional development opportunities to bolster teachers in the classroom. To do so, the PSP has invested more than \$4 million dollars in helping teachers go through the rigorous process to become certified through the National Board for Professional Teaching Standards.

Supporting such certification initiatives is an important part of improving not only education in the Permian Basin, but its entire workforce as well.

Many times the PSP works together with both private and public sector partners to propel an idea into reality. One example is the Hobbs CTECH School, a Career Technical Education school to improve workforce readiness in a range of disciplines including energy, construction, hospitality, STEM, information technology, manufacturing, and transportation.

The PSP has also worked with America's Warrior Partnership (AWP) to design the Permian Warrior Partnership. AWP is a national veteran organization that focuses on an upstream approach to proactively know the veterans in the community and connect them with local resources and opportunities. At the PSP, we have set the goal for the Permian Basin to become one of the most veteran friendly places to live and work.

We are passionate about addressing the needs of our current and future workforce. As members of this Subcommittee, you know first-hand how a shortage of essential employees can impact local communities and unnecessarily limit their economies.

Our area is blessed to have innovative and collaborative academic institutions that we find ourselves partnering with often. The PSP has collaborated with the Texas Tech University Health Sciences Center through a number of residency and fellowship programs with focuses in Family Medicine, Physicians Assistants, Surgery and Sub-Specialty programs and avenues for the rural basin to access primary care. We have also worked to significantly bolster nursing programs at both the University of Texas Permian Basin and Odessa College. With the suicide rate over 50 percent higher than the national average in our region and increased fallout from COVID-19, the PSP invested to provide mental health counseling and support across the area.

To this end, the PSP has committed \$14 million toward workforce development across the Permian Basin, with an additional \$53 million invested specifically towards workforce development in healthcare. With regards to healthcare, our region has a high prevalence of chronic conditions including, among others, obesity, diabetes and heart disease. A recent healthcare assessment shows that 27% of Midland and Odessa residents seek complex inpatient care outside of the Permian Basin and 45% of all other Permian residents leave the region for inpatient care. Large healthcare investments are needed in our region.

Through our efforts, the PSP has helped expand access to 14 different types of certifications, workshops and fellowships, providing Permian Basin residents an accessible, local pathway to fulfilling careers while also ensuring that local businesses' workforce needs are met.

Those needs will only continue to grow as the Permian Basin's prominence as an epicenter of energy production increases. According to industry experts, Permian oil

is on track to make up fifty percent of all U.S. production by 2030, compared to approximately forty percent today. This increase in production presents a tremendous economic opportunity for our region and the country—but it also comes with great challenges to provide the workforce, educate their children and provide healthcare for their families.

If the Permian Basin was its own country, it would be the third-largest oil producer in the world. As the world faces complex energy and geopolitical challenges, the Permian Basin provides clarity and stability and remains an essential—and trusted—global partner. Great potential exists in the region with reserves of 94.5 billion barrels of recoverable oil. The low-carbon oil produced in the Permian is cleaner and more environmentally friendly than other major production areas, and the region has emerged as a leader in wind and solar generation.

As the Permian Basin continues to grow, partnerships dedicated to having a workforce that can meet the demands of both the oil and gas industry and the regional economy overall will become even more essential.

Logistics will be a crucial element in ensuring our economy has the capacity and capability to grow; truck drivers quite literally drive the economy, and the Permian Basin is facing a severe shortage of certified drivers. In fact, a recent study that we supported indicated that drivers were leading the occupational shortage among skilled workers in our region. That is why, last month, we had the pleasure of announcing our most recent partnership with Odessa College, a \$3.5 million investment to expand the Odessa College Commercial Drivers License Truck Driver Academy. Not only will this program help ensure that our local economy can continue to grow, but it will also provide essential training in a high-demand and high-paying career for nearly a hundred Permian Basin residents per year.

These are just a few examples of our efforts toward improving workforce and education, as well as healthcare access in our communities. Our work is made possible through our member company's generosity and commitment to their communities and the tireless effort of our staff.

The PSP dedicates itself to helping ensure the Permian Basin not only continues to fuel America and the world for decades to come, but also working hand-in-hand with our partners to grow our region to meet its full potential. We take great pride in knowing that our work has direct, lasting impacts for our families and the communities we are privileged to call home.

While we take great pride in our accomplishments so far, as the Permian Basin continues to play such an important role in the country and the world, our work will not end, and we continue to look for other partners to leverage our funding.

Members of the committee, we ask that you consider joining our public private partnership and support PSP through strategic investments in education, healthcare, workforce development and infrastructure. Such investments will return not just economic dividends but will assure that we have adequate energy resources to meet future needs across the globe for decades to come. As one of the most important regions in the country and the world, it is crucial that education, healthcare and workforce development in the Permian Basin be prioritized.

We look forward to working with you to make transformative progress through public private partnerships in our region.

Thank you, and I look forward to answering your questions.





PERMIAN STRATEGIC PARTNERSHIP

The Permian Strategic Partnership is a coalition of 20 leading Permian Basin energy companies who joined together to work in partnership with leaders across the region's communities to address current and future challenges to the responsible development of the vast oil and natural gas resources of the Permian Basin in the states of New Mexico and Texas.

The Permian Strategic Partnership leverages its relationships with like-minded organizations, federal, state, and local leaders, and public partners to achieve more together than we ever could alone. Working in collaboration, we have increased funding for education, invested in career training, expanded healthcare access, improved safety and infrastructure, made housing more affordable for teachers, and expanded broadband access across the Permian Basin.






















Mr. STAUBER. The Chair thanks the witness for her testimony. The Chair will now recognize Members for 5 minutes for questions, and I will begin by recognizing myself.

Mr. Gallegos, we were in Roswell with another Member of Congress a little over a year ago, and we talked about the devastation that this Administration has, and the reduction in the royalty or the production for the communities that we talked about—health care, police, fire, ambulance, education, roads, et cetera.

I remember asking an individual who wasn't supportive of the industry—I said: How are you going to make this up?

I couldn't believe the answer I got, but I am going to share it with you: through the sales tax of selling marijuana.

I thought, I can't believe that a professional answered that way. I don't know how much and how high people have to get to sell that much to make up for what you described. And that is

unacceptable. I wore the police uniform for 23 years. You are going to make that up by doing this to our kids?

That is why, when Representative Pfluger said this was supposed to be a bipartisan—the Chair and I invited everybody from the Committee. And I am disappointed that my colleagues from the other side of the aisle didn't come to this valuable hearing.

Mr. Ackerman, thank you for participating today.

Joe Biden claimed in his State of the Union that, “oil and gas will end in 10 years.” We know that isn't true. It is not even feasible. However, he is trying. Although perhaps unlawful, he has crippled leasing as much as he possibly can. Much of the Federal production right now is occurring on leases offered under the Trump administration and previous administrations. Under Trump, 153 parcels per year were offered; under Obama, 103 parcels; and, under Biden, only 9.6.

This shortfall will unjustly be felt by your membership. With Joe Biden choking leases on energy, which allows energy demand to skyrocket, how will your membership react to the dwindling acres available, and how can we in Congress help?

Mr. ACKERMAN. Mr. Chairman, thank you for the question.

No industry has been more unjustly villainized than oil and gas on all fronts. Never has a more vital industry to the security of this nation faced a bigger onslaught of attacks. Vague and random ESG policies have shut down financing. From a numbers standpoint, 53 to 54 percent of the production within New Mexico is on Federal land. The other 35 percent is on state land.

So, when you look at the challenges both on the Federal and the state level, any slowing of lease granting, any feet dragging on the permitting side slows down 53 to 54 percent of the entire production within the state of New Mexico.

The oil and gas industry within New Mexico has proven, from a time when oil actually went negative during COVID—you had to pay people to take oil—they have increased production 132 percent in a short amount of time when costs in the oil field, labor is hard to get, anywhere from 75 to 150 percent increase in cost of inputs because of the supply chain challenges.

The industry can provide, and we are grateful for any help and support we can get to minimize the effects of the current progressive agenda.

Mr. STAUBER. Thank you. And I can tell you that the permitting reform is a priority for Mr. Westerman and the other members of Natural Resources Committee.

Senator Gallegos, thank you for participating.

Your constituents are hardest hit by this Administration's “keep it in the ground” mentality. Building off my question to Mr. Ackerman, as the Trump and previous administrations' leases are completed and we now fall to the few acres offered by the Biden administration, how do your counties, townships, and municipalities brace for future catastrophic funding shortfalls?

Mr. GALLEGOS. Thank you for that, Mr. Chairman.

So, what happens, because we have ridden the cycle before, in the Southeast, we have always learned to be able to restore some money back. But what is going to happen drastically here now because the permitting is—I predict we have 2 to 5 years maybe

of permits that are out there—production is on a peak during the initial drill, but it drops off significantly. And I don't think it hurts just my communities. I think it hurts the state as a whole.

Right now, we are spending money recklessly throughout the state because we have an abundance because of oil and gas. You take that out, we are going to go back to what we have historically done—taking money from schools, from public safety, because you have to find some places you can pull back.

We have to have a balanced budget every year for the state of New Mexico. Well, when that money is not there, we have to pull it back from areas that we can. And a large part of that, Mr. Chairman and Members, is in staff. At some point in time, you have to lay people off because we do not have the funds available to do it.

So, what happens to oil and gas in the good time is a blessing to the state. And, on the other side, it hurts the whole state by losing people and opportunities.

Mr. STAUBER. I thank you for your answers.

The Chair will now recognize the Full Committee Chair, Mr. Westerman, for 5 minutes of questions.

Mr. WESTERMAN. Thank you, Chairman Stauber, and thank you to the witnesses for your testimony.

Senator Gallegos, I have to say I am a little bit envious having served in the Arkansas Legislature, where we had a balanced budget. And, when I read your written testimony, there was a number that stood out, and it is the \$10.8 billion in oil and gas revenues that are going to the state. So, I did a little further research, and I saw that the population of New Mexico is 2.1 million, and the population of Arkansas is almost 3.1 million. Yet, our balanced budget last year was \$6 billion, and the state of New Mexico's balanced budget was \$9.44 billion.

So, you have a lot to work with because of these oil and gas revenues. And you just mentioned that, some wasteful spending, but how on Earth do you waste that much money? We were up there this morning. You are obviously not spending it on the roads.

Mr. GALLEGOS. Mr. Chairman, thank you for that.

Actually, we keep trying to work on infrastructure, but what happens is a corridor, the Albuquerque area, have the majority of legislators, so they get what they want, not what we need.

But the bad thing is, you go back in history, Governor Martinez did a real hard job of cutting our budget. Ever since she has been gone, every year, we increase the budget, and it is one of those where you can't see the positive attributes.

New Mexico is still a really poor state. Like you said, our streets and roads are in really poor condition, our children are at 50th in the nation on education. So, we are throwing money at things without expecting a return on our investment or an increase for our kids. They are just frivolously—I voted no last year on giving money out, the only one in the Senate who voted no, because I think we need to look forward 10 years out, 5 years out, at some point in time say: OK, here is what we are going to have. At the end of this time, if oil and gas takes a reduction, where will we be?

And our governor and the other people on the other side of the aisle and even some of my colleagues are happy to be spending their money today, not thinking about tomorrow.

Mr. WESTERMAN. So, most of that revenue is being generated in Lea and Eddy Counties, and it goes to Santa Fe and on to Albuquerque, I guess. There is this nursery rhyme about a goose that laid a golden egg that you might want to inform your colleagues about there in Santa Fe.

Mr. Ackerman, there are a lot of rumors that have been floating around the past couple years. The oil and gas industry has been vilified. We were all shocked when the President's spokesperson came out and talked about these 9 or 10,000 permits that aren't being utilized, and I was waiting for today to be in a place where somebody can set the record straight on that.

And, also, when you are doing that, can you talk about how long it takes to develop a project and how a delay right now may not even be seen, but 5 or 10 years from now, we are creating gaps that, really, you don't get to go back and make that up?

Mr. ACKERMAN. Mr. Chairman, thank you for your question.

Also, how to know whether or not you live in New Mexico or not is whether you have a cracked windshield from all those great roads that you were talking about earlier.

It takes about 6 to 12 months to get a permit, and you need between 30 and 50 permits to drill a well. And the average cost of putting a well and committing to a well on a site is about \$50,000 a day. So, if you look at the dollars and cents that are associated with what we are speaking about here, it is a real challenge.

And, with the delays in permitting, with some of the new challenges to the San Juan Basin, the Tenth Court of Appeals legislation that just passed, we are concerned about being a foothold to the Permian.

One of the other things that you hear about is also the challenge with the dollars and the challenge of why the oil companies aren't investing back into more production. And, at the end of the day, what is the incentive for an oil company when you have an administration that is outwardly saying they are going to shut you down, and the most recent State of the Union address said, for 10 years, you know, we are going to need you for another 10 years.

Well, the forecast for oil and gas from the state of New Mexico is, by 2050, we are going to be 25 percent domestic production. We are not going anywhere, but who is going to invest when—

Mr. WESTERMAN. Those actions don't exactly promote investor confidence.

Mr. ACKERMAN. Correct, sir.

Mr. WESTERMAN. I see that my time has expired, so I yield back, Mr. Chairman.

Mr. STAUBER. Thank you, Chairman Westerman.

I will turn it over for 5 minutes to the gentleman from Wisconsin, Mr. Tiffany.

Mr. TIFFANY. I hope all of you from Ector County understand the challenge that Senator Gallegos has issued to all of you with his testimony. Lea County in New Mexico being the No. 1 county in the nation for oil production, you have some work to do. He is coming into your state and laying down the gauntlet.

Mr. GALLEGOS. We love West Texas.

Mr. TIFFANY. Yes, absolutely.

Ms. Bentley, we hear all about kids that get liberal arts degrees, end up in their parents' basements, \$100,000 in debt and all the rest. Is that what the jobs look like in the Permian Basin?

Ms. BENTLEY. It is not, no. We have many, many jobs currently and also in the future where they are STEM related, many of them. But many of them are skilled labor jobs, such as electricians and plumbers. We need accountants. The whole gamut is available right here and will be for the foreseeable future.

Mr. TIFFANY. Yes. I was really struck today, in the tour that we did over in the Hobbs area, at the number of professionals that are employed, and it really struck me that the number of people, whether they are engineers, geologists, whatever they may be, there are a lot of high-skilled jobs to come into an area, aren't there?

Ms. BENTLEY. There absolutely is. We like to say that, if anywhere in the country really should have a robust career technical education program, it should be right here in the Permian.

Mr. TIFFANY. Senator Gallegos, did I hear you correctly saying, if you see reduced oil production in New Mexico, that you may see cuts in education and health care? Is that accurate?

Mr. GALLEGOS. Thank you for that question.

Actually, we have seen it on a periodic table. Whenever oil and gas drops, historically we have gone to schools first. So, what happens, they have a fund that they hold back for bad times. Well, we, the legislature, just take it from them. We don't ever replace it. We just take it from them.

And that really hurts our students. We are, I think, in another downturn. We are going to have to look broader. I know that we have taken from public safety and education, but it is going to hit more areas, because we keep increasing the budget in all areas in our state. So, the governor is just spreading the wealth everywhere. At some point in time, he will have to pull back in order to make that budget work.

Mr. TIFFANY. Mr. Ackerman, have you done an analysis of the effects of the reduced number of permits that are being issued—have you done an analysis when that is going to hit? I mean, you see that production is still strong as a result of the permits that have been issued.

Do you have a projection when this is going to hit and you are going to see less production, fewer wells as a result of issuing fewer permits?

Mr. ACKERMAN. Thank you for the question.

I don't have an official look at that. As we have looked at the challenges that are facing the industry and the challenges that continue to grow, there are so many different variables at play here. I don't have an exact number for that, no, sir.

Mr. TIFFANY. Senator Gallegos, do you have a guesstimate of when you expect to see that?

Mr. GALLEGOS. Well, and thank you for that.

Also, just seeing how it has been in the past, I would say between 2 and 5 years, because projections are we have plenty of

oil and gas. It is not about the product. It is about the timeline that you have and the gap that it is going to create.

I think we are going to have a cliff effect. Whenever the permitting gets to the point that we are not replacing the permits, then I see oil and gas drop. And, just because of regular production out of that well, if you don't continue drilling, then the production falls off.

So, I would say, just my thoughts, I would say 2.5 to 5 years, we will see a drop, unless the Fed's start allowing us to have permits.

Mr. TIFFANY. If a member of the New Mexico Congressional Delegation asks for a Federal energy production hearing in southeast New Mexico in your district, would you welcome them?

Mr. GALLEGOS. I would. I don't see that coming, because they are totally against oil and gas. I sent a text to my last Congresswoman, Yvette Herrell, earlier. She would have loved to be here.

But, in reality, the other side of the aisle in New Mexico wants to do away with oil and gas production, so they are not in favor of the permitting process at all, even at the cost to our students and our kids and our communities.

Mr. TIFFANY. I want to close with just two quick things, Mr. Chairman.

One, as Chairman Stauber mentioned earlier, we are looking hard at NEPA, which is one of the biggest concerns. When you are talking about forest management, mining, oil production, wherever the case may be, we do need reforms to NEPA, the regulatory policy that governs on Federal lands. And we are hoping to be able to get some changes to that, and hopefully get some bipartisan agreement.

And, finally, I would just say to you, for those people that are chasing the green fantasy, the Permian is a problem, and you should smile every day when you go to work knowing that you are stopping people who want to impoverish Americans with higher energy prices. I hope you smile every day as you continue that robust production in the Permian because you are standing up for the people of the United States of America. Thank you for the work you do.

I yield back.

Mr. STAUBER. Thank you for the questions.

And, finally, the Chair recognizes the gentleman from Texas, Mr. Pfluger, for 5 minutes.

Mr. PFLUGER. Thank you, Mr. Chairman.

And I couldn't agree more with my colleague, Mr. Tiffany, about that. Thank you for standing in the gap.

And, as a small correction to my facts on the \$14 million, my point was to say that the Permian Basin is producing almost 50 percent of that, which is about 6 to 7 percent of the worldwide production. Just an incredible amount.

Ms. Bentley, the Permian Strategic Partnership is really a one-of-a-kind organization that is doing something that is supporting national security. If you can talk about the importance of national security and then maybe give us a sense in scope of how many people are employed in the Permian Basin by this industry, and then the family members that are impacted positively by this industry.

And I will have a follow-up here in a second.

Ms. BENTLEY. Thank you, Congressman Pfluger.

Well, you said it best earlier when you said we are in the midst right here of the world's largest and most secure supply of energy, for many reasons.

But, No. 2, I think it is important to remember why that is. And a lot of that is due to the hardworking men and women that every day go to work and produce some of the cleanest energy of anywhere in the country and the world as well.

So, when we hear rhetoric from Washington, DC that that is not important anymore, you can imagine the effect that it has on a region like ours, and of course across the country. But the truth of the matter is we know that the world is going to need our energy for decades and decades to come, so we keep at it.

I will tell you also that, when my companies are sitting around the boardroom talking and I ask them what keeps them up at night, workforce comes up, without fail, almost every single time. We are worried about having the workforce for the future that we are going to need to continue to produce the energy that the world relies on. So, making sure that we have the infrastructure, both social and what we think of as traditional infrastructure, to sustain our workforce is becoming more and more important every day.

Mr. PFLUGER. Well, thank you for that.

If we go the path of Western Europe, and we attack fossil fuels, and we enact the policies that President Biden has done over the last 2 years, what is the economic impact here? I mean, Texas had \$24 billion paid in from the oil and gas industry—\$24 billion paid to the state in local taxes, state taxes that supported education, that supported roads, that supported infrastructure.

So, if we continue down this path, what is the economic impact we can expect?

Ms. BENTLEY. You are exactly right. And we heard the good Senator from New Mexico say earlier that oil and gas revenue is about a third, maybe a little over a third of New Mexico's state budget. And that is just our two states.

When you look at the national level and globally, there is no other greater economic driver when it comes to energy than right here in the Permian. We employ—I think the statistic is nationally over 900,000 workers in the energy industry. And the revenue, of course, that comes from this area pays off all the way down the chain, dividends over dividends over dividends.

So, we understand that, while we are producing much-needed energy, the economic downfall that would happen if we keep seeing what we are seeing happen in Washington is that it is going to be devastating to all of us.

Mr. PFLUGER. Senator, thanks for standing in the gap in New Mexico in a very, very tough environment. I can't for the life of me understand why you would want to cut off the funding stream that produces almost 50 percent of your state's budget. It just doesn't add up here, so thank you for what you do.

And, Mr. Ackerman, same to you. Let's get back to those 9,000 permits. I cringe every time I hear those. And you just mentioned 30 to 50 permits per well.

Mr. ACKERMAN. Yes, sir.

Mr. PFLUGER. I always come back to 9,000, and I say, well, we actually need 90,000 permits. I know that that is not accurate.

Can you tell us how many permits we need in New Mexico and how many have been impacted? I mean, we talked about a production cliff, so how many permits do we need roundabout, right now, new permits?

Mr. ACKERMAN. Wow. Thank you for the question.

Honestly, if we just got the permits that are being delayed right now, with APD challenges that are going on in Wyoming and New Mexico, Center for Biological Diversity, and some of the other environmental NGOs that are challenging us, there are 400 APDs that are tied up there. The Tenth Circuit of Appeals issue in the northwestern part of the state is challenging hundreds more.

This could shut down production for a year. I have companies up there. My incoming chairman for next year is worried about whether or not his company is going to be able to operate because they are, like I said, it is \$50,000 a day that you are committing to a well. And every day that that well is not active, it is costing \$50,000 a day. The ROI on that from a business standpoint just isn't there.

When you start to look at the numbers that is necessary, we will start with just what we have and be able to drill what we have and then look at where we can go from here. But, honestly, what would help most is just to stop the feet dragging and the way that some of the challenges and—well, something that can help us more than anything else is some clarity in the regulatory, legal, and legislative environments so that there are not these holes that people can drive trucks through and grab on and tie things up and slow us down.

Mr. PFLUGER. Well, thank you for that.

And the production cliff that the center talked about, when supply starts to decrease and the price starts to increase, inflation will continue to increase. We know that affordable energy helps those who need it the most in the lowest earning bracket in our country.

And I know, Senator, that you probably experienced that just like everyone who is elected experiences that. We need to unleash America's energy potential. It starts right here. It starts with permitting. It starts with doing things in a market-based reality; not this fictional green fantasy that my colleague mentioned.

With that, Mr. Chairman, thank you for being in Odessa, Texas. And I yield back.

Mr. STAUBER. Thank you, Mr. Pfluger.

And now the Chair is going to request, if there is a second round of questioning, we have some time. And, with time, we always want to get as many questions in as we can.

But, before I do that, I want to thank the University of Texas Permian Basin for your hospitality in such a short period of time. We thank you very much.

And I would also like to thank our staff. So, we come here, and we sit at the table. It is a lot of staff time to get it done, and the Natural Resources staff that came with us from DC and other parts, I want to thank you for your hard work. It is worth it.

So, I am going to recognize myself for 5 minutes. We will go in the same order.

We always talk about all of the best energy. I used to say “all of the above energy” but all of the best energy. And one of the things that we are seeing across America is this forced transition.

And I just, I want to bring you back to critical minerals mining for a minute. We need to be, as August said, energy dominant. We need to be critical mineral dominant, too. That is part of our strategic national security. Those are two areas we can’t get wrong, and right now, under this Administration, they are not looking at it that way. They are putting us behind.

So, Ms. Bentley, thank you for the work that you do, strengthening the quality of life of those living in the Permian Basin. Your testimony discussed students missing key benchmarks—reading, math, and science—and your organization’s work to overcome those issues.

How would the Biden cuts to education through leasing restrictions set back the progress you have already made?

Ms. BENTLEY. Thank you, Mr. Chair.

I believe that they would be very, very significant in that you heard Senator Gallegos earlier say how much oil and gas revenue in the state of New Mexico, for example, goes directly toward education, not only teacher salary but also per-pupil spending and also to actually build brick-and-mortar, these educational institutions. So, if you start whittling that away, my goodness, you can see what is immediately going to happen. And I feel like New Mexico is one of the best examples of that.

And I could tell you that, as far as the rest of the region, here in West Texas, our companies are able to make large investments like what I have described earlier because it is good business here. But the second that that starts to erode is the second that these kind of investments we are going to have to take a harder look at.

So, education is the key to everything that we have found. Without a solid education system, everything else kind of starts to crumble around it.

Mr. STAUBER. Well, as Mr. Westerman said, we took a tour of CTECH. Very, very impressed, and I know you were a part of that.

We must permit by rule, not permit by decree. This is what this Administration has been doing, and we are seeing the devastating effects with that.

So, to anybody on the panel, how do your friends and neighbors cope when the White House decrees that they must do with less and that your rural lifestyles must be squeezed dry?

Any of the panel members.

Ms. BENTLEY. I will start.

Well, I can tell you, and it kind of goes to what I said earlier. We can say that we are in an energy transition, and I think my industry would tell you we prefer the word “energy expansion.” But, regardless, as we hear the condemnation and the talk about we have to move away from traditional energy, and yet we know that that is just not even possible, not even in the near-time future, that is just not feasible.

So, to hear our industry getting vilified, as we said earlier, in a forum that is not reality but yet my neighbors and our neighbors are expected to get up every morning—and they do, and they are happy to do so—but knowing that they are operating under

decision makers who are not living in reality, it is difficult to watch for sure.

Mr. STAUBER. Yes.
Senator.

Mr. GALLEGOS. Well, in our area, everything rotates around oil and gas and not just the cost of the oil and gas. Your gasoline is one issue.

But, if you start looking and you talk to the people in my community about the cost of products, you look at an iPhone, you look at our tires, everything that we use in our nation is driven by oil and gas product.

My wife, I use this often. She says please don't do that. It takes her 2 hours to get ready to go to Walmart. She is going to put on makeup and get ready to be out in public. What is the cost of the petroleum products going to be in makeup? I will still have to pay it, regardless of what the cost is. But that is a necessity to her.

And we are taking away these necessary pieces of our society because we are trying to hurt oil and gas. What are the solar panels going to come from? What are the wind mills going to come from? You look at the freeze here in Texas. Why did it freeze? They didn't have heaters in the petroleum that helped rotate.

So, there is so much that they don't have figured out, but all it does is hurt all of us and it starts right here.

Mr. STAUBER. Mr. Ackerman.

Mr. ACKERMAN. There is no harder question to answer, especially in a state that is boasting \$10.8 billion in money that goes to the state government to try.

I get asked all the time how to reconcile the—you all brought it up earlier today—how do you reconcile the fact that this industry that means so much to the state and also to the security of this nation, the vilification and the shutting down of it? You just can't reconcile them. There is no more difficult question that I get asked on a daily basis.

Mr. STAUBER. Well, your constituents and friends and neighbors matter. Our rural way of life matters. No matter what, you have an ally in the four Members of Congress sitting in front of you.

I will now turn to Chairman Westerman for the additional 5 minutes.

Mr. WESTERMAN. Thank you, Chairman Stauber.

Ms. Bentley, one of the things that we have had to endure the past few years, serving in the Minority party, were hearings where we were inundated with witnesses about environmental justice and social justice. And I am still not sure I ever comprehended what these witnesses, the point they were trying to get across.

I have traveled a lot of different places in the world, and where I have seen what looked to me like the most environmental injustice and social injustice and governance injustice were in areas of poverty where you had rogue governments and socialist governments in control.

And, to the contrary, I thought we were actually providing more environmental and social justice to American citizens by giving them lower cost energy, by giving them the good things that come from having a reliable energy sector.

But I have always wondered: How would somebody that is out here on front lines, how would they answer that question about how energy production in the Permian has resulted in better environmental justice, better social justice? You have talked about health care. You talked about the education system.

But what would you like to tell those people that are accusing the good people here in the Permian Basin that are producing energy of creating environmental and social injustice?

Ms. BENTLEY. Thank you for that question.

I would tell them that the 20 oil and gas companies over the last 5 years have spent \$125 million of their own dollars and leveraged that into \$1 billion and put it right back in the community via health care, education, roads and infrastructure, and workforce development.

And I don't know of anywhere else in the country, quite frankly, who has this public-private partnership. And nobody told them to do it. We didn't ask government to do it for us. We took the leadership, stood it up, and asked others to come in and partner with us.

So, as far as the environmental aspects, this area has some of the best stewards of the land that I have ever seen. And that is not only energy producers. It is our farmers and our ranchers and everybody who lives here. We are all raising our kids here and our families here as well. So, it behooves us. We want the exact same thing.

And I have been to many basins across the country when it comes to oil and gas production. And I can tell you that some of the cleanest energy is coming right here from the Permian.

Mr. WESTERMAN. Good answer.

That is what I thought.

Mr. Ackerman, you represent industries that produce on both, or on private, state, and Federal lands. So, I am assuming you are familiar with all the permitting issues they go through. How long does it take in New Mexico, and you may be familiar with Texas, to get a permit to drill on private land, going through private or state land, going through the state permitting agency?

Mr. ACKERMAN. Thank you for the question, Mr. Chair.

There is very little private. It is about 53 to 54 percent Federal; another 35 percent, there is some private. It is about 6 to 12 months just to get the permits. But then with the challenges we are seeing in different legal venues to those things, they can get frozen at any time.

That is one of the big concerns we have with this Tenth Circuit of Appeals issue that we have right now. It is getting a toehold in the northwest, and it is going to creep down in the Permian and affect what we are doing here.

Mr. WESTERMAN. So, 6 to 12 months on Federal land, going through the BLM.

Mr. ACKERMAN. Yes, sir.

Mr. WESTERMAN. So, what about state land or private land? How long does it take?

Mr. ACKERMAN. One of the issues they are facing on the state side is people. They are trying to go out and get more people and recruit for the permitting process. Hopefully, the new budget will get passed with the \$10.8 billion of extra money that is going to

be out there, and we can get more people involved to help with the permitting process, but it is similar.

Mr. WESTERMAN. So, I think some of the folks we were with this morning were saying sometimes it is a matter of weeks to get a permit if you are not going through the Federal Government.

Have you seen any discrepancy on the environmental stewardship of the land going through the state permitting process versus the Federal permitting process?

Mr. ACKERMAN. The state has been much easier to work with. The Federal, there has been no real predictability. You just never know what it is going to be, and that is one of the big issues when you are asking people to invest.

Mr. WESTERMAN. But out on the ground, is the land protected? Is the environment and the public protected more when there is a Federal permit versus when there is a state permit?

Mr. ACKERMAN. New Mexico has the highest regulatory environment there is, as far as capturing methane and some of the other things. We literally lead the nation and the world in what we do as far as taking care of the environment.

Mr. WESTERMAN. So, the state can permit more quickly and more effectively than the Federal Government can.

Mr. ACKERMAN. Yes, sir.

Mr. WESTERMAN. So, as policymakers, should we look at policy to maybe take that power from the Federal agencies and let the state agencies do the permitting?

Mr. ACKERMAN. That is a great question, Mr. Chairman.

I think, honestly, at a bare minimum, that is one of the alternatives. Also, inviting the industry to the table and helping them to have the industry present and provide an operational standpoint to what it really means when you are establishing permitting. We don't have a seat at the table right now.

So, why not bring the experts and the innovators to the table when it comes to helping to bring regulatory and permitting issues to some sort of reality?

Mr. WESTERMAN. I am out of time again. Again, thank you all for your testimony.

And I yield back.

Mr. STAUBER. The Chair thanks the Member for his questions.

And now I will turn it over to the gentleman from Wisconsin, Mr. Tiffany, for 5 minutes.

Mr. TIFFANY. Last week, I introduced a bill called The FARM Act, the Future Agriculture Retention and Maintenance Act. And what it does is it disallows subsidies for intermittent sources of power like wind and solar if it is located on productive farmland.

Coming from Wisconsin, America's dairy land, we have a lot of terrific agricultural producers. And we are seeing this spread of intermittent sources of power, which, by the way, up by us, will be on at most 20 percent of the time, maybe 25 percent of the time, clearly the definition of intermittent sources of power.

And what we are saying with the bill is that producing food is more important than producing energy. Now producing energy is really important. Right? But there is one thing that I believe is more important, and that is producing food. And we are sidelining agricultural land, productive agricultural land, to put in

intermittent sources of power when we have baseload power that is being produced right here in places like the Permian.

And what we have found out is those subsidies amount to as much as \$50,000 an acre for those intermittent sources of power. The Tax Code is being used at the Federal level to drive that.

So, you have rich subsidies that are going to wealthy developers, and they are converting farmland into a use which I would say is secondary to food production. And I am greatly concerned about that.

Ms. Bentley, are your members asking for additional subsidies from the Federal Government?

Ms. BENTLEY. No, sir. They are not.

Mr. TIFFANY. Mr. Ackerman?

Mr. ACKERMAN. No, sir.

Mr. TIFFANY. Mr. Gallegos, with the people that you represent in your Senate district, are any of them asking for additional subsidies from the Federal Government?

Mr. GALLEGOS. No, sir, we are not. We are asking to be let alone so that we can work in our own way.

Mr. TIFFANY. That is the only question I had, Mr. Chairman.

Mr. STAUBER. Thank you for those questions.

The Chair now recognizes the gentleman from Texas, Mr. Pfluger, for 5 additional minutes.

Mr. PFLUGER. OK. Thank you.

Last summer, the EPA threatened a redesignation peer—ozone attainment because of a lawsuit from an outside group. And a non-attainment redesignation would be, I think, devastating to our local economy. In fact, when you look at places like San Antonio, Texas, which had that happen to them, the cost is estimated to be upwards of \$36 billion.

Let me start with you, Mr. Ackerman. Weaponization, what types of President Biden weapons have you seen aimed at this industry in New Mexico, whether it is EPA related or SEC related? Can you give us kind of a laundry list of the types of weapons to make good on the promise to end fossil fuels?

Mr. ACKERMAN. Thank you for the question.

I don't have time to give you a laundry list. There are only 5 minutes on the agenda. I will say, when somebody blatantly comes out and says we are trying to shut you down, it drives up financial markets, right there. The lack of consistency, we keep going back to permitting reform and the need for that, the regulatory environment. There is no predictability.

And then getting beat up on the back end of that for not putting enough money into it when the price of gasoline goes high, it is just—you just can't make this stuff up, for lack of a better way to say it.

So, there are two fronts to that. There is the also the environmental NGO. I am also very familiar with the non-attainment that we are looking at, at challenging as well. When we are looking at—out of the 70 parts per billion that are in issue from the ozone non-attainment, only 3 of them are attributable to oil and gas, but yet we're going to go after oil and gas for 3 out of the 70 parts per billion. From issuing permitting to challenging leasing, it is time to put us first.

Mr. PFLUGER. I would encourage, whether it is NMOGA or TXOGA or any of the trade organizations, to continue to provide us with these details because, at the end of the day, these costs are being passed on to consumers.

Endangered species, this week, I plan to introduce a Listing Reform Act that I think would modernize the Endangered Species Act, things like the lesser prairie chicken. These are things that are not just impacting the oil and gas industry. In fact, they are impacting agriculture productions. They are impacting green energy, if you want to call it green, intermittent, unreliable energy.

One thing that was said about the predictability and I think that is the investment environment here due to the unpredictability. We are acting like a Third World country when you see the Keystone Pipeline basically being expropriated from the government.

Ms. Bentley, if you can kind of talk to me about what your member companies are saying, the lack of predictability, how is that affecting their willingness to invest in new operations with that environment that we are seeing?

Ms. BENTLEY. Well, I feel very blessed in that for my 20 companies, some of them have 30-, 40-, 50-year plans to be in the Permian. And some of them will even tell you, if they are going to be anywhere in the world, it is going to be right here in the Permian. So, for those reasons, prices will rise and fall, and hopefully the Federal Government will loosen up and understand how important we are.

But we are in it for the long haul. We are going to be here for as long as the community needs us and as long as we can help in this community.

Having said that, though, I will say that it certainly makes it harder to make those decisions when the cost of doing business skyrockets and you are getting permitted to death, without a doubt.

Mr. PFLUGER. The ESG issues are overwhelming throughout the country, and I think it has been said on this panel that the unwillingness to invest is because there is lack of predictability.

Senator Gallegos, when it comes to New Mexico, I mean, how is this impacting your constituents and communities?

Mr. GALLEGOS. It does. Earlier we were talking about the long list. You look at the flurrying of fracking, and even the leasing and the permitting process, it hurts the majors and the independents. And those independents may have a marginal well that they get 10 barrels a day, and they may be living a family off that income. And it is not there anymore.

If we could take those people that are against us out to the oil fields and show them the technology that is out there now, I used to work for a natural gas company and we were always looking for leaks because you want to retain that product for sale, not to have it into the atmosphere.

I think for years we have been doing a great job of protecting the environment because it is costing us if we don't. And to see what they are doing, what they are willing to do to these small communities, just because they are in a high rise in New York doesn't give them the opportunity to do that to us.

Rural New Mexico, rural Texas have people that live here and will be here as long as we can. You shut off oil and gas, it devastates Eunice. I mean, we would have to flee the area because it is the base of our existence, and that hurts each one of my constituents.

Mr. PFLUGER. And I will say it will devastate every place in America, every place, rural or urban.

Mr. GALLEGOS. It will.

Mr. PFLUGER. And, with that, Mr. Chairman, I yield back.

Mr. STAUBER. Thank you.

Before we gavel out, the Chair is going to take a moment of personal privilege and allow one more question and then some closing statements by the Full Chair, Mr. Westerman.

So, Congressman Tiffany, you have asked for one question. The Chair recognizes you.

Mr. TIFFANY. Real quickly, will the proposed rule of the Waters of the United States affect your industry?

Are you familiar with it?

Mr. ACKERMAN. I am not up to speed on it. I am sorry, sir.

Mr. TIFFANY. We can come back to it off-line. I was just wondering if you had studied that at all.

Thank you.

Mr. STAUBER. Thank you.

And the Committee Full Chair, Mr. Westerman, for some closing comments.

Mr. WESTERMAN. Thank you, Chairman Stauber.

And, again, thank you to the hospitality here in Odessa and UT Permian Basin for allowing us to use your facilities for our first field hearing of the 118th Congress.

Representative Pfluger, thank you for your leadership and for helping organize.

And I do want to mention that with the Federal lands being one of the big issues under our Committee, we could have had this hearing in New Mexico. We have two of the New Mexico delegation actually sit on the Natural Resources Committee. But, out of respect for Members who don't want to have hearings in their district, we moved just across the state line here into Odessa.

But Members may not want to hear this in their district, but we are going to get the message out to show the American people what is happening in the real world, and we are right here in the real world today.

So, again, thank you to the witnesses and to everyone who put effort into making this hearing take place.

We are going to take the information we have learned, again, back to DC. We are going to write legislation, and we are going to pass that out of House and hopefully work in a bipartisan manner with some in the Senate and some in the House to actually get this legislation on the President's desk so that I can do the right thing for America, for U.S. supply chain issues, for national security, and for the future of our country.

I yield back.

Mr. STAUBER. Thank you.

And I, too, want to thank the witnesses for their valuable testimony and the Members for their questions.

The members of the Subcommittee may have some additional questions for the witnesses, and we will ask you to respond to these in writing.

Under Committee Rule 3, members of the Committee must submit questions to the Committee Clerk by 5 p.m. on Thursday, February 16. The hearing record will be held open for 10 business days for these responses.

If there is no further business, without objection, the Committee stands adjourned.

[Whereupon, at 4:40 p.m., the Subcommittee was adjourned.]

[ADDITIONAL MATERIALS SUBMITTED FOR THE RECORD]

Statement for the Record

**Paul A. Gosar, D.D.S.
Member of Congress
Ninth District, Arizona**

February 13, 2023

Thank you, Chairman Westerman, and members of the Committee on Natural Resources, for allowing me to share my views on this important field hearing, entitled “Federal Energy Production Supports Local Communities.”

On November 15, 2021, the Department of Interior announced a decision to consider a withdrawal of 300,000 acres surrounding the already protected Chaco Culture National Historic Park—a buffer around the park of about ten miles, thereby barring new oil and gas leases in the affected area. This has, and will continue to, result in spreading poverty among the tribe, lowering their standard of living, and depriving the tribe and the country of much needed oil and gas.

In December 2019, our office conducted a field hearing on the Navajo Nation Reservation in Nageezi, New Mexico. Over 500 people came to the hearing and gave testimony about the importance of oil and gas to their lives, their tribe, and their people. Notwithstanding the excellent environmental record the Navajo Nation has when it comes to resource development, democrats and radical environmentalists stopped additional resource development in Chaco Canyon and actively pursue means to shut down the current production.

Tribal members who own allotments containing mineral rights have been ignored and excluded from the Chaco Canyon process. The 24th Navajo Nation Council has passed legislation supportive of energy development in the region and opposes the establishment of a 10-mile buffer around Chaco Canyon.

The Navajo Nation Council was willing to allow a buffer around the park of five miles, thereby reducing the number of allotments affected from 418, made up of 16,615 allottees and 66,576 acres to 53 with 5,462 allottees and 8,479 acres—according to calculations made by officials from the Navajo Nation. This compromise would have kept seven-eighths of the land in native hands, but the Interior Department ignored this reasonable offer.

Although local residents were 100% in favor of the resource development, outside interests insisted on shutting down a significant source of inexpensive energy and stopping tribal members from gaining economic independence. A good portion of the seized land is private and belongs to individual members of the Navajo Nation. Stealing native land from this tribe again a century and a half is beyond malicious.

In fiscal year 2013, the combined revenues for the four counties that are near the proposed Chaco Canyon buffer area was \$198.2 million, as well as 31.5 percent of New Mexico’s General Fund. Establishing this buffer area will decrease these revenues and negatively impact the economy of not only the area surrounding the proposed buffer area, but also the entire state of New Mexico.

The Committee’s presence in New Mexico is more than a symbolic first choice for our first field hearing this Congress. It is a statement that we stand with America, with an energy independent America, and that we support tribal sovereignty and economic self-determination.

