

**EXAMINING THE BIDEN
ADMINISTRATION'S MISMANAGEMENT
OF THE FEDERAL ONSHORE OIL AND
GAS PROGRAM**

OVERSIGHT HEARING

BEFORE THE

SUBCOMMITTEE ON ENERGY AND
MINERAL RESOURCES

OF THE

COMMITTEE ON NATURAL RESOURCES
U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED EIGHTEENTH CONGRESS

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**OVERSIGHT HEARING ON EXAMINING THE
BIDEN ADMINISTRATION'S MISMANAGEMENT
OF THE FEDERAL ONSHORE OIL AND
GAS PROGRAM**

**Tuesday, September 19, 2023
U.S. House of Representatives
Subcommittee on Energy and Mineral Resources
Committee on Natural Resources
Washington, DC**

The Subcommittee met, pursuant to notice, at 10:30 a.m. in Room 1334, Longworth House Office Building, Hon. Pete Stauber [Chairman of the Subcommittee] presiding.

Present: Representatives Stauber, Lamborn, Fulcher, Curtis, Tiffany, Rosendale, Boebert, Hunt, Westerman; Ocasio-Cortez, Huffman, Kamlager-Dove, and Ms. Lee of Nevada.

Also present: Representatives Hageman; and Porter.

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.

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 gentlewoman from Wyoming, Ms. Hageman, and the gentlewoman from California, Ms. Porter, be allowed to participate in today's hearing.

I now recognize myself for an opening statement.

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

Mr. STAUBER. Thank you all for being here today to discuss a very important topic: this Administration's failed energy policies. Today, we are specifically focused on the actions, or lack thereof, at the Bureau of Land Management, and how those actions impact our nation's current and future energy and economic security.

My colleagues have heard me discuss time and again the importance of developing the resources our country is blessed with under the best environmental and labor standards in the world. Unfortunately, this Administration has set an anti-development, anywhere-but-America agenda that is making us more dependent on our adversaries who do not share our concern for the environment or workforce.

Beyond the blatant issues of outsourcing of resource development to hostile, polluting, and inhumane nations, these actions have severe consequences at home, too. According to the latest data from the Energy Information Administration, the average price per gallon of gasoline in my home state is \$3.95 a gallon just last week.

The average was \$1.87 in Minnesota's 8th Congressional District the week President Biden took office. Ladies and gentleman, it is President Biden that did this. Nationwide, the number of households receiving government help to pay energy costs rose by an estimated 1.3 million last winter alone to more than 6 million, the largest year-over-year increase since 2009. Last year, nearly 34 percent of American households reduced or skipped basic expenses to pay their energy bills. The constituents I represent and hard-working Americans across this country simply cannot afford to keep going down this path.

The simple truth is we will continue to need conventional energy for the foreseeable future. According to the Energy Information Administration, global energy consumption is on track to grow by nearly 50 percent by 2050, and conventional energy sources like petroleum will remain the largest energy source over that time. While some of my colleagues want to take traditional fuels off the table, I believe we need to be adding sources of energy to the mix, including domestic oil and gas development: an all-of-the-above energy strategy, and the best will rise to the top. If not, we will become more reliant on countries like Russia and Saudi Arabia.

The Bureau of Land Management can play a large role in ensuring American energy security now and into the future. Unfortunately, under this Administration the BLM has repeatedly failed to answer America's call. The BLM has ignored the letter of law under the Mineral Leasing Act, which requires quarterly lease sales in eligible states and drilling permits, or APDs, be processed in 30 days.

In its first 2 years, this Administration leased fewer acres for oil and gas drilling offshore and on Federal land than any other administration since World War II. In Fiscal Year 2022, the BLM approved an average of 233 drilling permits per month. In contrast, the BLM was approving nearly 400 drilling permits monthly in Fiscal Year 2020 under former President Trump.

Even my Democratic colleagues think this has gone too far. In response to the Biden administration's anti-oil-and-gas agenda, they added language to the so-called Inflation Reduction Act that requires the BLM to hold oil and gas lease sales as a prerequisite for approving permits for wind power and solar power. Despite this direction from the Democratic colleagues in Congress, however, this Administration continues their work to circumvent this mandate.

Further, the BLM has failed to provide this Committee with the information to conduct adequate oversight, and has put forth numerous regulatory actions to stifle domestic energy development on Federal lands. These include but are not limited to the so-called Conservation and Landscape Health, this rule proposed this past spring, which aims to lock up lands through special designations and new conservation leases which were not created by Congress; and a new regulation on onshore leasing for oil and gas which significantly increases fees for operators, likely crushing small businesses, and introduces new preference criteria for onshore leasing which could lock up thousands more acres of Federal lands for leasing.

Additionally, the BLM has recently taken site-specific actions to block onshore oil and gas development. In early August, the BLM

issued new environmental documents for two resource management plans in Colorado which will lock up 1.6 million acres to future oil and gas leasing. And 2 weeks ago this Administration canceled seven leases in the 1002 area of the Arctic National Wildlife Refuge, while also locking up 13 million acres in the National Petroleum Reserve in Alaska.

This Administration took similar action in my district, withdrawing over 225,504 acres in my home state of Minnesota, putting off limits the biggest copper nickel find in the world. Banned mining in northern Minnesota, can you imagine that?

These actions make clear that it is not a priority of this Administration to keep America strong. They only wish to appease the radical left at the expense of the rest of America.

Today, I look forward to a robust discussion on the impacts of these actions and how this Administration's policies must change to meet the energy needs for our future.

I now yield to the Ranking Member for her opening statement.

STATEMENT OF THE HON. ALEXANDRIA OCASIO-CORTEZ, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Ms. OCASIO-CORTEZ. Thank you, Chair Stauber, and thank you to our witness and also our later witnesses for being here today.

This Committee has a profound responsibility to mitigate the impacts of the climate crisis. We have the unique privilege of being the Committee responsible for overseeing our nation's public lands and Federal fossil fuel development.

As it stands, nearly a quarter of the United States' current carbon pollution comes from fossil fuel production on Federal lands and waters. The United States is responsible for more historic emissions than any other country in the world. We have a responsibility to lead in winding down use of fossil fuels, and that starts with production on Federal lands. Failing to do something about these emissions would be a lost opportunity on a timeline that we cannot get back.

As overwhelming as the climate crisis may feel, we can do something about it. In the face of this global existential challenge, communities are doing what they must. They are organizing. And around the world, mass movements of everyday people, frontline activists, organized labor, and others are coming together to demand a change. And their message is clear: It is time to stop the end of fossil fuels.

Leaders in some parts of the world are listening. The U.N. General Assembly, which is also meeting this week in New York City, is focused explicitly on climate change this year. U.N. Secretary General Antonio Guterres has called on countries to "leave oil, coal, and gas in the ground, where they belong." Countries like France, Spain, and Belize have all passed laws to end fossil fuel extraction, and yet the United States continues to approve new leases at record rates.

Here in this Committee, we are here to discuss that very topic: the Federal Onshore Oil and Gas Program. The latest announcements from the Administration on oil and gas are welcome steps in the right direction to help get our carbon pollution under control.

In July, the Bureau of Land Management announced new proposed regulations to bring long-overdue reforms to the oil and gas program. And earlier this month, the Administration announced it would cancel the remaining oil and gas leases in the Arctic National Wildlife Refuge, and protect 13 million acres of the National Petroleum Reserve in Alaska. These efforts did not happen overnight.

For BLM's oil and gas rule, we have people to thank and communities across the country that are beginning to organize on an everyday, person-to-person level.

And for the Alaska news, I want to give enormous credit to the young organizers who have tirelessly pushed the Administration to do more to protect the Arctic. Of course, many of us were disappointed to see the Administration approve the Willow Project, which will have significant impacts on the climate and on essential ecosystems. But it is the organizing of everyday people alongside Indigenous Alaskans affected first and foremost by development and on the front lines of the climate crisis that secured these other victories.

Organizing amplifies the voices of people. It empowers individuals and communities to multiply their influence, to speak up, mobilize, and demand accountability from those in power.

I ask unanimous consent to enter into the record this statement from the Gwich'in Steering Committee in support of the cancellation of the leases in the Arctic National Wildlife Refuge.

Mr. STAUBER. Without objection.

[The information follows:]

Gwich'in Steering Committee Statement on AIDEA Lease Cancellation

September 6, 2023

<https://ourarcticrefuge.org/gwichin-steering-committee-statement-on-aidea-lease-cancellation/>

The Gwich'in Steering Committee welcomes the cancellation of AIDEA's leases to develop oil and gas on the coastal plain of the Arctic National Wildlife Refuge—land sacred to the Gwich'in and the birthing grounds to the Porcupine Caribou Herd.

We are grateful to President Biden and Secretary of the Interior Haaland for their decision. Cancellation of these leases is a step to rectify attempted violence against our people, the animals and sacred land. The leases were economically infeasible, threatened the Porcupine Caribou Herd and the Gwich'in way of life, and if developed would have added to the already deteriorating climate in the Arctic and the world over.

Alaska Natives and concerned groups from all over Alaska were excluded from AIDEA's process of making economic and development decisions that affect us all. AIDEA now can focus on its mission to diversify Alaska's economy through transparent and meaningful public engagement with all Alaskans, inclusive of our desire to protect our traditional ways of life for future generations.

AIDEA held the last remaining leases in the Arctic Refuge after all other bidders walked away from their leases in 2022. We thank the Biden administration and the U.S. Department of the Interior for taking this step towards protecting the coastal plain and the Porcupine Caribou Herd, but we know that our sacred land is only temporarily safe from oil and gas development. Our concern now is the SEIS process and the mandated second lease sale in 2024.

We will always stand strong in unity, in strength and in prayer to protect the Porcupine Caribou Herd, the Arctic Refuge and the Gwich'in way of life.

Ms. OCASIO-CORTEZ. My colleagues across the aisle will have a different view of the oil and gas program. They will say that we need to drill more and more, and give away more and more of our Federal lands to no end to Big Oil to ensure so-called energy dominance. But the American people know that security will come when we create an equitable, clean energy economy that puts families and communities first, and ends our reliance on a global extractive industry.

Of course, we have a long way to go to create a just transition away from fossil fuels. But these recent victories are a lesson in the power of determined, unwavering advocacy.

Thank you again to our witnesses, and I yield back.

Mr. STAUBER. Thank you very much. We will now move to introduce our only witness in Panel I, and he will have 5 minutes to make his opening statement.

Our first witness is Mr. Mike Nedd, who is the Deputy Director for the Bureau of Land Management, located here in Washington, DC.

Mr. Nedd, you are now recognized for 5 minutes.

STATEMENT OF MIKE NEDD, DEPUTY DIRECTOR, BUREAU OF LAND MANAGEMENT, WASHINGTON, DC

Mr. NEDD. Good morning, Chairman Stauber, Ranking Member Ocasio-Cortez, and members of the Subcommittee. I am Michael Nedd, the Bureau of Land Management Deputy Director for Operations. I am pleased to be here to provide testimony on the Bureau of Land Management's oil and gas program.

As stewards for more land than any other Federal agency, the BLM plays a critical role in managing our nation's natural resources on behalf of the American people. The passage of the Federal Land Policy and Management Act of 1976 provided the BLM with our multiple use and sustained yield mandate, under which the BLM manages approximately 245 million acres across the nation, located primarily in the 12 Western states.

In addition, the BLM is responsible for managing 700 million subsurface acreage. BLM-managed public lands provide energy for diverse sources that include both renewable and non-renewable sources. The BLM manages the Federal onshore oil and gas program with the goal of safe, balanced, and responsible energy development. The BLM currently manages over 34,000 Federal oil and gas leases, covering 23.7 million acres, nearly half of the acreage and producing, with roughly 89,000 wells. The other half of 11 million acres are non-producing.

In Fiscal Year 2022, Federal onshore oil and gas development provided over \$7.61 billion in revenue. Since 2021, the BLM has approved over 9,500 applications for permits to drill. The BLM's current oil and gas regulations were last updated in 1988, and contain fiscal terms that were set more than 70 years ago.

The Biden-Harris Administration made it a priority to reform the Federal onshore oil and gas program to ensure that it is operating in the best interest of the American people. Following an extensive review, the Department released its report on the Federal oil and gas leasing program, identifying necessary reforms to the fiscal terms, leasing process, and remediation requirements related to the

Federal oil and gas program. Many of these recommendations responded to issues identified by the GAO and the Department's Inspector General.

The Bipartisan Infrastructure Law and the Inflation Reduction Act provided once-in-a-generation investment in public land. The bill provided funding to address legacy pollution from oil and gas development. On the IRA, Congress coupled the development of renewable energy to the leasing of oil and gas, and directed several fiscal reforms including increased royalty rates for new leases and minimum rental rates.

In July, the BLM announced its proposed onshore oil and gas leasing rule to modernize the program, codifying new provisions from the IRA and BIL, and to help implement the reform agenda laid out in the Department's report on the program updated in the proposed rule, including increasing the minimum lease bond requirement and focusing agency resources in areas with the highest development potential.

Regarding oil and gas development in Alaska, the Biden-Harris Administration recently announced steps to protect the Arctic National Wildlife Refuge and more than 13 million acres in the National Petroleum Reserve in Alaska. In the Arctic Refuge, Secretary Haaland canceled seven oil and gas leases issued by the previous administration. In the NPRA, the BLM is proposing a new rule to govern the management of surface resources and special areas. The proposed rule would help assure maximum protection of significant resource values and enhance access to subsistence activities.

As we transition to a clean economy, the BLM is in a unique position to help achieve the Administration's climate and economic goals through science-based, balanced management of public lands. It is essential that the BLM oil and gas management promotes the highest industry and environmental standards while securing a fair return for the American taxpayer.

Thank you for the opportunity to provide testimony today, and I look forward to your questions.

[The prepared statement of Mr. Nedd follows:]

PREPARED STATEMENT OF MICHAEL D. NEDD, DEPUTY DIRECTOR OF OPERATIONS,
BUREAU OF LAND MANAGEMENT, U.S. DEPARTMENT OF THE INTERIOR

Chairman Stauber, Ranking Member Ocasio-Cortez, and Members of the Subcommittee, thank you for the opportunity to provide this testimony on the Bureau of Land Management's (BLM) oil and gas program.

As the steward for more land than any other Federal agency, the BLM plays a critical role in managing our Nation's natural resources, including oil and natural gas, on behalf of the American people. In fiscal year (FY) 2022, the Federal onshore oil and gas program accounted for nearly 14 percent of total U.S. onshore oil production and 8.8 percent of total U.S. onshore gas production. However, the BLM's current oil and gas regulations, which were last updated in 1988 and contain fiscal terms that were set more than 70 years ago, have failed to provide a fair return to the American people. These outdated regulations also do not support a balanced management approach that addresses the climate challenges facing our public lands today.

Additionally, the Government Accountability Office (GAO) and the Department of the Interior's Office of the Inspector General (OIG) have identified significant fiscal and stewardship concerns with the BLM's oil and gas leasing program. As a result, the program has been on the GAO's high-risk list since 2011.

The BLM is currently in a unique position to help achieve the climate and economic goals outlined by the Biden-Harris Administration through science-based,

balanced management of public lands and waters. We are in a moment where we have an opportunity to rebalance our decision making and ensure that we meet the Department's principal charge: to manage our lands and resources not merely across fiscal years, but across generations. As we transition to a clean energy economy, it is essential that the BLM's oil and gas management promotes the highest industry, environmental, and public engagement standards, including those related to environmental justice and tribal engagement, while securing a fair return for the American taxpayer.

For these reasons, as well as based on direction from Congress—through the Infrastructure Investment and Jobs Act, also known as the Bipartisan Infrastructure Law (BIL, Public Law 117-58) and the Inflation Reduction Act (IRA, Public Law 117-169)—the BLM has taken steps to modernize its oil and gas program through policy and regulation updates.

BLM Overview

Since its inception in 1946, the BLM has served as a steward of our public lands and resources. The passage of the Federal Land Policy and Management Act of 1976 (FLPMA) provided the BLM with the multiple use and sustained yield mandate that guides all of the BLM's land management decisions. Driven by our mission, the BLM sustains the health, diversity, and productivity of the nation's public lands for multiple uses, such as conventional and renewable energy development; livestock grazing; conservation; mining; watershed protection; and hunting, fishing, and other forms of recreation. This multiple-use and sustained yield mission enables the BLM to contribute tremendously to economic growth, job creation, and domestic energy production, while generating revenues for Federal and State treasuries and local economies, and allowing for a thoughtful and balanced approach to management of our public lands.

Under its multiple use and sustained yield mission, the BLM manages approximately 245 million surface acres across the nation, located primarily in 12 western states. The BLM is also responsible for managing 700 million subsurface acres, many of which are overlain by properties managed by other Federal agencies, such as the Department of Defense and the U.S. Forest Service. Further, of these 700 million subsurface acres, approximately 57 million acres are split estate lands, where the surface estate is in private ownership and the BLM manages the subsurface minerals.

BLM-managed public lands provide energy from diverse sources—including renewable sources such as wind, solar, and geothermal—as well as from nonrenewable sources such as coal, oil, and gas. In FY 2022, the BLM permitted 5,700 megawatts (MW) of new electricity generation capacity from wind, solar, and geothermal sources on public lands, and the BLM is on track to make decisions on over 22,000 MW this fiscal year and next. Energy production from Federal lands in FY 2022 also included 270 million tons of coal, roughly 431.6 million barrels of oil, and 3,388 billion cubic feet of natural gas. Overall, the Department estimates that commercial activities on public lands generated more than \$201 billion in economic output in 2021, supporting nearly 720,000 jobs. Public lands are the economic driver for many communities across the west and a significant generator of tax revenues that support state and local governments.

Onshore Oil & Gas Program

The BLM manages the Federal onshore oil and gas program with the goals of facilitating safe and responsible energy development while providing a fair return for the American taxpayer. The BLM's land use planning process, implemented through the development of Resource Management Plans (RMPs), provides a standardized procedure to allow for multiple use of our public lands, while also ensuring that such use minimizes environmental impacts and considers the public interest. For purposes of oil and gas leasing, lands within a planning area are identified as fitting into one of three categories—lands open under standard lease terms, lands open with restrictions, and lands closed to leasing.

The BLM currently manages over 34,400 Federal oil and gas leases covering 23.7 million acres. Nearly half of the acreage is producing, from roughly 89,350 wells, and over 11 million acres, are non-producing—i.e., leased but the lessees have chosen not to develop them.

Since the start of the Biden-Harris Administration, the BLM has approved over 9,500 Applications for Permit to Drill (APDs). As a result, there are currently thousands of APDs approved and available to drill. In FY 2022, the BLM approved 3,010 of 3,729 APDs received and Federal onshore oil and gas development provided over \$7.61 billion in revenues from the following: \$7.1 billion in royalties, \$12.8

million in bonus bids, and \$21.6 million in rentals. Consistent with historical trends, the vast majority of revenue is generated from producing leases.

Onshore Oil & Gas Leasing Process

While lands are identified as open or closed to leasing generally in RMPs, the oil and gas industry generally nominates lands for leasing in the form of expressions of interest (EOIs), a request that certain lands be included in a competitive oil and gas lease sale. Upon receipt of an EOI, the BLM verifies that the EOI contains the required information, including the required non-refundable \$5/acre fee established by the IRA, reviews the land status to ensure the lands are eligible for leasing per the Mineral Leasing Act and the RMP, and configures the EOI into appropriate lease parcels. After environmental analysis and public input, the BLM then holds competitive lease sales on nominated and eligible lands in accordance with applicable laws and regulations.

Oil and gas leasing is available on the vast majority of public lands managed by the BLM outside of the National Conservation Lands system. Between 2013 and 2022, the BLM offered approximately 40.3 million acres for lease, but received bids on only approximately 9.5 million acres, or 23.5 percent. In 2023, the BLM has resumed its leasing schedule including holding seven onshore oil and gas lease sales in five different administrative state offices. These sales offered 283 parcels covering nearly 223,000 acres, and resulted in 194 parcels covering just over 127,000 acres being sold. In other words, 57 percent of acres offered have been sold in 2023 as of September 12, 2023, more than doubling the performance of the BLM's lease sales due to offering lands with higher likelihood for successful development. The BLM has five additional sales planned in 2023.

Reforming the Federal Onshore Oil & Gas Program

The Biden-Harris Administration has made it a priority to reform the Federal onshore oil and gas program to ensure that it is operating in the best interest of the American people. In one of his first actions, on January 27, 2021, the President signed Executive Order 14008, Tackling the Climate Crisis at Home and Abroad, which directed the Department of the Interior (Department) to review Federal oil and gas permitting and leasing practices.

To help inform that review, the Department analyzed studies, some going back decades, of the Federal oil and gas program's deficiencies, including from the GAO and the OIG. Following this extensive review and after conducting diverse and robust public engagement, the Department released its "Report on the Federal Oil and Gas Leasing Program" (Report) identifying necessary reforms to the fiscal terms, leasing process, and other requirements related to the Federal oil and gas programs.

Bipartisan Infrastructure Law & Inflation Reduction Act

The BIL and the IRA are once-in-a-generation investments in our public lands. The BIL, which was signed into law on November 15, 2021, contains several provisions that fund Department initiatives to address legacy pollution from oil and gas development that benefit the communities we serve directly. This includes establishing funding to monitor idle wells and plug, remediate, and reclaim orphaned wells on Federal lands. The BLM has used this funding to successfully award contracts to plug and remediate associated lands for orphaned wells in Utah and California, and the Department continues remediation efforts across the country.

Under the IRA, Congress coupled the development of renewable energy to the leasing of oil and gas, requiring oil and gas lease sales to occur prior to issuing grants for wind or solar development. In addition, the IRA directed several fiscal reforms—many of which are consistent with recommendations the Department included in its Report—including: increasing royalty rates for new oil and gas leases from 12.5 percent to 16.67 percent; increasing minimum rental rates to \$3.00 per acre for the first 2 years, \$5.00 per acre for years 3 to 8, and \$15 per acre for remaining years; increase minimum lease bids from \$2.00 per acre to \$10.00 per acre; establishing a new fee on EOIs of \$5.00 per acre; and eliminating non-competitive leasing of Federal lands for oil and gas.

Proposed Onshore Oil & Gas Leasing Rule

Prior to the enactment of the IRA and BIL, the GAO and the OIG reviewed and audited the BLM's Federal onshore oil and gas program to identify problematic areas in this program and recommended actions to address them. As part of the GAO's and OIG's numerous respective audits, they highlighted weaknesses in the onshore program's fiscal framework and recommended that the BLM take steps to

ensure that the American public receives a fair return from oil and gas activities on public lands.

In response to the enactment of the IRA, the BLM issued updated guidance to its field professionals to enable consistent implementation of the IRA's changes to the agency's oil and gas programs and in July 2023, the BLM published its proposed Onshore Oil and Gas Leasing Rule. These proposed regulations would modernize the program, provide a balanced approach to public lands management, and ensure a fair return for American taxpayers. The updates codify the oil and gas management provisions in the IRA and BIL, and will help implement the reform agenda laid out by the Department's Report on the Federal Oil and Gas Leasing Program. The proposed rule would be the BLM's first comprehensive update to the Federal onshore oil and gas leasing framework since 1988. To date, the BLM has hosted four of five planned public meetings, and is currently accepting comments on the proposed rule through September 22, 2023.

Fiscal Reforms

As noted, independent studies have consistently demonstrated that the BLM's oil and gas leasing framework fails to provide an adequate return to the taxpayer for the use of public lands and resources. The proposed rule would update outdated fiscal provisions and align the BLM's regulations with the fiscal reforms included in the IRA. Additionally, the proposed rule would reduce the nonoperational period after which a well is considered idled to 4 years (consistent with the BIL); require operators of nonoperational wells to help the BLM reduce its inventory of idled wells through improved identification, tracking, and proactive management; and revise the onshore program's cost recovery mechanisms to ensure that the program's application fees reflect actual processing costs.

Bonding

The GAO has issued several reports recommending the BLM address risks from insufficient bonding, including as recently as September 2019 (GAO-19-615). The GAO found the bonds held by the BLM were insufficient to cover the costs of reclaiming orphaned wells, shifting reclamation costs onto taxpayers, and that 84 percent of the bonds it reviewed were not sufficient to cover reclamation costs. The GAO also determined the bond amounts, which were usually set at the regulatory minimum, "[do] not account for variables such as the number of wells [the bonds] cover or other characteristics that affect reclamation costs, such as well depth."

The BLM's current bonding requirements have not been updated since the 1950s and 1960s. Current lease bond amounts do not meet the actual costs of cleanup in the event an operator goes out of business or otherwise fails to complete required plugging and reclamation—costs that are then borne by the American taxpayer. The proposed Onshore Oil and Gas Rule would increase the minimum lease bond amount from \$10,000 to \$150,000; increase the minimum statewide bond amount from \$25,000 to \$500,000; eliminate nationwide and unit operator bonds; and include additional protections for surface owners. Phase-in periods would be provided for existing operations to come into compliance with new bonding requirements.

Responsible Leasing & Development

Further, the proposed rule would focus agency resources on areas with the highest potential for development and with the fewest multiple-use conflicts, allowing the BLM to better manage public lands for multiple uses and sustained yield. The proposed rule will incorporate preference criteria into oil and gas regulations to provide clarity and consistency in the BLM's decision-making process for leasing; direct leasing and development towards areas with higher oil and gas potential; and avoid leasing in areas with sensitive cultural, wildlife, and recreation resources.

The proposed rule also would ensure oil and gas lessees are financially and technically capable of responsible development, as required by the Mineral Leasing Act, and expressly stated in the BLM's oil and gas lease form. This will be realized through incentivizing diligent development by responsible and qualified parties; limiting the use of lease suspensions and drilling permit extensions; and strengthening oversight over lease transfers.

Arctic Oil & Gas Development

The Biden-Harris Administration recently announced significant steps to protect the Arctic National Wildlife Refuge (Arctic Refuge) and more than 13 million acres in the National Petroleum Reserve in Alaska (NPR-A). In the Arctic Refuge, Secretary Haaland recently authorized the cancellation of seven oil and gas leases issued by the previous administration in the Coastal Plain. This decision comes

after President Biden, though Executive Order 13990, directed the Department to review oil and gas leasing in the Refuge, “[i]n light of the alleged legal deficiencies underlying the program.” In response, Secretary Haaland, in S.O. 3401, directed a new, comprehensive analysis of the potential environmental impacts of the Coastal Plain Leasing Program. Since that time, two of the three companies holding leases separately requested to relinquish their leases and receive a refund. The remaining seven leases held by the remaining lessee covered 365,000 acres in the Coastal Plain.

The draft supplemental environmental impact statement released by the BLM and the U.S. Fish and Wildlife Service contained analysis that informed the Department’s determination that the 2021 lease sale was seriously flawed and based on fundamental legal deficiencies, such as insufficient analysis under the National Environmental Policy Act, including failure to adequately analyze a reasonable range of alternatives and properly quantify downstream greenhouse gas emissions; and failure to properly interpret the Tax Cuts and Jobs Act (P.L. 115-97). Accordingly, Secretary Haaland determined that the leases issued by the previous administration in the Arctic Refuge should be canceled.

To the west of the coastal plain, the BLM is proposing a new rule to govern the management of surface resources and Special Areas in the NPR-A, consistent with its duties under the Naval Petroleum Reserves Production Act of 1976 (NPRPA), FLPMA, and other authorities. Under NPRPA, Congress directed the BLM to balance oil and gas development with the management and protection of sensitive landscapes—known as Special Areas—and surface resources across the reserve. The proposed rule would revise the framework for designating and assuring maximum protection of Special Areas’ significant resource values, as directed in the NPRPA, and would protect and enhance access for subsistence activities throughout the NPR-A. It would also incorporate aspects of the NPR-A Integrated Activity Plan that was approved in April 2022. Upon finalization of the proposed rule, the Administration will follow this proposed process to inform the creation or expansion of additional Special Areas in the NPR-A. The proposed rule would have no effect on currently authorized oil and gas operations in the NPR-A. The BLM is currently accepting comments on the proposed rule through October 23, 2023.

Conclusion

The BLM appreciates the Subcommittee’s interest in the Federal onshore oil and gas program and looks forward to implementing Congress’ direction through the BIL and IRA, as well as our proposed regulations, which will collectively bring the program up to modern standards. The BLM remains committed to ensuring that as we transition to a clean energy economy, the oil and gas program serves the best interests of the American people by promoting the highest industry, environmental, and public engagement standards and securing a fair return for the American taxpayer: the owners of our shared public lands and the resources they provide.

QUESTIONS SUBMITTED FOR THE RECORD TO MIKE NEDD, DEPUTY DIRECTOR,
BUREAU OF LAND MANAGEMENT

Mr. Nedd did not submit responses to the Committee by the appropriate deadline for inclusion in the printed record.

Questions Submitted by Representative Westerman

Question 1. This Committee has asked for Expression of Interest (EOI) data over the last year, but have gotten nothing back despite a number of requests.

1a) We would again like to request this data. Please send us the number of EOIs received by the agency for each month over the past two years along with the acreage associated with each EOI.

Question 2. The Tax Cuts and Jobs Act requires a second lease sale in ANWR by 2024.

2a) Will the Department meet that deadline?

Question 3. The recent BLM onshore oil and gas regulation proposed new changes to bonding for oil and gas on federal lands.

3a) What do you do with bond money when you do find responsible party through the record title process?

3b) How many wells are plugged and abandoned each year without requiring a call on a bond?

3c) Can you explain why the proposed rule didn't offer additional surety options?

Question 4. During the hearing you said in regard to the cancellation of the ANWR leases and the BLM's proposed NPR-A rule that "ongoing engagement dating back many years and that engagement continued through the Secretaries decisions" and that "throughout the entire process communities were involved."

4a) Could you please list the "engagements" related to these decisions, when they occurred, where they occurred and who attended them?

Question 5. You said that the BLM has canceled leases in cases where there was no litigation. Please provide all examples where the BLM has canceled leases without litigation over the last 10 years including the rationale for cancellation.

Question 6. The Committee has recently been informed that the timeline for approval of communitization agreements (CA's) under the Mineral Leasing Act in the BLM Field Offices has significantly increased.

6a) What is this recent slowdown attributed to?

6b) Are you aware that the office of Natural Resources Revenue (ONRR) is requiring 100% allocation payment for producing units that don't have an approved CA?

6c) Is this a new change?

6d) Do you agree with this change?

Question 7. We have heard on numerous accounts of a growing Application for Permit to Drill (APD) backlog in the Carlsbad, NM Field Office. No doubt this office is receiving a large number of APD requests, but what is the BLM doing to get this office more help to address this backlog?

Question 8. The National Petroleum Reserve in Alaska is 22.8 million acres. The BLM has said that the proposed new rule will have an economic impact of less than \$100 million and is therefore "not significant". For reference and comparison, the Willow project in Alaska will generate \$17 billion in public royalties and taxes, at current prices, from a federal unit that is merely 130,000 acres: In other words, less than one percent of the NPR-A will meet the \$100 million "significance" level 170 times over. Yet BLM's position is that none of the other 99 percent of land in the NPR-A is economically significant.

8a) What analysis was done to conclude this rulemaking will not reach the level of significant economic impact?

8b) Is this analysis available so the public has transparent access to review it?

Question 9. Does the Department plan to go through the NEPA process for the proposed NPR-A rule?

Question 10. Regarding the timing of the release of this proposed rule, was any consideration given to the fact that the comment period overlaps with the fall whaling season for North Slope communities?

Question 11. Are you aware that the NPR-A already requires over 250 mitigation measures, making it the gold standard for environmentally and socially responsible resource development? These measures are thoroughly described in the NPR-A's Integrated Activity Plan, which was approved by this administration only last year, in 2022. The IAP was charged with providing "maximum protection" to Special Areas, as required by the management plans for those areas. Did the 2022 IAP Record of Decision fail to meet this requirement? Why does the administration believe there is a need, only one year later, to deviate from the management plan they just approved and add more restrictions on development?

Questions Submitted by Representative Grijalva

Question 1. Multiple studies, including the United States Geological Survey's 2018 report "Lands Greenhouse Gas Emissions and Sequestration in the United States: Estimates for 2005-2014" and Ratledge et al.'s 2022 "Emissions from fossil fuels produced on US federal lands and waters present opportunities for climate mitigation" in Climatic Change, have found that fossil fuel extraction on public lands and waters account for approximately one-quarter of U.S. greenhouse gas emissions. What

proportion of U.S. greenhouse gas emissions come from oil and gas produced on ELM-managed land?

Question 2. The Government Accountability Office's (GAO) 2019 report, "Bureau of Land Management Should Address Risks from Insufficient Bonds to Reclaim Wells," identified 2,294 idled wells that had not produced in over ten years and had not been reclaimed and were therefore at higher risk of becoming orphaned. At the time of the report, an idled well was defined as a well that has been nonoperational for at least seven years. This suggests the wells identified by GAO had been idled without being reclaimed for at least three years, raising concerns about compliance with the statutory requirement for timely reclamation. What is the process BLM undertakes to identify idled wells and enforce reclamation requirements, and how long does it typically take between identifying an idled well and complete reclamation of said well?

Question 3. The Infrastructure Investment and Jobs Act lowered the time a well can be considered temporarily abandoned before being designated as idle from seven years to four years if the operator cannot reasonably demonstrate that the well will have future beneficial use. Under this new definition, how many idled wells are on ELM-managed lands?

Question 4. How will the updated bonding requirements under the proposed rule speed up the reclamation of idled wells?

Question 5. How does BLM monitor shut-in and idled wells to ensure they do not fall into disrepair and create environmental, safety, and public health hazards?

Question 6. At the hearing, a witness claimed that bonding increases could lead to more orphaned wells by driving smaller operators out of business. Does BLM anticipate the updated bonding requirements will increase or decrease the number of orphaned wells on federal land?

Mr. STAUBER. Thank you very much for your testimony. We are now going to recognize Members for 5 minutes of questions, and I will begin by recognizing myself.

Deputy Director Nedd, was there any engagement with the leadership of the Alaska North Slope communities, the native corporations, or tribal leadership, the individuals who live in the region, before making a decision to revoke ANWR leases or lock up 13 million acres in the NPRA?

Mr. NEDD. Mr. Chairman, it is my understanding that there has been ongoing engagement dating back many years, and that engagement continued through the Secretary's decision.

Mr. STAUBER. I beg to differ. I don't believe all people were consulted. In fact, many of them found out through a newspaper, when it affected their livelihood, their economy, and their way of life. Mr. Nedd, I respectfully disagree with your answer.

The White House's National Strategy for the Arctic Region says under Pillar 3, "We will also work with allies and partners to expand high standard investment and sustainable development across the Arctic region." Do you believe, Mr. Nedd, this Administration's recent decisions are in line with that strategy?

Mr. NEDD. Congressman, what I can say is that the Administration is carefully looking at careful balance of how to develop in the Arctic National Refuge. And after looking at the previous issue and the legal deficiencies in that analysis, we decided to do a supplemental.

I believe, again, the intent is to supplement—

Mr. STAUBER. You said legal. Is it customary for the BLM to remove leases without litigation?

Mr. NEDD. There have been cases where leases have been removed. I don't know when you say "customary," what you mean, Congressman, but leases have been removed without litigation.

Mr. STAUBER. And where were they?

Mr. NEDD. I can get back with specifics, but I know in the Lower 48. So, over my years of being a part of this, that has happened.

Mr. STAUBER. Is it customary in the BLM to remove leases without somebody putting forth a litigation? I think it is not, right? Would you agree that it is not?

Mr. NEDD. Again, over my 18 years in this program, leases have been removed where there was no litigation.

Mr. STAUBER. Is it your personal opinion that the Bureau of Land Management agency officials did shoddy work in preparing the EIS for the ANWR leases?

Mr. NEDD. I am sorry, Congressman, can you repeat the question?

Mr. STAUBER. Is it your personal opinion that the Bureau of Land Management agency officials did shoddy work in preparing the EIS for the ANWR leases?

I am trying to get why you canceled them.

Mr. NEDD. I can say again there were legal, fundamental issues with preparing the analysis. So, the agency has taken a second look at that.

Mr. STAUBER. I want to make sure I understood you. You are saying that the agency itself, the BLM who did the EIS, didn't do the proper work so you, this Administration, revoked the leases. Is that what you just said?

Mr. NEDD. What I am saying, Congressman, is after a thorough review, the conclusion was there were legal, fundamental issues that required the agency to do additional analysis.

Mr. STAUBER. Did you work with the tribal communities?

Mr. NEDD. It is my understanding, again, that throughout the entire process communities were involved. As I sit here today, Congressman, I cannot give you the names of everyone.

Mr. STAUBER. Sure. No, I understand that, Mr. Nedd. But I will tell you, in the last 2 weeks since this disastrous decision, we have had people in our offices, our Native community in Alaska. They are not happy. I don't believe that you consulted with them, because they told me you didn't.

When a community finds out through a newspaper that their livelihood was taken away, I don't think that is the appropriate way to do consultation in a press release letting them know.

I would just say, Mr. Nedd, I do appreciate you and all that you have done at the BLM, and I appreciate your testimony today, coming here and taking these questions. You are a professional.

And I will now turn it over to the Ranking Member for questions.

Ms. OCASIO-CORTEZ. Thank you so much, Chairman.

Mr. Nedd, as you know, President Biden has set a goal to reduce greenhouse emissions by at least 50 percent, and achieve zero carbon electric power in our system by 2035. As the manager of 1 in 10 acres of land in the United States, the Bureau of Land Management has and will continue to have a significant role to play in reaching these goals.

Oil and gas production right now is at an all-time high under the Biden administration, even higher than the Trump administration. And I was wondering if you could tell us more about what BLM is doing to ramp down emissions from public lands.

Mr. NEDD. Thank you, Congresswoman. We continue to take a very thorough look and analysis for emissions. We are not only doing it by project, but we are looking at the cumulative impact.

We are also looking at what is going on in downstream, so every project is going through a very thorough analysis. In 2021, the Department undertook an assessment based on previous-issued leases, and is now applying some of that assessment as we move forward.

Ms. OCASIO-CORTEZ. And I want to ask about some of the downstream effects of developing something like the Willow Project, which many Americans were disappointed to see moving forward, given the overwhelming grassroots opposition and devastating climate impacts that Willow entails.

Considering President Biden's climate goals, how is BLM planning to factor in downstream emissions of potential development into decision-making, specifically for its upcoming 2024 and 2023 lease sales and long-term planning?

How is this different from how BLM has historically factored in downstream emissions?

Mr. NEDD. Yes, clearly there have been a number of court cases that have helped to shape our thinking. So, again, looking very thoroughly on a project-by-project basis, ensuring we understand the impact, and then carefully working to put measures in place to minimize those impacts.

Ms. OCASIO-CORTEZ. And when would the oil and gas leases have come on-line in the Arctic Refuge, had the Biden administration not recently canceled them?

Mr. NEDD. I am sorry, Congresswoman, what was the question?

Ms. OCASIO-CORTEZ. Oh, the oil and gas leases in the Arctic Refuge that the Biden administration just recently canceled, if the Biden administration had not canceled them, when would they have otherwise come on-line?

Mr. NEDD. Oh, Congresswoman, they would have taken many, many years. The Arctic is a very complex place to develop, and it would have taken many, many years.

Ms. OCASIO-CORTEZ. Yes, and I think it is an important point to raise because we have heard arguments from folks on the other side of the aisle and in the oil and gas industry that the Biden-Harris Administration's decisions in the Arctic Refuge and the Western Arctic will increase prices at the pump for many Americans. But just as you said, these leases wouldn't have even come on-line for many, many years from now, correct?

Mr. NEDD. That is correct.

Ms. OCASIO-CORTEZ. And even if all goes according to company plan and those companies are interested in even developing in the area, which was questionable already in the Arctic Refuge, it would take a better part of a decade to produce oil and gas on approved projects in the North Slope.

And according to project documents, the Willow Oil Project in the Western Arctic, which has already been approved, will not produce payable quantities of oil for at least another 6 years.

Moreover, the Supplemental Environmental Impact Study for the Arctic Refuge Oil Leasing Program indicates that the earliest that the oil production could come on-line is 2032, and that is largely due to the remoteness of the coastal plain and the associated lack of prior exploration and infrastructure.

So, Mr. Nedd, what then would you tell some of my colleagues here and their industry allies who say that the Administration's recent decisions are somehow going to affect gas prices now?

Mr. NEDD. I would say gas prices are primarily affected by industry and a number of factors. Those factors depend, again, on where energy will be developed, when it will come on-line. Those factors are beyond the Bureau of Land Management's control.

And by the way, the Federal lands produce a small amount, 14 percent in oil and about 8 percent in gas, that contributes to the nation's energy need.

Ms. OCASIO-CORTEZ. And what do you make of this argument that we can simply drill our way to lower gas prices, that we can just drill, and drill, and extract, and extract on Federal and public lands, and somehow that is going to lower our fossil fuel prices?

Mr. NEDD. The Administration has been clear that, as we transition to a clean energy economy, we have to look at multiple resources, both renewable and non-renewable. And we cannot continue to depend on one source of energy. So, I think the Administration has been clear about looking for those options, or multiple sources.

Ms. OCASIO-CORTEZ. All right, thank you very much.

Mr. STAUBER. Thank you very much.

I think my friend and colleague from New York just made a perfect argument for permitting reform.

Mr. CURTIS from Utah, you are up for 5 minutes.

Mr. CURTIS. Thank you, Mr. Chairman.

Deputy Director Nedd, great to have you here. Whenever I meet somebody in DC with BLM, I like to call out my local BLM folks and let you know how good they are, how in tune they are with the local needs. My district is unique. In the rural part of my district, which is the vast majority of my district, 90 percent of all land is federally owned. BLM is about half of that. So, you can imagine it is a significant impact in my district.

I would like to just noodle a little bit on your comment that at BLM you are trying to, so you can help me say exactly how they said this, you are trying to reduce emissions, and you are trying to make decisions that reduce emissions. Did I catch that correctly?

Mr. NEDD. Yes, I think that is fair.

Mr. CURTIS. I am curious how you decide that, who decides that, and what is the criteria for whether or not a use of your land reduces emissions?

Mr. NEDD. Thank you for the question, Congressman. I think it is a combination of factors.

Normally, when we are leading up to a lease, we are looking at the impact, again, the cumulative impact. We are trying to put processes or terms in place to help manage that. Once we have

issued a lease, it is the operator who helps with that by beginning with a waste minimization plan as they begin to develop.

Mr. CURTIS. OK. For instance, if it is a wind project that you are looking at, you mentioned downstream. How far upstream do you go into the creation of carbon for those windmills? Is that part of the consideration?

Mr. NEDD. With a wind project it is part of the consideration. In terms of the specific, it would depend on the project. It depends where it is at and what is developed and undeveloped. Yes.

Mr. CURTIS. Let's turn to fossil fuels for a minute. I often hear something that I don't think is scientifically correct, and that is that fossil fuels cause climate change. My understanding of the science is that emissions cause climate change, and not fossil fuels. Is that something you can wrap your arms around?

Mr. NEDD. Congressman, what I will say is there are many factors that are impacting climate change. I am not a scientist, I am no expert in it. So, I will leave it to the scientists to determine that.

Mr. CURTIS. That sounds like a pretty good political answer.

Let me just set forward that I think this overall branding of fossil fuels doesn't follow the science. The science is that it is the emissions. As you know, fossil fuels, depending on the type and how they are used, have varying amounts of emissions from them. I have personally seen a natural gas plant with zero emissions. It is a closed loop.

So, I am curious, as you evaluate fossil fuels, how are you determining the emissions based upon the fossil fuels' impact on climate change?

Mr. NEDD. Congressman, the good thing is there is a lot of data available on usage and on the impacts. So, our analysts, they are looking at that information to determine the size of the projects and how it will impact—

Mr. CURTIS. OK, but how do they take into consideration, for instance, let's go to natural gas, if that natural gas is being used to replace Russian natural gas. We are producing it 40 percent cleaner, so there would be a dramatic reduction of greenhouse gas emissions with the use of that natural gas. Is that correct?

Mr. NEDD. Let me say—

Mr. CURTIS. Well, let me not ask you, because I know you are going to give me the political answer. But is that factor taken into consideration, that you could actually reduce greenhouse gas emissions with that natural gas?

Let me start out by stating that the United States has reduced more greenhouse gas emissions than many of our greenhouse-reducing countries combined by the use of natural gas. So, are we taking that into consideration when you are making these decisions?

Mr. NEDD. Yes, Congressman, what I will say, we take a range of factors into consideration. And this specific you are giving me, I am not familiar with it. I haven't done one like that, so I cannot speak to that directly. But we do take many factors into consideration.

Mr. CURTIS. I hope that that is part of it, because I think if we are going to have a thoughtful conversation about reducing

emissions, we need to look at worldwide emissions, and the fact that fossil fuels have actually been used, I know, shocker, to reduce greenhouse gas emissions around the world.

I am out of time, but I would love to have this further discussion with you to make sure we are making good decisions. I agree that we want to be clean, and we want to reduce emissions, but I think sometimes we let our biases get in the way of how to best do that.

Thank you, Chairman. I yield my time.

Mr. STAUBER. Thank you very much. Next up, Representative Lee from Nevada for 5 minutes.

Ms. LEE. Thank you, Chair Stauber and Ranking Member, for having this hearing. I want to thank Mr. Nedd for being here.

And I want to acknowledge and meet my Republican friends half-way in emphasizing that I fully agree that our Federal Onshore Oil and Gas Program has been mismanaged. But I also want to correct the record. It has been mismanaged for decades, and this Administration is, in reality, taking steps that are long overdue in fixing this historic mismanagement with the proposed BLM oil and gas rule.

In December 2019, the GAO, at Congress' request, began conducting a performance audit of the Federal Onshore Oil and Gas Program over the course of the last decade, and they released their findings in November 2021. I would like to ask any of my Republican colleagues, do you know which state was home to more land nominated for oil and gas leasing than any other?

I will answer it for you. My home state of Nevada, by a very, very long shot. From 2009 through 2019, more than two-thirds of the total acreage nominated for onshore oil and gas leasing was in my state, home to about 61 million of the roughly 87 million acres nominated nationwide. And adding insult to injury, only 3.5 million acres, or about 5 percent, were ever leased. The bulk of this land instead is left to languish unprotected for conservation or unimproved for clean energy or outdoor recreation.

But wait, there is more. Complimenting GAO's investigation on this front, the Taxpayers for Common Sense recently did their own deep dive into the Federal Onshore Oil and Gas Program. And once again, I would like to ask would anyone know or be able to guess what percentage of oil and gas leases issued in Nevada since the 1950s have ever actually produced oil or gas.

Again, I will help you with that answer. It is 0.3 percent since 1953, or 72 out of 22,141 leases issued in the last 70 years. Not 3 percent, not 30 percent; 0.3 percent producing leases. These findings make it painfully clear that Nevadans are not getting anywhere close to a good return on investment with this program as it exists, nor are the American taxpayers who have lost \$34 million from outdated and below-market leasing terms in Nevada just in the last decade alone.

Many of my Republican colleagues on this Committee self-identify as Theodore Roosevelt conservationists. That organization, the organization that today bears his name, the Theodore Roosevelt Conservation Partnership, has come out strongly in favor of BLM's proposed oil and gas rule, explaining that the proposal will steer oil and gas development toward lands with existing infrastructure or high production potential, ensuring taxpayers receive a fair

share of return on that development while reducing conflict between energy development and our sporting traditions.

My bill, the End Speculative Oil and Gas Leasing Act, would go even further and give this energy and taxpayer-friendly approach the force of law.

Deputy Director Nedd, three very quick questions. How many bids did BLM receive for your most recent oil and gas lease sale in Nevada this July?

Mr. NEDD. Congresswoman, it is my understanding zero.

Ms. LEE. Correct. Did this lease sale nonetheless require your already-overburdened and understaffed agency to devote taxpayer resources and staff time to prepare for it?

Mr. NEDD. Yes, it did.

Ms. LEE. And I am going to close with a question I have, unfortunately, had to ask more than once this Congress: Is it fair to say that America's taxpayers and public lands both stand to benefit from BLM rulemaking and bipartisan policy-making that shifts focus away from speculative and unproductive leasing in places like my home state of Nevada and toward non-sensitive places with a high likelihood of actually finding and harnessing significant energy resources?

Mr. NEDD. That is the intent of the rule, Congresswoman.

Ms. LEE. Thank you.

With that, I yield back.

Mr. STAUBER. Thank you very much. The Chair now recognizes the Full Committee Chair, Mr. Westerman.

Mr. WESTERMAN. Thank you, Chairman Stauber. Thank you for holding this hearing.

Mr. Nedd, good morning. Good to see you.

And I didn't know there was so much oil and gas exploration in Nevada. I do know there is a lot of mineral exploration, and it is hard to get a permit to do mining there, as well. And Nevada is obviously blessed with a lot of mineral resources that would be critical to developing any kind of green infrastructure, unless we wanted to continue sending money to communist China, who is commanding the production of minerals and elements around the world.

But I have more of a procedural question, Mr. Nedd. Do you plan to follow the changes made to NEPA in the Fiscal Responsibility Act?

Mr. NEDD. Yes, Congressman.

Mr. WESTERMAN. So, what is the Bureau doing to ensure that EISs are approved in 2 years and EAs are approved in 1 year?

Mr. NEDD. As we prepare those documents, we certainly intend to follow the law, and looking to see how we can add adequate resources and take the appropriate steps.

Mr. WESTERMAN. Do you have a timeline? Do you have EAs and EISs that are over the 2-year mark that you are working to get them approved immediately?

Mr. NEDD. Congressman, I don't have a list with me here. But again, looking at those EISs and those EAs—

Mr. WESTERMAN. Could you just give me a couple of examples? Maybe not a list, but tell me a couple of examples of languishing

permits that you are working on to make sure they are approved as soon as possible.

Mr. NEDD. Well, again, there are a number of them in the hopper right now.

Mr. WESTERMAN. Can you list one of them?

Mr. NEDD. We have the Rock Spring EIS that has been going on way before this legislation was passed. It is out in draft, and we are working to move that as expeditiously as we can.

Mr. WESTERMAN. I was in New York City yesterday dealing with the Park Service, and they want to build a migrant camp on national park land. And they basically said they are waiving NEPA, don't need NEPA to build the migrant center. So, it is amazing to me how, when there is one objective, NEPA is really important; when there is another objective, it is really not that big of an issue.

But 2 weeks ago, the Department revoked seven leases in the Arctic National Wildlife Refuge, which will push back the production in ANWR. So, I guess you are speaking on behalf of the Administration. Would you rather us develop oil and gas in ANWR, or overseas in countries like Saudi Arabia or Russia, or just not develop it at all?

Mr. NEDD. I believe the Administration position is to transition to a clean energy economy and look at both renewable and non-renewable sources.

Mr. WESTERMAN. Can you tell me how much the consumption of oil, and gas, and coal has decreased globally under this Administration?

Mr. NEDD. I cannot speak to the global number, Congressman, and we will be glad to get back with you.

Mr. WESTERMAN. Can you tell me how much U.S. coal, oil, and gas has decreased under this Administration?

Mr. NEDD. Well, I don't know if it is, when we said decreased, what I will say is it is less than 2 percent. I think, when we look at some of the numbers, we are producing about 8.8 percent of gas from the Federal land, and about 14 percent in oil. And I don't have those numbers in my head from previous years.

Mr. WESTERMAN. One number that I saw just recently was that globally there was a new record set for the consumption of coal: 10.4 terawatt hours of electricity were produced from coal, globally.

So, the point I am making is, as much as this Administration pushes back, as much as the agencies push back and fail to help U.S. producers produce the energy here, it is doing absolutely nothing to slow down production and consumption around the world. It is just shifting it to areas that do it less safe, less clean, and with not near as much oversight and regulation as we have here in the United States.

The BLM's recent onshore oil and gas proposed rule would significantly change bonding for oil and gas on Federal lands. However, according to your own statistics, there are only 37 orphaned wells on BLM lands, and the BLM has only called in bonds on 40 wells over the last decade. The data seems to show that BLM is doing a good job preventing orphaned wells currently. So, why is the Department proposing such a radical change that will be devastating for small businesses?

Mr. NEDD. Congressman, what I can say is, the GAO has done a number of reports that clearly show that the BLM's bonding, or the nation's bonding program, was a risk to the American taxpayer. And they strongly suggested that we look at how to up those bonds so that when we do have an orphan well, the taxpayer does not get left holding the bag.

So, we are looking at those bonds that have not been adjusted for years and adjusted for inflation. We are proposing in the rule, and this is just a proposed rule right now, to raise those bonds so the American taxpayer doesn't have to pay for those.

Mr. WESTERMAN. Do you think 37 orphaned wells across the BLM is a dramatic number?

Mr. NEDD. Again, 37 orphan wells that have thousands of idle wells, and the BLM has been working proactively to ensure that idle wells don't become orphan wells, but when they do, ensuring there are bonds so the American taxpayer doesn't have to pay that bill.

Mr. WESTERMAN. I am out of time, Mr. Chairman. I yield back.

Mr. STAUBER. Thank you, Mr. Chairman. We will now recognize Representative Tiffany from the great state of Wisconsin.

Mr. TIFFANY. Thank you, Mr. Chairman.

The Representative of Nevada, I think, brings up a really good example in regards to leases. They should be spread out through more of the country. You shouldn't bear all of the burden. I think there are more of the Western states where we have the dominance of the Federal land that we should be leasing there also. I think you bring up a really good point, and I hope that happens with the Bureau of Land Management.

Representative Curtis asked about emissions. Are emissions driving climate change?

Mr. NEDD. Congressman, I will say emissions are helping to impact. As I sit here today, I cannot speak to what is driving it.

Mr. TIFFANY. Yes, you said that you are not a scientist, and you don't know. But that is what the Administration is doing, is they are using this rationale of climate change, or the green fantasy, to try to drive their policy decisions. Do you agree that emissions from climate change are what is actually causing the climate to change?

Mr. NEDD. What I agree with is that emissions are having a significant impact on the climate change. And with the factors that goes along, it is a big impact.

Mr. TIFFANY. So, if we are reducing the amount of emissions compared to other countries, shouldn't we be producing these energy products right in our country?

Mr. NEDD. I think what I will speak for here is trying to transition to that clean energy economy, and ensuring we look at both renewable and non-renewable, and using our public lands to help that.

Mr. TIFFANY. Are you prepared to lead the charge in issuing more mining permits to be able to produce the gold, silver, and all the other minerals that are needed for what they call the "clean energy economy," which is based on wind and solar? Are you prepared to issue a lot more mining permits on Federal lands?

Mr. NEDD. I believe we are prepared to issue permits that are on the lands that is appropriate for that development, recognizing,

again, the multiple use of the land and the impacts from the various resources, or the impacts of the various resources.

Mr. TIFFANY. The key term there, Mr. Chairman, was "appropriate." If you remember, we had the former head of the U.S. Forest Service here a number of months ago, and we asked in regards to a mine in northern Minnesota, "OK, where is an appropriate place to mine in America?"

"Well, not where water is."

"Well, OK. How about Resolution out in Arizona? Not much water out in Arizona."

"Well, I don't know if that is a good place, either."

Whatever place that is suggested, there is always a problem, and you can't build a mine there. That is where the term "appropriate" comes, like we just heard from this gentleman.

You said, in regards to withdrawing the land up in Alaska, you said that the people up there that have a subsistence living, that they would be affected. I think most of the American people, including those in northern Alaska, seek more than subsistence.

If the tribal members in northern Alaska would say to you that you did not consult them, if we hear testimony to that effect, would you reconsider that decision of the withdrawal in Alaska if consultation did not happen as they expected?

Mr. NEDD. What I will say, the Secretary made a decision to cancel those leases, and her decision is part of looking at a supplemental to that analysis to determine how to move forward.

Mr. TIFFANY. So, you accept that the Bureau of Land Management, the U.S. Government, did not consult properly with these tribal people.

Mr. NEDD. What I accept is, and it is my understanding, that consultation took place. And it is my understanding that, again, after the Secretary looked at the factors of the legal deficiency, she made a decision.

Mr. TIFFANY. Is there a definition of fair return?

Mr. NEDD. I am quite sure there is.

Mr. TIFFANY. Could you provide that definition of fair return that the Bureau of Land Management uses?

Mr. NEDD. We will get that to you, Congressman, thank you.

Mr. TIFFANY. So, what we have been hearing consistently, all the costs, but they never mention the benefits of producing gas and oil to the American people that have been enormous over the last 150 to 200 years. But now we have \$4 a gallon gasoline once again, where I live in northern Wisconsin. We haven't had it for a couple of years. Once again, we have that. The American people have a record amount of credit card debt. And we are talking about only reducing production by 14 percent, which will drive those costs even higher.

These are misguided actions, Mr. Chairman, by this Administration, and it is time to change course. And it is evident that this Administration is not going to do it. The American people have a big decision before them in 2024.

I yield back.

Mr. STAUBER. Thank you. And to the gentleman from Wisconsin, the consultation appeared to be with the native community that supported this Administration's philosophy of anti-development.

And the next gentleman will be Representative Lamborn for 5 minutes.

Mr. LAMBORN. Thank you, Mr. Chairman, and for having this hearing. Thank you to the witness for being here.

As a Coloradan, I am really concerned about something that has just happened with BLM. Last month, BLM issued two supplemental environmental impact statements for two resource management plans that would withdraw 1.6 million acres of Federal land in Colorado from energy production.

The protection of the sage grouse is the supposed rationale behind this drastic action, but this species has experienced a 24 percent increase in the Colorado population since 2019, just in the last 4 years.

And with other species, listen to this, Colorado's elk herd is the largest in the nation, has increased from 40,000 in the early 1900s to 300,000 today. Mule deer have increased by 40,000 since just 2018, 5 years ago. And our population of antelope has gone from 5,000 in the 1940s to 85,000 today.

And I bring up these different species in addition to the sage grouse, because all of this has been done with oil and gas production nearby. There is no dichotomy. You can have both.

Colorado is the fourth-largest producer of oil in the country, and yet still finds a way to responsibly ensure a robust and healthy ecosystem. So, Mr. Nedd, why does the BLM feel it is appropriate to hurt Americans and my own state of Colorado with this withdrawal, when we are seeing positive benefits in wildlife in every sector?

Mr. NEDD. Yes, Congressman, I don't believe the Bureau of Land Management intent is to hurt members or hurt the community. The intent is to look at the resources and find a way, as we transition to the clean energy economy, to develop these resources.

So, looking at the Colorado plan is to update the analysis and ensure that we are thoughtful in where and how we develop.

Mr. LAMBORN. I understand that this Administration has an anti-fossil fuel agenda, but this decision seems to me to be based on an excuse. The rationale is sage grouse are being hurt, and we have to protect the sage grouse, and that is just a fig leaf. That is just a poor excuse to make this action because the population has been going up for sage grouse. And these other species are thriving, as well.

So, looking back to 2015, Mr. Nedd, what changes have taken place when the original resources management plans were initiated, compared to today?

Other than that we have a new White House with a new agenda against fossil fuels, what has changed on the ground?

Mr. NEDD. Clearly, it is my understanding that we have been able to collect data from many sources that shows the analysis that was done then is not as current as it can be to address the impacts today. And those impacts, I cannot speak specifically to what is going on in that district office, but I am quite sure our State Director there or field would be able to provide some more specifics.

Mr. LAMBORN. With oil and gas production there is a significant amount of money that goes into local communities. Besides the immediate jobs and salaries, there are oil and gas royalties that

fund the Land and Water Conservation Fund, local education programs, roads, and much more.

So, what analysis did BLM do not on the species that supposedly is going to be negatively impacted, which I think is just an excuse and is not valid, but what analysis was done on the effect on communities of people? Because the people are going to have revenue shortfalls that will hurt the Land and Water Conservation Fund, and jobs, and other things like that.

What analysis was done on how the people will be affected?

Mr. NEDD. As land use plans, or EISs, any analysis, we take into account the full impact. And I cannot speak specifically to those two plans, what the analysis was, but I am quite sure it was part of the analysis, and we will be glad to provide additional information.

And again, those plans are out as draft, so we are taking comments and getting an input.

Mr. LAMBORN. Well, could you please supply that to the Committee? I would make that request because I see a negative here with a dubious positive over here, and it just seems like there is an agenda that is driving this that is not being admitted to, that is not being honestly admitted to.

Mr. Nedd, you say in your testimony that the BLM plans to “avoid leasing in areas with sensitive cultural, wildlife, and recreation resources.” This is so open-ended, you could drive any agenda through it. Does this mean that you will not be leasing in areas that have the presence of any endangered species, even if that species happens to be doing better than it was earlier, like the sage grouse?

Mr. NEDD. Yes. We have a requirement by law to put certain terms and conditions in place for endangered species. So, what the agency is looking at with a swath of land or a parcel, is how best to develop, looking for the areas that most likely can be developed, lower conflict, and ensuring, again, that we are protecting what the law tells us to. And under the Endangered Species Act, we have that requirement.

Mr. LAMBORN. Well, how does that differ from what was the status quo ante? In other words, before the Biden administration came into office, this wasn’t the issue that it is now. What has changed, and what will change with this language that you are saying, “avoiding leasing in areas with sensitive cultural, wildlife, and recreation resources,” which probably any place in the country would have all or some of those resources. What is BLM going to do differently now?

Mr. NEDD. I think the Bureau, as it learns, as it gathers data, which in 2015 to now it gathers more data, it is looking to see what is the impact.

And clearly, Congressman, from where you sit, you have articulated how the species are doing much better. We are hoping, and through our analysis, we will look to see what are those impacts, and then put conditions in place to ensure we are following, again, if it is an endangered species, the Endangered Species Act, and protecting those species.

Mr. LAMBORN. OK. Well, thank you for your answers. I am still not satisfied with what the BLM is doing. I would love to see them

reverse this 1.6 million-acre withdrawal of Federal land in Colorado from energy production, and that should be what actually takes place. Thank you for being here.

Mr. Chairman, I yield back.

Mr. STAUBER. Thank you, Mr. Lamborn. We will now recognize Representative Hageman from Wyoming, who was waived on to the Committee.

Ms. HAGEMAN. Thank you.

Deputy Director Nedd, we have heard on a number of occasions that the BLM is not issuing applications for permits to drill for leases that are involved in litigation brought on by special interest groups. This neglect issue, APDs, is happening even though the courts have not issued injunctions ordering the BLM to stop issuing the APDs. In other words, the BLM is breaking the law.

Deputy Director, in May of this year, the governor of the state of Wyoming sent a letter to Tracy Stone-Manning, the Director of Bureau of Land Management, addressing this specific issue.

And I request unanimous consent to submit the Governor's letter for the record.

Mr. STAUBER. Without objection.

[The information follows:]

OFFICE OF THE GOVERNOR OF WYOMING
Cheyenne, Wyoming

May 30, 2023

Tracy Stone-Manning, Director
Bureau of Land Management
1849 C Street NW
Washington, DC 20006

Director Stone-Manning:

As we briefly discussed during my visit on February 8th, it appears that in Wyoming, the Bureau of Land Management (BLM) has completely halted approvals of oil and gas drilling permits and routine authorizations on any acreage involved in environmental lawsuits, even if not judicially ordered to do so. This unnecessary self-imposed moratorium is extremely concerning, highly unusual and has negative cumulative impacts for State revenue and for the economic health of the state.

Specifically, this relates to a number of cases brought by non-governmental organizations against the BLM. For example, the BLM entered into stipulated settlement agreements to perform additional environmental analysis for leasing decisions challenged in *WildEarth Guardians v. Jewell* (16-cv-1724-RC (D.D.C.)), *WildEarth Guardians v. Bernhardt* (20-cv-56-RC (D.D.C.)), and *WildEarth Guardians v. Haaland* (21-cv-175-RC (D.D.C.)). But those settlement agreements anticipated that the BLM would approve drilling permits during the pendency of its remedial environmental reviews. That has not occurred. BLM has also not issued any approvals associated with challenged leases in *Western Watersheds Project v. Zinke* (18-cv-187-REB (D. Idaho)), *Montana Wildlife Federation v. Zinke* (18-cv-69-BMM (D. Mont.)), despite the fact that those respective courts have not yet reached the merits in the advanced stages of those cases. Collectively, these lawsuits challenge nineteen lease sales in Wyoming held between 2015 and 2020, with some lease sales subject to multiple suits. Of the 19 challenged sales, only seven are subject to a court order preventing the BLM from approving development.

This leaves twelve remaining sales of which the BLM is not subject to any injunction, court ordered cancellation, or suspension from approving drilling permits. However, the BLM is effectively self-enjoining itself from approving development on any of the remaining leases. Wyoming is left with 2,150,844 acres of oil and gas leases being completely blocked from development without any legal reasoning or official justification provided.

To add to the overall concern, to date the State BLM has not issued any of the leases purchased in the 2020 4th quarter sale. Such a delay is certainly unprecedented and unwarranted. This sale involved 165,753 acres with a total bonus bid of \$6,709,811 resulting in \$3.28M to Wyoming. Certainly, a notable sale. However, even though these leases are not under litigation, the leases have not been issued. I understand that the BLM has said that they have received protests that are similar to protests received in the litigated sales. Even so, the general practice has been to issue leases and subsequent APDs and sundries, until a court directs otherwise. These are leases that are currently able to be developed, but due to BLM inaction, are not.

I cannot overstate how important this matter is to our state, industries, economy, and communities. I request that the BLM resume its statutory obligations and take action on the wrongfully stalled lease sale acreage in Wyoming. Attempting to avoid any unknown potential court action by refusing to act is not a solution. The oil and gas industry, along with the State, is left in the dark by the BLM's lack of communication. If this is an internal policy, I ask that it be made known to the public. The BLM must be willing to defend its policies and decisions before the people it serves.

A timely response to my concerns would be greatly appreciated. Please contact Nolan Rap in my office if you have any questions.

Sincerely,

MARK GORDON,
Governor

Ms. HAGEMAN. According to the first paragraph of this letter, the Governor stated, "As we briefly discussed during my visit on February 8, it appears that in Wyoming the BLM has completely halted approvals of oil and gas drilling permits and routine authorizations on any acreage involved in environmental lawsuits, even if not judicially ordered to do so. This unnecessary, self-imposed moratorium is extremely concerning, highly unusual, and has negative cumulative impacts for state revenue and for the economic health of this state and, I would add, for this country."

Now, it seems to me that this policy that the BLM has adopted would incentivize every environmental group out there to file a lawsuit challenging every single oil and gas permit approval, regardless of merit, to hold up the project indefinitely. Why in the world would the BLM want to incentivize even more frivolous lawsuits against energy development in this country?

Mr. NEDD. Congresswoman, I don't believe our actions are to incentivize anyone to file a lawsuit. However—

Ms. HAGEMAN. But the fact is your actions do. So, what I want to know is why is it BLM policy to incentivize additional frivolous lawsuits against energy development in the United States?

Mr. NEDD. Again, that is not our policy, Congresswoman.

Ms. HAGEMAN. OK. So, Deputy Director Nedd, would you commit to following the law by doing your job and issuing APDs for leases involved in litigation?

Mr. NEDD. I will commit to following the law by issuing APDs.

Ms. HAGEMAN. Thank you very much. Are you aware that the average barrel of non-U.S.-produced oil is produced in a country that scores significantly lower than the United States, based on an environmental performance index by Yale University's Institute of Energy Research? Were you aware of that?

Mr. NEDD. I am not aware of that Yale study, Congresswoman.

Ms. HAGEMAN. OK. Does it surprise you?

Mr. NEDD. I am not aware of this study, so I cannot comment on it.

Ms. HAGEMAN. OK. Why would this Administration insist on exporting our economy and our jobs to other nations to do something that we can do better?

Mr. NEDD. Again, the Administration approach is how to transition to a clean energy economy.

Ms. HAGEMAN. I would like you to answer my question. Why are you exporting our economy and our jobs to countries to do things that we can do better?

Mr. NEDD. Congresswoman, you asked a question. I was attempting to give you an answer. Again—

Ms. HAGEMAN. I don't think you are answering my question. You are talking about transition. You are not addressing the question of why would we export jobs to other countries to do things that we can do better.

Mr. NEDD. Again, as we transition to a new energy economy, we are looking how to develop the resources, both renewable and non-renewable, Congresswoman. I am not aware of exporting jobs.

Ms. HAGEMAN. Unreliable, I think, is a better word to use.

You recently issued the Rock Springs RMP, and this, I think, is an example of things to come. And every state that has Federal lands within its borders, specifically BLM lands, should recognize what now the intent of the BLM is. This Rock Springs RMP will exclude, prohibit, and bar all access, management, and use of vast swaths, vast swaths of Federal land throughout the United States. You exclude not only oil and gas development, but livestock grazing and recreation.

And is it your intent to prohibit American citizens from accessing their lands?

Mr. NEDD. Congresswoman, our intent is to use the land in a way that allows all Americans, both present and future generations, to enjoy and benefit from it.

Ms. HAGEMAN. Why is it that every policy this Administration pursues is intended to create energy poverty?

Mr. NEDD. I just can't agree with that premise, so I cannot answer to that.

Ms. HAGEMAN. How well do third-world countries do in terms of protecting the environment?

Mr. NEDD. Congresswoman, I am not familiar with all—

Ms. HAGEMAN. Well, let's use the Congo as an example. Do those mining activities in the Congo comport with our mining laws, NEPA, ESA, and that sort of thing?

Mr. NEDD. I am not familiar with the Congo's laws and rules.

Ms. HAGEMAN. You are not familiar with the fact that the vast majority of our cobalt comes from countries such as the Congo? You are not aware of that?

Mr. NEDD. Congresswoman, you asked me if I am aware of the law violating it, and I am not familiar with the law.

Ms. HAGEMAN. Do you have any idea of whether Congo complies with child labor laws?

Mr. NEDD. Again, you are asking me a question—

Ms. HAGEMAN. Do you know whether the Congo complies with child labor laws? The answer is yes or no.

Mr. NEDD. I have not studied the Congo, so I cannot give you an answer.

Ms. HAGEMAN. Have you seen the videos of the little children out mining in the Congo to mine for cobalt so that we can have what you refer to as renewables?

Mr. NEDD. I don't know what video you are speaking about, Congresswoman.

Ms. HAGEMAN. You haven't seen the videos.

Mr. NEDD. I don't know what video you are speaking about, Congresswoman.

Ms. HAGEMAN. OK. Do you think it is appropriate to buy cobalt from countries that use child labor to produce it?

Mr. NEDD. Again, I can speak for what the Bureau of Land Management—

Ms. HAGEMAN. I want to know. I want to know the position. This is the question: Do you believe it is appropriate for us to buy cobalt from countries that use child labor to produce it? It is a yes-or-no answer.

Mr. NEDD. It is not a yes or no for me, Congresswoman.

Ms. HAGEMAN. It is a yes-or-no answer.

Mr. NEDD. It is not a yes or no for me, Congresswoman. I am an official of the Bureau of Land Management, and I can speak to the Bureau of Land Management. I am not an expert on Congo, nor am I an expert on child labor or labor laws.

Ms. HAGEMAN. Is it the BLM's policy to buy cobalt from countries that use child labor to produce it?

Mr. NEDD. The BLM does not procure cobalt.

Ms. HAGEMAN. But the companies that you are advocating for do. I yield back.

Mr. STAUBER. Thank you. We will now recognize Representative Huffman for 5 minutes.

Mr. HUFFMAN. Thank you, Mr. Chairman. It is always a bit of an ideological journey when we talk about oil and gas and mineral extraction here in this Committee.

So, let me just offer you, Mr. Nedd, do you need any more time to clarify anything in response to the pretty aggressive questioning you were just subjected to?

Mr. NEDD. Thank you, Congressman. Yes. As an official of the Bureau of Land Management, my job is to ensure that we follow the rules, to follow the law, to be safe, to be legal, to be ethical. And I am in no way, the Bureau of Land Management has policies about buying material from anyone that violates child labor law.

Mr. HUFFMAN. Thank you. I want to ask you about the Arctic Refuge. And, of course, to me, it was very good news last week when the Biden administration announced it would cancel the seven remaining leases in the Refuge's coastal plain. I want to commend you for that. The Trump administration was trying to jam that through on a deeply flawed environmental review process. And now we have a chance to be more thoughtful and to comply with the law as we move forward.

This prospect of drilling in the coastal plain of the Arctic Refuge is not very attractive to most folks in the oil and gas industry, wouldn't you agree?

Mr. NEDD. It is complex. It is complex, and it is harder than the Lower 48.

Mr. HUFFMAN. I am referring to the fact that Chevron and Hilcorp paid millions of dollars to get out of leases on the corporation lands within the coastal plain. Two lessees voluntarily relinquished their leases. It shows that even Big Oil knows that it is not very profitable to drill there. Wouldn't you agree?

Mr. NEDD. I said I realize it is very complex and it is challenging.

Mr. HUFFMAN. OK. We can certainly agree it is complex and challenging, but it is also not very profitable for Big Oil.

Can you speak to some of the complications, barriers, and risks to drilling in the Refuge?

Mr. NEDD. Again, the Arctic Refuge, given the sensitivity of the land, it is really building roads when the ice in the period where you can travel over there, it is moving massive equipment in that cannot be in the Lower 48. And then it is an area that is used for subsistence support for the communities, so again, protecting those areas, protecting and ensuring that resources are not damaged in a way that is non-recoverable.

Mr. HUFFMAN. And when the Trump administration did have a lease sale, there wasn't much interest in this. Would you agree?

I mean, there were just a few bidders. Most of the leases went to a state of Alaska-owned corporation that I would say has questionable capacity to even move forward on developing those leases.

Mr. NEDD. Yes, I cannot speak to the questionable capacity, but I can speak to, yes, it was three, and an entity on behalf of Alaska acquired seven of the leases.

Mr. HUFFMAN. We have a lot of deadbeat leases out there on BLM lands, right?

Mr. NEDD. We do.

Mr. HUFFMAN. Is it normal to grant a lease to a bidder that would seem to lack capacity to even develop that lease? It would seem to be a speculative venture maybe to just tie up land to benefit some future developer. Is it normal for BLM to just rubber-stamp leases under those circumstances?

Mr. NEDD. We work to issue leases to people who are financially and technically capable of developing it. So, both financially and technically.

Mr. HUFFMAN. That should be a factor in determining whether someone gets the lease is what I am hearing you say. Correct?

Mr. NEDD. That is the standard we use.

Mr. HUFFMAN. Can you tell me a little more about the NPRA announcement last week, and some of the specifics about how the proposed rule and the NPRA will better protect these important special areas that are uniquely vulnerable to climate change, and uniquely important for biodiversity and other values?

Mr. NEDD. Yes. When Congress enacted a petroleum reserve, they defined, I think it was, four or five areas that were special areas, areas that are used for subsistence primarily, or to protect waters or other resources. This rule will help put a framework in place to make certain that, as we look at those areas, we can take the necessary steps to protect it.

Currently, without those rules, it is vulnerable. So, the intent is to put some rules in place to make certain we follow not only the intent of Congress, but to manage those special areas in a way that benefits the generations.

Mr. HUFFMAN. I thank you, Mr. Nedd, and yield back.

Mr. STAUBER. Thank you, Mr. Huffman. I do want to clarify something.

Mr. Nedd, my good friend, Mr. Huffman, asked or mentioned rubber stamping. In your 18 years at the BLM, have you ever “rubber stamped” any leases?

Mr. NEDD. We have not. Not in my knowledge.

Mr. STAUBER. Thank you very much.

Mr. NEDD. I have no direct knowledge of rubber stamping.

Mr. STAUBER. Thank you very much.

Mr. Hunt, you are up for 5 minutes. Thank you for coming.

Mr. HUNT. Thank you, Mr. Chairman, and thank you for being here, sir. Thank you for your prior service, as well. I really appreciate it. Thank you for your time here.

Oil and gas energy, BLM is kind of a big deal to me. I am from Houston, Texas, known as the energy capital of the world. The entire energy corridor is in my district. That makes me the energy Congressman of the entire world. So, this is why this is something that, for me, is very, very important that we get right, that we have timely leases, that we have these companies that can predict their future, that they can continue to build and grow, provide energy not just for us, not just for the United States, but also for our allies.

With that being said, I have two questions for you. On November 30, 2022, the Bureau of Land Management proposed an updated venting and flaring rule. Are you familiar with that, sir?

Mr. NEDD. I am.

Mr. HUNT. OK. What is the purpose of establishing this greenhouse emission reporting framework for BLM in venting and flaring?

And my question for you is, shouldn't any action for the BLM be harmonized with the EPA that already had an existing rule?

Mr. NEDD. We did coordinate and had discussion with the EPA. But the rule is really to minimize the waste of resources. So, the rule, again, is put in place to ensure as a developer develops lands, they are looking to have a minimization plan, and they are taking action to mitigate the impacts on the environment and the resources.

Mr. HUNT. I understand that. But I think a lot of companies that are in my district that do operate on Federal lands, their concern is that what you just described is actually not what is happening in real life on the ground.

What is happening on the ground is this: they have to adhere to two completely separate standards. Are you familiar with these companies having to adhere to two separate standards?

Mr. NEDD. I know we have worked to coordinate with the EPA to ensure that we are not in conflict, and it is my understanding we are not. The rule we are putting in place is for the resources that Congress told us to manage.

Mr. HUNT. So, you believe that right now the rules that you have set are in conjunction with the EPA entirely, meaning that you think that there is actually only one standard, even though there are two separate entities that are dictating rules.

Mr. NEDD. I believe our rule is not in conflict with what the EPA is doing, and I believe our rule will allow, again, the BLM, as it permits resources, for those to be managed to mitigate those impacts from greenhouse gases or others.

Mr. HUNT. Yes, sir. So, moving forward, just something to look at, please, if there is a way that these companies can look at just one rule, and I hear what you are saying, I understand what you are trying to do. But if there is a way, and I am a military guy, so I get this, but if there is a way where these companies could say, hey, the EPA has the exact same rules, would BLM, and not necessarily even being harmonized with, just a simple rule or a simple standard when it comes to these greenhouse gases and emissions, I think that would be greatly appreciated.

My next question is, are you familiar with communitization agreements?

Mr. NEDD. What? I am sorry.

Mr. HUNT. Communitization agreements.

Mr. NEDD. I am.

Mr. HUNT. You are? Could you briefly describe what these agreements do, and the timeline that you would like to see these agreements move through this process?

Mr. NEDD. Well, first I should say each agreement has its own complexity.

Mr. HUNT. OK.

Mr. NEDD. So, the timeline would be as expeditiously as we can.

But when you have multiple owners where resources may intermingle, we then will get a communitization agreement to be formed. And the intent is so the parties can agree on how best to develop that without conflict with each other.

And again, each one stands on its own because the complexity could be from simple complexity to major complexity.

Mr. HUNT. OK, I understand that. I think there has been a lot of bureaucracy that we have seen implemented, and I think a lot of these companies literally just want to know what the standards are going to be moving forward for the future.

Some of these agreements, in my understanding, there is a company that has reported that some of these agreements took 720 days. Based on your answer, that is probably a very complex agreement that took longer than what anybody could have ever anticipated. However, I do think that 720 days is still a bit egregious.

Streamline, streamlined standards, expectation management, and keeping that for the next 5 to 10 years is, I think, what a lot of companies want to see. We could have extremely, extraordinarily stringent regulations. In fact, our country has the most strict and the most stringent regulations in the entire world. I deployed to Saudi Arabia. I have been to Iraq. I understand this. It doesn't matter. As long as we have a standard that is going to be the same standard moving forward so that these companies can predict their workload, and leases, and agreements, what needs to be done, is all we are asking.

Thank you so much for your time.
I yield back the rest of my time, sir. Thank you.

Mr. STAUBER. Thank you very much.

And Mr. Nedd, that is all for Panel I. At the Chair's prerogative, we are going to take a 3-minute recess to allow the second panel to be seated, and we will get back in action in 3 minutes.

[Recess.]

Mr. STAUBER. The Energy and Minerals Subcommittee Committee will come out of recess.

We will now move into our second panel of witnesses to provide testimony. I will introduce our second panel.

Ms. Kathleen Sgamma is the President of the Western Energy Alliance based out of Denver, Colorado.

Ms. Sgamma, you are now recognized for 5 minutes.

STATEMENT OF KATHLEEN SGAMMA, PRESIDENT, WESTERN ENERGY ALLIANCE, DENVER, COLORADO

Ms. SGAMMA. Thanks, Mr. Chairman, for the opportunity to testify today.

I just want to start off by correcting something that the Ranking Member said in her opening statement. She claimed that oil and gas production on Federal lands is responsible for about a quarter million of greenhouse gas emissions. That is a complete falsehood. That is based on a misreading of a USGS study of greenhouse gas emissions. And if you actually look at the numbers, production on Federal lands and waters accounts for 0.6 percent of U.S. greenhouse gas emissions, not nearly a quarter. So, even the Interior Department stopped using that number after I simply pointed out the numbers from the USGS report.

Anyway, I am struck by the Administration moving forward with this whole-of-government approach against the oil and natural gas industry. The regulation coming at our industry is astounding, just one of those rules we are really going to focus on today. And it is not just on my industry, but the financial industry, as well, meant to defund the oil and gas industry, and it is done in the name of climate change, attempting to stop the energy sources of oil, gas, and coal that provide 80 percent of Americans' energy.

And to what end? We have an Administration doing that in the name of climate change, but then running to Saudi Arabia and, before the invasion, to Russia, asking for them to increase their production. And it was pointed out earlier how our intensity level is so much lower in the United States than in these other countries.

So, once again, we are in a cycle of high gasoline prices, and yet the President continues to announce a plan to curtail yet more American production. And, of course, when we have less American production, we have higher prices and we have to import more, the most recent being, of course, the cancellation of leases in Alaska.

The President has let OPEC set energy prices instead of what my industry did just a few short years ago when we made OPEC irrelevant by taking up any slack in U.S. demand, or global demand, not just U.S. demand. We could be producing between 2 and 3 million more barrels a day, but for this whole-of-government approach to stopping American oil and gas.

And there are those who say that we must make these sacrifices in the name of climate change. Yet, John Kerry, the climate czar, has himself said we could stop all U.S. greenhouse gas emissions and it would make no difference on global climate change. So, to what end are we pursuing these policies that require us to go beg Saudi Arabia for more production?

And we also know the ill effects of all these policies. In my written testimony, I have a laundry list of, and all referenced, of ill effects in California and Germany from misguided, so-called green energy policies. So, I refer you to those.

I really urge the Administration not to curtail U.S. oil and gas production, but instead work with us. Not only is it distasteful to run to Saudi Arabia, who doesn't have our best interests at heart, but you can't transform the energy sector without working with the energy sector itself. We are part of the solution, and we can help as we are reducing our greenhouse gas emissions intensity, as we are looking at alternatives.

But in the meantime, I urge Congress and this Committee to really delve into this whole-of-government approach and start to demand information from the Administration. I think there is a lot of collusion with environmental groups in writing these policies, and I think some of that needs to be aired publicly.

When it comes to the BLM leasing rule, we know that BLM is focusing on increasing bonding limits twentyfold, twentyfold. It would upend the bonding market. And to what end?

There are 37 orphan wells on BLM lands, down from 296 in 2019. So, BLM, using the authority it already has to go after bad actors and to adjust bonding amounts as necessary, has reduced orphan wells to basically a non-problem. So, those last few remaining orphan wells, the industry provides \$55 for every dollar BLM spends on the oil and gas program. We are providing plenty of funds for that, and most of those orphan wells BLM is pursuing responsible companies for those because the chain of custody on a well extends beyond the original driller of that well.

My time has expired. I appreciate your attention.

[The prepared statement of Ms. Sgamma follows:]

PREPARED STATEMENT OF KATHLEEN SGAMMA, PRESIDENT,
WESTERN ENERGY ALLIANCE

Chairman Stauber, Ranking Member Ocasio-Cortez, and Committee Members, thank you for the opportunity to testify today. The Administration is moving forward with a whole-of-government approach to stopping American oil and natural gas. The level of regulation coming at my industry is astounding, with practically every single agency, not just oil and natural gas regulators, getting into the action in the name of climate change. Financial regulators, transportation, labor, every agency is attempting to prevent American production of the oil, natural gas, and coal that provides 80% of the energy to power our economy and enable the healthy, safe, and environmentally protective modern lifestyle that Americans enjoy.

And to what end? We have an administration that has consistently begged Saudi Arabia and before the invasion, Russia, to increase their oil production to relieve high prices. We are once again in a cycle of higher gasoline prices, yet the president continues to announce plans to curtail yet more American oil production, the most recent being the cancelation of leases in Alaska and the locking away of 13 million acres in the Alaskan Petroleum Reserve even though Congress mandated leasing as recently as 2017. The president has let OPEC raise energy prices by blocking my industry from doing what we did just a few short years ago in making OPEC irrelevant. We could be producing between two and three million more barrels of oil per day if the president wasn't blocking us at every step, more than enough to cover

the production declines of OPEC and Russia and keep prices low for consumers the world over.¹

There are those who say that we must make these sacrifices in the name of climate change. People must not be allowed to drive when they want, eat what they want, use air conditioning, or heat their homes. But as John Kerry has said several times, we could take all American greenhouse gas emissions to zero and it would make no difference.² If you run each of the policies of scarcity, energy inflation, and control through the models the government relies on, you get negligible impact.³ The only way to justify any of these policies is by using a Social Cost of Greenhouse Gases that inflates the benefits on paper, but not in reality.

We have an administration pursuing these policies even though it is well known what the ill-effects are when energy becomes scarce, unreliable, and unaffordable. We have seen energy prices skyrocket in California as manufacturing has fled the state.⁴ We know Germany is much further down the “energy transition” path and how that it has left that country with the second highest electricity prices in Europe, yet also the most vulnerable to Russia.⁵ We know intermittent wind and solar energy cannot do it all, that battery backup is cost prohibitive and practically nonexistent, and that our grid is becoming more susceptible to brown-outs and blackouts.⁶ We know that California mandated electric vehicles (EV) by 2035 and then the next week asked people not to charge them during the day.⁷ We know that Europe has had to back off its EV mandate because it is unrealistic and unwise.⁸ We know that people died in Texas during a winter incident when the instability of a grid overbuilt on intermittent renewables was exposed. Yet this administration is blindly following the same path at the federal level.

I urge the administration to come to the American oil and natural gas industry to solve high energy prices rather than running to Saudi Arabia. It is not wise to shut out the industry that provides 70% of American energy not just because it is distasteful to turn to countries that don’t have our best interests at heart, but because you cannot transform the energy sector politically without partnering with the energy sector itself. Many oil and natural gas companies have spent collectively billions on alternative energy research.⁹ Natural gas is a major reason the United States has reduced more greenhouse gas emissions than any other country, through fuel switching in the electricity sector.¹⁰ We have reduced more carbon dioxide from power generation than wind and solar energy combined. Natural gas is necessary to back up intermittent renewable energy when the wind doesn’t blow and the sun doesn’t shine. Government policies, as Europe is discovering, don’t make real energy appear, no matter how many billions of dollars are thrown at it. We’re all in this together, and I urge the administration to work with us, not regulate us out of business.

In the meantime, I urge Congress to expose this ill-advised whole-of-government approach. When looking at the magnitude of the regulatory changes coming at not just my industry but the financial, transportation, and consumer sectors, it is truly mind-blowing. A federal government not known for its crack efficiency has suddenly been able to pull every single regulatory lever to truly change our economy and society. How is that possible? We still don’t have large segments of the bureaucracy

¹*The Cost of Biden’s War on Oil and Gas: Nearly \$100 Billion a Year in Lost Output*, Committee to Unleash Prosperity, October 2022.

²“John Kerry Says U.S., China Could Go to Zero Emissions and Still Not Solve Climate Crisis,” *NewsWeek*, April 21, 2021.

³*The Unsustainable Costs of President Biden’s Climate Agenda*, Kevin D. Dayaratna, The Heritage Foundation, June 16, 2022. “Even assuming that the Earth’s temperatures are highly sensitive to GHG emissions, eliminating all U.S. emissions would mitigate global temperatures by less than 0.2 degrees Celsius by 2100.”

⁴*Why Company Headquarters Are Leaving California in Unprecedented Numbers*, Joseph Vranich and lee E. Ohanian, Hoover Institution, September 14, 2022.

⁵*Germany’s Energiewende: A Disaster in the Making*, Fritz Vahrenholt, 2017.

⁶2023 *ERO Reliability Risk Priorities Report*, North American Electric Reliability Corp., August 17, 2023; “FERC commissioners tell senators of major grid reliability challenges, with some blaming markets,” *Utility Dive*, May 5, 2023.

⁷“California is the first state to make electric cars mandatory. Now it’s telling owners not to charge them,” *Fortune*, September 1, 2022.

⁸“Germany rejects EU plan for ban on new fossil-fuel cars from 2035,” *Reuters*, June 21, 2023; “EU was set to ban internal combustion engine cars. Then Germany suddenly changed its mind,” *CNN*, March 27, 2023.

⁹“How the six major oil companies have invested in renewable energy projects,” James Murray, *NS Energy*, January 2020; “One of the World’s Largest Oil Companies is Spending \$1 Billion a Year on Green Energy Research” Brad Jones, *Futurism*, November 3, 2017.

¹⁰*Global CO2 Emissions in 2019*, International Energy Agency, February 2020; *U.S. Energy-Related Carbon Dioxide Emissions, 2021*, U.S. Energy Information Administration, Figure 7, December 14, 2022.

back in the office yet they are able to exert such all-encompassing control on practically everything Americans do? I ask this Committee and others to demand information from the agencies to uncover the sources of these policies. There is likely collusion with many environmental groups, foundations, and other climate activists that are providing the background for these policies and even writing whole sections of regulations. For example, the Rocky Mountain Institute (RMI), an advocacy group disguised as an energy analysis organization, put out shoddy research on the harm from gas stoves, and then the Department of Energy followed that up with conservation standards designed to ban them.¹¹ That was no coincidence. There are likely many examples under the jurisdiction of this Committee.

I appreciate that this Committee is conducting oversight of the policies the Administration is taking to kill the federal onshore oil and natural gas program. I urge you to submit formal requests for information on the coordination between the Department of the Interior, including its various offices and bureaus, and environmental and activist groups. I believe those requests would uncover a trove of information of inappropriate collusion outside the public eye and outside formal Administrative Procedure Act processes. The information would be very helpful as states and groups like Western Energy Alliance seek to overturn many of these regulations in court, a Herculean task given the sheer volume of them.

I would like to highlight just some of the policies that are meant to halt leasing and development on federal lands. The increased costs these policies represent ensure that the Biden Administration's energy inflation will outlast it far into the future.

- The Bureau of Land Management (BLM) leasing rule would increase costs on American by \$1.8 billion by going even farther than the costs passed in the Inflation Reduction Act (IRA). New requirements that increase bonding amounts twenty-fold will upend the bond market, particularly for small producers that simply do not have access to the surety market at the same value as do larger companies. Small companies would be forced to put down the cash rather than putting it into new development or actual well reclamation. The Interior Department recently admitted to Congress that there are only 37 orphan wells on federal lands and there have been only 40 calls on bonds over the last decade.¹² That's .04% of the 89,350 wells on federal lands and four bond calls a year.¹³ The data show the bonding provisions are an arbitrary and capricious solution to a problem that doesn't exist.
- The Interior Secretary ordered a withdrawal of over 336,000 acres from oil and natural gas leasing around the Chaco Culture National Historical Park. In withdrawing the lands from development against the wishes of the Navajo Nation, the action prevents Navajo mineral owners from developing their oil and natural gas resources and realizing \$194 million in royalty income over 20 years.¹⁴ The department is also moving forward with a withdrawal of 225,000 acres in the Thompson Divide area of Colorado, an area with a history of oil and natural gas co-existing with land protection back to the 1940s.¹⁵ Both withdrawals will stop development in the very promising Mancos Shale formation. At least in this regard, the Interior Secretary is equal opportunity, as she closed 225,500 acres in the Superior National Forest of Minnesota to mining for the critical minerals needed for renewable energy.
- BLM proposes to close 1.566 million acres to oil and natural gas leasing in the Grand Junction and Colorado River Valley field offices in the highly productive Piceance Basin on Colorado's West Slope. The Energy Information Administration (EIA) considers the Piceance Basin to have five of the top 50 natural gas fields in the United States in proven reserves.¹⁶ The update to the Resource Management Plan and supplemental Environmental Impact Statement¹⁷ is also designed to cut off new development in the Mancos Shale formation.

¹¹"Natural Gas Report Raising Emissions Concerns Comes Months After Strategy Meeting With State Officials", *Western Wire*, May 18, 2020.

¹²"Deputy Secretary Tommy Beaudreau's responses to Questions for the Record, Letter to Senator Joe Manchin dated June 22, 2023.

¹³BLM Fiscal Year 2022 Oil & Gas Statistics, Table 9, Producing Well Bores.

¹⁴Western Energy Alliance comments on the Chaco Area Withdrawal Environmental Assessment, December 9, 2022.

¹⁵Western Energy Alliance comments on the Proposed Withdrawal, Thompson Divide Area, January 16, 2023.

¹⁶*Top 100 U.S. Oil and Gas Fields*, EIA, March 2015.

¹⁷Draft RMP and Supplemental EIS, Colorado River Valley Field Office and Grand Junction Field Office, August 2023.

- The Council of Environmental Quality’s (CEQ) proposed revision to National Environmental Policy Act (NEPA) guidelines would require federal agencies to require the evaluation of renewable energy projects when a fossil fuel project is proposed.¹⁸ The intent is to speed up approvals for renewable energy projects while slowing down approvals for fossil fuel projects.
- The BLM conservation and landscape health rule stretches Congress’ original intent of the Federal Land Policy and Management Act (FLPMA) away from managing public lands for “multiple use and sustained yield” of resources to preservation only. FLPMA specifically defines “principal or major uses” as limited to mineral exploration and production, livestock grazing, rights-of-way, fish and wildlife development, recreation, and timber. Of course FLPMA calls for the protection of the environment, water, and cultural resources, but does not list conservation as a use. FLPMA mandates public lands are to “be managed in a manner which recognizes the Nation’s need for domestic sources of minerals, food, timber, and fiber”. BLM’s rule would violate the multiple-use and sustained yield mandate by closing or restricting unnecessarily large amounts of land to productive uses, making it more difficult to develop in energy-rich basins across the West.¹⁹
- The U.S. Fish and Wildlife Service (FWS) proposes three new ESA rules regarding interagency cooperation, listings, and critical habitat designation. Taken together, the Biden Administration is seeking to erode the standards with the goal of listing species that do not credibly meet the ESA’s definition of threatened or endangered species and designate critical habitat on a massive scale, including areas that are unoccupied. The result is reduced areas open to development, increased costs, unwarranted or unjustified permit requirements, delays, and a multitude of operational constraints that significantly impact the ability to responsibly develop energy resources.

“Diligent” Development

I would like to focus in particular on the BLM leasing rule. The proposed rule is based on the Administration’s continued narrative that operators are not diligently developing their valid existing leases. It would impose penalties for not developing within the first five years of the primary term of the lease, restricting availability of lease extensions and suspensions for any reason, and restricting extensions for applications for permit to drill (APD), regardless of the fact that BLM is often the source of the delays. In good Kafkaesque form, BLM is largely discouraging companies from wanting to develop federal oil and natural gas through this rule and others, further piling on the impediments to leasing and development to ensure they don’t. These include changes in bonding requirements, increased fees and royalty rates, shorter permit validity times, a new nomination fee, higher bonus bids, higher royalty rates, and increased rental rates collectively raise operational costs on federal lands, deterring participation, especially by new small businesses.

We have to assume it is irony that BLM discusses “incentiviz[ing] diligent development of leased resources”²⁰ after extensive language in the proposed rule aimed at discouraging companies from wanting to obtain federal leases in the first place. Instead of encouraging development by providing incentives to develop such as fast-tracking approvals or otherwise being proactive in assisting companies in the regulatory review process, BLM proposes to further punish operators for holding federal leases.

At the end of FY 2022, there were 34,409 leases in effect, 23,631 producing, and only 10,778 nonproducing leases, which is a 69% utilization rate.²¹ Sixty-nine percent of leases are in production, despite the fact that the Alliance is in court defending over 5,900 leases from litigation by environmental groups. Most of these leases cannot be developed on until the litigation is cleared up. Factoring in that litigation means that only 28,509 of those 34,409 acres are available for development, which indicates a practical utilization rate of 83%, a very high rate since other leases may be tied up in the NEPA process, awaiting permit approvals or adjacent leases, and otherwise working their way through the federal approval process. Rather than a two-faced rule that claims to “incentivize” diligent development while tying up companies in more red tape and cost, BLM could simply complete the corrective NEPA analysis as required by the D.C. District Court. Yet BLM

¹⁸ NEPA Implementing Regulations Revisions Phase 2, CEQ, July 31, 2023.

¹⁹ Testimony of Kathleen Sgamma before the House Committee on Natural Resources, Legislative Hearing on H.R. 3397, June 15, 2023.

²⁰ 88 Fed. Reg. 47566.

²¹ BLM Fiscal Year 2022 Oil & Gas Statistics, Table 1, Number of Leases; Table 6, Producing Leases.

is dragging its feet on simply completing that straightforward NEPA analysis and letting our members develop on the leases they have in hand.

Additionally, BLM has a number of Expressions of Interest (EOI) from industry that are not being processed but which are adjacent to leased lands. Oftentimes companies need to acquire adjacent leases in order to efficiently develop existing leases, especially when drilling horizontal wells with one- to three-mile laterals. They nominate lands that may be part of a larger patchwork of federal, state and fee leases in order to form a full development unit that best accesses the resources while minimizing surface disturbance. BLM's delay in processing many of these EOIs stalls a company's ability to put these lease positions together. Moving forward with regular leasing would increase the utilization rate further.

Bonding

The bonding provisions in the proposed rule would in particular price small companies out of the process. The proposed rule suffers from the flawed assumption that bonds are the only source of funding available to plug and abandon wells and reclaim well sites. In fact, companies are under obligation for the full cost of properly plugging wells and are not released from liability until BLM has determined they have properly done so. Companies assume the obligation when they acquire another company's assets and successor companies also assume the obligation. Struggling companies are often acquired, so at-risk wells, as identified in the Government Accountability Office (GAO) reports, do not necessarily become orphaned wells.²²

Bankruptcies almost always result in continuous liability for the assets, whether through restructuring or sale of the assets. In addition, when companies acquire new federal leases that have existing orphan wells on them, oftentimes the acquiring companies plug and reclaim orphan wells before moving forward with new wells. When a company sells or transfers its federal assets, it maintains its liability to plug and abandon any well, and reclaim any well site, that it operated or benefited from during the term of its lease should a future company default.²³ Thus, there is very low risk of a well on federal lands becoming orphaned. BLM rarely needs to access a bond in order to plug a well, and in fact has done so at the rate of about four per year. A good question to ask BLM is how many wells are plugged and abandoned each year without requiring a call on a bond.

If bond levels are raised too high, as they are in the proposed rule, it ties up significant amounts of capital in an unproductive capacity, adding another cost that, in combination with all the other costs of operating on federal lands and in the proposed rule, leads to less production. The rule would raise costs unnecessarily for the vast majority of companies who are responsible and fulfill their reclamation obligations. The real issue is of course, fly-by-night operators, but the issues are being or have been addressed by BLM with existing policies that give it the flexibility to set higher bond amounts for at-risk companies, more stringent interim and final reclamation requirements, additional bonding reviews, and other measures to limit the risk to the taxpayer.

In fact BLM should be applauded for—using the power it already has over the last two years of the Trump Administration and into the Biden Administration—reducing the number of orphaned wells from the 296 wells identified in the 2019 GOA down to 37 today. That is a success story that shows that the new bonding provisions are unnecessary, yet the political leadership at BLM blindly continues to ignore that success. Throughout the proposed rule, BLM focuses extensively on addressing an orphan well problem not supported by evidence. BLM leadership must recognize its own facts: orphan wells are not the crisis it implies and addressing orphan wells on federal lands is not the taxpayer emergency BLM leads the public to believe in the proposed rule.²⁴ BLM's approach is disingenuous and misleading.

²² "Oil and Gas: Bureau of Land Management Should Address Risk from Insufficient Bonds to Reclaim Wells," GAO, September 2019; "Oil and Gas: Bureau of Land Management Needs to Improve Its Data and Oversight of Its Potential Liabilities," GAO, May 2018.

²³ 43 C.F.R. §3106.7-2.

²⁴ See Preamble, 1. Reducing Taxpayer Exposure to Reclamation-Related Liabilities, 88 Fed. Reg. 47565.

In the 2019 report, GAO estimated that annually BLM spends about \$267,600 in total on reclamation. That amount is just 0.003% of the \$8.6 billion in revenue the industry returned to the government in 2022 from the onshore program. That reclamation total is likely much smaller now given how few orphan wells there are on federal lands. It certainly doesn't provide justification for a rule that will price small business out of the bond market altogether.

Thank you Chairman Stauber, for your oversight of these issues. I look forward to questions.

QUESTIONS SUBMITTED FOR THE RECORD TO KATHLEEN SGAMMA, PRESIDENT,
WESTERN ENERGY ALLIANCE

Questions Submitted by Representative Huffman

Question 1. Multiple studies, including the United States Geological Survey's 2018 report "Federal Lands Greenhouse Gas Emissions and Sequestration in the United States: Estimates for 2005-2014" and Ratledge et al.'s 2022 "Emissions from fossil fuels produced on US federal lands and waters present opportunities for climate mitigation" in Climatic Change, have found that fossil fuel extraction on public lands and waters account for approximately one-quarter of U.S. greenhouse gas emissions. What proportion of U.S. greenhouse gas emissions come from oil and gas produced on BLM-managed land?

Answer. Thank you for the question, which follows from my response to incorrect information in the opening statement of Ranking Member Ocasio-Cortez, who said, "As it stands, nearly a quarter of the United States' current carbon pollution comes from fossil fuel production on federal lands and waters."

This misleading talking point about greenhouse gas (GHG) emissions on federal lands and waters gets tossed around carelessly. A few points to set the stage: "Carbon pollution" is a political term that has little meaning, so I will use GHG emissions throughout. The Environmental Protection Agency (EPA), which inventories and reports on GHG emissions, does so using carbon dioxide equivalents (CO₂e). EPA converts various GHGs, such as methane, into CO₂e to take into account their higher intensity compared to CO₂.

I do not fault the Ranking Member directly for the misinformation, as she got that talking point from the environmental lobby, which does not let accuracy get in the way of a good narrative. Likewise, the question from Rep. Huffman misquotes the 2018 U.S. Geological Survey (USGS) study it supposedly references, but even more explicitly by saying "fossil fuel extraction." ***In fact, fossil fuel extraction on federal lands and waters accounts for about .7% of U.S. GHGs. The percentage of GHGs from oil and natural gas extraction, the subject of the hearing, is actually 0.56%.*** All of my numbers come from the USGS study, the definitive source of GHG information on federal lands and waters.¹ My calculations are done using the data in Table 1 of the USGS report and presented in a table below. Percentages are calculated as simple ratios compared to total U.S. GHG emissions as reported by EPA in its annual inventory.²

The source of confusion on the "nearly a quarter" talking point is a misunderstanding of the USGS report. USGS very explicitly measured emissions not just from extraction and production processes of fossil fuels from federal lands, but the end-use emissions by the consumer. The Ranking Member specifically said "the production of fossil fuels", not the production and end-use, and Rep. Huffman's question incorrectly claims the "extraction" process specifically.

In some ways, the talking point that about a quarter of U.S. GHGs come from the production and end-use consumption of fossil fuels from federal lands and waters would be rather unremarkable. Since about 22% of U.S. oil production comes from federal lands and waters, it makes sense it would account for about the same amount of GHGs.³ However, even there, the intensity is less, as USGS finds that only about 19% of U.S. GHGs come from the production and end-use of federal fossil fuels. Again, when looking at just oil and natural gas, total GHGs from the

¹*Federal Lands Greenhouse Gas Emissions and Sequestration in the United States: Estimates for 2005-2014*, USGS, 2018.

²*Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990-2014*, EPA, April 15, 2016. This is the same version of EPA's annual inventory that USGS used in its report.

³*The Consequences of a Leasing and Development Ban on Federal Lands and Waters*, Prepared by OnLocation, Inc. for the American Petroleum Institute, September 2020. Federal oil and natural gas production constitute 22% and 12% of U.S. total production, respectively.

production and end-use is just 7%. ***So we get “nearly” a quarter of U.S. oil and natural gas production from federal lands but they only account for only 7% of total U.S. GHG emissions.***

Another source of confusion may be the statement in the first paragraph of the USGS report: “Emissions from fossil fuels produced on Federal lands represent, on average, 23.7 percent of national emissions for CO₂, 7.3 percent for CH₄, and 1.5 percent for N₂O over the 10 years included in this estimate.” (p. 1) Note that a careful reading of the sentence is that it relates to the emissions from fossil fuels, not just the production process, and it is clear from earlier in that same paragraph that, “. . . USGS has produced estimates of the greenhouse gas emissions resulting from the extraction and end-use combustion of fossil fuels produced on Federal lands in the United States.”

An even more careful reading of that sentence shows that it is only CO₂ emissions from fossil fuels that are “nearly a quarter” of the U.S. total, not all GHGs. When considering the three main GHGs—CO₂, methane and N₂O—that are the subject of the report and which make up over 97% of U.S. GHGs, in actuality the production processes and consumption of federal fossil fuels actually represent just over 19%. Nineteen percent is not “nearly a quarter” of U.S. GHG emissions.

Likewise, a less-than-thorough reading of Ratledge et al. could be used to perpetuate the careless “nearly a quarter” talking point. It is clear in Ratledge that, like USGS, the report is dealing with “the extraction, transportation and combustion” of fossil fuels. Ratledge et al. fills in the data from 2014, the year measured in the USGS report, through 2019. The study appears to be in line with the USGS report. Rutledge et al. does not include the raw data tables as did USGS, so it is not possible to recreate the math, but the graphs appear to be in line with the USGS report. I would be happy to address any other of the “[m]ultiple studies” mentioned in the question, should they be specified. I am not aware of others.

	CO2	CH4	N2O	Total GHGs
	(All Emissions in Million Metric Tons of CO2 Eq)			
Combustion Emissions - Stationary				
Coal-related	734.886	2.11745	3.72809	740.73154
Petroleum products	41.77	0.039	0.095	41.904
Natural Gas	217	0.1	0.12	217.22
Combustion - Mobile				
Motor Gasoline	110.892	0.143	1.239	112.274
Aviation gasoline	0.3			0.3
Jet Kerosene	25.58			25.58
Diesel	58.25		0.06	58.31
Residual fuel oil	4.61			4.61
Liquefied petroleum gas	0.078			0.078
Extraction Emissions				
Petroleum wells	0.18	7.97		8.15
Natural gas wells	5.3	25.31		30.61
Coal		11.8		
Total Fed O&G Extraction Emissions	5.48	33.28		38.76
Total Extraction from Fossil Fuels	5.48	45.08		50.56
Total Combustion of Oil & Gas	458.48	0.282	1.514	460.276
Total Extraction & Combustion of Oil & Gas	463.96	33.562	1.514	499.036
Total Extraction & Combustion of Fossil Fuels	1279	47.6	5.5	1332.1
Total US GHGs 2014 (from EPA inventory)	5,556	730.8	403.5	6,870
% of US GHGs by GHG	80.87%	10.64%	5.87%	97.38%
% US GHGs from Fed Lands Fossil Fuels Extraction & Combustion	23.02%	6.51%	1.36%	19.39%
% US GHGs from Fed Lands Fossil Fuels Extraction	0.10%	6.17%	0.00%	0.74%
% US GHGs from Fed Lands O&G Extraction	0.10%	4.55%	0.00%	0.56%
% US GHGs from Fed O&G Combustion	8.35%	4.59%	0.38%	7.26%
% US GHGs from the Fed O&G Extraction	0.10%	4.55%	0.00%	0.56%
%US GHGs from the Fed O&G Extraction & Combustion	8.35%	4.59%	0.38%	7.26%

Mr. STAUBER. Thank you very much. We will now recognize Mr. Novotny for 5 minutes.

**STATEMENT OF BILL NOVOTNY, PRESIDENT, WYOMING
COUNTY COMMISSIONERS ASSOCIATION, BUFFALO, WYOMING**

Mr. NOVOTNY. Good morning, Mr. Chairman and Ranking Member Cortez. Thank you for holding a hearing to discuss emerging management issues impacting oil and gas programs.

My name is Bill Novotny. I represent the fourth generation of my family to call Wyoming home. I currently serve as President of the Wyoming County Commissioners Association and am Chairman of my local Board of County Commissioners. I also serve on the Board of Directors of the National Associations of Counties. At home, I am the owner of a public affairs firm where I represent one of Wyoming's major travel and tourism industries, which is a major component of our economy. My family also raises sheep and cattle, and we have been involved in the timber and oil and gas industry.

I am here today on behalf of the Wyoming County Commissioners Association.

In 1884, 6 years before Wyoming became a state, the first oil well was drilled in modern-day Fremont County. One hundred and twenty-five years later, oil and natural gas continue to be vital industries for Wyoming, providing essential revenue for counties and state government, providing citizens with well-paying jobs, and delivering to our nation affordable and reliable energy.

Taxes derived from oil and gas developed in Wyoming constitute a significant portion of state and county revenue used to pay for public education and essential services including roads, fire protection, courthouses, libraries, landfills, hospitals, law enforcement, airports, recreation, and senior citizen services.

Property taxes on oil and gas account for over 40 percent of the total property taxes levied in Wyoming and over 55 percent of property taxes levied in my Johnson County. In 2020, the property taxes collected by counties exceeded \$600 million. Severance taxes collected by the state in 2020 topped \$275 million. When adding in Federal leases, revenues, Federal and state royalties, sales and use taxes, and conservation taxes, this industry contributed \$1.23 billion in taxes to state and local governments.

The industry also supports between 35,000 and 58,000 jobs, and provides up to \$5.6 billion in wages in 2021 figures. For every direct job, the industry generates an additional 1.9 indirect jobs in services, whether it is wholesale, construction, transportation, and manufacturing. This equates to the oil and gas industry supporting between 12 and 19 percent of my state's total workforce.

Wyoming is the 10th largest state, covering approximately 97,000 square miles, or 62.6 million acres. And the BLM manages approximately 18 million surface acres and an additional 41 million acres of minerals in the state. Such substantial Federal lands and mineral management creates a hodgepodge of interwoven fabric with state and private lands and minerals across Wyoming.

This interwoven ownership pattern of federally managed minerals with state and private minerals means that oil and gas has to be co-produced. Wyoming's oil and gas production from federally managed lands accounts for between 72 and 74 percent of my state's entire mineral production. The Department of the Interior natural resource revenue data reports that Wyoming's Federal lands supported \$1.65 billion in revenue for the year of

2022, and the DOI dispensed \$785 million to the state of Wyoming, primarily revenue from oil and gas production.

It is important to understand that changes in Federal management do not solely impact Federal-managed lands and minerals. Nearly all development in Wyoming, including on private and state lands, is impacted by the Administration's management decisions. Attempting to thread the needle around federally managed lands to avoid a Federal nexus is imprudent, impractical, and quite frankly, impossible.

While the stated objective of oil and gas onshore operations is to promote the orderly and efficient exploration and development and production of oil and gas, the Biden administration's approach to bonding, leasing, and permit issuance is neither orderly or efficient.

Speaking specifically to bonding, the BLM manages approximately 94,000 Federal wells, including 27,383 in Wyoming. Each year, between 15 and 24 wells are reclaimed by the BLM, accounting for 0.00159 to 0.000255 percent of all wells managed by the BLM. Yet, their annual liability for reclamation is \$2.7 million. Over the past 2 years, the BLM averaged gross revenue from oil and gas production was over \$8.6 billion, making the \$2.7 million spent on reclamation a liability of less than half of 1 percent. That is a rounding error, not a cause to upend the bonding structure for the entire industry.

Nevertheless, to remedy its \$2.7 million liability, the BLM has proposed to substantially increase Federal bonding for all operators in its fluid mineral lease and leasing process rule, inaccurately assuming every Wyoming operator can qualify for a low-cost surety. The BLM alleges the increased cost to industry would only be between \$4.7 and \$9.1 million. This is simply inaccurate.

The BLM currently holds \$85 million in bonding. At current bonding levels, 84 percent of operators in Wyoming are able to utilize surety bonds, while the remaining 16 percent of operators having to post dollar for dollar coverage. This equates to \$71 million covered by sureties at a cost of \$3.5, or \$2.499 million in annual interest payments, while the remaining \$13.6 million is paid dollar for dollar.

Mr. STAUBER. Mr. Novotny, can you wrap it up?

Mr. NOVOTNY. Yes, sir. I do apologize.

I will remain for questions, and you have my full statement for the record. Thank you, Mr. Chairman.

[The prepared statement of Mr. Novotny follows:]

PREPARED STATEMENT OF HON. BILL NOVOTNY, III, COMMISSIONER,
JOHNSON COUNTY, WYOMING
ON BEHALF OF THE WYOMING COUNTY COMMISSIONERS ASSOCIATION

Chairman Stauber and Ranking Member Ocasio-Cortez, thank you for holding a hearing to discuss emerging management issues impacting the onshore oil and gas program.

My name is William J. Novotny, III, I represent the fourth generation of my family to call Wyoming home. I currently serve as the Chairman of the Johnson County Board of County Commissioners and the Wyoming County Commissioners Association President. I also serve on the Board of Directors for the National Association of Counties. I am the owner of a public affairs firm where I represent a major sector of Wyoming's travel and tourism economy. My family also raises cattle and sheep. I am here today on behalf of the Wyoming County Commissioners Association.

In 1884, six years before Wyoming became a state, the first oil well was drilled in modern day Fremont County. The Great Seal of the State of Wyoming, adopted in 1893, includes “oil” as one of the four industries on the scrolls wrapping around the pillars symbolizing our economy. Over a hundred years later, oil and natural gas continue to be vital industries for Wyoming supplying valuable revenues for county and state government, providing citizens well-paying jobs, and delivering to our nation affordable reliable energy.

Taxes derived from oil and gas development in Wyoming constitutes a significant portion of state and county revenue used to pay for public education and essential services, including roads, fire protection, emergency medical services, courthouses, libraries, landfills, hospitals, law enforcement, airports, recreation, and senior citizen centers.

Oil and gas companies operating in Wyoming are assessed property taxes by counties and severance taxes by the state. Although they are called “taxes” both are more akin to a royalty because production is taxed regardless of whether an operator makes a profit. Property or Ad Valorem taxes vary by county and range from 6–7.3% calculated by the gross revenue of the previous year’s production and the value of tangible equipment and improvements. Severance taxes are calculated at 6% of gross revenue in the same manner as royalty taxes (gross revenue minus transportation and gas processing cost). Federal Royalties are also deducted from the gross revenue for the purpose of calculating severance taxes.

Property taxes on oil and gas account for over 40% of the total property taxes levied in Wyoming, and over 55% of property taxes levied in Johnson County. In 2020, the property taxes collected by counties exceeded \$600 million. Severance taxes collected by the state in 2022 topped \$275 million. However, when adding in federal lease revenues, federal and state royalties, sale and use taxes, and conservation taxes, the industry contributed \$1.23 billion in taxes to state and local governments.

The oil and gas industry also supports a significant amount of direct and indirect employment across the state. Based on a studies prepared by the BLM and PricewaterhouseCoopers, Wyoming’s oil and natural gas industry supports 35,000–58,000 jobs and provided up to \$5.6 billion in wages in 2021. For every direct natural gas and oil job the industry generates 1.9 additional jobs in services, wholesale, construction, transportation and manufacturing. According to the US Bureau of Labor Statistics and the Wyoming Department of Workforce Services, the Wyoming labor force numbers around 300,000 people. Therefore, by the numbers, the oil and gas industry in Wyoming supports around 12–19% of the states total workforce.

Wyoming is the 10th largest state by land mass, covering approximately 97,814 square miles or 62.6 million acres. The Bureau of Land Management (BLM) manages approximately 18 million surface acres and an additional 41 million mineral acres across the state or, stated another way, approximately 2/3rds of Wyoming’s subsurface. Such substantial federal land and mineral management creates a hodgepodge patchwork of mineral ownership with state, private, and federal lands and minerals across the state.

This interwoven ownership pattern of federally managed minerals with state and private minerals means that oil and gas has to be coproduced. While environmentally and economically prudent, Wyoming’s two-mile horizontal development often generates a federal nexus. Consequently, most of Wyoming’s oil and gas production includes federally managed minerals. Wyoming’s oil and gas production is from federally managed land accounts for between 72–74% of the entire state’s production.

The U.S. Department of the Interior (DOI) Natural Resources Revenue Data reports that Wyoming federal lands produced \$1,656,396,384.55 in revenue for the year 2022. DOI dispersed \$785 million to the State of Wyoming, primarily revenue from oil and gas production. While 2022 saw an increase in proceeds from previous years, the increase is associated with higher oil and gas prices, not necessarily with greater production. In fact, Wyoming’s gas production fell from over 1.3 TCF in 2019 to just over 1 TCF in 2022. Over that same time, oil saw a slight increase of 1 million bbls.

Proposed changes in the federal onshore oil and gas program stand to erode county revenues, eliminate good paying jobs, and will impair all oil and gas development in Wyoming. While these changes won’t always occur overnight, federal mismanagement will cause a substantial impact to Wyoming’s economy.

It is important to understand that changes in federal regulations do not solely impact federal managed lands and minerals. Nearly all development in Wyoming, including on private and state land, is impacted by the administration’s management decisions. Attempting to thread the needle around federally managed lands to

avoid a federal nexus is imprudent, impractical, and virtually impossible. Even if a wellbore doesn't penetrate federal minerals, gathering lines, pipelines, transmission lines, and roads to get product to the market inevitably run into federal management at some juncture. The federal onshore oil and gas program directly impacts the ability for the oil and gas industry on private and state lands to exist in Wyoming. Private and state minerals are held hostage when they are in a drilling and spacing unit with federal minerals.

The stated objective of oil and gas onshore operations regulations 43 CFR 3160.4 is to "promote the orderly and efficient exploration, development, and production of oil and gas." The administration's approach to bonding, leasing, and permit issuance is neither orderly or efficient.

Bonding

The BLM manages approximately 94,000 federal wells including 27,383 in Wyoming. Operators are required to plug and reclaim federal wells. If an oil and gas company goes bankrupt and is unable to pay for the reclamation of its wells, the BLM conducts a record title search for past owners to assess liability. In the rare scenario where the BLM is unable to find others to assess liability, the cost of reclamation falls to the operator posted bond and the agency. Each year around 15–24 wells are reclaimed by the BLM amounting to .000159 to .000255 percent of the wells they manage. The BLM estimates its annual liability for reclamation to be between \$1.4–3.8 million or an average of \$2.7 million. Compared to the BLM's gross revenues from oil and gas production revenue which averaged \$8.6 billion over the last two years, the \$2.7 million spent on reclamation constitutes a liability of .02–.05%.

To remedy its \$2.7 million liability, the BLM recently proposed its Fluid Mineral Leases and Leasing Process Rule (Proposed Rule). The Proposed Rule would substantially increase bonding amounts for federally regulated wells across the country.

While the BLM's estimation of its risk is heightened above any realistic scenario, it also significantly downplays the cost to industry and fails to encapsulate the impact of increased bonding. In the Proposed Rule, the BLM assumes a scenario that all its 94,000 federal wells in operation will need to be reclaimed by the BLM at the exact same time. It provides no basis for its assumption that 94,000 wells will need to be reclaimed at once, and it is certainly not based in its experience of reclaiming less than two dozen wells annually.

On the other hand, the BLM alleged the cost to industry would only be \$4.7–9.1 million. Without justification, the BLM assumed that every company that operates federal wells would have access to a low-cost surety bond. While some larger companies will likely have access to the surety market, smaller operators often do not have the collateral necessary to obtain large surety bonds which will require more expensive forms of bonding.

The BLM in Wyoming currently holds \$85 million in bonding. At current bonding levels, 84 percent of operators in Wyoming are able to utilize surety bonds, with the remaining 16% of operators having to post dollar-for-dollar coverage. This equates to \$71,400,000 covered by sureties at a cost of \$2,499,000 in annual interest payments and the remaining \$13,600,000 paying dollar-for-dollar. Assuming the percentage of operators able to retain sureties is able to remain the same with the increased bonding requirements, the Petroleum Association of Wyoming calculates that the cost of bonding under the Proposed Rule would jump to \$57 million in annual interest payments for sureties and another \$311,070,880 for those operators posting dollar-for-dollar bonding.

To help illustrate the impact, it is important to know that 85 percent of Wyoming operators in the oil and gas industry are considered small businesses, as defined by the Small Business Administration. One-third of the companies in Wyoming produce less than two percent of statewide production. These companies, although currently profitable, will be unlikely to absorb such an astronomical increase in bonding. The Wyoming Oil and Gas Conservation Commission has conservatively estimated that over 100 companies operating in Wyoming will have required minimum bond amounts that exceed their annual gross revenue.

Ultimately, the most likely outcome of such a substantial bonding burden is that smaller operators with lesser producing wells will be forced to shut-in their wells prematurely. Prematurely shutting in wells shudders businesses, leaves valuable oil and gas in the ground, and stops tax generation and job creation. For larger companies, the cost of doing business in Wyoming will have increased making future investments in the state less likely.

Leasing

Leasing is a major component of any oil and gas operation. Unfortunately, since the first days of President Biden's administration, the BLM has engaged in unlawful pauses of new leasing and has otherwise failed to uphold the requirements of the Mineral Leasing Act. The BLM lease sales that have occurred have seen substantial acreage "deferred" at the whim of the agency. After paying to nominate acreage, companies have been left without information on how to remove deferred acreage out of administrative purgatory. To put a number on the problem, deferred leasing reduced the otherwise available lands for leasing in Wyoming by 61%.

Curtailment and deferment of leasing poses short- and long-term consequences for Wyoming. Immediately, the state is stripped of its portion of bonus revenues from lease sales. In the longer term, operators are unable to plan the necessary orderly development of lands. The Wyoming Oil and Gas Conservation Commission has seen numerous applications where operators have requested to modify drilling and spacing units to try and avoid certain federal acreage or have shortened laterals to not penetrate federal minerals. While these modifications may be necessary for development, the Wyoming Oil and Gas Conservation Commission must weigh whether it creates waste or will harm correlative rights.

Proponents of leasing moratoriums erroneously claim that the industry has enough land to drill on. However, this argument ignores several fundamental considerations for development. Before operators start a drilling operation they must secure a continuous land position from which to operate. This includes leasing private, state, and federal mineral rights. Operators cannot penetrate and produce federal minerals if those minerals have not been leased. Even if an operator owns 90% of the rights of development inside a drilling and spacing unit, if the BLM has not leased the remaining 10%, that operator cannot develop. Operators need a productive enough area to justify the costs of pipelines for gas takeaway. Wyoming's strict rules on flaring, often require operators to codevelop the infrastructure for gas takeaway prior to drilling. Particularly in areas further away from pipeline corridors, these operators will need that many more planned wells to share the upfront costs of this new infrastructure. Finally, operators need operational flexibility, which can often be accomplished with a larger leasehold. Operators drilling wells must contend with environmental stipulations and weather, often causing the need to pivot development plans. Recently, however, operators have also been stymied by the BLM's failure to issue permits on leases they have already purchased.

It is important to know that forcing oil and gas production off federal leases does not stop the global demand for hydrocarbons. Based on the Environmental Performance Index produced by Yale University, the Institute for Energy Research reported that the average barrel of non-U.S. produced oil is produced in a country with an environmental score that 23.6% lower than that of the U.S.

Permit Approval

Everyone is already aware of the expense and slow timeframe for federal permit approvals. However, a comparison to another regulatory agency may help put the problem into perspective. The Wyoming Oil and Gas Conservation Commission has regulatory oversight of all wells drilled in the state, including federal. Consequently, operators are required to submit drilling permits to the BLM and to the state. A BLM permits take hundreds of days to approve and cost operators \$11,805, compared to a state permit that can be completed within a week and cost operators \$500.

However, expensive permits with long delays is still superior to what is currently happening in Wyoming on litigated leases. Over the past few years, environmental groups have concentrated dozens of lawsuits attacking lease sales. In Wyoming, these lawsuits challenge 19 lease sales held between 2015 and 2020 covering millions of acres of mineral estate and impacting numerous oil and gas companies that operate across the state.

Seven of the lawsuits have a court order preventing the BLM from approving development on acreage within the challenged sales. The remaining twelve lawsuits do not have court orders preventing development. Nevertheless, the administration has chosen to halt the approval of permits and routine authorizations on any litigated acreage. Even where there are preexisting drilled and currently producing wells from the same lease, the BLM has stopped issuing permits or approvals. In other words, the BLM has simply stopped doing its job on over 2-million acres without reason, policy, or judicial mandate. Efforts of Wyoming Governor, Mark Gordon, requesting Director Stone-Manning lift the self-imposed stay have fallen on deaf ears.

Although revenue from a single well may not have much of an impact on the federal budget of over \$6 trillion. In my state and my county, even just one additional well drilled per year is substantial. The average oil well produces 111,000 bbls of oil in its first year. Multiplied by a price of \$70/bbl for oil, the total taxable value is approximately \$7.1 million. Counties receiving 6% from property taxes will receive over \$400,000 in tax revenue in one year from just a single well.

Mr. Chairman, stopping oil and gas production on public lands in this country does not reduce the global demand of hydrocarbon energy, and oil and gas will be produced somewhere else. Wyoming does it right, and our history with the industry goes back further than statehood. The positive impact on our economy, jobs, and local government from oil and gas development cannot be understated, but appears to be completely misunderstood by this administration whose job is to promote it.

Mr. NOVOTNY. That is right. We have your statement. Thank you very much.

I will now introduce our next witness, Dr. Barbara Vasquez, who is a citizen scientist and advocate from the Western Organization of Resource Councils based in Billings, Montana.

Dr. Vasquez, you are now recognized for 5 minutes.

STATEMENT OF DR. BARBARA VASQUEZ, CITIZEN SCIENTIST AND ADVOCATE, WESTERN ORGANIZATION OF RESOURCE COUNCILS, BILLINGS, MONTANA

Dr. VASQUEZ. Thank you, Chairman Stauber, and I appreciate the invitation from you and Ranking Member Ocasio-Cortez for this opportunity to testify.

After earning a Ph.D. in biochemistry, I pursued two distinct careers: biomedical research with the NIH, followed by various positions with increasing responsibility in the semiconductor industry, working in four different countries.

I retired with a goal of working to help conserve and protect healthy communities, watersheds, and wildlife in the West. And I chose Jackson County, Colorado, my forever home, a rural county covering 1,600 square miles. And I live 2 miles from the border of the beautiful state of Wyoming, 65 percent of which is public, and with fewer than one person per square mile. The county is bounded by a ring of mountains and wilderness areas, and forms the headwaters of the North Platte.

Most of the floor of the basin is priority habitat for greater sage grouse. I served 7 years on the BLM's Northwest Colorado Resource Advisory Council, where I had a ringside seat in how BLM manages our public lands.

I have worked as a volunteer citizen scientist on oil and gas issues since 2006, work that has expanded in the past 7 years, and my work with the Western Organization of Resource Councils and the Colorado affiliate, Western Colorado Alliance, and it is that work that brings me before you today. WORC is a regional network of grassroots community organizations in seven Western states based in Billings, Montana. Like many of WORC's members and many Westerners, I live near oil and gas operations and directly experience their impacts.

Drawing from the title of this hearing, the primary element of mismanagement of the oil and gas program by the BLM, in my opinion, has been the decades of delay in updating the financial elements of the program.

One long overdue change mentioned by the previous speakers is the reclamation bonds operators are required to post. The Mineral Leasing Act requires the Secretary to establish adequate bonds that ensure the complete and timely reclamation of lease tracks and the restoration of any lands and surface waters adversely affected by lease operations.

Reclamation is a universally accepted requirement, and the bonds are a well established way of ensuring that reclamation occurs, a basic cost of doing business. Yet, the BLM has not increased minimum bond amounts for 60 years, lagging decades behind many states. Although BLM has the authority to increase bonds over the minimum amounts set in the rules, they seldom do so.

The GAO showed in 2019, 82 percent of the bonds are set at minimum amounts. And as a result, over 99 percent of Federal wells carry bonds that are insufficient to cover the full cost of reclamation. That means that oil and gas operators are often financially incentivized to skip out of their responsibilities at the end of the economically useful life of wells, pushing the cost to taxpayers. Unfortunately, we have seen this play out in Colorado recently.

And BLM's track record of ensuring timely reclamation is abysmal. Federal wells often remain idle for years or decades before they are declared orphaned, and then plugged and reclaimed. The GAO has identified 5,100 wells that have been idle for 7 or more years, including over 2,300 that have been idle for more than 25 years. At the recent rate of plugging and reclamation on 15 to 24 wells per year, it would take approximately 250 years to clear the inventory, which continues to grow as we wait. This number, of course, does not account for the wells that are plugged by the operator.

As long as idle and orphaned wells remain unplugged, they will potentially leak methane and volatile organic chemicals into the air, and hydrocarbons into oil and water. These potential leaks threaten the health and safety of local residents and wildlife, and contribute to climate change. It is critical that BLM get this growing idle and orphaned well crisis under control now, particularly in the face of increased costs to reclaim the deeper modern wells.

Last week, the IEA projected fossil fuel production to peak much earlier than forecast, no later than 2030, due to the accelerating transition to renewables. As the demand declines for fossil fuels not just here in this country but globally, oil and gas companies will experience declining revenues, increasing the risk of a tsunami of abandoned wells unless adequate bonds are in place.

And in Jackson County, we live on both sides of this crisis, with a legacy field of shallow, old oil wells to the northeast and newer deep shale oil wells to the southwest. These new wells present much greater liabilities for the cost of plugging and abandonment.

I thank you for your time and interest.

[The prepared statement of Dr. Vasquez follows:]

PREPARED STATEMENT OF BARBARA VASQUEZ

Chairman Stauber, Ranking Member Ocasio-Cortez, thank you for the opportunity to testify.

My name is Barbara Vasquez. After earning a Ph.D. in biochemistry, I pursued two distinct careers, biomedical research at the National Institutes of Health for 7 years followed by a longer tenure in the semiconductor industry. Working in research and development led to senior management positions in that industry in 4 different countries over a 23 year career. As I approached retirement, I looked for a new home with more 4-footed than two-footed residents and discovered Jackson County, Colorado.

Jackson County is a rural county in north central Colorado covering approximately 1600 square miles with ~65% public lands. With less than 1 person per square mile, we beat the threshold for a 'frontier' county 6-fold. The central part of the basin is a sagebrush sea at 8000 feet with the USFWS Arapaho National Wildlife Refuge in the center. The basin is ringed by mountains which include several wilderness areas and is immediately adjacent to Rocky Mountain National Park. These mountains form the headwaters of the North Platte River and create the boundaries of our county, also known as "North Park".

The incredible landscapes, the diverse plant and animal life and large swaths of public lands in both the basin and surrounding mountains are what drew me to make this my new and final home. Viewing wildlife every time I drive or recreate in North Park brings me amazing joy! I frequently see raptors like bald and golden eagles, many species of hawks and the occasional osprey as well as many members of our large and diverse populations of wildlife including bear, moose, deer, pronghorn and elk. These as well as the keystone species in the sagebrush sea, the Greater Sage Grouse, are common visitors to my property. Recently, a growing pack of endangered wolves established themselves in the area. The opportunities to hike, backpack, snowshoe and cross-country ski on public lands up and down this basin and in the mountains surrounding it are treasured experiences. The economic base includes high mountain hay and cattle ranching, outdoor recreation (hiking, hunting, fishing, birding, etc) and increasingly, oil and gas development.

When I retired in 2005, I had the goal of retiring TO work for which I have a passion, helping to ensure clean air, clean water and contiguous healthy wildlife habitat, rather than FROM my two professional careers. I have lived that intention without compensation for the past 17 years. As examples, I have served as the environmental representative to the North Platte Basin Roundtable since 2006 and served on the Bureau of Land Management's Resource Advisory Council for Northwest Colorado from 2011-2017. I am currently serving as Vice Chair of the new Greater Rocky Mountain Advisory Committee for the US Forest Service which covers all the forests in Colorado and Wyoming. I was recently appointed to the Colorado Water Conservation Board which, among other water issues, is dealing with the long-standing drought in the state and the Colorado River Crisis.

I have worked as a citizen scientist on oil and gas issues since 2006 and in the past 7 years that work has been amplified through my participation in Western Colorado Alliance's (WCA) oil and gas campaign team and my role as Chair of the oil/gas campaign team for Western Organization of Resource Council (WORC). It is that work that brings me before you today.

WORC is a regional network of nine grassroots community organizations with 19,935 members and 39 local chapters and affiliates in seven states, including Colorado, Idaho, Montana, North Dakota, Oregon, South Dakota, and Wyoming. Many of our members live on lands overlying and neighboring federal, state, tribal, and privately owned oil and gas deposits, and experience numerous impacts due to oil and gas production. WORC and its member groups have a long-standing interest in federal oil and gas policy, and for over 35 years have actively engaged in advocacy in this area.

Oil and gas companies have profited from public minerals for more than a century, often leaving leaking wells and infrastructure behind and shifting the costs of cleanup to taxpayers. Many of us live on or near these littered landscapes and leaking wells which can emit methane, a gas with a global warming impact over 80 times greater than CO₂. The Bureau of Land Management (BLM) has issued draft rules to modernize their Onshore Oil and Gas Program. Drawing on the title of this hearing (Examining the Biden Administration's Mismanagement of the Federal On-Shore Oil and Gas Program), the primary element of mismanagement by the BLM in my opinion has been the decades of delay in updating the financial elements of the on-shore oil/gas program. One long overdue change is an increase in the reclamation bonding levels required from operators to ensure complete and timely reclamation of leases, as required by the Mineral Leasing Act. Increased

bonding levels for operators, to ensure that sufficient funds will be available to clean up at the end of their well's useful life, is just a basic cost of doing business and an issue of taxpayer fairness.

Look at it like this. If you were a landlord, would you rent a house or an apartment without a cleaning and damage deposit? Would you charge the same amount today that you charged in 1960? I don't think so. This deposit ensures that you, the landlord, have funds to clean up any mess the tenant leaves behind when they move out. If it's left in good condition, you don't need to use that deposit. It's just that simple.

Oil and gas development of federal minerals in North Park started in the late 1920s in what is known as the McCallum field situated on BLM surface and minerals in the northeast quadrant of the county. This legacy field is home to a high density of shallow, vertical 'stripper wells' with aging infrastructure. Most of the wells are no longer in operation. The remaining 60 or so operating wells are currently owned by a single company, KP Kaufmann (KPK). Their business model involves buying fields of low producing wells, with only a small percentage of the wells in the field producing enough oil to eke out a profit. In Colorado, a "stripper well" is one that produces less than 5 barrels of oil (BOE) per day. In the McCallum field, many of these remaining wells produce less than 2 BOE per day. It is unlikely that these "zombie wells" generate sufficient revenue to cover routine costs for safety and maintenance, let alone the costs of plugging the well and reclaiming the site.

To add to this picture, KPK is a troubled operator here in Colorado. They also own many low producing wells in the Front Range near Denver. They have been operating for more than a year under a compliance plan with oversight by Colorado Energy and Carbon Management Commission—ECMC (formerly Colorado Oil and Gas Conservation Commission—COGCC) because of their persistent and egregious failures to abide by Colorado's oil and gas rules and regulations. In January, the ECMC voted to suspend KPK's operations in the state until they completed cleanup of multiple spills and paid fines that had been assessed. KPK then sued the ECMC, preventing the Commission from exercising their legislatively mandated regulatory authority until the court case is resolved. This means KPK is continuing business as usual on both federal and private minerals with flagrant disregard for the rules meant to protect people and the environment from contamination from oil/gas operations. The lack of a sufficient federal bond means that if this marginal company fails or just walks away, wells likely won't be reclaimed for years while BLM attempts to get any prior lessees to pay for reclamation costs. Failing that, taxpayers may be unfairly charged to pay for this fundamental cost of KPK's business. In the meantime, the wells will continue to pose risks to air and water quality as well as the health and safety of local residents.

Thankfully, BLM's proposed Onshore Oil & Gas Leasing Rule, released in July of this year, is a common sense and long overdue set of updates that will help ensure that all operators provide a sufficient backstop to ensure funds are available for complete and timely reclamation. This puts the costs of cleanup where they belong, not on taxpayers and communities. According to GAO's analysis, at least 99.5% of all federal wells carry bonds that are insufficient to cover the cost of plugging the wells and reclaiming the land. Inflation has gone up over 900% since the BLM's bonding minimums were put into place over 60 years ago. Under current rules, the minimum reclamation bond amounts are just \$10,000 for all wells on a single lease, \$25,000 for all wells in one state, or \$150,000 to cover all wells nationwide. Grossly insufficient bonds have meant that cleanup is delayed indefinitely when operators leave wells inactive. Note I didn't say "orphaned" wells. That special category is reserved for wells for which BLM cannot find a financially responsible party, a search through chains of custody that can take years. Unplugged inactive wells can leak methane and volatile organic chemicals into the air, endangering public health and the environment and accelerating climate change. Throughout the United States, there are almost 4 million unplugged wells.

BLM's own research found that insufficient bonds are costing taxpayers up to \$4 million dollars per year to clean up orphaned wells, spending that should be a routine cost of doing business for oil and gas companies who are profiting from this nonrenewable public resource. The updated rule increases the minimum lease bond amount to \$150,000 and the minimum statewide bond to \$500,000 while eliminating nationwide and unit bonds. BLM's research also found that the impacts on smaller operators will not be significant. The annual costs of the additional surety bonds will cost small operators about 1% of the bond value, which is a tiny amount when considering the long-term benefits of protecting communities, taxpayers and the environment. The bottom line is that this rule is not meant to put oil and gas operators out of business, it is meant to create a predictable regulatory system that can

help ensure the industry is economically viable as long as there is demand, providing benefits for taxpayers, operators, and the federal government.

A second oil play has been under development in North Park since 2006 that is quite different from the McCallum field. The wells in that older legacy field are shallow vertical wells with a single, small pumpjack and very low volume production. In contrast, the new shale oil wells are deep (>1 mile), horizontally drilled (up to 3 miles) and hydraulically fractured (fracked). The landscape has been transformed by large multi-well pads that cover multiple acres, towering pumpjacks, flare chimneys and enormous tank farms on both private and public minerals in this field in the southwest quadrant of our county. The wells produce not only large volumes of oil but also large quantities of co-produced methane gas and produced water.

Taking the variability of oil and gas wells across the state into account, the ECMC recently finalized new financial assurance (FA) rules for Colorado which have been widely touted as “best-in-the-nation”. However, the praise isn’t supported by the implementation, in spite of the good intentions of the Commission. The rules are extraordinarily complicated with six different tiered bonding cost levels based on the operator’s average production per well. The highest producing operators qualify for low-cost blanket bonds based on the assumption that they are less likely to leave wells unplugged when production ends. The lowest average production operators have to post “single well financial assurance” which sounds great because it is supposed to represent the full cost of plugging and reclaiming each well. Unfortunately, the rules allow the operators to opt for using estimated “demonstrated costs”, a “choose your own adventure” option. This has led to an avalanche of proposals for low-cost blanket bonds claiming they can both plug and reclaim a well for as low as \$8,000. Yet the State estimates that the cost per well is \$110,000–\$140,000. (The total is the combination of average plugging costs estimated at \$10,000–\$40,000 per well, dependent on depth, and average reclamation costs estimated at \$100,000 per pad.) The reviews by staff and commission of each of these “demonstrated cost” proposals have already taken six months and is expected to continue into 2024. The Commission has already approved plans for several very low-producing operators with bonding levels to plug and reclaim wells set as low as \$11,000/well, less than 10% of the cost estimated by the State. This will inevitably lead to thousands of more abandoned and orphaned wells in Colorado, leaving taxpayers to pay for the plugging and reclamation of those sites. We hope the BLM will do better in its final rule and provide a financial assurance structure that is simple, effective, easy to administer with bonding levels that are sufficiently protective.

Split-estate landowners, those private landowners whose property is situated above public minerals, frequently see their lands destroyed by oil and gas development. They are often impacted by operators that simply walk away from their responsibility for plugging and reclamation because current bonding levels make it a financially advantageous decision. Many of our members who live on split-estate land are ranchers or farmers, and in general, people who rely on the land around them to preserve their livelihood. We are pleased to note BLM’s inclusion of Surface Owner Protection Bonds, which provide a separate bond for damages to private surface above federal minerals. It is a nod to these landowners who deserve compensation for the impacts that occur to their agricultural operations and land and water resources. However, we urge the BLM to increase the minimum surface bonds to \$10,000 since \$1,000 doesn’t begin to cover the damage that can be done to private lands during oil and gas development.

It’s important that the BLM lead the way in establishing robust bonding requirements that cover the cost of plugging wells and reclaiming sites (well pads and roads). BLM should also use this opportunity to work with Bureau of Indian Affairs (BIA) to update their bonding program which cross-references BLM’s minimum bond amounts. Using BLM’s proposed rulemaking as a framework for BIA will ensure that tribal minerals are managed equitably and that Indigenous communities are also protected by bonds sufficient to ensure that reclamation is complete and timely. This will give industry certainty about the cost of doing business across the country, and protect the taxpayers from the terrible costs to clean up messes left behind (a long-standing subsidy to the industry).

And if sufficiently robust, these BLM bonding rules will de-risk the future liabilities to taxpayers. Last week, the International Energy Agency (IEA) projected peak fossil fuel production will occur much sooner than previously predicted, no later than 2030, due to the accelerating transition to renewables for power generation and transportation to reduce greenhouse gas (GHG) emissions. As demand declines, oil/gas companies will experience declining revenues, increasing the risk of a tsunami of abandoned wells with the cleanup costs shifted onto taxpayers unless

adequate bonds are in place. If states follow the lead of the BLM, they will also de-risk these future liabilities for wells on private and state mineral.

Another very positive development from BLM is their release of a draft supplemental environmental impact statement (SEIS) for two resource management plans in Colorado. This SEIS is designed to guide the management of over 3.5 million acres of public lands and minerals covering much of the West Slope in Colorado, home to Western Colorado Alliance's members. The draft SEIS gives us growing confidence that BLM will engage in a more balanced approach to managing the federal mineral estate and the overlying surface, strengthening protections for the environment and wildlife habitat. This would not only help protect the biodiversity, treasured landscapes and heritage sites in the region but would ensure that communities will benefit from cleaner air, water, and soil.

It is crucial that our public lands and minerals are leased in a well-considered manner, which is why BLM's proposed Conservation and Land Health rule is so crucial. Our public lands and minerals are exactly that—public. And the public depends on the BLM to make balanced decisions based on their multiple use mandate with the interests of many future generations at top of mind. The BLM's Conservation and Land Health rule puts conservation on equal footing with extractive uses, promotes restoration, provides for responsible development, and conserves intact healthy landscapes. Management decisions by the BLM for our public lands should not be influenced by potential revenue and that is exactly what BLM's public lands rule seeks to operationalize.

In the shale oil field in North Park, almost one hundred percent of the co-produced gas has been flared since the first well was drilled. Flaring does not completely combust the co-produced gas, with variable percentages of the methane, volatile organic chemicals (VOCs) and hazardous air pollutants (HAPs) that escape combustion being emitted into the atmosphere. We know air pollutants like these are associated with risks to public health, and we know these emissions can contribute to regional pollution and climate change. And no royalty is currently paid on the flared or vented gas. The ECOMC finalized rules in late 2020 that forbade routine venting and flaring, commencing on Jan. 15, 2022. But the shutdown has not been complete, with loopholes in the rules allowing for venting and flaring.

There is no question that the short-term focus for mitigation of human caused climate change must be on dramatic reduction in methane emissions. Methane has over 80 times the global warming potential of CO₂ over 20 years. The BLM's Methane Waste Prevention Rule is expected to be finalized soon. In the best case, this framework can provide a model for states to also generate revenue from all the gas that is produced and minimize the waste of this resource. However, I urge BLM and this Committee to consider the extreme harms that are caused by routine venting and flaring and to see how they can incorporate the elimination of this practice into their rules to protect communities and environments like mine from further damage.

Climate change is personal for me, as I imagine it is for many of you. It is driving long term drought and aridification across the West and spawning wildfires of increasing size and ferocity. In 2020 we experienced record breaking wildfires in Colorado including the Troublesome, a wind-driven fire that tore across private and public lands, eventually penetrating the western side of Rocky Mountain National Park and the southern boundary of North Park. Two other large wind-driven fires burned at the same time, the Cameron Peak fire on the southeast edge of North Park and the Mullen fire that raced south out of Wyoming down the North Platte River corridor at 7 miles an hour, forcing me out of my home with little notice. This was the second time I was forcibly evacuated, the first in 2016 when the Beaver Creek fire came within 100 yards of my house. But I consider myself lucky . . . the house still stands thanks to the amazing wildland firefighters. As you know, these types of events are occurring with increasing frequency across the West and the globe, including Canada, across northern Russia and Arctic tundra and the tropics. In addition to being traumatic in and of themselves, the increasing size and frequency of wildfire is a health concern for all who are exposed to the smoke. But these impacts of climate change aren't limited to fires. "Global weirding" of our climate is felt everywhere and none of us are immune.

Thank you for this opportunity to speak to you today and to share my story.

Resources

https://www.taxpayer.net/wp-content/uploads/2023/08/TCS_Losing-on-Leasing-II_Final.pdf

<https://accountable.us/wp-content/uploads/2023/08/20230628-Research-BLM-Leasing-Program-Benefiting-Big-Oil-Royalty-Cheats.pdf>

https://coloradosun.com/2023/08/24/blm-oil-and-gas-public-land-protection-plan/?mc_cid=ee03c6d3c5&mc_eid=15280ffece

<https://www.cnn.com/2023/09/12/demand-for-oil-gas-coal-will-peak-by-2030-says-iea-chief.html#:~:text=The%20surge%20in%20adoption%20of%20peak%20oil%20production,says%20IEA%20chief.>

<https://carbontracker.org/reports/billion-dollar-orphans/>

<https://www.regulations.gov/document/BLM-2023-0005-0003>

<https://www.usgs.gov/news/featured-story/plugging-gaps-how-usgs-working-fill-data-gaps-orphaned-oil-and-gas-wells#data>

QUESTIONS SUBMITTED FOR THE RECORD TO DR. BARBARA VASQUEZ, WESTERN ORGANIZATION OF RESOURCE COUNCILS

Questions Submitted by Representative Lee of Nevada

Question 1. How do unused oil and gas leases on public lands influence the management of those lands for other uses—e.g., clean-energy deployment, recreation, or wildlife?

Answer. Over the last five years, 2,965 APDs were approved, however, only 1,753 wells were actually drilled.¹ This shows that oil and gas companies are sitting on their leases, often for speculative purposes, rather than releasing them for other uses that are in the public interest. Thousands of leases are active and yet development has yet to start, tying up public resources for private gain and denying taxpayers and the federal government the royalties generated from oil and gas production. If unused oil and gas leases were retired, the land could then be managed for other purposes such as recreation, wildlife habitat and connectivity, or clean energy projects, helping to fulfill BLM’s multiple use mandate.

Oil and gas leases have a term of ten years and if not developed, the lease is supposed to be returned to the BLM for potential future lease sale, or made available for other uses. However, lease terms can easily be extended, sometimes for decades, even if there is no production on that parcel by suspending the lease.² In addition, if leases are combined into a unit, all the leases can be held ‘in production’ with development only on one or a limited number of the lease parcels in the unit. With this structure, a given lease may be held ‘in production’ and locked up for decades, preventing the BLM from managing these acreages for other uses.

A recent study found that wilderness-quality lands are three times less likely to be managed to protect those characteristics if they overlap with oil and gas leases, even if those leases are purely speculative.³ This shows a direct correlation between oil and gas leasing and negative impacts on BLM’s active management of not only the lands under lease but adjacent lands, even when leases are not developed.

Questions Submitted by Representative Grijalva

Question 1. How will the updated bonding requirements under the proposed rule speed up the reclamation of idled wells?

Answer. The history of oil and gas development is played out time and time again across the country—when prices are high, drilling increases, and when prices are low, wells are left idle and abandoned or sold so current operators can offload liabilities. Those assets are usually sold to a buyer who is less financially viable than the seller. The Government Accountability Office has identified 5,100 wells that have been idle for seven or more years, including 2,313 wells which have been idle for more than 25 years.⁴

The updated bonding requirements proposed by BLM will ensure that, moving forward, operators have financial incentives to clean up and reclaim the land that they disturbed through the drilling, completion and production processes. A security deposit on an apartment causes a tenant to treat the space they inhabit with

¹ Chart compiled from “Oil and Gas Statistics,” Bureau of Land Management, US Department of the Interior, <https://www.blm.gov/programs-energy-and-minerals-oil-and-gas-oil-and-gas-statistics>

² <https://www.gao.gov/products/gao-18-411>

³ <https://storymaps.arcgis.com/stories/baa3a7b6346047d3a1d46ef9ea1ca4fd>

⁴ <https://www.gao.gov/products/gao-11-292>

respect and consult their wallet before they leave a mess behind. The same concept can be applied to the updated bonding requirements for the operators. Operators will be providing the financial assurance to guarantee that the funds needed to pay for clean-up will be available at the end of the useful life of the well even before drilling commences. In this way, if they do end up walking away from their responsibilities, the money is present and accounted for. With the funds from the bonds available, BLM field offices, state agencies, and communities will not need to search for the operator or track down prior lessees or operators and force them to take action, but will instead be able to begin the process of plugging the wells and reclaiming the land in a timely and efficient manner without relying on taxpayer dollars to cover the costs. **That speed of execution is critical to minimize the impacts of unplugged inactive wells.**

Another important element of the proposed rules is the requirement for operators of existing wells to bring their bonds into compliance. Operators will be required to meet or exceed the new minimum bond amount within one year of the effective date of the final rule, or within two years for statewide bonds. Nationwide bonds will be eliminated and must be converted to statewide bonds within three years. Within three years all existing operators should be compliant with the new bonding requirements.

A key change that will speed up the reclamation process is a provision included in the Inflation Reduction Act and later included in BLM's oil and gas rule, which reduces the duration of inactive status from seven years to four years before a well can be designated as idle. This will shorten the current process for reclaiming inactive wells by three years. The updates to the idle well review process will also ensure that these wells are closed in an efficient manner. Dormant wells are not only a waste to taxpayers, they are also dangerous to our public lands and the health of local communities. The increased bond requirements paired with dedicated oversight will finally provide the BLM the tools to bring the orphaned and idle well crisis under control. While four years is better than seven, even a four-year inactive period means wells remain unplugged and surface un-reclaimed for far too long, exposing the land, water, wildlife, and communities to greater risk. We look forward to a future reduction in this threshold.

Colorado had approximately 7,400 wells on federal minerals as of 2020 according to the BLM. Colorado has experienced operators declaring bankruptcy without resulting in a purchase of the assets by another company, as Ms. Sgamma claimed to be the usual outcome during her testimony. Some operators have a business model based on abandonment by bankruptcy.

Below are two examples of this business model where the wells and infrastructure were ultimately left for taxpayers to cover the costs of plugging and reclamation. Petroshare Corporation went bankrupt in the fall of 2019 with 89 wells on federal minerals. Although the owners of the loans took possession of some of the assets, 53 of the 89 wells were abandoned. FRAM Americas, a Norwegian company operating in western Colorado, declared bankruptcy and abandoned 108 wells on federal minerals.

Fram claimed it had no money to plug the wells and Fram's bankruptcy attorney Kenneth Buechler explained the company's position. "I assume that the government authorities will plug the wells since the companies are no longer in business," Buechler said.⁵

Question 2. What are the impacts of idled wells on federal land?

Answer. The true extent of the idled and orphaned oil well crisis is unknown. Thousands of orphaned wells cannot be located by regulators because they predate modern record-keeping, and BLM's recordkeeping system for modern wells has been repeatedly criticized by GAO and others for incomplete records and lack of public access and transparency. However, we do know that idle wells are not just an eyesore—they directly disturb the land, water and communities that surround them. Surface disturbances associated with idle wells destroy and fragment wildlife habitat, and contamination threatens wildlife and livestock. The disturbances include not only the well pads themselves, which are often poisoned with herbicide to prevent plant growth, but all the roads developed to access the sites. In addition, in Greater Sage Grouse habitat, the power lines and tanks provide perching opportunities for raptors and corvids which prey on the birds. For that reason, Greater Sage Grouse will avoid using the habitat surrounding such vertical structures.

⁵ <https://www.desmog.com/2020/10/15/bankruptcies-oil-gas-multi-billion-cleanup-bill-public/>

Unplugged wells can release methane, a potent greenhouse gas. Unplugged wells often leak pollutants that impact water and air quality, posing risks to public health and safety. According to the EPA, each year unplugged wells in the United States emit as much greenhouse gases as 2.1 million passenger cars—an estimated 7 MMT of carbon dioxide and 281 kg of methane in 2018.⁶ A more recent study pinned the emissions from unplugged wells in the U.S. at 20% higher and estimated that abandoned oil and gas wells are responsible for up to 10% of the total methane emissions from the oil and gas sector.⁷ Research also shows that methane emissions from abandoned wells persist over many years and likely decades. Unplugged gas wells and certain gas wells that must be vented after they are plugged appear to be high emitters.⁸ Studies in California⁹ and Pennsylvania¹⁰ reached the same conclusion: that abandoned wells continue to leak methane and cause environmental and public health damage. Another study found that of the 121 unplugged idle wells analyzed, 64% were emitting contaminants into the air. Researchers have found that average plugging costs are justified by the avoided social cost of methane emissions, and that reducing methane emissions from abandoned wells is a cost-effective strategy for addressing climate change.¹¹

General safety is a serious concern when it comes to idle and orphaned wells. These wells have not been plugged properly yet, which means that they cryptically emit methane and other organic pollutants into the air. There have been many cases of explosions and other community disasters caused by idle and orphaned wells. A Wyoming school shut down for more than a year after students and teachers complained of headaches for weeks. Air quality tests revealed high levels of benzene and carbon dioxide, most likely caused by the nearby abandoned oil well.¹² Another example comes from Firestone, Colorado, where a home exploded adjacent to an oil and gas field when the petroleum corporation restarted a well that had been dormant for a year, a damaged flowline filled the basement with gas and ignited it into a fireball.¹³

There has been much less research on the impacts of idle wells on water sources. However, they are known to increase the risk of nearby groundwater contamination and consequently impact the communities and ecosystems within the surrounding area. A recent study done on orphaned wells found that more than 4.6 million people in the United States live within 1 kilometer of an orphaned well; however, only 8% of the 81,857 documented orphaned wells analyzed have groundwater quality data within a 1 kilometer radius, and most of that available data (70%) was gathered before 2000.¹⁴ BLM must conduct a significant amount of research to determine the true impacts that idle and orphaned wells have on groundwater quality, but we know the impacts aren't minor. WORC has members who have seen their cattle die due to water contamination from nearby fossil fuel development and communities that have needed to outsource water delivery due to groundwater contamination. Idle wells may look harmless, but they are a danger to our federal lands, thriving ecosystems, and local communities.

⁶ EPA, Inventory of US GHG Emissions and Sinks, 1990-2018

⁷ Environmental Science & Technology, Correction to Methane Emissions from Abandoned Oil and Gas Wells in Canada and the United States

⁸ Proceedings of the National Academy of Sciences, Identification and characterization of high methane-emitting abandoned oil and gas wells

⁹ Environmental Science & Technology, Methane Emissions from Abandoned Oil and Gas Wells in California. Abandoned wells are defined as plugged, unplugged and idle wells

¹⁰ National Energy Technology Laboratory, Methane Emissions from Abandoned Oil and Gas Wells: A Case Study in Oil Creek State Park, Pennsylvania.

¹¹ Energy Policy, Reducing methane emissions from abandoned oil and gas wells: Strategies and costs

¹² <https://www.wyomingpublicmedia.org/open-spaces/2016-11-07/what-happened-in-midwest-the-mysterious-gas-leak-that-shuttered-a-school>

¹³ <https://www.cpr.org/2019/10/29/ntsb-firestone-house-explosion-report/>

¹⁴ <https://iopscience.iop.org/article/10.1088/1748-9326/acdae7>

Mr. STAUBER. Thank you for your testimony.

I will now introduce Mr. Nagruk Harcharek, who is the President for the Voice of the Arctic Iñupiat, based in Anchorage, Alaska.

Mr. Harcharek, you are now recognized for 5 minutes.

STATEMENT OF NAGRUK HARCHAREK, PRESIDENT, VOICE OF THE ARCTIC IÑUPIAT (VOICE), ANCHORAGE, ALASKA

Mr. HARCHAREK. Good morning. Chairman Westerman, Chairman Stauber, Ranking Member Ocasio-Cortez, and members of the Committee, thank you for having me here today.

Recent decisions made by the Administration have serious consequences for the future of the North Slope Iñupiat. We are the only Indigenous group that has continually inhabited the land where the Federal Government carved out the National Petroleum Reserve in Alaska and the Arctic National Wildlife Refuge.

My name is Nagruk Harcharek, and I am honored to serve my people as the President of the Voice of the Arctic Iñupiat, known as VOICE. VOICE is a non-profit dedicated to preserving and advancing North Slope Iñupiat cultural and economic self-determination. Our 24-member board includes the leadership of local governments, federally recognized tribes, Alaska Native corporations, and tribal non-profits from across the North Slope.

Since Alaska became part of the United States in 1867, the North Slope Iñupiat have continually been an afterthought for the Federal Government. For thousands of years, we have been the stewards of the Arctic lands, waters, and the animals. We are integral to the Arctic ecosystem, as ubiquitous as the caribou, polar bears, birds, berries, and fish. Yet, when Washington takes action in the Arctic, our people are an afterthought.

During the aboriginal land claims fight that resulted in enactment of the Alaska Native Claims Settlement Act of 1971, or ANCSA, our people were the only Alaska Native group to oppose the law. Prior to the passage of ANCSA, over 75 percent of the land in our region was taken off the table without fair compensation: 44 million acres of the over 55 million our people originally claimed during the land claims fight, including 23 million acres for NPRA, 9 million acres for ANWR, and 12 million acres conveyed to the state of Alaska after statehood.

Prior to ANCSA in 1966, Interior Secretary Stewart Udall imposed a land freeze. No further land conveyances could take place until Congress addressed aboriginal land claims. The discovery of commercial quantities of oil in 1968 in our region led to ANCSA's enactment in 3 short years. Take a moment to think about what drove that rapid passage of ANCSA.

Fifty-two years after ANCSA, the Federal Government continues to make decisions about our ancestral homelands, now in the name of environmental justice, with little to no regard for the voices of our people, and there is no justice in that approach. The recent proposal by the Administration to take nearly 13 million acres within NPRA and adjacent waters into special protected status and the foreclosure of leases within the 1002 area of the coastal plain of ANWR was done without consulting our people. NPRA and the 1002 area of ANWR were set aside by the Federal Government

specifically for their potential to secure the energy future of the United States and the economic self-determination of the North Slope Iñupiat.

The North Slope, an area roughly the size of Minnesota, provides for our people, our communities, our culture, and our economy. Our leaders form the North Slope borough, akin to a county or large municipal government, to ensure our people and communities would rightly benefit from the development that takes place on our ancestral homelands. The borough, as a home rule government, has, among other things, zoning, permitting, and taxation authorities, which allows it to levy taxes on infrastructure. That tax base provides employment opportunities and services like modern water and sewer system, waste collection, search and rescue, wildlife research, planning and community development, education, road construction, and maintenance in all eight communities on the North Slope.

Of the eight communities, four lie within NPRA and one, Kaktovik, is the only community located within the 1002 area of ANWR. Responsible resource development, with the inclusion and engagement of our communities, has taken place for over 50 years. It is a positive model of cultural, economic, and ecological interdependence.

Responsible resource development and the economic foundation it provides has enhanced our culture in many ways. A healthy jobs base provides us the economic means to afford modern technology, making our hunting activities safer and more efficient. Funding supports our schools and curriculum, which is rooted in our Iñupiat culture. And we provide these services to our people and communities with little or no help from the state or Federal Government.

Who will provide these essential services if we have no economy? We are a strong people. We have lived and survived in the world's harshest environment for millennia. We refuse to fall victim to policies made thousands of miles away, and will always fight for our self-determination. But it does not have to be a fight. We believe that strength comes from unity and cooperation, and we understand the importance of that value locally, regionally, and nationally. This is why the VOICE was created.

I invite you to develop a stronger partnership between the North Slope and Washington, DC. Together, we can right historic wrongs, create responsible resource development projects in our region, and fully realize Iñupiat self-determination. This can only happen with consistent and respectful policy making responsive to the needs and rights of Indigenous communities. That must start with meeting us where we are. I invite you to visit our communities and engage with our people.

Thank you for your time today, and I look forward to answering any questions you might have.

[The prepared statement of Dr. Harcharek follows:]

PREPARED STATEMENT OF NAGRUK HARCHAREK, PRESIDENT,
VOICE OF THE ARCTIC IÑUPIAT

Good morning, Chairman Stauber, Ranking Member Ocasio-Cortez, and members of the Committee. Quyanapqak, or “thank you” in Inupiaq, for having me here today to discuss land rights and usage in our region, critical to the Indigenous communities my organization represents. I am Nagruk Harcharek, President of the Voice of the Arctic Inupiat, or just VOICE.

VOICE is a nonprofit organization established in 2015 by the region’s collective elected Inupiat leadership to speak with a unified voice on issues impacting the North Slope Inupiat, our communities, our economy, and our culture. Our 24 members include the leadership of local governments, Alaska Native Corporations, tribes, and tribal non-profits across the North Slope of Alaska. Notably, our membership includes the North Slope Borough, the regional government for an area as large as the State of Minnesota, which has taxing authority over the development of land on the North Slope and is the largest employer in our region. We also represent Iisagvik College—the only tribal college in Alaska and the only institute of higher education in our region—and the Inupiat Community of the Arctic Slope, the North Slope’s federally recognized regional tribe.

The discussion about building more consistent, predictable policy, communication, and collaboration between Alaska Native communities and Washington, D.C. is as pressing and challenging now as it was over 50 years ago, when the Alaska Native Claims Settlement Act, or ANCSA, was signed into law, and which directly shaped the rights we have to our land and the usage of that land today. Much like ANCSA, the policies set in these rooms and in this city have a direct impact on the viability of our people and our communities—and we are asking for a consistent seat at the table to ensure our voices are heard.

Alaska Native Communities and the United States: A One-Sided Start to the Relationship

The Inupiat have lived on Alaska’s North Slope, one of America’s harshest and most remote environments, since time immemorial. Our connection to our homelands is strong and straightforward: we care for these lands and rely on them to sustain our communities and our culture—from the financial resources that support our lives to the subsistence food we put on our tables.

Unfortunately, the same cannot be said of the North Slope’s relationship with Washington, which began in 1867 following the Alaska Purchase. For just \$7.2 million—about \$151 million adjusted to 2022, or roughly the cost of two F-35 Lighting II fighter jets—the United States acquired an area of land more than twice the size of Texas that would eventually become the State of Alaska. Absent from the negotiation table from the start, however, were the Alaska Native people who stewarded the lands in question and the notion that they deserved any benefit from the transaction.

This disregard was a harbinger of things to come. In the decades following the sale, Washington continued to deny our people an equal voice when developing policies affecting our homelands.

Over the past 100 years, large tracts of land that hold significant cultural value for the North Slope Inupiat and are still used today by our communities to live and practice our subsistence traditions, have been carved out of Alaska at Washington’s behest. In 1923, President Warren G. Harding created the Naval Petroleum Reserve Number 4, now known as the National Petroleum Reserve in Alaska (NPR-A). Later, in the 1960s, Washington, spurred on by a public campaign led by outsiders including the Sierra Club and the Wilderness Society, worked to set aside 8.9 million acres to create the Arctic National Wildlife Range, and was the basis for what is now the Arctic National Wildlife Refuge.

Again, absent from the discussion about these lands were its original inhabitants and stewards: the North Slope Inupiat. Our people were afforded less consideration than the land itself and were virtually erased in the rush to regulate what outsiders and policymakers viewed as “the last great wilderness.” Yet their colonial perspective of Alaska as an untouched, unpopulated wilderness could not have been further from the truth. In their efforts to protect the land, they forgot about the region’s most important resource, its people—the North Slope Inupiat.

Alaska Statehood: Unfulfilled Promises to Alaska Native Communities

A sea change occurred in 1959 when President Dwight D. Eisenhower signed the Alaska Statehood Act into law and Alaska became the 49th state admitted to the union. Finally, Alaska residents would have an opportunity to shape their shared destiny via representation in Congress.

But the promise of representation did not materialize for the Alaska Native peoples. Instead, the Act authorized the State to appropriate over 100 million acres of land from the “vacant, unappropriated, unreserved” areas of Alaska, many of which were vibrant hunting and fishing grounds already used and occupied by Alaska Native people who had lived on those lands for thousands of years.

In fact, our newly minted “representatives” acted as anything but and instead supported projects on the appropriated lands that would have significantly disrupted Alaska Native communities. This included projects such as Project Chariot, which would have detonated five thermonuclear devices to create an artificial harbor near the Iñupiat village of Point Hope.

Thanks to determined, organized opposition by a diverse coalition of Alaska Native communities, projects like this did not come to fruition.

In 1965, the Arctic Slope Native Association (ASNA) was formed to advocate for an aboriginal land claims settlement on behalf of the North Slope Iñupiat. Its leaders understood that the Russian Empire did not have the legal right to sell Alaska in 1867. It is also understood that between 1867 and 1959, the United States government failed to resolve Alaska Native aboriginal land rights, and that the formation of the new state only complicated the issue.

In January 1966, on behalf of the North Slope Iñupiat, ANSA filed a land claims lawsuit with the U.S. Department of Interior for nearly 55 million acres of land on the North Slope. This action prompted other regions across the state to form their own regional Alaska Native associations to file claims to their ancestral homelands as well. Collectively, the regional Alaska Native associations lobbied the Secretary of the Department of the Interior, Stewart Udall, to impose a land freeze until aboriginal land claims were resolved.

The following year, we secured an important victory when Secretary Udall imposed a land freeze to prevent state or private entities from securing title to any lands claimed by Alaska Native communities until Congress addressed the issue. The freeze was catalyzed by a request from the recently established Alaska Federation of Natives and was a symbol of the growing political influence of the Alaska Native people. Other Alaska Native groups quickly followed suit and, by May 1967, 39 claims covering about 380 million acres—an area larger than the land area of Alaska itself—had been filed.

The timing of these claims and Secretary Udall’s land freeze was auspicious. In 1968, the following year, one of North America’s largest deposits of commercial quantities of oil was discovered at Prudhoe Bay on the North Slope, our homelands. This discovery dramatically elevated the importance of Alaska Native land claims resolution, as did the suit filed by five Alaska Native villages to prevent construction of a cross-state pipeline on claimed lands to transport oil and gas from Prudhoe Bay to Valdez. Until the issue of Alaska Native land claims was resolved, these resources could not be accessed, and the infrastructure required to bring them to market could not be built.

The State, oil companies, and Alaska Native communities and organizations increased their pressure on Congress for a land claims settlement to resolve the situation. It is important to note that the discovery of oil on the North Slope and the potential windfall it could yield to oil companies and the State—not justice for Alaska Native communities—is what drove settlement discussions forward in Washington.

ANCSA: An Imperfect Solution and the “New Harpoon”

Several solutions emerged over the course of negotiations. The Arctic Slope Native Association (ASNA), which was formed under the leadership of Charles “Etok” Edwardsen, Jr. to advocate on behalf of North Slope Iñupiat land claims, proposed that a final land claims settlement be based on the amount of land lost by each group, rather than regional population. After all, the North Slope represented only 5% of the Alaska Native population but claimed 16% of Alaska’s total land area. And the recent discovery at Prudhoe Bay underscored the immense value of our land claims.

Many proposed bills to settle land claims did not reflect this perspective, and the bill that was signed into law—ANCSA, in 1971—partially observed ASNA’s proposal. Signed by President Richard Nixon, the act created 12 Alaska land-based regional corporations, which would act as private, for-profit businesses with Alaska Native people as their sole shareholders. In essence, corporations whose profits would solely benefit their Indigenous shareholders. It also awarded Alaska Native communities 44 million acres of their homelands and nearly \$1 billion in compensation for lost land claims.

As far as the Iñupiat were concerned, this was only a partial settlement. The law recognized only 11% of our total claims—notably, the North Slope Iñupiat were

required to relinquish their rights to approximately 50 million acres of land out of the total 55 million acres that comprise our region—and the compensation for all of the land lost by Indigenous people in Alaska was only slightly more than the \$900 million yielded by auctioning two parcels of Alaska Native land to oil companies. Both parcels were located on our ancestral homelands on the North Slope. As Charles “Etok” Edwardsen Jr. stated in an essay summarizing the law, “we were simply robbed by the settlement.”

Despite our grievances, we realized that ANCSA provided us with a new tool: the Alaska Native Corporations. To use Etok’s words again, we set about the urgent business of wielding this “new harpoon” to bring prosperity to Alaska Native communities on the North Slope, much as our ancestors had done at sea and on land before us.

To help govern and administer the nearly 95,000 square miles of land in our region, the North Slope Borough was established in 1972 after yet another fight with the State of Alaska and the oil and gas industry. The Borough exercised powers of zoning and taxation and was the first time that the Inupiat exercised their self-determination through municipal government. It was, and remains, proof that we had succeeded in returning self-rule to our land. Our region, as stated previously, is roughly the size of the State of Minnesota and not connected through a permanent road system between our communities or to the rest of Alaska.

Despite the formation of the Borough, our claims to its surrounding lands, and our Alaska Native Corporations’ right to develop our lands to provide economic benefit to the shareholders, as enshrined by ANCSA, the Naval Petroleum Reserve was transferred from the Navy to the Bureau of Land Management and renamed as the National Petroleum Reserve-Alaska (NPR-A) through the Naval Petroleum Reserves Production Act in 1976. The Act defined how the NPR-A would be managed, including the establishment of five Special Areas within the NPR-A, and gave little thought to those who have called it home for thousands of years.

In fact, half of the North Slope Borough’s communities are located within NPR-A, including Nuiqsut near the Colville River Delta, Atqasuk, Utqiagvik, and Wainwright. Two other communities, Point Lay and Anaktuvak Pass, use the NPR-A for subsistence purposes. Four separate village corporations—Atqasuk Corporation, Olgoonik Corporation, Ukpeagvik Inupiat Corporation, and Kuukpik Corporation—collectively own over 400,000 acres of land in NPR-A. And a 1977 study identified 119 traditional Inupiat land use sites in the area.

However, despite our governmental authority, exemplified by the North Slope Borough and the federally recognized tribe of the Inupiat Community of the Arctic Slope (ICAS), as well as our historic claims to the land, Washington chose again not to consult the Inupiat about the impact of its decisions or create the possibility of co-management of these lands.

Just east of NPR-A, more inconsiderate and callous actions expanded ANWR. The Alaska National Interest Lands Conservation Act (ANILCA) was signed into law by President Carter in 1980. The law more than doubled the size of the Range and renamed it as the Arctic National Wildlife Refuge. It also included a provision, Section 1002, setting aside 1.5 million acres of the Coastal Plain to be assessed for its development potential. After years of careful study, in 1987 the Department of the Interior recommended that this Section 1002 area be opened to responsible development projects. The Alaska Native village of Kaktovik, which has “public interest” in the lands in ANWR and multiple entities as members of VOICE, is the sole community located in Section 1002 area of ANWR and the only community located in all of the over 19 million acres of ANWR.

Once again, Alaska Native interest was discounted in Washington’s calculus. Without consulting Alaska Native communities about the impact of their decision, the federal government under the waning days of President Jimmy Carter cleaved large tracts of land away from Alaskans until Congress could determine their future.

The Current Situation: An Inconsistent Policy Approach to Alaska Native Lands

This brings us to today and the administration’s recent announcement about ANWR and NPR-A, both of which are critical to America’s onshore energy production efforts and the economic self-determination of the people of the North Slope.

As my organization and our constituents noted immediately following the decision, the Biden administration developed the new policies on ANWR and NPR-A without first consulting with Alaska Native communities about their impact on our lives and communities. They did so despite publishing many memos and strategies outlining a purported desire to include Indigenous communities, like the Inupiat, in their decision-making processes. In fact, the recently published White

House National Strategy for the Arctic states “the United States is committed to regular, meaningful and robust consultation, coordination, and, as appropriate, co-management with Alaska Native Tribes, communities, corporations, and other organizations—both to ensure Alaska Native communities are partners in decisions affecting them and also because we recognize that Alaska Native experience and knowledge is essential to the success of this strategy. We will support an equitable partnership, including by integrating co-production of knowledge and Indigenous Knowledge into federal processes and by supporting Tribal self-determination and opportunity.”

Yet these new mandates directly contradict this statement and many other claims made by this administration about incorporating Alaska Native perspectives into its policymaking process and will undoubtedly have a profound, negative effect on our self-determination as well as America’s future energy production efforts.

The administration’s latest decisions are viewed by North Slope Alaska Native communities no differently than ANCSA or ANILCA. But, upon closer inspection, there is a subtle, but important, difference between the two. Whereas ANCSA essentially stripped away our lands in the name of profit, the administration’s latest NPR-A and ANWR regulations, similar to ANILCA, are foreclosing on our communities’ future economic opportunities in the name of climate change and environmental justice.

When most of our lands were taken from us, starting in 1923 with the creation of the now NPR-A, there was at least minimal opportunity for compensation and economic gain by the North Slope Inupiat, like the creation of the North Slope Borough. Now, the opportunity to grow our economy and build a stronger, more prosperous Inupiaq culture has been seized from us.

There is a sordid throughline threading these decisions: Washington has and continues to trammel on our right to self-determination and economic prosperity. This flies in the face of environmental justice. As expressed by a communique following the 2023 Arctic Peoples’ Conference, “Climate change cannot be an excuse to infringe on our distinct rights as Indigenous Peoples.”

To be clear, due to our very complicated history that I have endeavored to describe, the position that we find ourselves in today is because of the federal government and Congress. Now, after decades of being denied a seat at the table, we deserve a more active role in shaping the future of our homelands and people.

In fact, Joseph Upicksoun, one of ASNA’s first presidents, in 1971 noted in an address to the AFN that “the United States wants to provide for its own security against foreign enemies out of our land” by pursuing energy projects on the North Slope. Now, when we are in a position to cooperate and equitably benefit from this production occurring on our homelands, we are being denied the opportunity by Washington.

At present, the North Slope Borough, which was established to ensure our people would benefit from development projects in the region, receives more than 95% of its total revenue from infrastructure taxation authority on development. This revenue is used to support valuable community infrastructure projects that improve our quality of life in one of America’s most challenging and unforgiving environments.

These include schools, community and recreational centers, housing, water and sanitation, police and fire departments, search and rescue, and special equipment to bury our deceased during the winter months. It’s important to highlight that Kaktovik, which is located in ANWR and will be deeply impacted by the administration’s recent announcement, desperately needs a new school after theirs burned down several years ago. Wainwright, which is located within the NPR-A, uses tax revenues and funding from the NPR-A Impact Mitigation Grant Program to support its youth program, which provides recreational and cultural activities critical to keeping local youth on the right path. Going forward, Wainwright hopes these funds will also support a new building to replace their aging city hall and other community infrastructure projects.

Tax revenues derived from resource development projects also support vital administrative bodies like the North Slope Borough Department of Wildlife Management, which plays a leading role in studying and managing our region’s wildlife resources, including the caribou and bowhead whales that our communities rely on. It’s safe to say that without these responsibly developed projects, we would not be able to conduct our world-class research on population strength and movements or afford the staff to preserve these resources for future generations. Our police and search and rescue and emergency services—which operate across a land area larger than the United Kingdom—are also supported by these important tax revenue streams.

Taxes levied by the North Slope Borough on resource development projects are furthermore used to develop and maintain basic amenities like roads and modern water and sewer systems that are ubiquitous to the lower 48 but have only recently arrived on the North Slope within the last 40 or so years. That revenue also provides critical access to jobs: the Borough is the largest employer on the North Slope.

In fact, we can quantify the powerful impact of these projects by observing the increase of life expectancy on the North Slope. In 1969, before our people had any land rights and no economic prospects as a result, life expectancy was just 34 years. By 1980, our average life expectancy was 65, roughly equivalent with Libya and lower than North Korea. Today, our people can expect to live to an average of 77 years. This increase, the most dramatic in the United States, can be directly connected to the proliferation of a basic economy, modern infrastructure, and services supported by resource development projects.

The VOICE Board of Directors, comprised of mostly locally and regionally elected leaders, recognizes the benefits these projects offer our communities and have passed resolutions supporting responsible, community-led development, when appropriate, of ANWR and the NPR-A. Since ANILCA, which was crafted and passed without our input, the North Slope Inupiat have been fighting for the right to develop ANWR.

We believe that responsible resource development projects in both the NPR-A and ANWR are vital to our collective future. They are even more so for communities located within the NPR-A which, again, represent half of the North Slope's communities, and Kaktovik, the only community located within ANWR. In numerous letters to the Bureau of Land Management (BLM) and members of this committee, we have made clear the economic benefits of development in these regions, including the 1002 Area, to these communities and our firm belief that resource development projects and conservation efforts are not divergent priorities. They can—and must—co-exist on the North Slope. To do otherwise would be to strangle our communities from the long-term economic and food security they rightfully deserve.

These letters also highlighted Washington's hypocrisy when it comes to conservation. It is unfair to seize our lands and ask Alaska Native communities to carry this burden while other states develop their lands freely with an easy conscience. It is equally outrageous to suggest that eco-tourism stand as a replacement for resource development projects in our region.

For a brief time, it seemed that Washington had heard our voice. The 2017 Tax Cut and Jobs Act gave us hope of realizing our goals by directing the BLM to conduct two lease sales in the 1002 Area of ANWR. The first of which was held in January 2021. The second lease sale is required by law to happen by the end of 2024.

We also felt heard when BLM released an NPR-A Integrated Activity Plan (IAP) in June 2020 that considered the interests of our communities, including future community infrastructure needs.

Most recently, the recent re-approval of the Willow Project also suggested that our relationship with Washington was growing stronger. Our Board issued multiple resolutions in strong support of the project, and we are pleased that Willow, which was first approved in 2020, is proceeding in a manner that respects our communities' economic and environmental needs. Though it is important to note that outside environmental groups with little to no connection to our lands are now seeking to overturn our will through frivolous, time-consuming court cases.

Since coming into office, the Biden administration has since done much to undo this progress, beginning with its mandate to suspend operations and production on the awarded leases in ANWR. And two weeks ago, the administration chose to foreclose on current and future opportunities in ANWR with its new regulations.

It's important to contextualize the total area impacted by the Biden administration's decision. The 1002 area in ANWR is 1.5 million acres, only 7% of the Reserve's more than 19 million acres of land, and only a small fraction of the 1002 area's non-wilderness land has been reserved for development, specifically 2,000 acres. Despite this small size, the Biden administration elected to seal off this area in its blatant attempt to appease so-called climate activists who are all too eager to disregard our desire for self-determination in our ancestral homelands and long-term economic security for our people.

This decision, coupled with further "protections" for NPR-A, will undoubtedly shrink the economic opportunities available to the North Slope. It virtually guarantees to set us back on our journey toward self-determination by requiring further reliance on the federal and state government to provide for the basic needs of the people on the North Slope. In the early 1960s, Howard Rock, a champion for our people and founder of the Tundra Times, stated: "We are battling greed that is

relentlessly closing in on us.” That statement was true back then, and with the latest Biden administration announcements, remains true today. We battled greed in the name of profits during the days of ANCSA, and now we are battling greed in the name of climate change and environmental justice.

The Way Forward: Consistent Engagement, Mutual Respect, and Self-Determination

We support responsible energy development projects on the North Slope because, to paraphrase the current Secretary of Interior, “we know our lands better than anyone.” And we understand that responsible resource development with the inclusion and engagement of our communities has taken place for over 50 years. It exemplifies a positive model of cultural, economic, and ecological interdependence.

Over the past few months, we have heard much discussion of what we cannot do in our homelands with little attention given to economic alternatives to support our economy in the long term. Past investments in our region have already yielded a brighter future for the Iñupiat. It is important that we continue this upward trajectory, and we hope that Washington joins us at the table to discuss a viable economic path forward for North Slope communities that includes on shore oil and gas leasing.

This shared effort will require a strong partnership characterized by consistent, predictable, and reliable communication and collaboration between Alaska Native leaders and Washington. We believed the foundation for this relationship was in place when we recently welcomed EPA Administrator Michael Regan to the North Slope for fruitful discussions that resulted in \$2.5 million in grant funding to restore federally contaminated lands conveyed to Alaska Native Corporations via ANCSA. Yet, the following week, we were blindsided by the White House’s ANWR and NPR-A announcements, suggesting that this partnership is very much a work in progress.

This approach is no way to operate, especially with communities as remote and distinct as ours. Despite these inconsistencies, the North Slope Iñupiat are eager to engage with Congress and the federal government.

We believe that strength comes from unity and cooperation, and we understand the importance of that value locally, regionally, and nationally. That is why VOICE was created: to unify and strengthen the North Slope. As partners, we can right the historic wrongs imposed on our communities, create responsible resource development projects in our region to secure America’s energy future, and fully realize Iñupiat self-determination and prosperity. But this can only happen with policy-making sensitive to the needs and rights of Indigenous communities, consistent and meaningful engagement, and mutual respect.

Thank you for the opportunity to provide comments today. Quyanaqpak.

Mr. STAUBER. Thank you very much for your testimony, and all the witnesses for your expert testimony. It is greatly appreciated.

We are now going to recognize Members for 5 minutes of questions. And again, I recognize myself first for 5 minutes.

Mr. HARCHAREK, as I raised with Deputy Director Nedd in my line of questioning with him, the White House National Strategy for the Arctic Region released last year says, under Pillar 3, “We will also work with allies and partners to expand high standard investment and sustainable development across the Arctic region.” Do you believe the Administration’s recent announcements will lead to high standard investment and sustainable development across the region?

Mr. HARCHAREK. Thank you, Mr. Chairman. I think that the recent announcements clearly in my written testimony and what I just said, limit our ability to responsibly develop our resources, especially on the North Slope, where these two policies targeted.

Mr. STAUBER. And that will limit the building of roads and bridges, health care centers, law enforcement, and schools. Would that be correct?

Mr. HARCHAREK. That is accurate. It limits our ability and shrinks our economic potential, so to speak.

And it also, in addition to all of the services that it provides with ANWR specifically in the village of Kaktovik, it limits access to other things like broadband. Recently they were trying to get broadband Internet. They required a tower that was in the 1002 area. That proposal was denied. They can't even take ATVs or 4-wheelers within the Refuge to subsist, so it is extremely limiting access in many ways.

Mr. STAUBER. And under principle No. 1 of the strategy, it states the Administration will "consult, coordinate, and co-manage with the Alaska Native tribes and communities." Do you believe the Administration properly coordinated with tribal communities before making these disastrous policy decisions?

Mr. HARCHAREK. In this case, it is clear to me, with the members that make up the VOICE, some of them being cooperating agencies, they have not consulted with the people on the North Slope.

Mr. STAUBER. And you were present in the room when I specifically asked the Deputy Director, and the Deputy Director said he believed in his mind they did. You are refuting that statement, is that correct?

Mr. HARCHAREK. That is correct.

Mr. STAUBER. OK. As the Chair, I am going to give you and the VOICE an opportunity to submit a letter to that fact, and I will accept it without objection, the fact that they did not consult before the disastrous decision, if that is what you want, and I will accept that.

I am really disappointed to hear that, but, unfortunately, not surprised. This Administration did not seek the input of my constituents in northeastern Minnesota, as well, when they withdrew 225,504 acres from critical mineral development in the Superior National Forest earlier this year.

And as the Committee heard testimony on a few weeks ago, the Administration did not consult with the Navajo Nation before instituting a 10-mile-wide buffer zone around Chaco Canyon, blocking oil and gas development, a decision those communities also did not support.

Ms. Sgamma, in your opinion, is the BLM in compliance with the leasing requirements in the Inflation Reduction Act?

Ms. SGAMMA. Well, in some respects they are because Congress raised royalty rates and various other fees. BLM has gone beyond that, and did what Congress did not want to do in IRA by increasing bonding amounts twentyfold.

We look at some of those bonding amounts, and if you take the rule at face value, a statewide bond would only apply to seven wells. So, we have a small member company that reported that their 3,500 wells would cost them \$250 million.

Mr. STAUBER. So, they are not following the Inflation Reduction Act.

Ms. SGAMMA. That is right, and they are adding additional fees, as well.

Mr. STAUBER. So, they are not following the Inflation Reduction Act as intended. And since they are not, should the Bureau of Land

Management be able to issue rights-of-way for renewable energy projects?

Ms. SGAMMA. I think that is kind of a little bit of a separate issue in that they are clearly not moving forward with enough leased acreage to support doing much when it comes to wind and solar permits. So, if they really want to pursue an all-of-the-above strategy, they should get on with some leasing of oil and gas.

Mr. STAUBER. In the earlier testimony, my good friend and colleague from Nevada referenced some lease sales. Would you say the total lease sales were about 181 acres in the state of Nevada?

Ms. SGAMMA. I don't know off the top of my head. I know that the latest sale had zero bids on it.

We have had a hard time cracking the code in Nevada. There have been many companies that have tried it over the years. I would like to address her point because it is completely wrong that once you lease or nominate lands, they don't hold up the lands at all. It is not as if those lands are not available for recreation or whatever, other multiple uses. That is a fallacy that you hear from the environmental lobby that she just repeated, which is factually inaccurate.

Mr. STAUBER. Thank you.

Mr. Novotny, this Administration has held three onshore lease sales in your great state of Wyoming, and each one, the acreage actually offered in the sale had decreased radically from what was initially proposed. Can you explain what impacts these lackluster sales will have on Wyoming communities?

And before you answer that, I love your background as a part of the County Commission. I was, too. Please answer the question.

Mr. NOVOTNY. Thank you, Mr. Chairman. As you know, county commissioners are where the rubber meets the road. We are charged with providing the most essential services, whether it is the community hospital that we have that writes off millions of dollars in uncompensated care or underpayment from Medicare and Medicaid. They make up that difference in the severance tax and the ad valorem tax that they receive. If I am unable to meet my county budget requirements, I cannot provide essential services like fire, EMS, and others.

We have a solid working relationship with the other counties across the state. But the bottom line is if we do not have the ability to raise revenue and create good and lasting jobs in our community, the West is going to just wither away.

We have to have reasonable and responsible development, and we do it right in Wyoming, and we have been doing it right since before statehood. And that revenue then is multiplied in my community so that we can send kids to school, have incredible opportunities like Wyoming's Hathaway Scholarship, where every kid in the state of Wyoming is going to qualify for some level of higher education at the University of Wyoming or one of our community colleges.

Mr. STAUBER. We talk about the Great American Outdoors Act, which a vast majority is paid for by oil and gas royalties.

Mr. Harcharek, I commit to you that as long as I am privileged to be Chair of this Committee, that your community will be represented. It pains me to hear you say that this Administration

never consulted with your eight communities on the North Slope over this disastrous decision. I want to commit to you and your people that we will build a relationship so you can be an economic driver in Alaska. Yes, you are a ways away from Washington, DC, but I want you to know that that commitment comes as long as I am privileged to serve as Chair of this Committee.

Mr. HARCHAREK. Thank you, Mr. Chairman.

Mr. STAUBER. We are going to now recognize Mr. Rosendale for 5 minutes.

Mr. ROSENDALE. Thank you very much, Mr. Chair. I am going to dive right into some questions, Mr. Chair. I appreciate you holding this hearing. I appreciate the lack of attendance from our friends on the other side of the aisle. Apparently, they are not too concerned about developing critical minerals and domestic energy, as witnessed by the lack of their attendance.

Ms. SGAMMA, it is always great to see you in here. Again, in your opinion, why is the Administration relying on countries that produce dirtier natural gas and oil with less strict environmental standards for these critical resources, rather than relying on the bounty of natural gas and oil that we have right here in our own country?

Ms. SGAMMA. Please don't ask me to try to explain that.

[Laughter.]

Ms. SGAMMA. No, I mean, I don't know. We do it cleaner here, and we should be creating the jobs here instead of sending them overseas.

Mr. ROSENDALE. I appreciate that, and we all probably would agree with that idea.

You mentioned in your testimony that you would like us to submit formal requests relating to the coordination between the Department of the Interior and environmental and activist groups. Do you have any personal experiences that have led you to believe that outside activist groups are inappropriately influencing the Department of the Interior?

Ms. SGAMMA. I wish I had time to file all those FOIA requests because the Administration doesn't honor them. You have to sue to get any information. So, I just don't have the resources to sue on every single FOIA request that would come up.

Mr. ROSENDALE. So, you have made FOIA requests, you are trying to get the information so that you can see this communication is taking place. And they have been unanswered. You are saying that the organization has actually filed lawsuits so that you can get that information?

Ms. SGAMMA. We have in the past. We have not during this Administration. We kind of gave up on that strategy just because it is so costly.

Protect the Public's Trust has done a pretty good job on filing FOIA lawsuits, and they got information on the collusion between the Interior Department and activist groups surrounding the Chaco Canyon withdrawal. So, I think that was a successful effort that I am aware of.

Mr. ROSENDALE. I appreciate that. The Protect the Public's Trust, I think that is also the same group that filed the information request that we have been trying to get in regards to Secretary

Haaland's daughter and her lobbying activities with Interior and other Members and her actual participation in some protests which turned violent that I understand.

Ms. SGAMMA. That is right. They have done a good job digging up some information.

Mr. STAUBER. OK. As your testimony suggests, the bonding provisions in a recently proposed rule by BLM would price small companies out of the bonding process. And you said, based on that, you had a firm that, on the six or seven wells in the area, if you average that across the state, they would end up having to post, like, \$250 million.

Since Biden has taken office, do you believe that the actions have disproportionately harmed small businesses, rather than the multinational oil and gas corporations?

And what other types of rules have they put in place to basically choke out these smaller firms?

Ms. SGAMMA. The backbone of the oil and gas industry is the small company. The majors can certainly absorb most of these costs, although even they can't absorb all these costs all the time.

But, yes, when you increase royalty rates and increase fees and increase bonding amounts, it is the small company that bears the brunt.

Mr. ROSENDALE. So, not only the increase of fees and imposing these regulations, but what we are also hearing about, and I have heard from some of my independent drillers in Yellowstone County there in Montana, is the inability for them to access capital. Are you hearing the same kinds of things down in Colorado where, because of these ESG standards that the Federal Government has imposed, and unfortunately, many financial institutions have embraced the environmental social governance standards, has choked out the ability for these independents, in your experience to have access to capital to perform their work, as well?

Ms. SGAMMA. Absolutely. They have increased the cost of capital, and we have several member companies that have reported to me that they can't get a loan, or they can't raise capital.

Mr. ROSENDALE. Very good. I am going to get one more question in, Mr. Chair.

Mr. Novotny, we heard you talking about the bonding and the reclamation efforts and things like that. What is the use and condition of some of these reclaimed lands?

I am sure you have traveled out to them, I am sure you have seen them. What is the use and the condition of those reclaimed lands after that work is done?

Mr. NOVOTNY. Mr. Chairman, Congressman Rosendale, it is incredible.

You look at the Powder River Basin, where the coal is mined. The land is in better pristine environmental condition than prior to, and they are required to do the environmental monitoring before and after. So, they have the scientific data to prove it.

Where oil and gas production is occurring, sage grouse use it as leks. Deer, antelope, elk migrate through these areas. It is pristine. We care about the environment. It is a major component of our travel and tourism economy. So, we are not going to upset our three-legged stool by cutting off one of those legs.

Mr. ROSENDALE. Very good. Thank you so much.

Mr. Chair, I yield back.

Mr. STAUBER. Thank you very much. The Chair now recognizes the gentlelady from California, Representative Kamlager-Dove, for 5 minutes.

Ms. KAMLAGER-DOVE. Thank you, Mr. Chair, and thank you all for being here today. I have a couple of questions. I would like to start with Dr. Vasquez.

I understand that, as a scientist and an advocate, you have been sounding the alarm about the harm caused by orphaned oil and gas wells for years. You sound like many of my constituents in Culver City and in the Baldwin Hills area. Given your expertise, I would like to set the record straight on some of the misleading claims made today about bonding and the abandoned and orphan well crisis.

Ms. Sgamma claimed that the Department of the Interior said there were only 37 orphaned wells on Federal lands, and therefore there really is no problem. I think this is an extreme cherry picking of the data, and covers up the way the oil and gas industry routinely leaves wells unplugged and polluting for years by hiding behind the definition of orphan.

So, Dr. Vasquez, can you explain what it takes for a well to be officially declared orphaned on Federal lands?

Dr. VASQUEZ. It is a complex process, and I appreciate the question.

First of all, previously it took 7 years before the BLM would declare a well that was not producing as idle. Now, by legislation, it takes 4 years. That is an improvement, but that is still a long time for a well to be out of production and not plugged and reclaimed.

Following that, in order to be declared orphan, the BLM pursues a chain of custody and ownership of leases to try to find a financially responsible party. Sometimes they are successful, and that party plugs the well and reclaims. Sometimes they are not.

And in the absence of a sufficient bond, there is an incentive to walk away from wells, rather than to exercise their responsibility to plug and reclaim the well.

Ms. KAMLAGER-DOVE. Thank you for that. And does the number of officially orphaned wells accurately reflect how many non-producing oil and gas wells are currently sitting unplugged and potentially polluting on public lands?

Dr. VASQUEZ. It does not. And actually, the GAO study indicated that there were 5,100 orphaned wells. And recent testimony by Nada Culver of the BLM indicated in 2021 that there were 2,100. So, the number appears to be in great contention, and that is probably because of problems with recordkeeping and the use of different terms to indicate wells that are not producing.

So, each of these wells, once they are out of production, offers the opportunity to leak methane and volatile organic chemicals into the atmosphere, risking public health, wildlife health, and climate change impacts.

Ms. KAMLAGER-DOVE. Thank you for that. You once again sound like so many of my constituents at the town halls that I host.

I have the largest urban oil field in my district that is in the United States. We have had dozens and dozens of hearings and town halls. And I am listening to grandparents talk about putting metal stents in their 7-year-old grandchildren's bodies because of the after-effects of living close to oil fields where toxins are being emitted all the time, and folks are shirking their responsibility and evading the costs that it takes to do this kind of work and keeping people safe.

So, my next question for you is, how will BLM's proposed rule, including the updating bonding requirements, help stop these wells from polluting?

Dr. VASQUEZ. The only way we can stop these wells from polluting is getting them plugged and reclaimed rapidly, and that is not happening. The imposition of a higher bond level, which is not as high as they are looking at in Colorado for Federal wells, will certainly incentivize the operators to take care of that responsibility quickly.

It doesn't make sense to hold a well in operation when it is not economically viable, and yet we see a lot of these wells just sitting idle without being reclaimed.

Ms. KAMLAGER-DOVE. And tell us again why you think that is happening.

Dr. VASQUEZ. The reason it is happening, in my opinion, is because the financial incentive to do the work required is not there, that companies can just walk away and abandon wells without doing the plugging and remediation.

If they have a bond, then both the state and the Federal Governments for the wells involved have an opportunity to gather those funds and use them for plugging and reclamation.

Ms. KAMLAGER-DOVE. Thank you so much for that.

Mr. Chair, I yield back.

Mr. STAUBER. Thank you very much.

Before we go to Representative Tiffany from Wisconsin, Ms. Sgamma, I believe it is important when we bring witnesses in, when Dr. Vasquez was answering the question on orphan wells I saw you shake your head. Do you want to respond to the number of orphaned wells?

Ms. SGAMMA. Sure. The GAO report from 2019 identified 296 orphan wells on BLM lands. That is a fact.

An idle well does not mean an orphaned well. There are various reasons that companies idle wells for a time. That could include that they want to go back into that wellbore in the future and hit another formation, for example. So, rather than develop a whole new well, you can use that existing well bore, go deeper, and hit another rock formation, such as some of these shales that have been extremely productive. So, an idle well is not an orphan well.

The GAO also identified that probably many of the idle wells that had been idled for quite some time were a matter of poor recordkeeping by BLM, and that many of those were probably plugged and abandoned properly. So, that is another issue.

And I would just point out that the chain of custody on wells is not a negative. It is very positive. So, if one company goes bankrupt, BLM then goes to other companies that previously had that well. Even if they sold those assets, they will go back to that

original company that developed the well. So, they have a whole bunch of different responsible partners in that original well, or chains of custody along that well so that very few wells actually become orphaned because you go and you grab another company, and they are responsible.

And the reason that BLM just reported only 37 orphan wells, and again, that is a fact, that was a report back from the Assistant Secretary in response to questions from the record, that there are only 37 wells down from 296. And that is because companies have been reclaiming those wells. Most of those wells were not reclaimed by BLM, but by companies at company expense.

Mr. STAUBER. Thank you very much. The Chair is now going to recognize Representative Tiffany from Wisconsin for 5 minutes.

Mr. TIFFANY. Thank you, Mr. Chairman.

Mr. HARCHAREK, I am sorry I wasn't here for your testimony. Is it accurate that the tribes you represent were not consulted with the Arctic withdrawal that just happened?

Mr. HARCHAREK. That is accurate, yes.

Mr. TIFFANY. You were not consulted.

Mr. HARCHAREK. The cooperating agencies that are members of the organization that I represent were not consulted, no.

Mr. TIFFANY. What do you think should be done about that?

Mr. HARCHAREK. I wish that the Administration would follow some of their strategies and memos outlining the willingness and the want to consult with Indigenous communities, and the willingness and the want to stand them up economically through whatever lens they want to look at. I would hope that they would continue to move forward and put action to those words.

Mr. TIFFANY. In other words, they should follow the law.

What benefits have Alaskans gotten from oil in Alaska since it was founded? It started producing back in the 1960s or 1970s.

Mr. HARCHAREK. Thank you for the question. Huge benefits, at least for the North Slope.

Ninety-five percent of the revenue that is generated with the North Slope borough is funded through the taxation of oil and gas infrastructure. And those dollars are reinvested into the eight communities that we have to provide modern services today: water and sewer, road development, schools, infrastructure, and education. They fund the North Slope Borough Department of Education. They fund Ilisagvik College.

Anything that is taken for granted, so to speak, for the most part, any more down here in the Lower 48, that is fully funded through the development of oil and gas, and taxing that infrastructure on the North Slope. So, massive amounts of benefit that we have seen over the years from the 1970s, including life expectancy increases of 13 years since 1980 to 2014.

Mr. TIFFANY. Thirteen years since 1980. That is a big benefit, isn't it?

Mr. HARCHAREK. Huge benefit.

Mr. TIFFANY. It was said by the BLM person that was here, he said something about we wanted to make sure that those that live in subsistence cultures, that they are able to continue. Do the people you represent want more than subsistence?

Mr. HARCHAREK. I didn't hear the last part of that question, sorry.

Mr. TIFFANY. Do the people that you represent want more than a subsistence living?

Mr. HARCHAREK. In this day and age, with the economy that we have come to appreciate since oil and gas development on North Slope, we need more than just a subsistence lifestyle.

The jobs that are provided through these resource development projects enhance the way that we subsist anymore. So, we need that, and they co-exist, and you can't separate them anymore.

Mr. TIFFANY. You know, Mr. Chairman, it is really disappointing to see an Administration that says to people that one of our first goals is to make sure that people can have a subsistence living. You just heard right here that they would like a better life. And I think living 13 years longer would qualify as having a better life. Think about the incredible benefit to people as a result of oil. You get to live 13 years longer. You maybe get to see your grandchildren. Amazing.

Ms. Sgamma, perhaps you answered this in the follow-up with Mr. Stauber, but in regards to cherry-picking data, do you have anything else you want to add to that?

Ms. SGAMMA. Well, we often hear that industry is leaving this huge cost to the taxpayer, and that is not true. We returned \$55 for every single dollar the BLM spends administering the oil and gas program.

Mr. TIFFANY. Could I do a real quick follow-up here? So, we hear all this about Big Oil, Big Oil, big problem. As a result of this stuff, are we going to have more smaller producers, those mom-and-pop operations that sometimes pop up in the oil patch? Are we going to have more of them as a result of these rules and regulations?

Ms. SGAMMA. Not when you increase all these costs on the small producer. It will be left to the big guys.

Mr. TIFFANY. So, it is only the big guys that can survive, is that correct?

Ms. SGAMMA. That is right.

Mr. TIFFANY. Yes.

Ms. Vasquez, is climate change causing increased wildfires?

Dr. VASQUEZ. The scientists who study our atmosphere suggest that greenhouse gas emissions are driving up the temperature of the planet. We see in the western part of this country a long-term drought and aridification that supports forest fires.

Mr. TIFFANY. Do you ever read any of the scientists, which there are over 1,000 of them now, what you would call climate scientists, who have said that this is not man caused? Do you ever read any of them?

Dr. VASQUEZ. I have, but I am not an atmospheric scientist. I want to qualify my answer.

Mr. TIFFANY. What is global weirding? I saw that in your testimony. What is global weirding?

Dr. VASQUEZ. The problem with climate change is it doesn't cause warming everywhere. It causes changes in our weather and our climate in various ways across the globe. And you see that in the news every day with heavy rains, huge storms, as well as forest fires, even in the tundra and in the boreal forest.

There is no question in the mind of scientists who study the atmosphere, and I am not one of them, that greenhouse gas emissions are driving the climate to warm globally.

Mr. TIFFANY. If you have over 1,000 scientists that are saying they disagree with you—you said there is no question this is happening, it sounds like there is a question amongst eminent scientists.

Dr. VASQUEZ. The majority of scientists who study our climate believe that global warming is and climate change are caused by human activity.

Mr. TIFFANY. Are you familiar with Copernicus, the man who said that the world is round?

Dr. VASQUEZ. Thank you, sir. I am.

Mr. TIFFANY. Do you know that he was excommunicated from the Catholic Church because it was heresy for someone to say that, and he was in a distinct minority at that point? In fact, one of the very few people on Earth that said the Earth was round. Just think, if we followed consensus, if Europeans followed consensus at that time.

Dr. VASQUEZ. Yes. We have a mix of science and religion here that I am not qualified to comment on.

Mr. TIFFANY. You have been very generous.

I yield back.

Mr. STAUBER. Thank you very much. The Chair now recognizes the gentlewoman from California, Representative Porter.

And we were happy to waive you on, Representative.

Ms. PORTER. Thank you. In 2022, the Federal Government, finally, after 100 years of having the rate unchanged, made oil companies pay a fair and appropriate market rate—

[Audio malfunction.]

Ms. PORTER. My microphone is off. I will start again, and I would like my time back.

In 2022, the Federal Government, finally, after 100 years of having the rate unchanged, made oil companies pay a fair and appropriate market rate for onshore drilling.

[Audio malfunction.]

Ms. PORTER. I am just going to shout, sir.

We did this by passing a provision in the Inflation Reduction Act that would increase onshore royalty rates to 16 $\frac{2}{3}$ percent.

Ms. SgAMMA, you represent the oil and gas industry, and you suggested in your testimony that this change, along with others, this changing onshore royalty rate will seriously harm the oil industry. How so?

Ms. SgAMMA. I have no problem with what Congress actually passed. Congress passed increased royalty rates and increased fees. So, BLM has to put in place a rule that honors that. It is obviously law.

What BLM has done has gone beyond what Congress passed in raising bonding amounts twentyfold and adding additional fees that Congress did not pass, and in increasing cost of living adjustments, which Congress did not pass.

Ms. PORTER. Ms. SgAMMA, do you support the adjustment to 16 $\frac{2}{3}$ percent? Or you don't contest—

Ms. SgAMMA. Of course not. It is law.

Ms. PORTER. OK. And I really appreciate that, because, of course, many oil producing states, including places like Texas, charge 20 to 25 percent to drill on their state lands. So, Congress is still shorting Federal taxpayers and giving oil a very reasonable rate at $16\frac{2}{3}$ percent. I know there are differences between state and Federal lands, but I am glad to hear you say that you think it was appropriate to update the royalty rate.

I want to turn to bonding. You talk in your testimony about bankruptcy, and you say that the sales in bankruptcy almost always result in continuous liability for the assets. Why?

Ms. SGAMMA. That is the system. We don't want a system where—

Ms. PORTER. That is actually not bankruptcy law. Bankruptcy law allows assets to be sold free and clear, and for the company to discharge the liability.

Ms. SGAMMA. Right, another company picks it up, yes.

Ms. PORTER. When a new company buys it, they don't pick up the liability.

Ms. SGAMMA. Yes, they do. Yes, they absolutely do. That is part of the package. When you purchase new assets, you purchase all the liability with it.

Ms. PORTER. That is actually literally not how bankruptcy works.

Ms. SGAMMA. That is literally how the oil and gas industry works. Those assets are still in a chain of custody. So, they are purchased or, if not, the BLM goes after the prior company.

Ms. PORTER. OK. So, if BLM goes after the prior company, just say that the prior company then goes bankrupt, and they have to go back to the chain, how does BLM recover and get the prior company, which went through bankruptcy and discharged their liability on that, to pay?

Ms. SGAMMA. Again, when companies go bankrupt, usually what happens is their assets are purchased by another company. So, the chain of custody continues.

Ms. PORTER. But I am asking about when that next company goes bankrupt.

Ms. SGAMMA. Well, I mean, then it is a hypothetical on a hypothetical because there are 37 orphan wells on Federal lands. So, the chain of custody is working in most cases. Of the 89,000 producible wells in the BLM system, 0.03 percent are orphaned wells.

Ms. PORTER. Earlier you said 297. Are those the idle wells that you were referring to?

Ms. SGAMMA. In 2019, GAO had a report, and they identified 296 orphan wells on BLM lands.

Ms. PORTER. What changed to go from 296 to 37?

Ms. SGAMMA. Yes, it is a good story, right?

The Assistant Secretary just reported back to Congress that there are only 37 orphan wells on BLM lands. So, over that time, since 2019, BLM has been proactive, they should be applauded for reducing the number of orphan wells. But most of those wells are plugged and abandoned and reclaimed by other companies.

We have a lot of members that, when they go in and they want to produce on new leases, they will clean up the orphan wells that are in that area, even if there is—

Ms. PORTER. I'm not sure why BLM allowed there to be 300, 297, or whatever.

Ms. SGAMMA. It is still a very small amount.

Ms. PORTER. They reduced this number, I appreciate—

Ms. SGAMMA. Well, it is actually the Trump and the Biden administrations that have reduced that number. I think it is a very small amount of orphan wells when you consider the 96,000 wells at the time that that number was identified by GAO.

Ms. PORTER. [Inaudible.]

Ms. SGAMMA. There are some bad actors, and there are ways to deal with bad actors. BLM has the flexibility now to increase bonding amounts for those companies that have shown that they are not as responsible. So, BLM already has that flexibility, and has gone after other companies in the chain of custody, so they have decreased the number of wells that are orphaned. It is a good story.

Ms. PORTER. Then why do you oppose BLM continuing this work on bonding?

Ms. SGAMMA. Because the numbers show that it is an arbitrary and capricious rule to increase costs so much when the problem is such a relatively small problem.

Ms. PORTER. What is the right number?

Ms. SGAMMA. The right bonding number? I think the system works today. The system works today. That is why there are only 37 orphan wells on Federal lands.

Ms. PORTER. You say in your testimony, and I appreciated this, that a good question to ask BLM is how many wells are plugged and abandoned each year without requiring a call on a bond. Do you know how many do require a call on a bond?

Ms. SGAMMA. Yes. Over the last 10 years, four every year require a call on bond. Again, it is a very small number, and it shows that the system in place is working.

Ms. PORTER. Was the bond adequate to fully cover the cost of clean-up in those four situations?

Ms. SGAMMA. I don't know the particulars on those four. The only number we have is what Tommy Beaudreau reported back to Congress. So, I don't have any more information than that number.

Ms. PORTER. I yield back.

Mr. STAUBER. Thank you very much.

Ms. Sgamma, real quick, before we go to Representative Boebert, what is the time frame to get a state permit in Texas versus a Federal permit?

Ms. SGAMMA. Probably a matter of days or weeks versus 6 or 10 or 20 months.

Mr. STAUBER. OK. So, a state permit in Texas, just a couple of days. A Federal permit, many months.

Ms. SGAMMA. Months, right. And that is why the states can command a higher royalty rate, because they don't extract so much money in the regulatory process.

Mr. STAUBER. Thank you very much. We are now going to recognize Representative Boebert from Colorado for 5 minutes.

Mrs. BOEBERT. Thank you, Mr. Chairman.

Ms. Sgamma, would you agree that efficiently approving applications for permits to drill is one way to increase energy production

on Federal lands and help drive down the skyrocketing inflation that we are seeing, and the gas prices?

Ms. SGAMMA. Absolutely. Certainty, and leasing, and permitting, it makes a more efficient system so that we can respond to prices faster.

Mrs. BOEBERT. Yes. Unfortunately, the Biden administration has fallen behind on the permitting timelines that had been established previously in the Trump administration. In June 2019, drilling permit review times averaged 94 days, and by the end of Fiscal Year 2021, the drilling permit reviews averaged 182 days. In Fiscal Year 2022, the BLM had approved an average of 233 drilling permits per month. And in contrast, the Department of the Interior was approving nearly 400 drilling permits monthly in Fiscal Year 2020 under President Trump.

So, Ms. Sgamma, you discussed the increased bureaucracy around lease suspensions and permit extensions. What can we do in Congress to ensure that the agencies spend their time reducing the current APD backlog, something that you and I have discussed in the past?

Ms. SGAMMA. There have been so many good legislative ideas, such as in H.R. 1, that would improve the process. I don't know that the House can really force the Senate to take that up. So, I think you all have done your job in putting forward really good ideas for moving forward.

Mrs. BOEBERT. Certainly laying out the groundwork for future Congresses to work together.

But would extending the APD term to 4 years instead of 2 years, as done rather than just justifying quarterly extensions, be part of that solution?

Ms. SGAMMA. Absolutely. We are making that comment in our comments on the leasing rule, that BLM should just have a 4-year permit term. It keeps them from having to go back and revisit the permits every 2 years. Just one 4-year permit term. It stopped this cycle of continuing to justify an extension.

The reality is we need many permits in hand before we can start, because you don't have any certainty on how long it is going to take BLM to get your permit done. So, you can't have your rig come out and you don't have enough permits to keep that rig busy, because we are super efficient in drilling now.

Mrs. BOEBERT. Yes. My American Energy Act, which you and I have discussed, which passed the House earlier this year under H.R. 1, that would do exactly what we are talking about here. It would require courts to remand lease sales and these environmental impact statements to agencies to remedy, when necessary, rather than just allowing judges with political agendas to simply vacate these leases. And, certainly, extending the term from 2 years to 4 years.

So, Ms. Sgamma, last month BLM issued a supplemental environmental impact statement to its draft Resource Management Plans of the Colorado River Valley Field Office and the Grand Junction Field office in Colorado. This proposed land grab could lock up 1.6 million acres to future oil and gas leasing. This is something that we are continuously fighting in the western slope of Colorado.

Can you elaborate on the jobs that will be lost in western Colorado, the negative impacts to hardworking Coloradans, and the loss of education funding and so much more that will result in this?

Ms. SGAMMA. Unfortunately, we have just begun to look at that RMP because there is just so much regulation coming at us right now. So, I don't have an economic analysis on what that will do.

I think BLM's estimate of only 600 wells that will be prevented over 20 years is woefully inadequate. I think the intention is to stop the development of very promising Mancos shale in the Piceance Basin there in western Colorado, and I think that is very problematic.

What I think is especially problematic is they are closing nearly 1.6 million acres under the guise of closing areas that have no known, low potential, or medium potential for oil and gas. The problem with that is 15 years ago the Bakken was considered medium potential. Twenty years ago, the Permian Basin in New Mexico was considered basically low potential. Now, those are two of the most prolific basins in the world. So, by cutting off the Mancos shale to any new exploration, what was low, that could become high potential. We would never know.

Mrs. BOEBERT. Mr. Chairman, may I ask one final question?

Mr. STAUBER. Yes, you may.

Mrs. BOEBERT. Thank you, Mr. Chairman.

We all saw Joe Biden beg Saudi Arabia to increase their oil production to relieve high gas prices. And then, of course, he depleted our Strategic Petroleum Reserves to drive down those prices in the name of a mid-term election.

What threat does begging terrorists for oil, rather than producing it right here in America pose to our U.S. national security?

Ms. SGAMMA. Well, the good news is if we actually developed our oil here in the United States, we make OPEC irrelevant. We could be producing 2 to 3 million more barrels of oil a day. OPEC would then be irrelevant, and global oil prices would be lower, and consumers would be paying less at the pump.

Mrs. BOEBERT. Thank you, Ms. Sgamma, and thank you, Mr. Chairman, for giving me that extra time.

Mr. STAUBER. Thank you very much. The Chair now recognizes Representative Fulcher for 5 minutes.

Mr. FULCHER. Thank you, Mr. Chairman. And to the panel, thank you for your comments. And please understand that dueling committees, that is why some of us come and go. We got your written testimony, and we thank you for that.

A question for Ms. Sgamma, and this has to do with royalty rates. But while the Federal royalty rate has gone up, it is also the case that the environmental assessment has more robust emission impact analysis than in other prior leases. Should we expect that we are going to get much out of all this?

Ms. SGAMMA. What do you mean?

Mr. FULCHER. On the royalty increase versus the overall more robust emission impact.

Ms. SGAMMA. Well, I mean, definitely royalties will be higher, based on the new royalty rate.

I am not sure I am understanding your tying it to emissions.

Mr. FULCHER. OK, this might be my microphone, Mr. Chairman.

[Audio malfunction.]

Mr. FULCHER. Sorry about the technical difficulty. Hopefully, this will be a little bit better.

Statement and then a question, Ms. Sgamma. If you can speak to this, FERC has been extremely slow in approving new gas and oil pipelines. For example, a GTN Xpress out of Canada that goes through Idaho and into Oregon and Washington is still under delay. All they want to do is increase the capacity to compress LNG to run more through an existing pipe.

FERC commissioners are clashing with each other over new mandates on social impacts in states from greenhouse gases and other emissions. This is causing delays on even things like upgrading the compression software for LNG going through an existing pipeline.

This upgrade got a clean bill of health in its environmental review. Half the LNG would go to my state of Idaho. I am hearing a lot of talk from these agencies, but not a lot of production.

What is the best way to get action on this?

Ms. SGAMMA. I think if the Administration approved pipelines and gas gathering lines and the like, we would be able to produce more natural gas. And natural gas has been the No. 1 reason the United States has reduced more greenhouse gas emissions than any other country, is by increased use of natural gas and electricity generation. So, natural gas offers that climate change benefit.

We have done more than wind and solar combined, as far as reducing greenhouse gas emissions in the electricity sector. So, I think sometimes when FERC is slow to approve things, it is worse for the environment.

Mr. FULCHER. Thank you for that.

Mr. Chairman, just for the record, we are doing some homework on this, and I just want to point out and enter into the record that our exports of crude in this country in the last 2 years are down 57.6 percent, if I understand that correctly, on average about 4.9 million barrels per day down, just within that 2-year window.

So, I think that underscores the importance of natural gas. I think that underscores the importance of some of these approvals.

And with that, and overcoming the technical difficulties, I will yield back.

Mr. STAUBER. Thank you very much. The Chair now recognizes the gentlewoman from Wyoming, Representative Hageman, for 5 minutes.

Ms. HAGEMAN. Thank you, Mr. Chairman, and thanks to each of the witnesses for participating today.

President Biden and Democrats in Congress continue to push the false narrative that there are leases available out there that oil and gas companies are just choosing not to use. President Biden said that there were 9,000 unused permits available that could be accessed at any time. This false number was abused by the Democrats until they realized they couldn't defend it anymore, and they began to use the 6,000 number.

When Director Stone-Manning from BLM was here a few months ago, she kept referring to a statistic of some 6,000 or so unused oil and gas leases, suggesting the BLM and Department of the Interior

had done their part, and that it was up to these companies to do theirs by using these old leases without issuing any new ones.

Commissioner Novotny, can you dispel this myth for us? Explain where the idea came from, and why it is so important that we are able to continue to lease.

Mr. NOVOTNY. Mr. Chairman, Representative Hageman, I really appreciate this question.

As this Administration has rallied about this ever-changing number, the honest fact is it is just not 9,000. The facts are that in Wyoming many of these approved permits are unable to be developed because they are on leases that are being litigated by environmental groups. We are talking about millions of acres of litigated leases.

In other cases, operators may only have one approved permit, but would like to pad drill, and that is several more wells at a time. And pad drilling specifically means drilling more than one well off of that footprint. And instead of spending millions of dollars to move a drilling rig, you can save costs and produce a greater area. It is just good business practice.

Not being able to pad drill can severely harm the economies of a drilling program, which brings up a larger point. The number of approved Federal permits at any given time is only a small portion of the bigger development picture. Companies have to balance what they believe is the productivity of the quality of the rock with those commodity prices. Because, let's face it, oil and gas, these are commodities.

They are sending out what we call authorities for expenditure to find those investors, to determine how much of that \$10 million that it could be needed to pay up front to produce that, and they are securing surface wells, surface use agreements, access agreements for those pads and those locations, and securing rights-of-way for transmission lines, pipelines, and others.

They are negotiating gas agreements and multi-million-dollar contracts with rig operators. They are determining whether the summer drilling program will be a single well, or 50, or 500. They are juggling wildlife stipulations, especially as you and I know in the state of Wyoming with sage grouse, plus seasons and weather. They are juggling thousands of factors determining when and where they are going to drill.

According to the BLM, in April there were 6,443 approved and 4,851 pending. In April, there were 1,972 approved permits and 496 pending permits in Wyoming. And today, we only have 20 active drilling rigs.

Ms. HAGEMAN. I appreciate those statistics and that information.

You also have highlighted just how significant a single well is on your county, citing up to \$400,000 in tax revenue in a single year. This tells us either that the Biden administration is unaware of how significant oil and gas is to our state, or they simply don't care.

In your opinion, why does this Administration insist on exporting our economy and our jobs to other nations that do something that we can do better?

Mr. NOVOTNY. Mr. Chairman, Representative, I have no explanation for the decision of this Administration to be so anti-oil

and gas. These are good-paying jobs in the trade industry, jobs that my grandfather was able to enjoy and send his kids, the first in his family, to go to college. These are wonderful jobs that produce the revenue and the resources that fund our American economy.

Ms. HAGEMAN. And I appreciate that, as well.

Deputy Director Nedd deflected from answering my questions regarding how this Administration's policies have created serious energy poverty, and the fact that their favored, unreliable energy resources rely on child labor in places like the Congo by claiming that he didn't know what I was talking about, or hadn't researched it, or hadn't looked into it.

Don't you agree that the BLM, in pursuing these radical policies, should make even a rudimentary effort to get an understanding of the consequences of their decisions?

Mr. NOVOTNY. Mr. Chairman, Representative Hageman, absolutely.

My constituents are facing a 30 percent rate increase on their energy production when we are retiring perfectly good coal and gas-fired power plants within the state of Wyoming and across this country. As we wait for that NextGen nuclear facility to be built near Kemmerer, Wyoming, we are stifling our economy, we are taxing our folks directly and indirectly through inflation and regulation, out of house and home and their ability to sustain themselves.

Oil and gas leads the way, and we can do it domestically, appropriately, that protects the environment, protects wildlife, and ensures for future generations that we are a successful nation.

Ms. HAGEMAN. It seems like that this Administration has a different agenda in mind.

Thank you, Mr. Novotny.

Thank you to all of our witnesses, and I yield back.

Mr. STAUBER. Thank you very much.

To the witnesses, once in a while the Chairperson will ask for a second round of questioning, and I am going to take the prerogative to give everyone an opportunity for another round. I have some more questions, just a few, actually, from my perspective, that I would like to move forward, so I will recognize myself for this next round.

Ms. SGAMMA, Dr. Vasquez says in her testimony that the BLM has failed to manage their onshore oil and gas program by failing to increase the bonding levels. But as you note in your testimony, there are currently only 37 orphan wells on Federal lands. Doesn't that number actually prove that bonding rates for production on Federal lands is actually adequate?

Ms. SGAMMA. I agree. I think the system is working. Industry has made a concerted effort to help get those numbers down. We are the ones who are reclaiming most of those wells, even if we are not the responsible company. As I mentioned, companies come in, they want to develop in a new area, and they do plug and abandon those existing wells.

Mr. STAUBER. So, by increasing bonding and greatly increasing other fees unnecessarily through their recent regulation, is the BLM running the risk of creating more orphan wells by putting small operators out of business?

Ms. SGAMMA. I think so. I think that if these rules go through as written, they will put more wells at risk of being orphaned.

The idea of a surety market bonding is not to lock up all the capital in a bond. Because if you do, then you don't have those resources available to actually do the plugging and abandoning work and the reclamation work.

Mr. STAUBER. So, one could argue that this new regulation is environmentally and financially irresponsible.

Ms. SGAMMA. I would say so. And it is arbitrary and capricious, looking at the numbers.

Mr. STAUBER. Mr. Novotny, Ms. Vasquez says in her testimony that the new leasing regulations will not impact smaller operators. Do you agree with that perspective?

Mr. NOVOTNY. Mr. Chairman, under a definition by the Small Business Administration, 111 companies that produce oil and gas in Wyoming are small businesses. This change in bonding is going to increase from \$2.5 million to \$57 million in annual interest payments. That is not sustainable for a business practice. It is going to kill jobs in my community, communities across Wyoming. It is going to disrupt those traditional revenue streams that we rely on, and it is also going to harm our nation's energy security.

And Mr. Chair, if I can just have a little prerogative, I would like to address the Rock Springs RMP that was originally mentioned by the BLM. It took 12 years for that document to be released. There are four different counties with four different sets of commissioners. That is three terms of their livelihood if you were there from the beginning to the end.

We take our cooperating agency status under NEPA very, very seriously. We work hard with our Federal partners. But when our Federal partners will not work fairly and follow the laws, follow NEPA and practices, it impacts our jobs, our recreation, and every component of our state's economy.

Mr. STAUBER. We want them to follow the facts, the science, and the truth, not political science.

And I will share with you that the disgust that our friends in Alaska have experienced these last couple of weeks, and actually, for the last 2½ years, because this Administration, I believe it is 55-plus projects now they have shut down in the great state of Alaska, and it has devastated many parts of that state and the economy.

They have done it in Minnesota with banning mining in northeastern Minnesota. For those of you who don't know, northeastern Minnesota mines the taconite that makes over 80 percent of this nation's steel, and the biggest copper nickel mine in the world, and this Administration took off 225,000 acres when we need those minerals for our everyday lives and to move forward.

Since Representative Fulcher is still here, I will give you the opportunity for a second set of questions for 5 minutes.

Mr. FULCHER. Mr. Chairman, I think that is it for me. Thank you.

Mr. STAUBER. Thank you very much.

So, to the witnesses, thank you for your expert testimony, and we greatly appreciate the information that you shared with us.

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 and this Administration Committee must submit questions to the Committee Clerk by 5 p.m. on Friday, September 22. The hearing record will be held open for 10 business days for these responses.

And I will be submitting for the record some submissions from many groups that are concerned with what happened with the regulations from the BLM.

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

[Whereupon, at 1:12 p.m., the Subcommittee was adjourned.]

[ADDITIONAL MATERIALS SUBMITTED FOR THE RECORD]

Submissions for the Record by Rep. Stauber

Statement for the Record

**Nagruk Harcharek
President**

Voice of Arctic Iñupiat (“VOICE”)

*****FOR IMMEDIATE RELEASE*****

September 6, 2023

A statement from Nagruk Harcharek, President of the Voice of Arctic Iñupiat (“VOICE”). VOICE is a nonprofit organization established in 2015 by the region’s collective elected Iñupiat leadership to speak with a unified voice on issues impacting the North Slope Iñupiat, their communities, their economy, and their culture. Its members include local governments, Alaska Native Corporations, federally recognized tribes, and tribal non-profits across the North Slope of Alaska. In 2017, VOICE’s board passed a resolution in support of opening of the 1002 Area of the Arctic National Wildlife Refuge (ANWR) to oil and gas exploration and development.

“Today’s announcement by the Biden administration to rescind leases in the ANWR and further ‘protect’ 13 million acres of our ancestral homelands flies in the face of our region’s wishes and self-determination. As stated by the 2023 Arctic Peoples Conference, ‘Climate change cannot be an excuse to infringe on our distinct rights as Indigenous Peoples.’ Today’s decision again shows that the administration prioritizes their agenda over the will of local Indigenous communities.

“To be clear, this decision was mandated by an administration that has repeatedly pledged to listen and work with Indigenous communities. President Biden himself stated in the Memorandum on Tribal Consultation and Strengthening Nation-to-Nation Relationships, ‘We best serve Native American people when tribal governments are empowered to lead their communities, and when federal officials speak with and listen to tribal leaders in formulating federal policy.’ Today’s decision contradicts this Memorandum and advances policies against the wishes of North Slope communities and their elected Indigenous leaders.

“For years, our board—which represents elected village and regional leadership across the North Slope—has been steadfast in their support of locally-driven decision-making for our homelands, which just so happen to be located in ANWR and NPR-A. As expressed through a resolution passed by our Board of Directors in 2017, we will continue to support the opening of the 1002 Area of ANWR to exploration and development projects.

“The Indigenous people of this region, along with its elected leaders, have been steadfast with our positions on issues affecting our homelands. Yet, from administration to administration, working with the federal government has proven to be a rollercoaster ride, with inconsistent, unpredictable, and insufficient policymaking and consultation.

“No one knows the North Slope better than its original stewards and their descendants. We urge the Biden administration to center our Indigenous voices, as well as our self-determination, in future decision-making affecting our region.”

Joint Statement for the Record
Iñupiat Community of the Arctic Slope (ICAS),
North Slope Borough,
and
Arctic Slope Regional Corporation (ASRC)

*****FOR IMMEDIATE RELEASE*****

September 6, 2023

A joint statement from the Iñupiat Community of the Arctic Slope (ICAS), North Slope Borough, and Arctic Slope Regional Corporation (ASRC) on the Biden administration’s cancellation of oil and gas leases on the North Slope.

“The elected regional Iñupiaq leadership of the North Slope disagree with the Biden administration’s decision today to restrict Indigenous access to 13 million acres within the NPR-A and cancel oil and gas lease sales in our region. This decision puts the economic future of the North Slope Iñupiat in jeopardy and undermines Alaska Native peoples’ right to self-determination. These decisions, largely driven by those who have no connection to our land or cultural heritage, further undermine the rights of Indigenous people across the nation.

“Despite our attempts at open lines of communication with the administration, local leaders learned of this decision through press reports. To date, the Bureau of Land Management failed to consult with North Slope communities or the respective local cooperating agencies on these decisions—ignoring and silencing Indigenous voices.

“The cancellation will undoubtedly cause irreparable harm to our communities and the 11,000 residents of the North Slope who rely on these lands to sustain their way of life. Ripple effects from this decision include decreased connectivity between communities through less seasonal road and trail access for our people, more difficult construction of critical infrastructure—including rebuilding schools, and a lower likelihood of more permanent and redundant telecommunications and broadband infrastructure—all in the wake of an ongoing local telecommunications emergency.

“In the days and weeks ahead, we will be working alongside Alaska’s bipartisan congressional delegation and the Governor’s office, all stalwart supporters of our people and our region. And we will continue our attempts to be heard by the decision makers in this administration.”

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Alaska Economic Report
*Tracking resource, business, industry
 & construction issues since 1974*

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September 11, 2023
 No. 14/2023

Oil work this winter: Will workers be there?

Pikka, Willow gear up: ConocoPhillips optimistic on court case

Santos Ltd. and ConocoPhillips are gearing up for one of the biggest winter construction seasons in years, although Willow must still be clear of environmental lawsuits. Decisions on those are pending in early November. Santos has said it will employ about 1,000 this winter and 1,800 next winter on its Pikka project. In a court filing ConocoPhillips said it will employ 1,800 on Willow in the next year. Oil work has already been increasing, mostly on the slope. Petroleum employment was up 5.7 percent statewide in July.

But where will these new workers come from? It's unclear. Labor is already scarce in many fields. Although Willow depends on a court decision, the upswing in work on Pikka alone will add considerably to winter demand.

One obvious source is from out of state, but the oil and construction workforce in the Lower 48 is also tight. We have no doubt contractors will find the workers but there will be ripple effects through other parts of the economy. State transportation officials, for example, are concerned that North Slope demand in many fields, like laborers, equipment operators and electricians, will affect state and federal-funded transportation projects newly beefed up with federal Infrastructure Investment and Jobs Act money. The response may be to slow down and stretch out public projects.

Inside:

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Grocery retail merger	p. 5

ConocoPhillips confirms: Inupiat are big winners at Willow

North Slope Inupiat communities will be the big winners if the Willow oil project proceeds. The state Department of Revenue mentioned this earlier this year but now ConocoPhillips has affirmed it in a court filing. "Willow's public benefits are staggering," the company said in the filing. The project will generate \$2.6 billion in royalties shared with North

Slope villages for projects to offset impacts of oil development, and the North Slope Borough, the regional municipality, will receive an additional \$1.2 billion. The state of Alaska will receive \$2.3 billion in oil production, property and corporate income tax revenue.

Energy:**Small firm gets Eielson nuclear**

The Defense Logistics Agency, on behalf of the U.S. Air Force, has issued a Notice of Intent to issue a contract to Santa Clara, Calif.-based Oklo, Inc. to build a 5 Megawatt microreactor at Eielson Air Force Base east of Fairbanks. The plant would provide power and steam heat for the base, and is intended as a demonstration for using microreactors at other military installations. Oklo is a small technology company formed 10 years ago. A condition of the contract is that Oklo must secure a Nuclear Regulatory Commission, or NRC, license, which would be the agency's first license for a microreactor, as compared with larger reactors used in power plants or U.S. Navy vessels. The bid was based on proposals offering the lowest price of power to be supplied, as a power purchase agreement.

The award has raised some eyebrows since it went to a small company that has never built a plant, we hear, and more experienced companies, like Westinghouse, appear to have been bypassed. If Oklo cannot meet terms of the contract, which is to have a licensed and operating contract by 2027, the company may have to go back for contract changes. Also, a federal Environmental Impact Statement will be needed, and while those can be done in two years they often take longer. This will be the first EIS for a microreactor, so there will be a lot of issues raised by Interior Alaska communities. Two that have been brought to our attention include how large the "emergency" zone will be for special protections around the reactor and whether the reactor will have to have operators present at all times, which is the case with conventional nuclear plants. The latter is a critical issue for Alaska.

Health care:**\$250 million cancer care nonprofit**

A new health care nonprofit has been formed to own and operate cancer care clinics in Juneau, Soldotna, Anchorage and the Matanuska-Susitna Borough. It is the Aurora Integrated Oncology Foundation and its goal is to purchase existing private cancer clinics in those communities through a \$250 million tax-free bond issuance. The clinics will continue to operate but as nonprofits. The concept is that the savings in nonprofit status and the efficiencies of having a network would result in lower costs. Bill Popp, former long-time executive director of the Anchorage Economic Development Corp, is board chair. The bonds will be issued by the Public Finance Authority, a Lower 48 financial service group that facilitates public purpose tax-exempt financings for municipalities and nonprofits. This requires approvals from local municipal governments which has happened in all communities except in Mat-Su, where it is pending.

Tourism:**Mat-Su: 27.3% growth in rentals**

There's not yet a hard count of 2023 visitors to the Matanuska-Susitna Borough, but bed tax data tells the story: Room nights for short-term rentals (like Bed and Breakfast units) were up 27.3 percent from July 2022 to July 2023 compared with the prior 12-month period. Hotel/motel room price per night averaged \$240 per night over the 12 months compared with a \$214 per night average for the prior 12 months. In July, 2023, rooms averaged \$263 per night. The data is from the Mat-Su Convention and Visitors Bureau.

Economy: Oil and gas employment, spending

McKinley Research: The numbers in 2022

The Alaska Oil and Gas Association released updated economic information on the industry's employment and spending impact in Alaska at the association's annual meeting Aug. 30. The study, by McKinley Research, covered activity in 2022. The most recent prior survey was in 2020 and covered activity in 2018. Here are some key findings for 2022:

- Direct employment by producers and major contractors on industry support: *4,105* were employed, 83 percent of them Alaska residents, earning *\$1.1 billion* in wages. In 2018, producers and support companies employed 4,111 (84% of total) and earned \$983 million in wages

- Spending with vendors totalled *\$4.6 billion* to about 1,000 support companies and suppliers. In 2018, *\$4.4 billion* was spent with about 1,000 vendors

- *\$4.5 billion* was paid to the state and local governments; *\$4.1 billion* was in taxes and royalties to state government; *\$449 million* was in property taxes paid to local governments

Substantial additions came from multiplier effects of industry spending and the direct and indirect impacts of government spending of oil revenue:

- With multiplier: Direct payroll and spending by companies:

36,200 jobs; \$3.3 billion in payroll in 2022

- Direct and indirect employment and spending created through revenues to state and municipal governments in 2022:

33,250 jobs; \$2.6 billion in payroll

Totals: 69,250 jobs (16% of all Alaska jobs) in 2022; \$5.9 billion in payroll (17% of all Alaska wages). Note: In the prior (2020) report the total was 77,600 jobs and \$4.8 billion in payroll in 2018

By region, in 2022:	Jobs	Payroll
• Anchorage:	20,047	\$1.73 billion
• Fairbanks	2,518	\$183.5 million
• Kenai Peninsula	2,362	\$227 million
• Mat-Su	1,448	\$ 89.3 million
• Valdez	598	\$ 74.2 million
• All other	3,401	\$226.1 million
• North Slope*	5,826	\$728.7 million

* Some double-counting here. These are jobs located on the North Slope but many workers live in other communities and are also counted there. However, some counted on the slope live in the region, and are not duplicated. Out-of-state workers are included in the North Slope count, also.

Economy: Air cargo; rents rise; grocery merger

Construction finally under way on \$200 million air cargo facility at Anchorage's airport

It has been long planned, but construction is finally underway at a \$200 million new air cargo facility at Ted Stevens International Airport in Anchorage. The NorthLink Aviation project involves 90,000 square feet of warehouse space for storing and transferring freight and 15 new "hardstands" for the parking of cargo aircraft. The aircraft parking stands will be in operation in October 2024 and the warehouse is to be operational a year later, in October 2025. Cold storage will also be offered in the warehouse. NorthLink says it has signed long-term contracts with air cargo operators to use its facilities and is discussing other services to broaden its business base. One plan under discussion with U.S. Customs is to allow shippers to clear freight in Anchorage rather than in the Lower 48, the destination of U.S.-bound flights from Asia. This would save time for shippers. The company acknowledged that the Alaska Permanent Fund is one of the investors in the project but did not say how much was invested.

There are two other cargo-related expansion projects at Anchorage's airport. One is a project by Federal Express for a regional freight sorting facility that would free up space in its international sorting center. The other is another cold storage and cargo transfer project, Alaska Cargo and Cold Storage.

\$11 million new mental health emergency clinic in Anchorage

Providence Alaska has started construction on a \$11 million crisis stabilization facility, a walk-in clinic for behavioral health and substance abuse emergencies. Funding is being provided by the state, the Alaska Mental Health Trust Authority and the Municipality of Anchorage. The state has long experienced a shortage of capabilities for dealing with mental and behavioral health emergencies, leading to excessive reliance on emergency rooms and sometimes lodging people in jails.

State DNR drafting regulations for new carbon offset sales in forest lands

The state Department of Natural Resources, or DNR, has started drafting regulations for the new forest carbon credit offset program after an initial scoping review and expects to have draft rules later this year, agency officials told us. Given requirements for state attorneys' review the final regulations should be published in the first part of 2024, officials said. A manager is also now designated to manage the program within the agency. The Legislature authorized carbon offsets to be sold on forests on state lands in its 2023 session. How the program will work is still under review but will likely involve sales of credits in state forests but may also allow individuals to lease state lands or commit private lands for carbon credit sales under the state program. Revenues to the state are likely to be modest, officials said, but should at least cover expenses of the program and help pay for forest restoration and improvement.

Rents across Alaska rose an average of 7 percent for two-bedroom apartments, the most common

Rents rise across the state, in line with inflation

type of rental. It was the largest increase since 2011 but was in line with inflation as building owners grappled with higher utility and maintenance costs. Increases varied by community, with Fairbanks and the Mat-Su Borough seeing 9 percent increases; 7 percent in the Kenai Borough; 5 percent in Anchorage and 4 percent in Juneau. Over the last 12 years rents have increased at an annual average of 2 percent. The data is from an annual March survey of rentals by the Alaska Department of Labor and Workforce Development. The department published the data in September.

Local factors influenced some of the upward pressure. In Fairbanks, newly arrived military families connected with new fighter squadrons at Eielson Air Force Base led to a surge in demand for rentals. The Air Force had adopted a policy of no new on-base housing, asking families to live in nearby communities. Rents in rural communities were high, up to \$1,600 a month in Bethel for a two-bedroom unit. In Kotzebue, rents are reported at \$1,800 a month for a one-bedroom unit.

Data: Wages, personal income, home prices rise in first quarter

Wages in Alaska grew 12.9 percent in the first quarter of 2023, on average, compared with 9.6 percent nationally, the state labor department reported. Personal income was up 6.9 percent for the first quarter of the year, home prices grew 6 percent for the same period while jobs were up 1 percent for the month of July.

Grocery merger raises concerns for protection of union contracts, supply chain in Alaska

The proposed nation-wide merger between grocery giants Kroger, which owns Fred Meyer stores in Alaska, and Albertsons, which owns Carrs-Safeway stores, is drawing close attention from political leaders and organized labor. If the Federal Trade Commission approves the merger, which retail analysts say is likely, Kroger and Albertsons say they plan to sell 14 Carrs-Safeway stores in Alaska to gain FTC approval. A proposed buyer is C&S Wholesale Grocers, based in New Hampshire, which operates grocery warehouses in many states and limited retail outlets, mainly Piggly Wiggly and Grand Union stores in the U.S. Midwest and Carolinas. Since Carrs/Safeway and Fred Meyer stores operate in close proximity in many parts of the states, mainly larger cities, it is expected that Carrs stores near Fred Meyer outlets would be sold to C&S. There are now 11 Fred Meyer, 12 Safeway and 11 Carrs grocery stores in the state, giving a combined Kroger-Albertsons entity 34 outlets. If the 14 Carrs/Safeway store are sold there would be 20. Albertsons and Kroger, and C&S as a proposed buyer, say they will honor existing union contracts, but post-merger there are no guarantees of that. Also, there are questions on whether new players would maintain food warehouses or operate a just-in-time type supply chain. This could make major population areas more vulnerable to supply disruptions in a system already dependent on one marine operator – TOTE – and one port in Anchorage.

Petroleum:**ANWR lease cancellations**

In a move long anticipated, Interior Secretary Deb Haaland canceled seven remaining federal oil and gas leases in the Arctic National Wildlife Refuge. The state of Alaska agency that owns the leases, the Alaska Industrial Development and Export Authority, or AIDEA, is now preparing a lawsuit to challenge the action. AIDEA will argue that Haaland has no authority to cancel the leases, which were authorized by Congress in legislation passed in 2019. Two small independents that acquired leases in the same lease sale have since relinquished the tracts back to the government.

Tests of central slope discoveries

Australia-based 88 Energy signed a rig contract with All American Oilfield for the use of the company's Rig-111 to flow test the Hickory-1 discovery on the Alaskan North Slope. The well is south of the Prudhoe Bay field and near the Dalton Highway. Testing will begin when cold weather sets in later this year. Pantheon Resources, based in the U.K., will also be doing further evaluations this fall on its discoveries in the same area.

Hilcorp adds gas for Cook Inlet

Hilcorp Energy continues to add incremental new natural gas resources in Cook Inlet. The latest is that new gas production will begin this fall from an \$8 million well drilled last spring into the North Trading Bay Unit from the nearby Monopod platform in the Inlet. This will provide fuel for Monopod operations and eliminate the need to transport gas from Steelhead, another platform, to provide fuel. That, in turn, will make more gas from Steelhead available for sale to regional utilities.

Milne Point production is doubled

Hilcorp achieved 40,000 barrels per day in monthly average production at the Milne Point field in June, according to *Petroleum News*. Hilcorp took over Milne Point from BP in 2015 and has been on an aggressive development program to more than double the field production.

Energy:**DOE renewable energy study**

A new study of renewable energy prospects in the "railbelt" southcentral-Interior Alaska regions will not be available to the public now until December. It was to be available in September. However, officials with the U.S. Department of Energy's National Renewable Energy Laboratory, or NREL, did present some preliminary findings to a Chugach Electric Association board meeting last week, saying that achieving 80 percent of "railbelt" electric needs by 2040 is achievable without major cost increases to consumers. This could reduce the need of imported liquefied natural gas, or LNG, to offset declining natural gas production in Cook Inlet.

NREL's study will be a factor in a looming fight in the Legislature next spring over bills to set mandatory benchmarks for electric utilities to supply power needs from new wind, solar and hydro by certain dates.

Private Mat-Su solar is subsidized

The new 8.5 Megawatt solar project in the Mat-Su, north of Anchorage, is now operating and is being lauded for delivering power at just under the price of natural gas. However, the project is benefiting from subsidies, which clouds the argument that solar is now cheap. The Mat-Su borough donated land for the project and the city of Houston gave tax breaks. Federal renewable energy tax benefits also helped.

Minerals:**Bering Straits invests in mine**

Bering Straits Native Corp. of Nome, or BSNC, will invest \$2 million in the Graphite One project 35 miles north of Nome, the corporation's board decided Aug. 28. The agreement also provides an option for BSNC to invest another \$8 million in the project. In July, the U.S. Department of Defense announced a \$37.5 million grant to fund a feasibility study, to be matched by the same amount from Graphite One. BSNC's \$2 million will aid in the feasibility study and other pre-development work.

Manh Choh under construction

Kinross Gold officially has its new Manh Choh mine under construction at Tetlin, east of Delta in Interior Alaska. About 100 people attended a ribbon-cutting ceremony at the mine. Trucking of ore to the mill at the Fort Knox Mine, near Fairbanks, begins late this year and will ramp up in 2024. Mine construction will result in a \$75 million payroll and \$600 million in production payroll over the four and a half year life of the project. The trucking will involve 60 round trips per day on 245 miles of the Alaska and Richardson Highways.

BLM decision on Ambler road

The U.S. Bureau of Land Management will release its new Draft Supplemental Environmental Impact Statement, or DSEIS, on the 211-mile Ambler minerals access road Sept. 27, according to sources. State and federal agencies participating with BLM, including the state, now have the document, though it is still confidential. *We're told BLM will propose no route changes for the road but will make a number of recommendations.*

Alaska Economic Report No. 14/2023

Seafood:**Russia flooding salmon markets**

Some seafood processors halted salmon buying the week ending Sept. 2 due to poor market conditions, the Alaska Seafood Marketing Institute, or ASMI, said in its weekly harvest report. Russia is flooding the pink salmon market with a harvest of 472,000 metric tons, more than twice the Alaska catch of 200,000 metric tons. This year is Russia's largest pink salmon catch since 2018. Alaska's catch of pinks is basically flat compared with 2021, the previous high year in the two-year cycles for pink salmon. Coho (silver) and Chinook (king) salmon harvests are below projections, at 52 percent for coho and 75 percent for Chinook.

The total salmon harvest for the year is up, however. Through early September, 215.7 million fish were caught compared with the estimate, for that date, of 189.6 million. McKinley Research does the harvest report for ASMI.

Smaller Bristol Bay catch in 2024

The University of Washington's Fisheries Research Institute has released its forecast for the 2024 Bristol Bay sockeye fishery. It predicts a catch of 26.4 million fish, about a third smaller than that of 2023.

Regulatory:**Wetlands rules are unclear**

The U.S. Environmental Protection Agency enacted rules on wetlands regulation in accord with the new U.S. Supreme Court *Sackett* decision but many aspects are still unclear. Developers will still have to make a determination on whether wetlands are connected in their project areas.

Fairbanks:

Local economy stable, in slow-growth mode; energy costs a serious problem

Fairbanks' economy appears stable. Job growth of 1.1 percent is forecast for this year by the State Department of Labor and Workforce Development, and while this is lower than other regions (in Anchorage, 1.6% growth is expected and 2.5% for Southeast Alaska). However, Fairbanks did not lose as many jobs during the pandemic years compared with those communities. Fairbanks is less dependent on tourism and enjoys the stability of its military bases and the University of Alaska Fairbanks with its federally-supported research. There's also a robust tourist season this year, and while the military personnel associated with the new F-35 fighters at Eielson Air Force Base have now arrived with families, four KC-135 motre tankers are being added at Eielson (one is already there) bringing more personnel.

Fairbanks' challenges, however, are the tight local housing and rising costs (an issue across the state and nation), and continued out-migration of working-age adults, also a statewide problem. That translates to declining school enrollment (down 7.3 percent from pre-pandemic levels) and reduced state aid to local schools. The biggest issue is heating costs, however, and this could get worse.

Fairbanks has a continuing energy and air pollution problem

Fairbanks has a continuing air pollution problem during winter cold periods created mainly by pollutants from wood stoves. The Fairbanks North Star Borough, the state and the U.S. Environmental Protection Agency have been grappling with this for years and it's complex problem. Currently, EPA may reject a plan to deal with the problem developed by the state and borough. EPA is considering ordering the use of Ultra-Low Sulfur, or ULS, diesel in place of the No. 1 heating oil now used in the community. ULS diesel is about \$1 a gallon more expensive than No. 1 heating oil, so the impact on building and home heating costs could be substantial.

EPA could order new pollution control equipment on power plants

In addition, EPA may order new pollution control equipment to be installed on coal-fired power plants on local bases, the costs of which the military would have to absorb. But the new equipment may be uneconomic to install on the privately-owned, and aged, downtown Fairbanks coal plant. This supplies steam heat to buildings in the downtown core business area. If this plant cannot operate and supply the heat it's a huge issue for the community. EPA is sympathetic to these problems but the agency's only regulatory tools involve emissions controls from point sources like power plants, or fuel used. The agency is not set up to deal with several thousand home wood stoves. Ironically, a solution that creates higher costs like mandating ULS diesel for home heating will drive more people to wood stoves, worsening the problem. *Bringing more natural gas to the community could be a solution (liquefied natural gas is now trucked in) but the costs and extent of a local gas distribution system are big unknowns. There are now plans to truck LNG from the North Slope (more on this in our next report).*

ASSOCIATED GENERAL CONTRACTORS of ALASKA
Anchorage, Alaska

September 14, 2023

Hon. Bruce Westerman, Chairman
U.S. House Committee on Natural Resources
1324 Longworth House Office Building
Washington, DC 20515

Re: Proposed NPR-A and ANWR Lease Cancellations

Dear Chair Westerman:

On behalf of the Associated General Contractors (AGC) of Alaska, I write to express our appreciation for the upcoming hearing scheduled on September 19th with the House Committee on Natural Resources. This hearing is of utmost importance to us as it pertains to the Arctic National Wildlife Refuge (ANWR) and the National Petroleum Reserve-Alaska (NPR-A), areas that have a significant impact on our industry and the state of Alaska as a whole.

AGC of Alaska is the construction industry's largest professional trade association, representing over 620 Alaskan contractors, specialty contractors, suppliers, manufacturers, and businesses in Alaska. AGC members abide by the best practices in the industry and take pride in their work to support vital infrastructure and connect Alaska. At AGC, we don't represent any specific resource industry. We instead advocate for a healthy economy, responsible environmental/developmental partnerships, and proper, legal, and well-established permitting and review process.

The Arctic National Wildlife Refuge (ANWR) and the National Petroleum Reserve-Alaska (NPR-A) are invaluable assets to Alaska and the United States as a whole. These regions are not only rich in natural beauty but also harbor vast energy resources that play a vital role in powering our nation. The responsible development of these resources is essential for our energy security, economic prosperity, and job creation.

With that said, we are deeply concerned by recent actions taken by the Department of the Interior that disregard federal law and regulations. The recent decision to unilaterally throw out oil and gas leases in a small portion of the Arctic National Wildlife Refuge (ANWR) sets a dangerous precedent by undoing legally obtained leases, and sending a clear message that investment in the United States can be undermined at any moment.

Alaska's construction industry is dedicated to sustainable growth and responsible development. We recognize the need to harness our state's abundant natural resources to drive economic prosperity, while also acknowledging the importance of preserving our pristine environment for future generations. We trust that our Congressional Delegation, in collaboration with the House Committee on Natural Resources, will engage in a comprehensive and thoughtful discussion to explore solutions that consider both industry interests and environmental stewardship.

We appreciate the House Committee on Natural Resources for providing this opportunity for stakeholders like us to have our voices heard and to ensure that any decisions regarding ANWR and NPR-A are made responsibly and in accordance with the law.

Sincerely,

ALICIA AMBERG

THE ALLIANCE
Anchorage, Alaska

September 14, 2023

Hon. Bruce Westerman, Chairman
U.S. House Committee on Natural Resources
1324 Longworth House Office Building
Washington, DC 20515

Representative Westerman and Members of the House Natural Resources Committee:

Please accept the following comments from the Alaska Support Industry Alliance (the Alliance) on behalf of their 500 member companies who work in Alaska and employ 35,000 Alaskans.

The Alliance is a 44-year-old trade association representing the companies that provide support to oil, gas, and mining operations in the state of Alaska.

It is impossible for them to live, work and play in Alaska if they cannot work due to the continued attack on oil and gas.

The recent actions taken by the Biden Administration regarding leases in ANWR and the NPRA, another battle in the administrations war on oil and gas, will hurt Alaskans and Americans.

- Oil prices are holding around \$90 a barrel and gasoline prices are nearing \$4 a gallon in the lower 48 and are near \$5 a gallon in Alaska due to President Biden's anti-oil and gas policies.
- It is estimated that the United States has NOT produced between 1.2 million and 3.5 million more barrels of oil of since Biden came into office because he reversed the previous administration's pro-oil and gas drilling policies. Saudis and the Russians.
- Biden and the Democrats in Congress have done everything they can to hurt the productivity of the U.S. oil and gas industry. Biden has signed close to 60 executive orders just targeting Alaska, with the most recent being the revoking of leases in the Arctic National Wildlife Refuge and proposing to place more prime oil and gas lands off-limits for drilling in the National Petroleum Reserve-Alaska.
- The value of the oil production lost due to this war on American energy and the reduced drilling ranges from \$104 billion to \$396 billion—so far.
- We concur with a recent statement from IER that "Biden is re-engineering the entire energy system in the United States under color of climate, and though the results are barely in, it is failing on many fronts. American consumers, their national security and quality of life may very well be the victims of his relentless attacks on affordable and reliable American energy."

Please do whatever you can to stop these actions.

Thank you for your consideration.

REBECCA LOGAN,
CEO

ALASKA MINERS ASSOCIATION (AMA)
Anchorage, Alaska

September 18, 2023

Hon. Bruce Westerman, Chairman
U.S. House Committee on Natural Resources
1324 Longworth House Office Building
Washington, DC 20515

Dear Representative Westerman and Members of the House Natural Resources Committee:

The Alaska Miners Association (AMA) writes regarding the recent actions taken by the Biden administration regarding leases on the Coastal Plain in the Arctic National Wildlife Refuge (ANWR) and the National Petroleum Reserve—Alaska (NPR-A), another battle in the administration's war on extractive industries critical to Alaskans and Americans.

AMA is a professional membership trade organization established in 1939 to represent the mining industry in Alaska. We are composed of more than 1,400 members that come from eight statewide branches: Anchorage, Denali, Fairbanks, Haines, Juneau, Kenai, Ketchikan/Prince of Wales, and Nome. Our members include individual prospectors, geologists, engineers, suction dredge miners, small family mines, junior mining companies, and major mining companies, Alaska Native Corporations, and the contracting sector that supports Alaska's mining industry.

While AMA represents members of Alaska's mining industry, we know full well the value of a robust oil and gas industry and the benefits it provides to our nation. For many years, AMA has been on record supporting development of the "1002" area of the ANWR Coastal Plain, as it is considered to be one of the highest potential conventional oil and gas discoveries in our nation.

Exploration in ANWR was authorized in law and the Environmental Impact Statement (EIS) process was followed diligently by our regulatory agencies in 2019. The Final EIS was found to be consistent with the environment, conservation of habitat and protection of subsistence and wildlife resources. In 2021, the Bureau of Land Management moved to develop a supplemental EIS, signaling a shift in the regulatory management and defying the law in which activity in ANWR was authorized. Nevertheless, we commented on the DEIS to remark on a wide range of alternatives that contained mitigation measures and practices to minimize disturbance, resulting in limitations to a less than 2,000 acre production and support facility.

Unfortunately, earlier this month the Biden Administration moved to unilaterally throw out the leases in ANWR. As we said in multi industry statement, this action sets a dangerous precedent by undoing legally obtained leases, and sends a clear message that investment in the United States can be undermined at any moment. Such extreme actions will have many businesses and industries asking, "who's next?" And unfortunately, with multiple lease cancellations, land withdrawals, remnants of final records of decisions, and other reversals of agreements, the mining industry finds itself saying "we've been there."

The Biden administration's decisions against extractive industries strike at the heart of the business community's worst fears. When legally obtained contracts are abruptly terminated for political reasons such as the case of ANWR, it destroys the fundamental principles of fairness and predictability essential for a functioning, not to mention healthy and growing, economy.

Regaining energy and mineral independence for the United States remains an ambitious yet achievable goal, but moves like this make it next to impossible. By locking away vast resources within our own borders, we unnecessarily handicap our nation's ability to meet its needs while simultaneously slowing an already drowsy national economy. The decisions kill investment in Alaska and the rest of the country. It is possible to pursue economic growth, energy and mineral independence, and environmental stewardship in a manner that benefits Alaskans and the entire nation.

Thank you for holding the “Examining the Biden Administration’s Mismanagement of the Federal Onshore Oil and Gas Program” hearing before your committee, and we appreciate your efforts in ensuring a fair, predictable regulatory climate to strengthen our nation AND the environment, at the same time.

Sincerely,

DEANTHA SKIBINSKI,
Executive Director

RESOURCE DEVELOPMENT COUNCIL
Anchorage, Alaska

September 15, 2023

Hon. Bruce Westerman, Chairman
U.S. House Committee on Natural Resources
1324 Longworth House Office Building
Washington, DC 20515

Re: Proposed NPR-A and ANWR Lease Cancellations

Dear Chair Westerman:

On behalf of the Resource Development Council for Alaska (RDC), please accept this letter for the record for the upcoming hearing on September 19, 2023: “Examining the Biden Administration’s Mismanagement of the Federal Onshore Oil and Gas Program.” For the following reasons, RDC supports taking every step necessary to reverse the recent actions by the Biden Administration proposing to cancel all remaining leases in the 1002 Area of the Arctic National Wildlife Refuge (ANWR) and limiting future lease sales for oil and gas development in the National Petroleum Reserve in Alaska (NPR-A) under the misleadingly named proposed rule for the “Management and Protection of the National Petroleum Reserve in Alaska” (hereafter the proposed rule). See, 88 Fed. Reg. 62025

As an initial matter, let me introduce you to the RDC. The RDC is an Alaskan statewide business association comprised of individuals and companies from Alaska’s fishing, tourism, forestry, mining, and oil and gas industries. RDC’s membership proudly includes all 12 Alaska Native regional corporations formed under the Alaska Native Claims Settlement Act of 1971 (ANCSA), local governments and communities, organized and non-organized labor, industry support firms, nonprofit organizations, and much, much more. Since 1975, RDC’s mission has been to grow Alaska through the responsible development of our natural resources. Our purpose in driving this mission is to encourage a strong, diversified private sector in Alaska and expand the state’s economic base. With more than 700 members, our members support nearly every job in every sector of our state economy.

RDC strongly condemns the Administration’s recent announcement from the Department of Interior to cancel current and future oil and gas leases in the ANWR. This ill-advised and, in our opinion, illegal decision not only undermines Alaska’s economic prospects but guarantees even more energy production will move overseas. The Biden Administration claims to be committed to a clean energy future, yet they have taken the inexplicable step of locking up one of the safest, most environmentally careful locations in the world for responsible development. Alaska is proud of the environmental, safety, and labor record for its oil and gas industry on Alaska’s North Slope (ANS). For decades, development of this resource has been balanced with Indigenous and subsistence lifestyles. Many communities, including Indigenous Alaska Native and tribal villages, located within ANS support oil and gas development. The discovery of oil on ANS has been transformational to the quality of life in this region as a source of revenue generation for those living in some of the harshest living environments in the world. By shutting the door on this opportunity, the Administration is doing a disservice not only to the environment but also the American people, including Alaskans and Alaska Native peoples and their communities.

These actions are the latest in a string of broken promises to Alaska. Sadly, it is a trend that Alaskans have come to expect from the federal government. Time and again, we have been assured that our voices and concerns will be heard, and our right to economic self-determination protected. However, this Administration

continues to lock up our lands and stifle our potential for growth and prosperity while simultaneously increasing the U.S.'s reliance on foreign oil during a time of painfully high energy costs.

This move also sends a chilling message to potential investors and industry stakeholders. It creates an atmosphere of chaos, where laws and decisions made today may be arbitrarily thrown out tomorrow depending on who wins elections. This uncertainty discourages investment in Alaska's energy sector and results in an investment climate where capital is sidelined. Such continual upheaval jeopardizes jobs and economic growth and hinders the United States' path to energy security.

Ironically, as the Administration locks up domestic energy resources, it forces even greater reliance on energy imports from countries that lack our robust environmental standards and actively oppose U.S. interests. This is a dangerous and counterproductive move that not only jeopardizes our national security but also undermines the Administration's professed commitment to addressing climate change on a global scale. Just a few weeks ago, China and Russia sent warships to cruise off the coast of Alaska. Now is not the time to further weaken our ability to produce domestic energy, which allows the U.S. to better defend itself.

Furthermore, these actions go against federal law. In 1923, Congress specifically set aside and designated the NPR-A, an area larger than the state of Maine, to ensure American energy independence. The 23 million acre reserve was specifically set aside nearly a century ago for its petroleum value. The U.S. Geological Survey estimates the reserve could hold as much as 9 billion barrels of oil. Given the vast resources estimated to be in the NPR-A, future production from Willow and other fields in the NPR-A could reverse recent declines in throughput in the Trans-Alaska Pipeline System (TAPS), maintaining its viability for decades to come. The proposed rule seeks to prevent use of the NPR-A for the exact purpose for which Congress established it. Similarly, the Administration's efforts to cancel leases in the 1002 Area are also in contravention of Congress's clear directive passed under Title II of the Tax Cuts and Jobs Act of 2017 (PL 115-97).

RDC believes it is possible to meet the nation's energy needs, protect the environment, and foster economic growth in Alaska, all while reducing energy reliance from countries that do not share our values or interests. We believe this because our record proves it to be true. Thank you for your oversight of the Biden Administration's recent actions which threaten Alaska's economy and undermine efforts to ensure our energy independence and national security.

Resourcefully,

LEILA KIMBRELL,
Executive Director

ALASKA CHAMBER
Anchorage, Alaska

September 15, 2023

Hon. Bruce Westerman, Chairman
U.S. House Committee on Natural Resources
1324 Longworth House Office Building
Washington, DC 20515

Dear Chair Westerman:

The Alaska business community is deeply disturbed by the recent decision of the Department of Interior to unilaterally throw out oil and gas leases in a small portion of the Arctic National Wildlife Refuge (ANWR). This action sets a dangerous precedent by undoing legally obtained leases, and sending a clear message that investment in the United States can be undermined at any moment. Such extreme actions will have many businesses and industries asking, "who's next?"

The Alaska Chamber was founded in 1953, and our mission is to advocate for a healthy business environment in Alaska. The Chamber has more than 700 members and represents businesses of all sizes and industries from across the state.

The Alaska Chamber's top federal priority for years has been to support oil and gas exploration and development in Alaska's federal areas and to encourage and support responsible development of these valuable resources. Our reason for prioritizing this issue is simple: developing the 1002 area of the Arctic National Wildlife Refuge (ANWR) and continued access in the National Petroleum Reserve Alaska (NPR) would provide incredible opportunity for all Alaskans, especially economic opportunities.

The Biden administration's decision strikes at the heart of the business community's worst fears. When legally obtained contracts are abruptly terminated, for political reasons, it destroys the fundamental principles of fairness and predictability essential for a functioning, not to mention healthy and growing, economy.

Regaining energy independence for the United States remains an ambitious yet achievable goal but moves like this make it next to impossible. Cancelling oil and gas leases in ANWR erases our progress toward energy security and self-reliance. By locking away vast energy resources within our own borders, we unnecessarily handicap our nation's ability to meet its energy needs while simultaneously slowing an already drowsy national economy. This decision also kills investment in Alaska. When rules are subject to political pandering before a major election, uncertainty reins. Stable and predictable regulatory environments are mandatory to attract the investment needed to develop our natural resources and drive economic growth. This is true whether one sells oil, microchips, or solar panels; the federal government must set policy that follows the law. To do otherwise creates a "wild west" environment where rules shift depending on who is elected to office. Actions like this are reminiscent of third-world dictatorships and should frighten every American.

ANWR has incredible potential for oil and gas, more than 10 billion barrels by some government estimates. For reference, The Trans Alaska Pipeline has moved just more than 18 billion barrels of oil since start up more than 45 years ago, so the resource potential in ANWR is truly incredible. A project the size and scope of ANWR would create thousands of high-paying jobs for Alaskans. In addition, with the Point Thomson development fully operational just to the west of ANWR, the 1002 area is closer than ever to existing infrastructure and could feed into TAPS with a much smaller footprint than in years past.

It is possible to pursue economic growth, energy independence, and environmental stewardship in a manner that benefits Alaskans and the entire nation. We have done it in Alaska for more than forty years.

The Chamber urges the administration to recognize the importance of stability and consistency in business relationships, the critical role of domestic energy production in achieving energy independence, and the significance of fostering a business-friendly environment in Alaska and the U.S.

Thank you for considering the Alaska Chamber's comments on this very important issue.

Sincerely,

KATI CAPOZZI,
President and CEO

September 19, 2023

Hon. Bruce Westerman, Chairman
U.S. House Committee on Natural Resources
1324 Longworth House Office Building
Washington, DC 20515

Dear Chair Westerman:

We, the Native Village of Kaktovik, Kaktovik Iñupiat Corporation, and the City of Kaktovik, are writing to you under a single letter to represent our community of Kaktovik, Alaska and to show a united front on issues related to the Coastal Plain of the Arctic National Wildlife Refuge (“ANWR”). We are outraged by Secretary Haaland’s (“Secretary”) unilateral decision to cancel the leases that were held by the Alaska Industrial Development Export Authority (AIDEA) without governmental consultation with the Native Village of Kaktovik (“NVK”) our federally recognized tribe. Our community is the only Alaska Native Village inside the boundaries of ANWR and the Coastal Plain represents our well-documented and undisputed homelands. How can the Secretary of Interior make a decision that has such an economic impact on our community of Kaktovik without any formal Tribal Consultation through our sovereign relationship with the federal government?

This is not the first time, nor do we expect it to be the last time, that this Secretary refuses to acknowledge us. When Secretary Haaland was Representative Haaland she told our leaders in 2019 in a hearing before this committee on H.R. 1146 “Arctic Cultural and Coastal Plain Protection Act” that our testimony against this Act was not credible. As, Iñupiaq, we have a long memory, and even though this wasn’t that long ago her work in this Administration has not been one of Strengthening Nation-to-Nation Relationships with Tribes, certainly not with ALL tribes, our experiences are that if you are on the other side of her position, which we have been by supporting oil and gas within the Coastal Plain, then you are ignored—which the recent decision clearly demonstrates. This is also clearly demonstrated in the newly released Coastal Plain Oil and Gas Leasing Program Supplemental Environmental Impact Statement (“CP SEIS”).

We are also disturbed that Deputy Secretary Beaudreau, in his September 18, 2023, interview with the Anchorage Daily News seems to represent that he knows ANWR and the Coastal Plain better than we do, yet to our knowledge he has never visited our village, or he would understand the hardships we have trying to develop a local sustainable economy while locked inside an national refuge. This again speaks to the tone-deaf nature of this Department of Interior (“DOI”) to all tribal governments. The Kaktovikmiut were forced, against our will, into a refuge under the 1980 Alaska National Interest Lands Conservation Act (“ANILCA”). Yet ANILCA was to provide us with means for economic development that we are still fighting for over 40 years later. One of those opportunities was under Sections 1002 and 1003. These two sections have remained our hope for the last 40 years, to have an opportunity to build our economy through oil and gas—we were very active in 2018 in fighting for the Tax Cuts and Jobs Act for the very shortly written section called Section 20001. Unlike many inside the current DOI we think the language in this section is very clear. Unlike Mr. Beaudreau we do not think the original language in the 2020 Coastal Plain Oil and Gas Leasing Program Final Environmental Leasing Program (“FEIS”) has “serious legal deficiencies”. It appears to our three entities that the DOI is using this argument as a facade to eliminate the very act of Congress that Secretary Haaland voted against. NVK stands behind the findings and decision of the FEIS and have been burdened unnecessarily by having to go through this process again when its clear that our voices are being muted and ignored—because we are inconvenient voice standing up for ourselves.

Believe it or not we are the only community that is directly affected by this decision. The argument for leasing is frequently tied to the Porcupine Caribou Herd (“PCH”) calving areas—we are also dependent on the PCH and do not want to have a negative impact on them. That’s why we agreed with the last Administration to drop most that the area that PCH may use at some point in the future. We say ‘may’ because the PCH do not calve in the same area’s year-to-year, and in fact have been calving outside the 1002 Area, to the east along the border with Canada. We know this as the local Indigenous people, and the biologists also know this.

We will say that this area is sacred to us as a people, it's the land that our forefathers have walked for thousands of years, it's the land that our children are born on, it's the land that, we the Iñupiat are buried on. When is this debate going to be about us, as the Indigenous people of this area? The 1971 Alaska Native Claims Settlement Act ("ANSCA") promised us economic freedoms as a people, the 1980 ANILCA promised us economic opportunities and here we are still living with the broken promises because the various Administrations that oversee these Acts have not implemented them in a many that was intended by Congress.

Thank you for your time on our behalf. We hope we are being heard because otherwise we are being erased from our own homelands and the landscape that we have inhabited as Iñupiat for thousands of years.

Sincerely,

Edward Rexford, Sr
President
Native Village of Kaktovik

Charles Lampe
President
Kaktovik Iñupiat Corporation

Annie Tikluk
Mayor
City of Kaktovik

VOICE OF THE ARCTIC IÑUPIAT

September 29, 2023

Hon. Pete Stauber, Chairman
 U.S. House Committee on Natural Resources
 Subcommittee on Energy and Mineral Resources
 1324 Longworth House Office Building
 Washington, DC 20515

Dear Chair Stauber:

I write to you today to follow up on our discussions last week and respond to your request to hear directly from the communities impacted by the administration's recent decision to restrict 13 million acres of the National Petroleum Reserve in Alaska (NPR-A) and rescind seven oil and gas leases in the Arctic National Wildlife Refuge (ANWR).

Attached please find letters from Iñupiaq tribal leadership in communities in the affected areas, which outline the administration's lack of consultation and misrepresentation of how the NPR-A and ANWR announcements would affect the fabric of our North Slope communities.

As you know, half of the North Slope Borough's communities are located within the NPR-A, and they are the only communities located within NPR-A. Two others, Point Lay and Anaktuvuk Pass, use the NPR-A for subsistence purposes. Six of our eight communities, spread over an area the size of your state of Minnesota, are directly impacted by the unilateral decision within NPR-A. And the Iñupiaq village of Kaktovik is the sole community located within ANWR and the 1002 Area. Yet officials in Washington neither respected these villages' connection to the land nor consulted with their residents.

This is not an isolated incident, and our relationship with Washington has been lopsided, at best. Worse yet, the administration seems disinterested in correcting its approach to communicating and consulting with our people, as illustrated by the U.S. Bureau of Land Management's and U.S. Fish and Wildlife Service's decision to hastily convene a "public meeting" this week in the midst of our critical fall subsistence activities. This is no way to treat Alaska Native communities.

We were grateful for your invitation to testify before the Subcommittee on Energy and Mineral Resources and to brief additional U.S. Representatives about Washington's historically inconsistent policy approach to our people. You will also recall from my testimony and the briefing that the North Slope Borough's tax structure benefits all eight communities, therefore the restrictions with NPR-A and cancelation of leases within ANWR both indirectly and directly affect all eight of our communities. This opportunity is why my organization was created: To speak with a unified voice on issues impacting the North Slope Iñupiat, our communities, our economy, and our culture.

Quyanaqpak for listening to our collective voice on this issue and for your words championing our people: "As long as I am privileged to be chair of this committee your community will be represented." We look forward to engaging you and your subcommittee again in the near future.

Sincerely,

NAGRUK HARCHAREK,
President

ATTACHMENTS

IÑUPIAT COMMUNITY of the ARCTIC SLOPE
an IRA Regional Tribal Government
P.O Box 934, Barrow, Alaska 99723 Ph: (907)852-4227 or
1(888)788-4227 Fax: (907)852-4246



September 29, 2023

Mr. Peter Stauber
Chairman
U.S. House Natural Resources Subcommittee on Energy and Mineral Resources
Longworth House Office Building
15 Independence Avenue SE
Washington, DC 20515

Dear Mr. Chairman:

We write to you today on behalf of the Iñupiat Community of the Arctic Slope (ICAS), the federally recognized regional tribal government of the North Slope of Alaska, regarding the administration's recent decision to restrict 13 million acres of the National Petroleum Reserve in Alaska (NPR-A) and rescind seven oil and gas leases in the Arctic National Wildlife Refuge (ANWR). **This decision was made by the administration without consulting or communicating with our communities within the affected areas.**

Located on Alaska's North Slope, ICAS encompasses all four Alaska Native villages located within the NPR-A and Kaktovik, the only community located within ANWR and the Coastal Plain 1002 Area. The North Slope Iñupiat have lived on and stewarded these lands since time immemorial, well before Washington took interest in them 100 years ago. **We are as much a part of the land as its wildlife and natural resources.**

Yet Washington, despite claiming its desire in policy memorandums and its own consultation policies and presidential memoranda neither respected our connection to the land nor consulted with us about the impact of their decision on our community. **We were blindsided by Washington's actions and learned of them through the press, rather than the administration itself.**

This is not an isolated incident. Our relationship with Washington has been tumultuous, one-sided, and inconsistent. **During policy discussions impacting our homelands, Washington has repeatedly chosen not to consult with the Iñupiat about the impact of its policies or consider the possibility of co-management of our homelands.**


This is no way to treat Alaska Native communities. If the administration seeks to support and partner with us, as it suggested in these and previous announcements about tribal participation in U.S. policy discussions, then it must **prioritize and listen to our voices over outside groups that seek to subvert our will and shape the future of our homelands against our wishes.**

We believe that responsible resource development projects in the NPR-A, as well as the ANWR 1002 Area affected by the announcement, are essential to our future. These projects, which provide vital economic benefits to our people, have taken place in our region for over 50 years with the inclusion and engagement of the North Slope Iñupiat. **They can – and must – coexist with conservation efforts and our Iñupiat traditions.**

Recently, we have heard much discussion of what we cannot do in our homelands with scant consideration for economic alternatives to support the future of the North Slope Iñupiat. **But we refuse to be victimized by decisions made thousands of miles away.**

We invite Washington to join us at the table to discuss a path forward that includes onshore oil and gas leasing on our lands. This will require a more robust, predictable, and communicative partnership between North Slope communities and Washington.

As partners, we can avoid repeating historic wrongs imposed on our communities by fully realizing Iñupiat self-determination and prosperity. But we can only do so with decision-making that includes our voices and is respectful of the needs and inalienable rights of the North Slope Iñupiat.


George Edwardson, President


Doreen Leavitt, Secretary
Director of Natural Resources



**NATIVE VILLAGE OF BARROW
IÑUPIAT TRADITIONAL
GOVERNMENT**

September 27, 2023

Mr. Peter Stauber
Chairman
U.S. House Natural Resources Subcommittee on Energy and Mineral Resources
Longworth House Office Building
15 Independence Avenue SE
Washington, DC 20515

Dear Mr. Chairman:

I write to you today on behalf of Barrow, Alaska regarding the administration's recent decision to restrict 13 million acres of the National Petroleum Reserve in Alaska (NPR-A) and rescind seven oil and gas leases in the Arctic National Wildlife Refuge (ANWR). **This decision was made by the administration without consulting or communicating with the other communities within the affected areas.**

Located on Alaska's North Slope, Barrow is one of only four Alaska Native villages located within the NPR-A, where we have lived since time immemorial. The North Slope Iñupiat have lived on and stewarded these lands well before Washington took interest in them 100 years ago. **We are as much a part of the land as its wildlife and natural resources.**

Yet Washington, despite claiming its desire in policy memorandums and its own National Strategy for the Arctic Region to speak with tribal leaders and indigenous communities when formulating federal policy affecting our people, neither respected our connection to the land nor consulted with us about the impact of their decision on our community. **We were blindsided by Washington's actions and learned of them through the press, rather than the administration itself.**

This is not an isolated incident. Our relationship with Washington has been tumultuous, one-sided, and inconsistent. **During policy discussions impacting our homelands, Washington has repeatedly chosen not to consult with the Iñupiat about the impact of its policies or consider the possibility of co-management of our homelands.**

This is no way to treat Alaska Native communities. If the administration seeks to support and partner with us, as it suggested in these and previous announcements about tribal participation in U.S. policy discussions, then it **must prioritize and listen to our voices**

P.O. Box 1130, Barrow Alaska 99723 • PHONE: 907-852-4411 • FAX 907-852-8844

over outside groups that seek to subvert our will and shape the future of our homelands against our wishes.


We believe that responsible resource development projects in the NPR-A, as well as the ANWR 1002 Area affected by the announcement, are important to our future. These projects, which provide vital economic benefits to our people, have taken place in our region for over 50 years with the inclusion and engagement of the North Slope Iñupiat. **They can – and must – coexist with conservation efforts and our Iñupiaq traditions.**

Recently, we have heard much discussion of what we cannot do in our homelands with scant consideration for economic alternatives to support the future of the North Slope Iñupiat. **But we refuse to be victimized by decisions made thousands of miles away.**


We invite Washington to join us at the table to discuss a path forward that includes onshore oil and gas leasing on our lands. This will require a more robust, predictable, and communicative partnership between communities like Barrow and Washington.

As partners, we can avoid repeating historic wrongs imposed on our communities by fully realizing Iñupiat self-determination and prosperity. But we can only do so with decision-making that includes our voices and is respectful of the needs and inalienable rights of the North Slope Iñupiat.

Respectfully,



Esther Evikana, President
Native Village of Barrow

<p>Native Village of Atqasuk P.O. Box 91108 Atqasuk, Alaska 99791 nativevillageofatqasuk@gmail.com Phone: (907) 633-2575 Fax: (907) 633-2576</p>		<p>COUNCIL MEMBERS</p> <table border="0"> <tr> <td>MICHELLE BORDEAUX</td> <td>PRESIDENT</td> </tr> <tr> <td>FRED KANAYURAK</td> <td>VICE PRESIDENT</td> </tr> <tr> <td>LIZ HOLLINGSWORTH</td> <td>SEC/TREASURER</td> </tr> <tr> <td>DELLA SEGEVAN</td> <td>MEMBER</td> </tr> <tr> <td>MARYANN BORDEAUX</td> <td>MEMBER</td> </tr> <tr> <td>MOLLY AHKIVGAK</td> <td>MEMBER</td> </tr> <tr> <td>KATHAREEN LIEB</td> <td>MEMBER</td> </tr> </table>	MICHELLE BORDEAUX	PRESIDENT	FRED KANAYURAK	VICE PRESIDENT	LIZ HOLLINGSWORTH	SEC/TREASURER	DELLA SEGEVAN	MEMBER	MARYANN BORDEAUX	MEMBER	MOLLY AHKIVGAK	MEMBER	KATHAREEN LIEB	MEMBER
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DELLA SEGEVAN	MEMBER															
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MOLLY AHKIVGAK	MEMBER															
KATHAREEN LIEB	MEMBER															

September 20, 2023

Mr. Peter Stauber
 Chairman
 U.S. House Natural Resources Subcommittee on Energy and Mineral Resources
 Longworth House Office Building
 15 Independence Avenue SE
 Washington, DC 20515

Dear Mr. Chairman:

I write to you today on behalf of Atqasuk, Alaska regarding the administration's recent decision to restrict 13 million acres of the National Petroleum Reserve in Alaska (NPR-A) and rescind seven oil and gas leases in the Arctic National Wildlife Refuge (ANWR). This decision was made by the administration without consulting or communicating with the other communities within the affected areas.

Located on Alaska's North Slope, Atqasuk is one of only four Alaska Native villages located within the NPR-A, where we have lived since time immemorial. The North Slope Iñupiat have lived on and stewarded these lands well before Washington took interest in them 100 years ago. We are as much a part of the land as its wildlife and natural resources. Yet Washington, despite claiming its desire in policy memorandums and its own National Strategy for the Arctic Region to speak with tribal leaders and Indigenous communities when formulating federal policy affecting our people, neither respected our connection to the land nor consulted with us about the impact of their decision on our community. We were blindsided by Washington's actions and learned of them through the press, rather than the administration itself.

This is not an isolated incident. Our relationship with Washington has been tumultuous, one-sided, and inconsistent. During policy discussions impacting our homelands, Washington has repeatedly chosen not to consult with the Iñupiat about the impact of its policies or consider the possibility of co-management of our homelands.

This is no way to treat Alaska Native communities. If the administration seeks to support and partner with us, as it suggested in these and previous announcements about tribal participation in U.S. policy discussions, then it must prioritize and listen to our voices over outside groups that seek to subvert our will and shape the future of our homelands against our wishes.

We believe that responsible resource development projects in the NPR-A, as well as the ANWR 1002 Area affected by the announcement, are important to our future. These projects, which provide vital economic benefits to our people, have taken place in our region for over 50 years with the inclusion and engagement of the North Slope Iñupiat. They can – and must – coexist with conservation efforts and our Iñupiaq traditions.

Recently, we have heard much discussion of what we cannot do in our homelands with scant consideration for economic alternatives to support the future of the North Slope Iñupiat. But we refuse to be victimized by decisions made thousands of miles away.

We invite Washington to join us at the table to discuss a path forward that includes onshore oil and gas leasing on our lands. This will require a more robust, predictable, and communicative partnership between communities like Atqasuk, AK and Washington.

As partners, we can avoid repeating historic wrongs imposed on our communities by fully realizing Iñupiat self-determination and prosperity. But we can only do so with decision-making that includes our voices and is respectful of the needs and inalienable rights of the North Slope Iñupiat.



Michelle Bordeaux, Native Village of Atqasuk Tribal President
Atqasuk, AK

Village of Wainwright
PO Box 143
1212 Airport Road
(907)763-2535 Fax: (907)763-2576



Mr. Peter Stauber
Chairman
U.S. House Natural Resources Subcommittee on Energy and Mineral Resources
Longworth House Office Building
15 Independence Avenue SE
Washington, DC 20515

Dear Mr. Chairman:

I write to you today on behalf of Village of Wainwright, Alaska regarding the administration's recent decision to restrict 13 million acres of the National Petroleum Reserve in Alaska (NPR-A) and rescind seven oil and gas leases in the Arctic National Wildlife Refuge (ANWR). **This decision was made by the administration without consulting or communicating with the other communities within the affected areas.**

Located on Alaska's North Slope, Village of Wainwright is one of only four Alaska Native villages located within the NPR-A, where we have lived since time immemorial. The North Slope Iñupiat have lived on and stewarded these lands well before Washington took interest in them 100 years ago. **We are as much a part of the land as its wildlife and natural resources.**

Yet Washington, despite claiming its desire in policy memorandums and its own National Strategy for the Arctic Region to speak with tribal leaders and Indigenous communities when formulating federal policy affecting our people, neither respected our connection to the land nor consulted with us about the impact of their decision on our community. **We were blindsided by Washington's actions and learned of them through the press, rather than the administration itself.**

This is not an isolated incident. Our relationship with Washington has been tumultuous, one-sided, and inconsistent. **During policy discussions impacting our homelands, Washington has repeatedly chosen not to consult with the Iñupiat about the impact of its policies or consider the possibility of co-management of our homelands.**

This is no way to treat Alaska Native communities. If the administration seeks to support and partner with us, as it suggested in these and previous announcements about tribal participation in U.S. policy discussions, then **it must prioritize and listen to our voices over outside groups that seek to subvert our will and shape the future of our homelands against our wishes.**

We believe that responsible resource development projects in the NPR-A, as well as the ANWR 1002 Area affected by the announcement, are important to our future. These projects, which

Village of Wainwright
PO Box 143
1212 Airport Road
(907)763-2535 Fax: (907)763-2576



provide vital economic benefits to our people, have taken place in our region for over 50 years with the inclusion and engagement of the North Slope Iñupiat. **They can – and must – coexist with conservation efforts and our Iñupiaq traditions.**

Recently, we have heard much discussion of what we cannot do in our homelands with scant consideration for economic alternatives to support the future of the North Slope Iñupiat. **But we refuse to be victimized by decisions made thousands of miles away.**

We invite Washington to join us at the table to discuss a path forward that includes onshore oil and gas leasing on our lands. This will require a more robust, predictable, and communicative partnership between communities like Village of Wainwright and Washington.

As partners, we can avoid repeating historic wrongs imposed on our communities by fully realizing Iñupiat self-determination and prosperity. But we can only do so with decision-making that includes our voices and is respectful of the needs and inalienable rights of the North Slope Iñupiat.

Billy B. Patkotak Jr.
President
Village of Wainwright

*Please reopen ANWR for exploration
sincerely Billy Blain Patkotak Jr.*

Edward Kagak
Vice-President
Village of Wainwright

Edward Kagak

Muriel V. Panik
Secretary
Village of Wainwright

Muriel V. Panik

