

**EXAMINING THE PRESIDENT'S FY 2025
BUDGET REQUEST FOR THE BUREAU OF
OCEAN ENERGY MANAGEMENT,
THE BUREAU OF SAFETY AND
ENVIRONMENTAL ENFORCEMENT,
AND THE OFFICE OF NATURAL
RESOURCES REVENUE**

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
PRESIDENT'S FY 2025 BUDGET
REQUEST FOR THE BUREAU OF OCEAN
ENERGY MANAGEMENT, THE BUREAU OF
SAFETY AND ENVIRONMENTAL
ENFORCEMENT, AND THE OFFICE OF
NATURAL RESOURCES REVENUE**

**Thursday, May 23, 2024
U.S. House of Representatives
Subcommittee on Energy and Mineral Resources
Committee on Natural Resources
Washington, DC**

The Subcommittee met, pursuant to notice, at 10:06 a.m. in Room 1324, Longworth House Office Building, Hon. Pete Stauber [Chairman of the Subcommittee] presiding.

Present: Representatives Stauber, Gosar, Graves, Westerman; Huffman, and Kamlager-Dove.

Also present: Representative Carl.

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

Without objection, the Chair is authorized to declare 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 gentleman from Alabama, Mr. Carl, be allowed to participate in today's hearing.

Without objection, so ordered.

I am now going to recognize myself for an opening statement.

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

Mr. STAUBER. This morning, the Energy and Mineral Resources Subcommittee will review the Fiscal Year 2025 budget request for three agencies at the Department of the Interior charged with development of offshore resources in Federal waters, safety of offshore operations, and collection and management of Federal energy revenues.

As we approach the twilight of this Administration, many of us eagerly anticipate an end to the regulatory onslaught that has smothered economic activity offshore with layers of bureaucratic red tape and new fees. The Biden administration's Bureau of Ocean Energy Management has deliberately ignored statutory mandates for 4 consecutive years, proving themselves ineffective stewards of our offshore resources.

Despite these failures and transgressions, BOEM is requesting more funding in Fiscal Year 2025. BOEM stands nearly 2 years late in rolling out a new, 5-year plan for offshore and oil and gas development, an unprecedented delay in the program's 44-year history.

Today, we will hear promises from the Administration that, despite delays, this plan will soon take effect. They might downplay their control over a disappointing, inadequate three lease sale schedule. I expect Director Klein will claim these sales were merely steps to ensure the Bureau could hold future sales for wind leasing, offering minimal hope BOEM will hold them if the wind leasing demand is diminished in the future.

It would be profoundly naïve for any American or member of this Committee to accept at face value assurances on offshore and oil and gas from Liz Klein and the Department of the Interior, especially after their clear reluctance to publish the plan they now vow to implement.

In preparation for 2025, BOEM must focus on the singular Lease Sale 262, ensuring this sale offers premier acreage in the Gulf of Mexico. Known for yielding the world's cleanest oil in terms of emission, keeping energy costs affordable, and bolstering American energy independence, we cannot let the Department of the Interior sacrifice the livelihoods and security of Americans on the altar of hollow commitments to environmental activists who care very little about our current or future energy needs.

Taking notice of BOEM's track record of canceling offshore sales, Congress had to mandate our nation's last three lease sales: 258, 259, and 261 in Alaska and the Gulf. These sales alone have generated over \$645 million in bids, and promise billions in royalties from 4 million OCS acres. They also contributed to conservation and preservation efforts through the Land and Water Conservation Fund, LWCF, state and local allocations via GOMESA, and the Historic Preservation Fund.

Canceling lease sales represents a blatant dereliction of duty, a profound disrespect to our nation's resource management, and a deliberate betrayal of the American people's trust, undermining the very foundation of our energy security. If the Department of the Interior truly prioritized environmental concerns, they would champion the expansion of oil and gas leasing in the Gulf of Mexico. More leasing means more funding for LWCF, GOMESA, and historic preservation, translating into more jobs, better benefits, enhanced community funding, and cleaner, more affordable energy.

The Office of Natural Resources Revenue, ONRR, which reminds the public to pronounce its acronym like the word "honor," also has betrayed Americans' trust. Rather than fulfilling its fiduciary role, managing billions of dollars in annual revenues generated mostly through energy and mineral leases, ONRR has arbitrarily denied overpayment refund requests and ignored conflicts of interest. When industry contacts ONRR for regulatory guidance, the agency's response can be summarized as, "Rules for thee, but not for me."

Worse yet, evidence suggests that ONRR staff ignored legal advice from the agency's own attorneys and attempted to delete communications to keep them from being included in any

administrative record. Bad actors at ONRR must be held accountable to ensure energy and mineral revenues are properly managed, and all stakeholders are treated fairly.

I now recognize the Ranking Member for her opening statement.

STATEMENT OF THE HON. SYDNEY KAMLAGER-DOVE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Ms. KAMLAGER-DOVE. Thank you, Chairman, and thank you to Director Klein, Director Sligh, and Director Cantor, for taking time to be with us here today.

The Bureau of Ocean Energy Management, the Bureau of Safety and Environmental Enforcement, and the Office of Natural Resources Revenue are agencies critical to helping our country achieve our climate and clean energy goals, and support communities through the energy transition: efforts threatened by Republicans' proposed budget cuts.

The BOEM plays a vital role in facilitating the development of offshore and wind energy, which has the potential to create tens of thousands of jobs and significantly reduce our reliance on fossil fuels. During this Administration, BOEM has approved the country's first eight commercial-scale wind projects, with a combined potential of over 10 gigawatts and enough clean energy to power nearly 4 million homes. The first commercial-scale offshore wind projects are already producing clean, renewable energy in the Northeast.

BOEM has also announced a forward-looking leasing plan for offshore wind energy through 2028. Standing up for the offshore wind industry is absolutely necessary if we are to stave off the worst impacts of climate change. But we must do so responsibly, in a way that balances the priorities of communities, impacted tribes, other ocean users like the turtles, and the environment.

BOEM also oversees oil and gas leasing, and last year finalized the next 5-year plan, which includes the fewest lease sales in history. The agency has also recently finalized rulemakings to better hold offshore oil and gas companies accountable for cleaning up their messes.

We have heard a lot of gripes from the industry over the past year-and-a-half about the Administration's actions to limit leasing and their accountability measures. But I will remind my colleagues that we recently uncovered allegations from the FTC that Big Oil has been colluding with OPEC to keep prices high for American consumers and artificially raise profits at the same time that they are already producing fossil fuels in record amounts. Talk about trust and honor. We have always known that further propping up the Big Oil industry is not in the best interest of the American people. Now it is simply becoming irrefutable.

I look forward to hearing more from BOEM's efforts to address the climate impacts of offshore oil and gas drilling, and how the agency is working to mitigate risks to communities most impacted by offshore fossil fuel development.

BSEE was formed in the aftermath of the Deepwater Horizon tragedy, and is charged with ensuring that offshore energy industries operate safely and responsibly. While we all may have

different views on the future of the oil and gas industry, it is essential that current operations are conducted as safely as possible to minimize risk to workers and neighbors. The safety of our communities must be prioritized, especially the Black, Brown, Indigenous, and low-income communities that are disproportionately burdened with pollution.

Last, but certainly not least, the Office of Natural Resources, Revenue or ONRR, is responsible for collecting and distributing energy and mineral resources revenue. ONRR manages one of the largest, non-tax revenues in the Federal Government. It distributes funds to states, tribes, and important Federal programs like the Land and Water Conservation Fund and National Historic Preservation Fund.

Over the years, the Government Accountability Office and Office of the Inspector General have highlighted risks with ONRR and the agency's ability to ensure Americans are receiving everything they are due, and the agency is working towards implementing the recommendations from these non-partisan entities.

For those across the aisle concerned with ONRR's processes, I will remind my colleagues that one side of this debate, a Federal agency works to ensure a fair return for the American people, and the other side, the extractive industries, have profit in mind, do not mind polluting, and have recently been charged with colluding with OPEC.

Thank you, and I yield back.

Mr. STAUBER. I thank Representative Kamlager-Dove for her opening statement. We will now move to introduce our witnesses.

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

To begin your testimony, please press the "talk" button on the microphone.

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

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

Our first witness is Ms. Liz Klein. She is the Director of the Bureau of Ocean Energy Management in the Department of the Interior, and she is stationed right here in Washington, DC.

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

STATEMENT OF LIZ KLEIN, DIRECTOR, BUREAU OF OCEAN ENERGY MANAGEMENT, WASHINGTON, DC

Ms. KLEIN. Thank you, Chairman Stauber, Ranking Member Kamlager-Dove, and members of the Subcommittee. I am pleased to appear before you today to discuss the mission and proposed budget of the Bureau of Ocean Energy Management, or BOEM. My name is Liz Klein, and I am the Director of BOEM at the Department of the Interior.

BOEM is taking a leading role in transitioning the United States to a clean energy future, one that will advance renewable energy, create good-paying jobs, and ensure economic opportunities are

accessible to all communities while managing the development of oil and gas resources on the Outer Continental Shelf, or OCS, in an environmentally and economically responsible manner.

The Fiscal Year 2025 budget proposal includes \$52 million for BOEM's Renewable Energy Program to further advance the development of renewable energy projects in Federal waters.

The Biden-Harris administration has set ambitious goals to harness the significant offshore wind resources in the United States and combat the existential threat of climate change, including the goals of deploying 30 gigawatts of offshore wind energy capacity by 2030 and 15 gigawatts of floating offshore wind energy capacity by 2035. BOEM is making considerable progress towards achieving those objectives. We are taking a thoughtful, all-of-government approach on issues like efficient permitting and tribal engagement to build a robust offshore wind industry that benefits communities and co-exists with other ocean uses.

Our efforts are working. Under this Administration, BOEM has approved eight commercial offshore wind projects, up from zero when President Biden took office. These projects have the potential to generate over 10 gigawatts of clean energy, enough to power nearly 4 million homes.

Additional projects are undergoing review and benefiting from the hard work this Administration has done to streamline reviews and maximize interagency collaboration. Two projects, Vineyard Wind and South Fork, are already in operation and sending power to the grid. A new construction season is underway, and will continue through this summer.

This Administration is also supporting additional future projects through a steady pipeline of lease sales. Since January 2021, BOEM has held four offshore wind lease auctions: one offshore New York/New Jersey, one offshore the Carolinas, and the first-ever sales offshore California and in the Gulf of Mexico. Together these auctions generated over \$5 billion in high bids.

Looking towards the future, last month Secretary Haaland announced a new 5-year offshore wind lease schedule, which includes up to 12 potential offshore wind energy lease sales through 2029. We anticipate holding lease sales offshore the central Atlantic, Oregon, in the Gulf of Maine, and in the Gulf of Mexico later this year, and the schedule outlines our priority focus areas in the years to come.

To continue this momentum, the offshore wind energy industry will also need a well-trained workforce and a diverse, comprehensive supply chain throughout the various stages of facility planning, construction, and operation. BOEM is doing our part to support these efforts.

Thanks to strong state and industry partnerships, multiple domestic supply chain projects are already underway, including a first-of-its-kind wind energy port in New Jersey, the first sub-sea cable manufacturing facility in South Carolina, and a Jones Act-compliant offshore wind installation vessel being constructed in Texas that is using more than 14,000 tons of domestic steel sourced mostly from Alabama, West Virginia, and North Carolina.

The Fiscal Year 2025 budget also includes \$67 million for BOEM's conventional energy program. As conventional energy

sources continue to play an important role in our economy, the OCS Lands Act requires BOEM to prepare an oil and gas leasing program that includes a proposed 5-year schedule of oil and gas lease sales.

In December 2023, Secretary Haaland approved the final 2024–2029 National OCS Oil and Gas Leasing Program. The program schedules three oil and gas lease sales in the Gulf of Mexico Program Area, one each in 2025, 2027 and 2029. The proposed schedule will meet national energy needs for the next 5 years and balance the potential for environmental damage, the discovery of oil and gas, adverse impacts on the coastal zone, and the transition to cleaner energy sources.

As of May 1, 2024, BOEM is managing 2,410 active oil and gas leases on over 13 million acres of the OCS. Approximately 78 percent of these leases are not yet in production.

Thank you once again for the opportunity to testify. BOEM’s proposed Fiscal Year 2025 budget reflects the Administration’s continued commitment to ensuring a clean and low-cost energy future, one that is sustainable and beneficial to all Americans. Our work has the potential to shape future generations for the better. My team and I look forward to working with the Subcommittee on these important issues moving forward, and I would be happy to answer any questions you may have.

[The prepared statement of Ms. Klein follows:]

PREPARED STATEMENT OF ELIZABETH KLEIN, DIRECTOR, BUREAU OF OCEAN ENERGY
MANAGEMENT, U.S. DEPARTMENT OF THE INTERIOR

Chairman Stauber, Ranking Member Ocasio-Cortez and members of the Subcommittee, I am pleased to appear before you today to discuss the mission and proposed budget of the Bureau of Ocean Energy Management (BOEM, Bureau). My name is Liz Klein, and I am the Director of BOEM at the Department of the Interior (Department).

Introduction

BOEM is taking a leading role in transitioning the U.S. to a clean energy future—one that will advance renewable energy, create good-paying jobs, and ensure economic opportunities are accessible to all communities, including underserved communities—while managing the development of oil and gas resources on the Outer Continental Shelf (OCS) in an environmentally and economically responsible manner.

BOEM is working with Tribal Nations, other Federal agencies, state and local governments, potentially impacted communities, ocean users, and other key stakeholders to ensure that offshore energy development is done responsibly and informed by the best available science and Indigenous knowledge. These partnerships are invaluable assets in our mission to create a cleaner, more sustainable energy future for our nation.

FY 2025 Budget Request

The FY 2025 President’s Budget requests \$242 million in total budget authority (\$183 million in net current discretionary appropriations and \$59 million in offsetting collections) to support the Bureau’s commitment to overseeing the nation’s offshore energy, mineral, and geological resources through proper environmental and economic stewardship.

BOEM’s FY 2025 budget request advances the Administration’s priorities in the following areas:

- Facilitating the transition to a clean energy economy;
- Supporting underserved and disproportionately affected communities; and
- Strengthening Tribal sovereignty and self-determination.

These strategic investments support the American people and aim to establish a foundation for sustained growth and prosperity for future generations.

Facilitating the Transition to a Clean Energy Economy

The FY 2025 Budget includes \$52 million for BOEM's Renewable Energy Program to further advance the development of renewable energy projects in Federal waters.

The Biden-Harris Administration has set ambitious goals to harness the significant offshore wind resources in the U.S. and combat the existential threat of climate change: the deployment of 30 gigawatts of offshore wind energy capacity by 2030 and 15 gigawatts of floating offshore wind energy capacity by 2035. BOEM is making considerable progress towards achieving these objectives.

Throughout the offshore wind planning process, BOEM works with Tribes, other government agencies, ocean users, academia, and stakeholders to identify areas on the U.S. OCS that appear most suitable for commercial offshore wind development, while having the fewest apparent environmental and user conflicts.

We are taking a thoughtful, all-of-government approach on issues like efficient permitting and Tribal engagement to build a robust offshore wind industry that benefits communities and co-exists with other ocean uses. This includes working collaboratively with our government partners and others to ensure that any future offshore energy development is done safely and responsibly and relies on the best available science and Indigenous knowledge. For example, BOEM is collaborating with NOAA's National Centers for Coastal Ocean Science to engage our vast, diverse set of stakeholders and employ a comprehensive spatial model that analyzes entire marine ecosystems to identify the most suitable areas for wind energy development.

The Department recently announced that BOEM and the Bureau of Safety and Environmental Enforcement (BSEE) have finalized updated regulations for renewable energy development on the OCS (*Renewable Energy Modernization Rule*). The final rule will promote offshore wind deployment while reducing costs for developers by increasing certainty, modernizing regulations, streamlining overly complex processes and removing unnecessary ones, clarifying ambiguous regulatory provisions, and enhancing compliance requirements.

BOEM has done extensive work to improve our processes for reviewing offshore wind projects. In order to increase transparency and consistency, we released guidance in August 2023 to outline BOEM's criteria for when to initiate the environmental review of offshore wind project plans. The guidance establishes a pre-application process to improve engagement with cooperating agencies and federally recognized Tribes. This guidance was developed with input from our government partners, the regulated community, and interested stakeholders.

Our efforts are working. Under this Administration, the Bureau has approved eight commercial offshore wind projects—up from zero when President Biden took office. These projects have the potential to generate over 10 GW of clean energy, enough to power nearly 4 million homes. Additional projects are undergoing review and benefiting from the hard work this Administration has done to streamline reviews and maximize interagency collaboration; we currently have five more project plans under environmental review, and we expect additional plans in the coming year.

Two projects, Vineyard Wind and South Fork, are already in operation and sending power to the grid. A new construction season is underway and will continue through the summer, during which more offshore wind projects will come online.

This Administration is also supporting additional future projects through a steady pipeline of lease sales. Since January 2021, BOEM has held four offshore wind lease auctions: a record-breaking lease sale offshore New York—New Jersey, offshore the Carolinas, and the first-ever sales offshore California and in the Gulf of Mexico. Together, these auctions generated over \$5 billion in high bids.

Looking towards the future, last month Secretary Haaland announced a new five-year offshore wind lease schedule, which includes up to 12 potential offshore wind energy lease sales through 2029. We anticipate holding lease sales offshore the Central Atlantic, Oregon, and in the Gulf of Maine and the Gulf of Mexico later this year, and the schedule outlines our priority focus areas in the years to come.

In response to the rapid growth in demand for offshore wind along the Atlantic coast and the associated need to bring additional focus and presence to BOEM's work on this priority issue, BOEM proposes to establish an Atlantic Regional Office by realigning its existing Atlantic-related energy and minerals functions and reassigning staff from headquarters and other BOEM regional offices. Creation of the Office will address the increase in requests for engagement with local communities along the Atlantic by providing additional opportunities for access to and collaboration with BOEM. Supporting Administration renewable energy goals requires

dedicated, regionally focused management and staff that can develop integrated strategies for dealing with issues throughout the Atlantic region, build lasting relationships with regional partners, and provide senior-level access to States, Tribes, communities, and stakeholders.

To continue this momentum, the offshore wind energy industry will also need a well-trained workforce and a diverse, comprehensive supply chain throughout the various stages of facility planning, construction, and operation.

BOEM is doing our part in this effort and has taken steps to encourage union-built projects and support the development of a domestic supply chain. BOEM is finding opportunities to incentivize the domestic sourcing of major components, such as blades, turbines, and foundations; develop a highly skilled and well-trained domestic workforce; and develop lease stipulations that strongly encourage Project Labor Agreements (PLAs) for project construction. PLAs help ensure a safe and well-trained workforce for the construction and operations of offshore facilities.

The Carolina Long Bay, California, and Gulf of Mexico lease sales included a 20 percent credit for bidders that agreed to contribute to programs or initiatives that support offshore wind workforce training programs or development of a U.S. offshore wind domestic supply chain. These bidding credits generated approximately \$160 million in future investments for these critical programs and initiatives.

Thanks to strong state and industry partnerships, multiple domestic supply chain projects are already underway, including: a first-of-its-kind wind energy port in New Jersey; the first subsea cable manufacturing facility in South Carolina; and a Jones Act-compliant offshore wind installation vessel being constructed in Texas that is using more than 14,000 tons of domestic steel, sourced mostly from Alabama, West Virginia, and North Carolina. On September 21, 2023, nine East Coast States and four Federal agencies signed the Federal-State Memorandum of Agreement on East Coast Offshore Wind Supply Chain Collaboration, to strengthen regional collaboration on offshore wind supply chain development.

Combined with state initiatives, these efforts promote investment in the domestic supply chain and delivery of benefits and opportunities to underserved, disadvantaged, and overburdened communities. These efforts will also catalyze the offshore wind industry domestically and create certainty for stakeholders, industry, and ocean users alike.

As a champion of the Biden-Harris Administration's all-of-government approach, BOEM will continue to partner with the multiple levels of government, Tribal Nations, and governors of U.S. Territories to expand responsible offshore wind energy development.

Conventional Energy

The FY 2025 Budget also includes \$67 million for BOEM's Conventional Energy Program. BOEM's obligations include administering existing leases, permitting geological and geophysical surveys, reviewing exploration and development plans, evaluating resources, and developing and implementing a National OCS Oil and Gas Leasing Program. In meeting these obligations, BOEM supports energy security, environmental protection, and economic development through providing fair market value for the American taxpayer, mitigating adverse environmental impacts, and maintaining adequate financial assurance by leaseholders. As of May 1, 2024, BOEM is managing 2,410 active oil and gas leases on over 13 million acres of the OCS. Approximately 78 percent of these leases are not yet in production.

As conventional energy sources continue to play an important role in our economy, the OCS Lands Act requires BOEM to prepare and periodically revise an oil and gas leasing program that includes a proposed schedule of oil and gas lease sales for the five-year period following approval or reapproval of the program.

In December 2023, Secretary Haaland approved the final 2024–2029 National OCS Oil and Gas Leasing Program. The Program schedules three oil and gas lease sales in the Gulf of Mexico Program Area; one each in 2025, 2027, and 2029. The proposed lease sale schedule will meet national energy needs for the next five years and balance the potential for environmental damage, the discovery of oil and gas, and adverse impacts on the coastal zone. The FY 2025 Budget request will ensure the continued effective implementation of the 2024–2029 National OCS Oil and Gas Leasing Program and BOEM's continued ability to provide accurate and accessible geologic and geophysical data in support of U.S. offshore energy development, economic security, and environmental interests.

In addition, in April 2024, the Department announced the final Risk Management and Financial Assurance for OCS Lease and Grant Obligations rule to protect taxpayers from covering costs that should be borne by the oil and gas industry when offshore platforms require decommissioning. This rule, which updated 20-year-old

regulations, substantially strengthens financial assurance requirements for the offshore oil and gas industry operating on the OCS.

Resiliency and Restoration

The FY 2025 Budget includes \$15 million to continue advancing marine mineral activities that contribute toward the Administration's goal of increasing climate change resilience through the application of science to make informed decisions, incorporation of nature-based solutions and other adaptation strategies, and continued development of strong partnerships to ensure our Nation's coasts are sustainably managed, protected, and preserved for current and future generations.

Pursuant to the OCS Lands Act, BOEM is the Federal authority overseeing the use of marine minerals across the billions of acres that make up the OCS. The Bureau may convey, on a noncompetitive basis, the rights to OCS sand and other sediment to Federal, state, and local government agencies for use in shore protection, beach and wetlands restoration projects, or other construction projects funded or authorized by the Federal government.

BOEM's Marine Minerals Program ensures environmentally responsible stewardship and conscientious management of the Nation's OCS solid mineral resources to support resilient coasts, natural disaster preparedness, climate change adaptation, and critical infrastructure development and protection.

In addition, BOEM recognizes that OCS critical minerals may in the future be vital to the advancement of clean energy technology, as well as the Nation's security and economy. BOEM continues to gather information about critical minerals that may be located on the OCS and collect baseline data on the ecological communities and conditions associated with potential critical mineral deposits.

In support of these efforts, BOEM will continue developing and enhancing its National Offshore Sand Inventory, Marine Minerals Information Management System, and National Offshore Critical Minerals Inventory.

Environmental Program

The FY 2025 Budget includes \$87 million for BOEM's environmental program. The program provides a foundation to ensure programmatic decision-making is guided by the best available environmental research and data to inform the public, stakeholders, diverse ocean users, and external decision-makers about the potential impacts of OCS energy and mineral activities. This work enables BOEM to identify risks and mitigation strategies to assist with conservation and protection of environmental and cultural resources.

For 50 years, the Bureau's Environmental Studies Program (ESP) has funded research on the potential environmental impacts of activities the Bureau authorizes. Because of the quality, scale, and duration of studies performed under its auspices, the ESP is a leading contributor to the growing body of scientific knowledge about the Nation's marine and coastal environments, leveraging partnerships with academic institutions and other Federal agencies to produce top-tier scientific work.

BOEM uses the ESP and other research to evaluate the environmental impacts of energy, mineral, and geological development and to develop measures to avoid, minimize, mitigate, and monitor those impacts for incorporation in leases, plans, and permits. These measures are the fabric for regulatory compliance work by BOEM as well as BSEE, and they are developed through National Environmental Policy Act documents and analyses required under other statutes.

BOEM's environmental program also hosts the Center for Marine Acoustics (CMA), a one-of-its kind center of expertise in government focused on ocean noise and impacts to marine life. Launched in 2020, the CMA provides expertise and leadership to drive best practices, expand research on underwater sound, seek policy improvements, and improve messaging related to ocean noise issues.

Enhancing Tribal Engagement

BOEM is committed to upholding its Tribal trust responsibilities and fostering working relationships based on trust and meaningful consultation. BOEM engages with Tribal Nations at all phases of the renewable energy leasing process to incorporate Indigenous knowledge and Tribal perspectives. This feedback is critical to help inform our decisions.

BOEM wants Tribal communities, ocean users, and stakeholders to have the information they need and an equitable and accessible seat at the table. BOEM's FY 2025 budget request of \$2.6 million supports the hiring of additional personnel to enhance and increase BOEM's ability to maintain open and transparent communication and increase engagement opportunities with Tribal governments and organizations, Alaska Natives and Alaska Native Claims Settlement Act Corporations, Native Hawaiian Organizations, and other Indigenous communities. BOEM's budget

request would also support the development of a Center for Tribal Engagement, which would provide funding and additional capacity-building to support Tribal members in more active participation in consultation, coordination, data collection, assessment, and monitoring for renewable activities.

BOEM's approach aims to ensure meaningful involvement through trust, respect, and shared responsibility as part of a deliberative process for effective collaboration and informed decision-making.

Conclusion

Thank you once again for the opportunity to testify. BOEM's proposed FY 2025 budget reflects the Administration's continued commitment to ensuring a clean and low-cost energy future, one that is sustainable and beneficial to all Americans. Our work has the potential to shape future generations for the better, and my team and I look forward to working with the Subcommittee on these important issues moving forward. I would be happy to answer any questions you may have.

QUESTIONS SUBMITTED FOR THE RECORD TO MS. LIZ KLEIN, DIRECTOR, BUREAU OF OCEAN ENERGY MANAGEMENT, U.S. DEPARTMENT OF THE INTERIOR

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

Questions Submitted by Representative Westerman

Question 1. The Infrastructure Investment and Jobs Act was signed into law (P.L. 117-58) on November 15, 2021. Section 340307 amends the Outer Continental Shelf Lands Act to authorize the Secretary of the Interior to grant a lease, easement, or right-of-way on the Outer Continental Shelf for activities that "provide for, support, or are directly related to the injection of a carbon dioxide stream into sub-seabed geologic formations for the purpose of long-term carbon sequestration." The Act requires the Bureau of Safety and Environmental Enforcement jointly with the Bureau of Ocean Energy Management to promulgate regulations within one year of the law's enactment. Given the evolving landscape of carbon capture and sequestration (CCS) and its importance for carbon management, enhanced oil recovery, and other evolving uses; I'd like to understand BOEM's current stance and plans regarding CCS on the Outer Continental Shelf (OCS).

1a) Can you provide an update on where BOEM and BSEE are in drafting and publishing the necessary regulations for CCS? Specifically, when can we expect these proposed regulations to be available for public comment?

1b) Will companies holding existing OCS oil and gas leases be permitted to convert these leases into CCS leases, or will they need to acquire new leases specifically for CCS activities? If conversion is not allowed, what is the rationale behind this decision?

1c) Can companies currently seek new leases specifically for CCS under 43 USC 1337(p)? If so, what is the current process for obtaining such a lease? If not, is it because BOEM is awaiting the finalization of the new regulations?

West Coast Decommissioning/Chumash Sanctuary

Question 2. On behalf of a broad community consortium, the Northern Chumash Tribal Council submitted their sanctuary nomination in July 2015. NOAA's Office of National Marine Sanctuaries issued a Notice of Intent to begin the designation process for the proposed sanctuary in November 2021.

Now that NOAA has formally proposed the Chumash National Marine Sanctuary, it doesn't allow for an exception for decommissioning. BOEM and BSEE are currently in the process of working towards the decommissioning of the platforms within the proposed sanctuary. If the proposed sanctuary is finalized without a decommissioning exception, how will that impact BOEM and BSEE's mission to have these platforms decommissioned?

Financial Assurance

Question 3. The BOEM Financial Assurance Rule is now finalized. BOEM has discretion under that rule on when and whether to call on any bonds granted in its favor.

1a) Does BOEM intend to call on those bonds in all instances when a current lessee/owner fails to perform (e.g., even where there are predecessors)? If not, why not?

1b) Will BOEM make the proceeds of those bonds available to predecessors who are called upon to perform? If not, why not?

Question 4. During his administration, President Obama designated the Bears Ears National Monument in December 2016, recklessly restricting 1.35 million acres, and expanded the Hawaiian Marine National Monument, a 600,000 square acre designation, in the waning months of his term in August 2016, making it the largest protected area on Earth at the time.

4a) As we thankfully approach the end of President Biden's term, what funding in the BOEM budget is allocated for preparing reviews; analyses, or required documents to withdraw lands and waters under OCSLA, the Antiquities Act, or other statutes?

4b) Have you participated in, or are you aware of any plans within the Department of the Interior to carry out such withdrawals in the near future? If so, under which program would these actions be carried out, and which line item from FY24 or FY25 funding would be utilized to prepare for such actions?

Mr. STAUBER. Thank you, Director Klein. Our next witness is Mr. Kevin Sligh. He is the Director of the Bureau of Safety and Environmental Enforcement in the Department of the Interior, and he is stationed right here in Washington, DC.

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

STATEMENT OF KEVIN SLIGH, DIRECTOR, BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT, WASHINGTON, DC

Mr. SLIGH. Good morning, all. Chairman Stauber, Acting Ranking Member Kamlager-Dove, and members of the Subcommittee, thank you for the opportunity to appear today to discuss the President's Fiscal Year 2025 budget request for the Bureau of Safety and Environmental Enforcement, or BSEE for short. I am Kevin Sligh, the Director of BSEE, and it is my distinct honor to be with you here today.

BSEE's mission is to promote safety, protect the environment, and conserve offshore resources as we regulate and monitor all offshore energy operations, ensuring safe and responsible energy development from exploration through the facility, installation, production, and ultimately decommissioning on the Outer Continental shelf, or OCS.

BSEE's Fiscal Year 2025 budget request is for \$252.6 million in total funding. This includes \$170.4 million in current appropriations and \$82 million in offsetting collections from rental receipts, cost recoveries, and inspection fees.

BSEE's Fiscal Year 2025 OCS priorities include strengthening oversight, regulatory and research capabilities, building and sustaining a high-performing workforce, enhancing BSEE's tribal engagement program, decommissioning orphaned infrastructure, facilitating carbon sequestration, and supporting the development of a safe, robust, and sustainable domestic renewable energy industry.

BSEE's budget request fully supports the Biden-Harris administration's priorities to oversee safe and responsible energy production, help address the climate crisis, and deploy 30 gigawatts of offshore wind by 2030 and 15 gigawatts of floating wind by 2035. BSEE is requesting an increase in funding to help create good-paying jobs and restore ecosystems by actively addressing the challenges associated with timely decommissioning, and with particular focus on orphan wells and infrastructure.

This funding will help to properly plug and abandon orphan wells on the OCS and properly decommission associated orphan pipelines and structures. Plugging these wells is critical to helping reduce pollution risk and eliminate safety hazards. These orphan wells create risks and could cause oil spills that could occur after weather-related events, and would have significant impacts on marine and coastal environments in Federal and state waters.

BSEE will also continue to focus on strengthening our decommissioning oversight capabilities to meet end-of-life cycle demands. Leaseholders enter a contractual obligation that includes decommissioning requirements that must be met to protect both the environment and the American taxpayer, and BSEE will continue to enforce these obligations. As a result of our commitment, BSEE is driving the advancement of safety performance in the offshore wind industry.

The Fiscal Year 2025 budget request would enable BSEE to conduct timely and rigorous reviews of industry plans, carry out a robust compliance assurance program, and focus on renewable energy data analysis.

While offshore renewable energy represents a relatively new area of work for BSEE, we continue to remain focused on ensuring oil and gas development and production is safe and environmentally sustainable.

BSEE's request also includes an additional \$1.5 million to support the management of carbon sequestration on the OCS in conjunction with BOEM, and we are currently working with BOEM to finalize a proposed rule for carbon sequestration, which we expect to publish later this year.

BSEE is proud to serve the American public, and conducts proactive and regular engagement with energy and marine minerals stakeholders at the Federal, state, tribal, and local agency levels, NGOs, and their national counterparts and the public. We aim to expand our government-to-government interaction with Tribal Nations. The Fiscal Year 2025 budget includes an \$800,000 request for BSEE's tribal engagement program to ensure timely and meaningful coordination and consultation with tribes.

And as BSEE moves towards the expansion of the offshore renewable energy industry while continuing to oversee safe and responsible offshore oil and gas production, we consistently aim with the future in mind. Updating our processes and framing our work with a particular emphasis on preparedness enables BSEE to focus on reducing risk to the people and the environment, and support responsible and efficient energy production.

If I may, I would like to take this opportunity to highlight the dedication of our BSEE workforce as we embark on preparing for the future of offshore energy development and production for the

American public. BSEE's 2023–2026 strategic plan has four goals driving our mission: people, protection, reliability, and sustainability. Without the first goal, people, we will never be able to accomplish the other three.

I want to express my sincere appreciation for your continued support of BSEE's workforce and our mission to promote safe and environmentally sustainable offshore energy operations. Congressional support of our budget would allow BSEE to build on the advancements we have made, and to expand our capabilities to provide even more effective off-site OCS operations.

Thank you, Chairman Stauber and Acting Ranking Member Kamlager-Dove, for inviting me here today. I will be happy to answer any questions that the Subcommittee may have for me.

[The prepared statement of Mr. Sligh follows:]

PREPARED STATEMENT OF KEVIN SLIGH, DIRECTOR, BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT, U.S. DEPARTMENT OF THE INTERIOR

Chairman Stauber, Ranking Member Ocasio-Cortez, and Members of the Subcommittee, I am pleased to join you today to discuss the President's FY 2025 Budget Request for the Bureau of Safety and Environmental Enforcement (BSEE, Bureau), a bureau of the Department of the Interior (DOI, Department).

FY 2025 Budget Request

BSEE's FY 2025 Budget Request is \$252.6 million in total funding, including \$170.4 million in current appropriations and \$82.2 million in offsetting collections from rental receipts, cost recoveries, and inspection fees.

BSEE's FY 2025 Budget Request fully supports President Biden's priority for tackling the climate crisis and increasing renewable energy production safely and responsibly, with the goal of deploying 30 gigawatts (GW) of offshore wind capacity by 2030 and 15 GW of floating offshore wind capacity by 2035. The FY 2025 Budget Request supports BSEE's continued work in its renewable and conventional energy programs, focusing on safe and responsible offshore energy development, pushing the industry forward towards a more robust and meaningful safety culture, and enhancing regulations to protect environmental, cultural, and biological resources on the Outer Continental Shelf (OCS). BSEE's FY 2025 Budget Request continues to focus attention on priority areas and builds on BSEE's current work that reflects its commitment to transparent and data-driven operations. This budget will promote safe and environmentally responsible programs, including decommissioning orphaned wells and infrastructure, preparing for the expansion of offshore wind energy generation, developing a carbon sequestration program, and bolstering BSEE's Tribal Liaison Program.

The FY 2025 Budget Request will enable BSEE to continue strengthening oversight, regulatory, and research capabilities on the OCS by building and sustaining staff capabilities. BSEE will direct resources to the recruitment, training, and support of expert engineers, geoscientists, and inspectors; oil spill planning, prevention, and response specialists; and employees in other disciplines to support the implementation of BSEE's regulatory oversight responsibilities and evolving offshore energy landscape. BSEE will continue outreach and dialogue with experts from academia, industry, nongovernmental organizations, and other governmental agencies to enhance the knowledge base of technical personnel related to innovative technologies, regulatory gaps, real-time monitoring capabilities, and risk-based decision making for safety and environmental enforcement.

The energy resources and activities under BSEE's jurisdiction are vast, as the OCS is an important source of energy for the U.S., with significant oil and gas production and a growing offshore wind industry. The Nation's first eight commercial-scale offshore wind projects on the OCS were recently approved, and BSEE is reviewing an additional 18 projects over 15 leases.

From January through October 2023, OCS oil and gas leases offshore Alaska, California, and in the Gulf of Mexico produced approximately 566 million barrels of oil and 628 billion cubic feet of natural gas. This production accounted for approximately 15 percent of domestic oil production and 2 percent of domestic natural gas produced in the same period. Ninety-nine percent of offshore oil and gas production occurred in the Gulf of Mexico. Deepwater wells (those in greater than

or equal to 1,000 feet water depth) accounted for 91 percent of all barrels of oil equivalent produced on the OCS.

Decommissioning

Shallow water areas of the Gulf of Mexico, first drilled in 1947, are undergoing significant well and infrastructure decommissioning that BSEE believes will continue to accelerate, leading to an increase in regulatory oversight and workload. Similarly, in the Pacific Region, eight of the 23 platforms no longer produce oil and gas and are located on terminated leases that will not resume production. BSEE expects to receive decommissioning applications for these eight platforms and associated pipelines and infrastructure in the near term.

While decommissioning on the OCS is the obligation of the oil and gas industry, BSEE must ensure that wells and infrastructure used in exploration, development, and production activities undertaken pursuant to the Outer Continental Shelf Lands Act (OCSLA) are decommissioned properly and in a timely manner to remove unnecessary hazards to safety, navigation, and the environment.

When a company responsible for decommissioning is bankrupt, or predecessor companies with a regulatory obligation no longer exist or are financially unable to fund their decommissioning obligation, the federal government may need to decommission this orphaned infrastructure using American taxpayer dollars. The Biden-Harris Administration is committed to addressing these orphaned oil and gas wells and infrastructure that pose serious safety hazards and cause ongoing air, water, and other environmental damage across the country. In the last year, BSEE enhanced its enforcement and civil penalty policies to address industry's performance and delinquent decommissioning obligations on terminated leases and rights-of-way. BSEE is evaluating additional enforcement strategies to encourage timely decommissioning.

BSEE will continue to address the immediate and urgent need to properly plug and abandon orphaned wells on the OCS and remove orphaned pipelines and other infrastructure from the seabed. Requested funding would augment forfeited financial assurances the Bureau of Ocean Energy Management (BOEM) receives from operators, proceeds from bankruptcy proceedings, and potential funds from the federal orphaned wells program established by the Bipartisan Infrastructure Law (BIL) to address the most immediate and urgent needs to reduce the risk of safety incidents and pollution.

Offshore Wind and Renewable Energy

In addition to regulating oil and gas operations on the OCS, BSEE continues to support the development of a safe, robust, and environmentally responsible offshore renewable energy industry in the United States. The first two OCS offshore wind projects are now generating power, and as the industry rapidly grows, BSEE will continue to engage with offshore wind developers to identify and promote best practices for ensuring worker safety and environmental protection. Engagement with industry, federal partners, including BOEM and the U.S. Coast Guard, Tribal Nations, and stakeholders continues to inform the development of renewable energy program functions.

DOI is reviewing its siting and permitting processes on public lands and in offshore waters to identify steps that can be taken to increase renewable energy production, with the goal of deploying 30 GW of offshore wind capacity by 2030 and creating good-paying jobs that support working American families. As of November 2023, the Department has issued 27 offshore wind commercial leases in the Atlantic, five offshore wind commercial leases off the Pacific coast, and one lease in the Gulf of Mexico. In 2023, the first two offshore wind projects began construction, and on November 29, 2023, South Fork Wind became the first OCS wind project to deliver electricity to the grid; on January 3, 2024, Vineyard Wind became the second. By the end of 2024, we expect that construction and installation will commence on four additional projects. An additional 18 wind energy projects are currently under review. Based on this activity and industry estimates, BSEE anticipates receiving over 40,000 engineering reports for review by the end of FY 2025, including facility design reports, fabrication and installation reports, and certified verification agent reports. BSEE's FY 2025 Budget Request would enable hiring to complete timely and rigorous industry plan reviews, establish a robust compliance assurance program, and conduct renewable energy research.

Carbon Sequestration

In FY 2025, BSEE is requesting \$1.5 million to hire additional staff to establish a Carbon Sequestration Program authorized under BIL. The FY 2025 Budget Request would allow BSEE to actively pursue solutions to address the unique chal-

allenges presented by sub-seabed CO₂ storage. A multi-disciplinary team funded through the request would focus on identifying relevant industry standards and enforcement requirements, determining applied research needs and requirements, creating baseline risk assessment criteria for carbon storage projects, reviewing flow modeling, assessing conservation considerations, and instituting performance and safety standards.

BSEE and BOEM have been developing offshore carbon sequestration regulations that are comprehensive and rely on the best available science for oversight of carbon sequestration activities on the OCS. We are reviewing numerous industry standards and existing regulatory frameworks, and engaging with experts, both domestically and internationally. BSEE is engaging other federal agencies with associated expertise, including the Department of Energy, and evaluating the federal government's existing geological sequestration programs and frameworks, and mapping the applicability to the OCS environment. This ongoing work will facilitate the Department's ability to make sure sequestration operations will be safe and environmentally sustainable.

Inspections and Permitting

Each year BSEE's 120+ inspectors conduct over 20,000 inspections at more than 1,750 facilities on the OCS. BSEE's oil and gas inspection strategy relies on a tiered approach to ensure the Bureau meets its statutory requirements, fulfills regional and national priorities, and uses its workforce effectively to inspect each offshore oil and gas facility at least once a year. In FY 2025, BSEE will continue to execute its Risk-Based Inspection (RBI) Program, which allows for targeted inspections of higher-risk operations and facilities. RBIs use data that was analyzed in previous years to identify safety and environmental concerns and issues.

BSEE's implementation of its inspection strategy helps the Bureau effectively carry out core functions by promoting the use of sufficient controls to mitigate risk and support continuous improvement.

Among the Bureau's priorities are ensuring the public receives fair market value for developed resources and that fees and cost recovery are fair and reasonable. In coordination with the Office of Natural Resources Revenue, BSEE's offshore inspectors ensure that production volumes are accurately measured and reported for the assessment of royalties owed to the American people. In FY 2025, BSEE is proposing to allow the Bureau to charge a per-visit production facility inspection fee, as is done for offshore drilling rigs, rather than the current once-per-year fee that has been in place since FY 2012, as well as to adjust existing inspection fees for inflation. This would allow BSEE to recover a greater share of the actual costs incurred in overseeing these operations and reduce the direct cost to taxpayers, while providing an incentive for operators to improve safety performance and reducing the need for follow-up inspections. The Bureau will continue to review inspection and other cost recovery fees to determine if further adjustments are needed to reduce or eliminate the potential for subsidies.

BSEE is also regularly reviewing permitting processes to support timely processing and appropriate consideration of the risks and phases of development on the OCS. Conducting robust stakeholder technical and procedural workshops along with other engagement efforts is critical to the success of BSEE's modernization and reform efforts. BSEE will continue to hold stakeholder engagement meetings, including meetings with industry association groups, to provide updates on permitting procedures and BSEE's "e-permitting" modules.

Cybersecurity

In FY 2025, BSEE will actively work to establish a BSEE offshore operational technology (OT) cybersecurity safety threat detection and mitigation program. BSEE is closely collaborating with federal partners, including the Department of Homeland Security's Cybersecurity and Infrastructure Security Agency, the U.S. Coast Guard, and the Department of Energy to ensure comprehensive coordination and address cybersecurity concerns on the OCS.

Relationships with federal partners, including the intelligence community, and industry decision makers are key to ensuring that, as the program develops, the Bureau is equipped to inform and address OT cybersecurity risks on the OCS. BSEE will continue to explore program enhancements and engagement strategies to improve and integrate a cybersecurity posture within all OCS activities.

To assist with the federal government's efforts to address OT cybersecurity risk on the OCS, BSEE has initiated efforts to develop a cybersecurity risk profile for offshore energy operators. BSEE began by determining the vulnerabilities within OT systems utilized by a cross-section of these operators. Field assessments will identify strengths and weaknesses within client OT networks and provide BSEE

and its federal partners with a snapshot of offshore operator OT vulnerabilities. This, in turn, will contribute to the development of an overall cybersecurity risk profile.

Strengthening our Regulatory Program

BSEE continues to perform its statutory responsibilities by developing and conducting a robust regulatory program. In recent years, BSEE has published the High-Pressure High-Temperature and Subpart B Revisions proposed rule, the Blowout Preventer Systems and Well Control Revisions final rule, the joint BOEM/BSEE Renewable Energy Modernization final rule, and the Decommissioning Activities and Obligations final rule. BSEE is currently working on several other regulatory priorities including the Oil-Spill Response Requirements for Facilities Located Seaward of the Coast Line proposed rule, the Revisions to Subpart J—Pipelines and Pipeline Rights-of-Way proposed rule, the BSEE Renewable Energy Safety proposed rule, and the joint BSEE/BOEM Carbon Sequestration proposed rule.

Strengthening our Commitment to Safety and the Environment

BSEE works closely with operators as they shift from designing to implementing their Safety and Environmental Management Systems (SEMS) processes that promote a performance-based safety approach and culture. Through this approach, BSEE leverages the capabilities and expertise of government, industry, and independent third parties to continually improve safety and environmental outcomes.

BSEE's SafeOCS Program collects and analyzes near-miss, safety, and failure data for well-control equipment and other safety and pollution prevention equipment. The goal of the program is to identify proactive steps to mitigate risks and ensure offshore operations are safe, reliable, and environmentally responsible. BSEE will continue to obtain statistical advice on the evaluation of daily notifications of safety events through its partnership with the Department of Transportation's Bureau of Transportation Statistics.

The BSEE!Safe program uses text messaging to send offshore workers links to published Safety Alerts, which inform the offshore oil and gas industry of the circumstances surrounding an incident or near miss and provide recommendations to help prevent the recurrence of such incidents. BSEE!Safe is part of the Bureau's strategy to supplement regulation with innovative programs, expanding the available toolbox of methods for driving safety performance and environmental stewardship improvements, and is the first instance in which a safety regulator has communicated directly with the industry workforce to ensure the distribution of critical safety information. As of April 2024, more than 7,900 subscribers have signed up for the service, and BSEE is expanding the service to include safety information for offshore wind energy workers as well.

BSEE is also prioritizing the Safety Performance Enhanced by Analytical Review (SPEAR) Program, with the goal of enabling innovative data analytic tools and strategic Bureau-wide processes. SPEAR enables BSEE subject matter experts to thoroughly analyze data to identify current and emerging safety and environmental hazards from OCS energy operations. The SPEAR Program: (1) explores the potential use of advanced data analytic tools to support the Bureau's processes; and (2) establishes a world-class approach to analyzing and communicating data and information throughout the Bureau and to external stakeholders as needs arise. In FY 2025, BSEE will develop new use cases to evaluate and develop data for other useful applications.

BSEE provides technical training to Bureau field personnel, inspectors, scientists, and engineers to ensure staff have the tools and knowledge needed to accomplish the Bureau's mission safely and effectively. BSEE's training programs provide staff with the most up-to-date, relevant training available that addresses the technological advances the Bureau's workforce will encounter in the field. The Bureau's National Offshore Training Center (NOTC) provides cutting-edge, comprehensive, multi-tiered training and professional development opportunities for BSEE's inspectors, engineers, and scientists to ensure safe and environmentally-sound offshore energy operations. In FY 2025, BSEE plans to continue implementing a multi-phased approach to assess the current program, identify training gaps, develop and implement curriculum, develop and implement an accreditation plan, and perform annual curriculum reviews. Training enhancement will include incorporating training on renewable energy topics into the NOTC curriculum. These investments will help demonstrate the Bureau's commitment to building a "best in class" technical training program and will allow BSEE to better capture and track the costs associated with the program.

Collaboration

The Bureau values its close cooperative relationships with federal and state partners with jurisdictional interest on the OCS and is working to strengthen resources through intra- and interagency cooperation. In FY 2024 and FY 2025, the Bureau is planning to complete several state-level agreements regarding oil spill preparedness coordination. Also, BSEE has been involved in discussions on continuous safety improvement and safety culture policy with federal partners, such as the Pipeline and Hazardous Materials Safety Administration and the Nuclear Regulatory Commission. BSEE continues to engage in opportunities to leverage resources and share information across U.S. government agencies.

BSEE will continue to enhance international collaboration in FY 2025. BSEE engages regularly with international counterparts to promote the safe and environmentally responsible development of offshore energy resources globally. BSEE has established itself as a leader in international cooperation, actively participating in multilateral forums such as the International Regulators' Forum, the Arctic Offshore Regulators Forum, and the International Offshore Petroleum Environment Regulators group, and Arctic Council bodies such as the Emergency Prevention, Preparedness and Response Working Group. BSEE's preparedness activities at the international scale span work in both temperate and Arctic waters. The Bureau uses its international leadership role to better understand the viabilities of traditional oil spill cleanup strategies in different environments.

Oil Spill Prevention

BSEE continues to implement a comprehensive, cost-effective, long-term research program dedicated to improving response countermeasures for oil spills offshore, including in Arctic environments. The research program is based upon a strategic plan that recognizes the evolving risks in offshore exploration and production and BSEE's mission of protecting the environment. BSEE focuses its oil spill response research on advancing state-of-the art methods and technologies for oil spill detection.

A crucial and unique asset that aids BSEE's ability to conduct this work is Ohmsett, the National Oil Spill Response Research and Renewable Energy Test Facility in Leonardo, New Jersey. Ohmsett hosts a large, outdoor, aboveground concrete test tank that is 667 feet long, 65 feet wide, and filled to a depth of eight feet with 2.6 million gallons of saltwater. Ohmsett allows government and private industry oil spill response personnel to hone techniques and test full-scale equipment in realistic sea environments. Ohmsett plays an important role in protecting the Nation's oceans by supporting development of the most effective response technologies as well as preparing responders by creating the most realistic training environment available.

Tribal Coordination

BSEE regulates activities that may have direct or indirect impacts to the integrity of the shoreline and its ecology, offshore habitat, marine mammals, other critical species, natural view-scape, and submerged historical or archaeological sites. BSEE strives to ensure that its processes surrounding activities that may have effects on Indigenous communities are communicated openly, transparently, and thoroughly. BSEE hosts consultations with Tribal Nations for three primary reasons: to honor our nation-to-nation relationship; to hear directly from Tribal leaders as we address economic, environmental justice, and climate crises, all of which disproportionately impact Native Americans and Alaska Natives; and to commit ourselves to a process that addresses Tribal needs and ensures we respect and understand the input we receive.

To support this commitment to Tribal coordination and consultation, BSEE is requesting \$800,000 to strengthen its existing National Tribal Engagement Program to include additional dedicated, full-time Tribal liaison positions. With this additional funding, the National Tribal Engagement Program will be better able to provide meaningful and timely coordination and consultation with Tribes.

Conclusion

I would like to take this opportunity to express our appreciation for the continued support for safe and environmentally sustainable offshore energy development and production. The FY 2025 Budget Request will support BSEE's efforts to ensure responsible offshore energy and mineral resource development, build on BSEE's advancements, and expand its ability to provide effective oversight of the OCS through the initiatives outlined above.

I thank the Chairman and Ranking Member for inviting me here today and would be happy to answer the Subcommittee's questions.

QUESTIONS SUBMITTED FOR THE RECORD TO MR. KEVIN SLIGH, DIRECTOR, BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT, U.S. DEPARTMENT OF THE INTERIOR

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

Questions Submitted by Representative Westerman

Question 1. The Infrastructure Investment and Jobs Act was signed into law (P.L. 117-58) on November 15, 2021. Section 340307 amends the Outer Continental Shelf Lands Act to authorize the Secretary of the Interior to grant a lease, easement, or right-of-way on the Outer Continental Shelf for activities that "provide for, support, or are directly related to the injection of a carbon dioxide stream into sub-seabed geologic formations for the purpose of long-term carbon sequestration." The Act requires the Bureau of Safety and Environmental Enforcement jointly with the Bureau of Ocean Energy Management to promulgate regulations within one year of the law's enactment. Given the evolving landscape of carbon capture and sequestration (CCS) and its importance for carbon management, enhanced oil recovery, and other evolving uses; I'd like to understand BOEM's current stance and plans regarding CCS on the Outer Continental Shelf (OCS).

1a) Can you provide an update on where BOEM and BSEE are in drafting and publishing the necessary regulations for CCS? Specifically, when can we expect these proposed regulations to be available for public comment?

1b) Is there any provision that allows companies with existing OCS oil and gas leases to perform CCS activities before the new regulations are finalized and published?

West Coast Decommissioning/Chumash Sanctuary

Question 2. On behalf of a broad community consortium, the Northern Chumash Tribal Council submitted their sanctuary nomination in July 2015. NOAA's Office of National Marine Sanctuaries issued a Notice of Intent to begin the designation process for the proposed sanctuary in November 2021.

Now that NOAA has formally proposed the Chumash National Marine Sanctuary, it doesn't allow for an exception for decommissioning. BOEM and BSEE are currently in the process of working towards the decommissioning of the platforms within the proposed sanctuary. If the proposed sanctuary is finalized without a decommissioning exception, how will that impact BOEM and BSEE's mission to have these platforms decommissioned?

Mr. STAUBER. Thank you, Director Sligh. Our next witness is Mr. Howard Cantor. He is the Director of the Office of Natural Resources Revenue in the Department of the Interior, and he is stationed in Denver, Colorado.

Mr. Cantor, you are now recognized for 5 minutes. Welcome.

STATEMENT OF HOWARD CANTOR, DIRECTOR, OFFICE OF NATURAL RESOURCES REVENUE, DENVER, COLORADO

Mr. CANTOR. Thank you. Chairman Stauber, Ranking Member Kamlager-Dove, and members of the Subcommittee. I am Howard Cantor, the Director of the Office of Natural Resources Revenue. I am pleased to join you today to discuss the President's Fiscal Year 2025 budget request for the Office of Natural Resources Revenue, also known as ONRR, an office under the Assistant Secretary for

Policy Management and Budget within the Department of the Interior.

ONRR collects, accounts for, and verifies natural resource and energy revenues due to states, American Indians, Alaska Natives, and the U.S. Treasury. In Fiscal Year 2023 alone, ONRR disbursed \$18.24 billion in revenue from energy production on Federal and Indian lands and offshore areas, including \$4.72 billion to 33 states.

Given the large size of the revenue stream handled and dispersed, ONRR strives for transparent and efficient operations in collecting every dollar due to ensure that the American taxpayer and Indian tribes receive full payment of the revenues they are owed for the development of their resources. ONRR works to collect every dollar due while maintaining a collaborative working relationship with industry.

Every American benefits from the revenues generated from mineral resources, either directly, through payments to American Indian tribes and individual Indian mineral owners, or indirectly, through payments to the Historic Preservation Fund, the Reclamation Fund, the Land and Water Conservation Fund, states, and the General Fund of the U.S. Treasury.

The Fiscal Year 2025 budget for ONRR supports its mission to collect, disperse, and verify Federal and Indian energy and other natural resources revenues on behalf of all Americans. The budget request includes funding for the assumption of mineral revenue management responsibilities of the Osage Nation. Taking over these responsibilities represents a significant effort, due to the unique framework of mineral revenue within the Osage Nation.

The request also includes \$7 million to restore audit and compliance activities reduced by the Fiscal Year 2024 enacted budget, enabling ONRR to perform additional data mining activities, compliance reviews, and audits.

ONRR's Fiscal Year 2025 budget request also demonstrates fiscal responsibility, as the requested amount for ongoing information technology modernization work is reduced by \$10 million.

I want to take this opportunity to express our appreciation for the continued support for responsible, secure, and accurate collection of mineral revenue from Federal and Indian lands and Federal waters.

The Fiscal Year 2025 request will support ONRR's efforts to modernize systems, become more efficient, and ensure the American taxpayer and Indian tribes receive full payment of the revenues that they are owed for the development of their resources.

I thank the Chairman and Ranking Member for inviting me here today, and I would happily answer the Subcommittee's questions.

[The prepared statement of Mr. Cantor follows:]

PREPARED STATEMENT OF HOWARD CANTOR, DIRECTOR, OFFICE OF NATURAL RESOURCES REVENUE, U.S. DEPARTMENT OF THE INTERIOR

Chairman Stauber, Ranking Member Ocasio-Cortez, and Members of the Subcommittee, I am pleased to join you today to discuss the President's Fiscal Year (FY) 2025 budget request for the Office of Natural Resources Revenue (ONRR), an office under the Assistant Secretary for Policy Management and Budget within the Department of the Interior (Department).

Background

For the benefit of all Americans, ONRR collects, accounts for, and verifies natural resource and energy revenues due to states, American Indians, Alaska Natives, and the U.S. Treasury. In FY 2023 alone, ONRR disbursed \$18.24 billion in revenue from energy production on federal and Tribal lands and offshore areas, including \$4.72 billion to 33 states. Given the large size of the revenue stream handled and disbursed, ONRR strives for transparent and efficient operations, collecting every dollar due and ensuring that the American taxpayer and Indian Tribes receive full payment of the revenues that they are owed for the development of their resources. ONRR maintains a collaborative working relationship with industry through reporter training, providing speakers for industry-led conferences, and informal interactions in an effort to gain compliance with the laws and regulations before any formal actions need to be taken.

Every American benefits from the revenues generated from mineral resources, either directly through payments to American Indian Tribes and Individual Indian Mineral Owners or indirectly through payments to the Historic Preservation Fund, the Reclamation Fund, states, and the General Fund of the U.S. Treasury. ONRR also contributes to the Land and Water Conservation Fund (LWCF), with appropriations made permanent in August 2020 as part of the Great American Outdoors Act (GAOA), and tracks and reports the energy funds available for calculation of the amounts attributable to the National Parks and Public Land Legacy Restoration Fund created under the GAOA.

The Federal government has collected revenues from mineral production on federal onshore lands since 1920, on American Indian lands since 1925, and on federal offshore areas since 1953. In 1982, the Federal Oil and Gas Royalty Management Act called upon the Department to establish a comprehensive, consolidated system for the collection, accounting, and disbursement of these revenues. From FY 1982 through FY 2023, Interior has provided over \$371 billion to federal, state, and American Indian recipients through this program. Approximately 56 percent of all annual collections have gone to the General Fund of the U.S. Treasury, 23 percent to special purpose funds, 16 percent to states, and 5 percent to the American Indian community.

Fiscal Year (FY) 2025 Request

The FY 2025 budget request for ONRR is \$175,987,000 to support ONRR's mission to "collect, disburse, and verify federal and Indian energy and other natural resource revenues on behalf of all Americans" through the work of our various program areas:

- **Revenue, Reporting, and Compliance Management:** These activities ensure revenues from federal and American Indian leases are efficiently, effectively, and accurately collected, accounted for, invested, and disbursed in a timely manner. This program's activities also include support of the Bureau of Indian Affairs Indian Energy Service Center, as well as efforts to ensure timely, complete, and accurate reporting while providing reasonable assurance of company compliance.
- **Audit Management:** These activities focus on accurate reporting and payment of the nation's federal and American Indian mineral revenues. Federal and American Indian audit and compliance activities represent a critical part of the operational strategy to ensure companies comply with applicable laws, regulations, and lease terms. This program's activities also include administering cooperative agreements with states and American Indian Tribes, tribal consultations, and investigating and responding to the inquiries of individual Indian mineral interest owners.
- **Research, Enforcement, Guidance, and Appeals:** These activities develop and implement consistent and comprehensive compliance planning, as well as market and geospatial analysis, valuation guidance and determinations, production meter verification, rulemaking, responding to appeals of ONRR actions, bankruptcies, litigation support, and enforcement.

The FY 2025 budget request is \$8.05 million above the FY 2024 enacted level attributed to the following:

- \$4.1 million and 25 full time equivalent (FTE) for ONRR to assume the mineral revenue management responsibilities for the Osage Nation.
- \$7.0 million to restore Audit and Compliance activities.

- \$5.5 million to fund a fixed cost increase for FY 2024 and \$1.5 million for FY 2025 fixed cost increases.
- A reduction of \$10 million in ONRR's ongoing information technology modernization efforts.

Osage Trust Accounting Implementation

In 2014, ONRR was first tasked with providing minerals revenue management functions for the Osage Tribe so that the Department could comply with a settlement agreement with the Tribe. However, a court delayed, and then the Bureau of Indian Affairs (BIA) withdrew a final rule intended to shift the Department's Osage minerals revenue management responsibilities from BIA to ONRR. BIA published a new proposed rule in January 2023 and is working to publish the final rule in FY 2024. ONRR requests an additional +\$4.1 million and +25 FTE in FY 2025 as part of a multi-phase and multi-year implementation effort to ensure essential collection, disbursement, and compliance functions for Osage mineral revenues. ONRR's assumption of the full oil and gas revenue and production reporting and verification program on Osage lands represents a significant increase in ONRR's workload across its mission activities. Once fully implemented, ONRR expects that taking on Osage properties will increase its Indian-related workload by approximately 50 percent. There are currently 2,900 active leases and 14,500 producing wells on Osage lands, which will increase the number of Indian leases and wells in ONRR's systems by 46 percent and 62 percent, respectively. Additionally, ONRR expects to provide guidance and training to 230 new production and royalty reporters, a 43 percent increase in the number of Indian reporters. The Osage-related workload is likely to continue increasing, as an additional 4,760 wells are expected to be drilled by 2037 on Osage lands.

With its current Osage funding, ONRR is performing limited compliance activities as permitted by existing regulations. ONRR proposes a phased approach to funding and fully carrying out its functions for the Osage Tribe once the final rule is effective. The additional funds requested in FY 2025 will help ensure ONRR conducts essential collection and disbursement activities for Osage mineral revenues. In addition to continuing current limited compliance activities, this would allow ONRR to perform required functions in FY 2025.

Transitioning these activities to ONRR will require a significant time investment as ONRR works with Osage stakeholders to shift them to ONRR's forms and processes. ONRR's production and royalty forms will be completely new to Osage reporters, and ONRR plans to provide reporter training sessions to assist them. Even so, ONRR expects it will need to respond to questions and investigate and assist in resolving reporting errors. Also, BIA's current processes do not involve enforcement, so ONRR expects to inform and educate affected payors and lessees about ONRR's enforcement processes.

Audit and Compliance Activities

Funding reductions enacted in the FY 2024 appropriation are impacting ONRR's Audit and Compliance activities. ONRR disbursed over \$18 billion in FY 2023, so even relatively small percentage reductions to collections can equate to large dollar amounts, which can adversely impact the financial well-being of tribal members and allottees, as well as states' abilities to fund vital programs. Restoration of the \$7.0M reduction ONRR received in FY 2024 would enable ONRR to perform additional data mining activities, compliance reviews, and audits, thereby increasing ONRR's ability to ensure accurate reporting and payment of royalties due.

IT Modernization

ONRR has made significant progress implementing its IT Modernization program and has determined the funding received for these efforts can be reduced by \$10.0 million beginning in FY 2025 without significantly impacting the project schedule. ONRR's IT Modernization effort supports EO 14028, Improving the Nation's Cybersecurity, by continuing on the path to replace its aging Minerals Revenue Management Support System (MRMSS) with modernized systems. This work will ensure the stability and security of systems that disbursed over \$18 billion in FY 2023 and enhance efficiency and mission delivery.

Baseline Capacity

The FY 2025 budget includes important investments in programs needed to help strengthen America and be more competitive as the world continues to change. These investments include funding needed to maintain a robust and talented workforce and the must-pay requirements needed to continue to fulfill ONRR's mission.

The budget includes +\$5.5 million for ONRR, which reflects the incremental amount needed to cover the fixed costs associated with mission operations in FY 2024. This request, in combination with the FY 2025 fixed cost amounts, will allow the program to meet must-pay requirements without impacting program activities.

Conclusion

I would like to take this opportunity to express our appreciation for the continued support for responsible, secure, and accurate collection of mineral revenue from federal and Indian lands and federal waters. The FY 2025 request will support ONRR's efforts to modernize systems, become more transparent, and add capacity to ensure the American taxpayer and Indian Tribes receive full payment of the revenues they are owed for the development of their resources.

I thank the Chairman and Ranking Member for inviting me here today, and I would be happy to answer the Subcommittee's questions.

QUESTIONS SUBMITTED FOR THE RECORD TO MR. HOWARD CANTOR, DIRECTOR,
OFFICE OF NATURAL RESOURCES REVENUE, U.S. DEPARTMENT OF THE INTERIOR

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

Questions Submitted by Representative Westerman

Question 1. The Infrastructure Investment and Jobs Act was signed into law (P.L. 117-58) on November 15, 2021. Section 340307 amends the Outer Continental Shelf Lands Act to authorize the Secretary of the Interior to grant a lease, easement, or right-of-way on the Outer Continental Shelf for activities that "provide for, support, or are directly related to the injection of a carbon dioxide stream into sub-seabed geologic formations for the purpose of long-term carbon sequestration." The Act requires the Bureau of Safety and Environmental Enforcement jointly with the Bureau of Ocean Energy Management to promulgate regulations within one year of the law's enactment.

1a) Does ONRR anticipate revenues and if so how much from CCS leasing or how would revenues be calculated in case of conversion mechanism?

Mr. STAUBER. Thank you, Mr. Cantor. I thank all the witnesses for their testimony. The Chair will now recognize Members for 5 minutes of questioning, and I now recognize myself for 5 minutes.

Director Klein, I would like to start by focusing on BOEM's implementation and interpretation of the Inflation Reduction Act Section 5265, which couples oil and gas leasing to wind leasing. You are aware of the 60 million acre requirement, correct?

Ms. KLEIN. Correct.

Mr. STAUBER. Do you interpret this as Congress wanting you to offer robust acreage for oil and gas leasing, or do you see it as oil and gas will only get the 60 million acres if the wind industry decides so?

Ms. KLEIN. Thank you for the question.

In setting out the schedule of lease sales for oil and gas, and the process that we undertake to determine where those lease sales should take place, there is an environmental review process that takes place, which has been launched. We just put out our area identification that notes the place where we are focusing our environmental analysis in the Gulf of Mexico. And as has been the usual process for the history of the program, we provide additional information as we get closer to the lease sale stage about which

areas will be offered. We are aware of the 60 million-acre requirement.

Mr. STAUBER. OK. So, Director Klein, hypothetically, if the offshore wind industry came to you and said, "We have enough acreage for offshore wind development, no need to hold a lease sale this year," would you still hold an offshore wind lease sale or an oil and gas lease sale?

Ms. KLEIN. Thanks for the question. On the offshore wind space, what we have tried to do is set out a schedule of offshore wind lease sales to continue the robust development of an offshore wind industry here in the United States, so that we can transition to cleaner energy sources.

Mr. STAUBER. Well, Director Klein, respectfully, with the precedent you have set, not a lot of people here believe you are acting in good faith.

This Administration has neglected its duty to support oil and gas leasing, so we are incredibly worried you will continue this trend and fail to carry out the measly three lease sales that you have put in the current 5-year plan. Based on the readings of the Department's plans, it appears that your offshore wind schedule has 12 sales scheduled over the next 5 years, a 400 percent increase in renewables over oil and gas. Is that correct?

Ms. KLEIN. I don't know that I can do the math that quickly in my head, but we have scheduled 12 potential lease sales for offshore wind over the next 5 years, reflecting what we believe to be the tremendous opportunity for offshore wind.

Mr. STAUBER. Director Klein, it is correct. So, how much of the revenue raised from these 12 lease sales will contribute to coastal communities, and will a single dollar from these lease sales go back to these communities?

Ms. KLEIN. In developing this program, we have focused on, or I should say, in supporting the development of offshore wind in this country, the Biden-Harris administration has put a tremendous amount of effort on—

Mr. STAUBER. Director Klein, with all due respect, that is not what I asked. I said, "Will the money go back to these coastal communities?"

Ms. KLEIN. There is a tremendous amount of economic development and opportunity happening in coastal communities right now. I cited some of that in my opening testimony.

Mr. STAUBER. No, I am talking about the revenue that will be generated. Will that go back to the coastal communities?

Ms. KLEIN. Where revenue goes from offshore wind is a matter of statutory authority. Right now, there is no statute that exists that directs revenues from offshore wind to anywhere else but the Treasury.

Mr. STAUBER. And Director, that is what we are getting at. There is no mechanism approved by Congress to return these revenues to the coastal communities. They won't be compensated for this development for offshore wind. Instead, these communities will have to pay more to cover their energy costs while not receiving conservation funding.

Do you know how BOEM could fix that? You could support offshore oil and gas leasing. By law, your dollars would flow back

to coastal communities through revenue sharing and conservation funding, and Americans across the country would see lower energy costs. I think that is a simple fix.

Director Cantor, how much GOMESA revenue has offshore oil and gas contributed in the last 5 years?

Mr. CANTOR. Thank you for the question, Chairman. For GOMESA, let's see. I don't have the total for the last 5 years.

Mr. STAUBER. Hundreds of millions?

Mr. CANTOR. Hundreds of millions. Yes, sir.

Mr. STAUBER. And how about LWCF or Historic Preservation Fund in the last 5 years?

Mr. CANTOR. The LWCF is capped at \$125 million per year.

Mr. STAUBER. OK. And then how much from offshore wind?

Mr. CANTOR. Can you repeat the question, Chairman?

Mr. STAUBER. How much has offshore wind generated for you?

Mr. CANTOR. Over the last 5 years we have had——

Mr. STAUBER. Just for coastal communities. How much has come back to coastal communities?

Mr. CANTOR. There has been about \$5.7 billion, most of that due to a bonus in 2022 for the New York Bight wind sale. But in terms of how much goes back to coastal communities, that——

Mr. STAUBER. My time has expired here, but I will say it goes back to the Treasury. So, nothing goes back directly to the communities from offshore wind at this moment.

I will now turn it over to Representative Kamlager-Dove for 5 minutes of questioning. Thank you.

Ms. KAMLAGER-DOVE. Thank you, Mr. Chair, and I too am interested in folks not operating in good faith, and the money, and lower energy costs.

Director Klein, last month the FTC issued a complaint about Pioneer Resources, with evidence that their CEO, Scott Sheffield, colluded with OPEC to illegally manipulate the market to drive up gas prices. The complaint was big news in part because it had solid evidence that the high gas prices my colleagues on the other side have been talking about were not, in fact, the result of insufficient oil production here in the United States or Biden's so-called war on American energy, as our colleagues across the aisle often claim. Instead, gas prices may have been inflated because of illegal manipulation of oil markets.

The amount of money Sheffield squeezed out of working families, according to his own estimates, conservatively, was between \$2.7 and \$4 billion in 2023 alone. After Mr. Sheffield started manipulating the markets, his compensation went from \$19 million a year to \$67 million a year. That was his big reward for gouging the American people.

The FTC complaint presents evidence that Pioneer was not just colluding with Iran, Saudi Arabia, and Russia, but with other oil companies in the United States, too. Even more evidence of collusion between nine different oil companies in the United States, including Pioneer, was detailed in a separate class action lawsuit from April of this year.

Director Klein, does Pioneer Resources have any offshore leases?

Ms. KLEIN. Thank you for the question. I believe that Pioneer does not. They mostly focus on the onshore space.

Ms. KAMLAGER-DOVE. OK, thank you.

Ms. KLEIN. That is my understanding.

Ms. KAMLAGER-DOVE. Now, Hess Corporation was part of the lawsuit, too. Does Hess Corporation have any offshore leases?

Ms. KLEIN. I believe that Hess does, yes.

Ms. KAMLAGER-DOVE. OK. And what about Occidental Petroleum?

Ms. KLEIN. I also think they have offshore leases, yes.

Ms. KAMLAGER-DOVE. Yes. So, if Occidental, Hess, or any other oil and gas company with an offshore lease were found guilty of colluding with OPEC and engaging in illegal, anti-competitive practices, or price fixing, would they still be eligible to get a lease in the future?

Ms. KLEIN. No. If a company is found guilty of something like collusion, we have regulations in place that make them ineligible to hold a lease in the future.

Ms. KAMLAGER-DOVE. OK, thank the Lord. Because I would hope that, if a company was using taxpayer lands or waters to scam the American people into paying astronomical gas prices so the company could pad their profits, increase dividends, and stock buybacks, which is exactly what Pioneer did, that BOEM should be able to put a stop to it. It should be an easy call to disqualify, suspend, or debar them from being able to do any further business with the Federal Government, including being able to extract more oil and gas from public lands.

And I would hope that my colleagues from across the aisle would join me in this pursuit to ensure that is the case, because Committee Democrats are requesting a formal investigation into this matter, and I hope we can take this up in a bipartisan way.

BOEM also manages offshore renewable energy development, which will play a vital role in curbing the climate crisis. And, of course, there are challenges to standing up a new industry, but there are also far-reaching benefits.

Director Klein, can you briefly go over some highlights of the job and economic benefits of the offshore wind energy for coastal communities and throughout the United States?

And if you heard anything that you disagree with earlier, could you please respond to those issues?

Ms. KLEIN. Thank you for the question. I have been in this role a little bit over a year, and I have been really energized, sorry for the pun, by my travels all around the country. I have been visiting and hearing from all sorts of communities, workers, folks associated with the growth of offshore wind. There are really billions of dollars of investments that are flowing all across the country.

I was able to travel to Portsmouth, Virginia, for instance, and celebrated milestones of a project, Offshore Virginia, with the Governor, the Lieutenant Governor, and the Attorney General.

I have been to Brownsville, Texas to look at the construction of the first Jones Act-compliant offshore wind vessel that is, as I mentioned in my opening remarks, sourced with steel from the United States, and has a number of American workers working hard to launch that boat.

We celebrated the South Fork project, its first delivery of energy to the grid up in Long Island, and heard from union workers and folks who are really proud of the work that they have done there to support a clean energy future. That project has export cable that was manufactured in South Carolina, a substation from Texas, so the opportunity for economic growth all around the country, it is a long list, and we are really excited about it at BOEM.

Ms. KAMLAGER-DOVE. Thank you.

Mr. STAUBER. Thank you very much. We will now go to Representative Graves from Louisiana for 5 minutes.

Mr. GRAVES. Thank you. Thank you all for being here.

Ms. Klein, how long does it take to go from a lease sale to actual production in the OCS?

Ms. KLEIN. Thank you for the question. The timeline can vary.

Mr. GRAVES. Just give me a ballpark, please.

Ms. KLEIN. It can take anywhere from 5 to 10 years. It really depends on the operator, and how swiftly they move to production plans.

Mr. GRAVES. It generally takes a lot closer to 10 years than 5.

Mr. Cantor, when ONRR releases something saying that GOMESA revenue sharing hit the cap "due to record high oil and gas production under this Administration," if it takes 10 years to go to production, from lease sale to production, is that really an honest statement, suggesting to the American people that production is at high levels because of this Administration?

Mr. CANTOR. Thank you for the question, Congressman. If the timeline is as you have stated, then the timeline is as you have stated.

Mr. GRAVES. So, the answer would—

Mr. CANTOR. I don't really have a comment on that question.

Mr. GRAVES. The answer would be no.

Ms. Klein, let's say that President Smith comes in next, and President Jones comes in after that, and subsequent to this Administration. Since you are not doing any lease sales, is it going to be their fault that we don't have appropriate supply of liquid fuels, of oil and gas?

Ms. KLEIN. In setting the three lease sales over the next 5 years for oil and gas, the Secretary determined that those sales would best meet our energy needs. There is obviously production continuing right now, record levels of production. That will continue—

Mr. GRAVES. Ms. Klein, you are not answering my question. Is it going to be their fault that we don't have sufficient supplies?

This is the lowest, the lowest lease sale production since we have had an OCS program ever, ever, 1/100 of what was leased under President Jimmy Carter, 1/360 under what was leased under President Ronald Reagan. This is awful. You are completely screwing the next administration and the one after from this completely failed energy plan.

Let me ask you a few questions, and any of you in the panel are welcome to answer this. When you did the Rice's whale sue-and-settle, is that going to result in lower production costs or higher production costs in the OCS?

Ms. KLEIN. I don't know what you are referring to by sue-and-settle, but if you are referring to the voluntary measures——

Mr. GRAVES. The Rice's whale restrictions, is that going to cost more to produce or less to produce?

Ms. KLEIN. Currently, there are voluntary measures that we have offered to oil and gas.

Mr. GRAVES. That is a yes or no. Please don't burn my time. It is a yes-or-no question.

Is it going to cost more to produce or less to produce?

Ms. KLEIN. It is not going to have any——

Mr. GRAVES. It is not going to cost less. Do you want to just say that? That is fine.

No. 2, financial assurance. The financial assurance rule, is that going to result in higher cost to produce or lower cost to produce?

Ms. KLEIN. We believe——

Mr. GRAVES. The additional \$9.2 billion in bonding will cost more.

The methane rule, is that going to cost more to produce or less to produce?

[No response.]

Mr. GRAVES. That is going to cost more to produce. I will help you all out here.

The pipeline feed that this Committee proposed, what was it, \$500 a mile or what, I don't even remember what it was, but the pipeline fee for offshore energy products, and it was like a fee for below 1,000 feet and above 1,000 feet, or something like that. Those additional fees similarly would be passed on to consumers, and then higher royalty rates, which means that you are paying more to the government to produce.

All of these things cumulatively cost a higher cost for production, and that is all passed on to consumers. So, my friends are sitting here talking about higher prices. Look, we saw this under the Obama administration. Oil and gas prices are higher under these flawed policies. It shouldn't be a shock to anybody that we are seeing it right now again. In fact, it is embarrassing that we saw it once, and this Administration is walking into the same thing, putting your hand right on that red hot stove all over again, and then pointing to everybody else as the cause. And it is shown over, and over, and over again that the excuses that have been brought up by this Administration are completely untrue.

So, let's be crystal clear. It is this Administration's policies, your lack of lease sales that are causing higher energy prices. You are completely screwing this country's energy security in the future with the 10-year timeline it takes to go from lease sales into production. You are putting communities in the Gulf of Mexico at risk because Mr. Cantor is not going to have a penny in revenue sharing that, under our Constitution, is required to be spent on resiliency projects like restoring our coastal ecosystem, on hurricane protection, and on flood control projects, putting these people as sitting ducks for future hurricanes. And consumers are paying, when this Administration took office, \$1.74 a gallon were gasoline prices, lowest prices in Louisiana. Today, I am going to guess three bucks. Completely screwing communities.

Look Mr. Chairman, I know I am out of time. I just want to see if Mr. Sligh or Ms. Klein can give us any clarity on the financial assurance rule. Specifically, is that BOEM or BSEE's intent to call upon the additional supplemental bonds when a current operator can't fulfill their decommissioning obligation before going after the predecessor lessees? It should be a yes or no.

Ms. KLEIN. The Financial Assurances Rule is meant to ensure that current lessees and grant holders undertake their obligations to clean up after themselves when they are done. So, we would be going to those financial assurance requirements before we went to predecessors.

Mr. GRAVES. Thank you. Thank you for answering that question.

Mr. STAUBER. Thank you very much.

Mr. GRAVES. I yield back.

Mr. STAUBER. We will now go to Representative Huffman for 5 minutes.

Mr. HUFFMAN. Thank you, Mr. Chairman.

We expect a lot of fossil fuel boosterism in this Committee and this Subcommittee, but recently it has risen to the level of almost cartoonish fealty to the fossil fuel industry. At a time when you are talking about record production, record exports, record profits, we continue to hear this rhetoric about the Biden administration declaring a war on oil and gas. It is just not something that can credibly be said. But if you are so beholden to fossil fuel that without blushing you can mouth these talking points, this is the place where we hear it.

And when we see clear evidence that these fossil fuel interests are colluding with OPEC to screw American consumers and rig the global price of oil, and Democrats try to do something about it on a bipartisan basis, we hear crickets from the other side, because they just can't bring themselves to ever stand up to this massive industry, no matter how much it abuses the environment or American consumers.

In fact, we have a moment here where you have a chance to choose between the American people and consumers, and protecting them from high gas prices or your friends at Big Oil. And it looks like, to no one's surprise, our friends across the aisle choose Big Oil every time.

Director Klein, it is a little rich when the Chair lectures you about good faith. And you should just know that when that term is used around here, it has a coded meaning. "Good faith" means absolute boosterism for fossil fuel at all costs.

The \$60 million minimum and other provisions of the IRA that you were asked about were formulas that one U.S. Senator insisted upon in the Inflation Reduction Act. It is not sacred, and it doesn't mean you have to go over and above that. It doesn't mean that you have to bow and scrape at the throne of Big Oil, as the Chair would ask you to do, in order to comport with his notion of good faith. So, I would say minimum compliance with this formula that was forced in to the IRA, something that most Members of Congress in both houses, I believe, did not support, I certainly opposed it, but minimum compliance is just fine, and certainly meets the good faith standard, in my view.

With respect to offshore wind, the Chair is having some fun with the nuance of how royalties work, and how auction credits work, and it is misleading. So, we need to clean this up a little bit. When he says that no money goes back to local coastal communities from these auctions, that is not right. I know that because I represent one of those coastal communities, where there were credits that the successful bidders embraced as part of their bid, and a lot of money is going back to local communities. Isn't that correct, through those auction credits?

Ms. KLEIN. Yes, we have certainly set up systems where, during the auctions, we can make sure that we are supporting domestic supply chain, domestic workforce, and supporting communities where these projects will go.

Mr. HUFFMAN. Do you envision using auction credits in other offshore wind leases to make sure that some of that money actually gets turned back around into community benefit agreements, tribes, fishermen, and other interests that will benefit from those auction credits?

Ms. KLEIN. Yes, we do.

Mr. HUFFMAN. Thank you.

The Chair is correct that, in terms of long-term royalties and revenues from the sale of energy, oil and gas is in a different place than offshore wind. Oil and gas has a mechanism to turn that money back into the Land and Water Conservation Fund and to benefit states and local communities. And right now, offshore wind does not. We need to fix that.

I am working on legislation that will address that, and eventually we need to get there. But to extrapolate from that, as the Chair does, that instead of doing offshore wind you should just do more oil and gas is certainly problematic if you care about the climate crisis and the transition to clean energy.

I only have about 30 seconds left. The last question I want to ask you about involves tribal consultation, because I do want the project in Humboldt County to succeed. And I think you know that we have heard loud and clear from tribes that we need better engagement by BOEM. There is a co-management Executive Order, Joint Secretarial Order 3403, where other agencies have rolled out their co-stewardship plans for land and waters for tribes. We have yet to see anything from BOEM on that. I am still waiting for a response on my request for better engagement, including somebody on the ground for California and other West Coast, in the remaining time I have, could you speak to where we stand on these things?

Ms. KLEIN. Sure. Thank you for that question, and I appreciate the feedback we have received and the inquiries that you have sent to us.

We are spending a lot of time at BOEM, making sure that we really have a robust tribal engagement program. Our Fiscal Year 2025 budget request identifies some additional resources that we think would be helpful in order to do that not just within BOEM, but also support tribal capacity at tribes themselves to be able to meaningfully engage in this.

So, obviously, a long history of mistrust between many tribes and the Federal Government, and I think working together with the Subcommittee we can start to address that.

Mr. HUFFMAN. It is very important. I appreciate that.

And thank you, Mr. Chairman, I yield back.

Mr. STAUBER. Thank you very much. We will now go to the Chair of the Full Committee.

Representative Westerman, you are up for 5 minutes.

Mr. WESTERMAN. Thank you, Chairman Stauber. Thank you to the witnesses for being here today.

Director Klein, we have already talked about the three lease sales in the next 5 years in the 5-year plan, and the 12 wind lease sales. But I just want to be sure that, on Lease Sale 262, is that going to proceed as planned, particularly if no additional wind lease sales are deemed necessary for 2025 to 2026?

Ms. KLEIN. Thank you for the question. We have started the environmental review process for the three sales that were identified in the 5-year plan. We recently issued the area identification. The next step would be the draft environmental impact statement that analyzes those potential sales, so that—

Mr. WESTERMAN. So, your planning—

Ms. KLEIN. That process is underway.

Mr. WESTERMAN. You are planning to hold the sale. Do you anticipate any hiccups in the process, or delays?

Ms. KLEIN. I have learned not to try to anticipate hiccups, but, as I said, the environmental process is underway for those lease sales, and we expect the draft environmental impact statement to be out in the next couple—

Mr. WESTERMAN. Well, last fall you told me there wouldn't be any delays for Lease Sale 261, yet you voluntarily chose to delay it. Has your agency done any planning or work which sets up the cancellation of any of the three offshore oil and gas lease sales?

Ms. KLEIN. I am sorry, could you repeat the question?

Mr. WESTERMAN. Have you done any planning to delay the three sales?

Ms. KLEIN. No, we have not done any planning to delay any sales.

Mr. WESTERMAN. So, there is no scenario or plan in place to cancel any of the three oil and gas lease sales.

Ms. KLEIN. We are required under the National Environmental Policy Act and a number of other statutes to conduct environmental analysis of those potential sales, so that process is underway. And, of course, an agency like BOEM doesn't act until there is a Record of Decision, and that is where we are in the process right now.

Mr. WESTERMAN. What is an example of something that would cause you to trigger your authority and cancel the sales, even though doing so would destroy the ability to sell offshore wind?

Ms. KLEIN. Well, one of the reasons that sales have been canceled in the past was the Deepwater Horizon oil spill, which killed 11 people and caused billions of dollars worth of damage in the Gulf of Mexico.

Mr. WESTERMAN. So, you are saying if there was another incident like that, you would cancel the oil and gas sales, and all the wind sales?

Ms. KLEIN. Saying anything about canceling lease sales at this point would be pre-decisional. As I said, we are in the environmental review process, and that process is underway.

Mr. WESTERMAN. Representative Graves talked about how long it takes to construct an offshore oil platform, and the cost that goes with it. How much of that cost gets offset by the Federal Government or by the taxpayer?

Like, what programs are out there to help oil companies develop offshore platforms?

Ms. KLEIN. Thank you for the question.

I think over the years there have been a number of programs that have supported the development of fossil fuel, including the statutes we operate under, our tax code, the way that royalties are set—

Mr. WESTERMAN. When you say tax code, are you talking about depreciation of assets?

Ms. KLEIN. As I said, at the Bureau of Ocean Energy Management we are really focused on ensuring that, in part, operators are fully internalizing the cost of doing business. We mentioned the financial assurances rule, which is one of the ways that we are making sure of doing that.

Mr. WESTERMAN. I think you are missing the question. There is no program that subsidizes the oil and gas industry. That is outside of any kind of tax program, that any business gets to depreciate assets. I have heard my colleagues across the aisle talk about the handouts to oil and gas companies, and I finally figured out they were talking about depreciation schedules, which any manufacturing company, if you own a bakery you get to depreciate your ovens.

But let's switch gears and talk about offshore wind. If you are going to build an 8 megawatt wind tower, what kind of programs are out there from the government to help the construction cost?

Ms. KLEIN. Well, I think the President has made clear that he thinks the climate crisis is a real challenge, and the Federal Government has an obligation to do something about it, so—

Mr. WESTERMAN. But what are those programs like? Like, what kind of tax credits are available?

Ms. KLEIN. The Bureau of Ocean Energy Management is not responsible for the suite of tax credits, but they do exist for the offshore wind—

Mr. WESTERMAN. Well, there are 30 percent tax credits, there are production tax credits, you can get \$0.027 or \$0.03 per kilowatt hour, which could be, if the windmills actually operate, hundreds of thousands, if not millions of dollars of taxpayer money every year, which if that is a decision Congress has made, it is the Administration's job. But it is not fair to say that offshore oil and gas gets subsidized when they don't, when they actually are paying in royalties off of what they produce, yet offshore wind gets huge, huge subsidies from the taxpayer. Otherwise, it wouldn't be cost effective to build these facilities.

So, I think we just need to clear the air on who is getting the subsidies, where the cost is to the taxpayer that they are not seeing because it is hidden in tax cost. And the oil and gas industry does not get these huge subsidies and credits that it is often claimed that they get.

And I am way out of time, and I yield back, Mr. Chairman.

Mr. STAUBER. Thank you very much.

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

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

And to the witnesses, you will have questions given to you.

We were going to go a Round 2, but it was decided we won't.

Under Committee Rule 3, members of the Committee must submit questions to the Subcommittee Clerk by 5 p.m. on Wednesday, May 29. The hearing record will be held open for 10 business days for these responses.

OK. Well, we hadn't closed down, Representative Gosar. We were just closing statements. You made it, good job.

You can open up your books, there will be more questions.

Representative Gosar, you are up for 5 minutes. You made it just in time.

Mr. HUFFMAN. Mr. Chairman, to give Mr. Gosar a chance to catch his breath, could I ask for unanimous consent on two things real quick?

Mr. STAUBER. Yes, you can.

Mr. HUFFMAN. Thank you. I would like to enter into the record a report from the IMF citing over \$649 billion in subsidies for oil and gas. That is if you consider the health and environmental impacts that the taxpayers pick up the tab for every year.

And then a second one I would like to enter into the record by unanimous consent is just the final vote on the Inflation Reduction Act in both Houses, because we have had a long line of questioning where my Republican friends are hopping mad about the fossil fuel giveaways in that leasing formula, and every one of them voted against the legislation.

Mr. STAUBER. Without objection.

[The information follows:]



WP/19/89

IMF Working Paper

**Global Fossil Fuel Subsidies Remain Large:
An Update Based on Country-Level Estimates**

by David Coady, Ian Parry, Nghia-Piotr Le, and Baoping Shang

I N T E R N A T I O N A L M O N E T A R Y F U N D

The full document is available for viewing at:

<https://docs.house.gov/meetings/II/II06/20240523/117251/HHRG-118-II06-20240523-SD005.pdf>

5/23/24, 3:46 PM

Final Vote Results for Roll Call 385

FINAL VOTE RESULTS FOR ROLL CALL 385(Democrats in roman; Republicans in *italic*; Independents underlined)**H R 5376** YEA-AND-NAY 19-Nov-2021 9:44 AM**QUESTION:** On Passage**BILL TITLE:** Build Back Better Act

	<u>YEAS</u>	<u>NAYS</u>	<u>PRES</u>	<u>NV</u>
DEMOCRATIC	220	1		
REPUBLICAN		212		1
INDEPENDENT				
TOTALS	220	213		1

--- YEAS 220 ---

Adams	Gonzalez, Vicente	Pallone
Aguiar	Gottheimer	Panetta
Allred	Green, Al (TX)	Pappas
Auchincloss	Grijalva	Pascarell
Axne	Harder (CA)	Payne
Barragán	Hayes	Pelosi
Bass	Higgins (NY)	Perlmutter
Beatty	Himes	Peters
Bera	Horsford	Phillips
Beyer	Houlahan	Pingree
Bishop (GA)	Hoyer	Pocan
Blumenauer	Huffman	Porter
Blunt Rochester	Jackson Lee	Pressley
Bonamici	Jacobs (CA)	Price (NC)
Bourdeaux	Jayapal	Quigley
Bowman	Jeffries	Raskin
Boyle, Brendan F.	Johnson (GA)	Rice (NY)
Brown (MD)	Johnson (TX)	Ross
Brown (OH)	Jones	Roybal-Allard
Brownley	Kahele	Ruiz
Bush	Kaptur	Ruppersberger
Bustos	Keating	Rush
Butterfield	Kelly (IL)	Ryan
Carbajal	Khanna	Sánchez
Cárdenas	Kildee	Sarbanes
Carson	Kilmer	Scanlon
Carter (LA)	Kim (NJ)	Schakowsky
Cartwright	Kind	Schiff
Case	Kirkpatrick	Schneider
Casten	Krishnamoorthi	Schrader
Castor (FL)	Kuster	Schrier
Castro (TX)	Lamb	Scott (VA)
Chu	Langevin	Scott, David
Cicilline	Larsen (WA)	Sewell

<https://clerk.house.gov/evs/2021/roll385.xml>

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Final Vote Results for Roll Call 385

Clark (MA)	Larson (CT)	Sherman
Clarke (NY)	Lawrence	Sherrill
Cleaver	Lawson (FL)	Sires
Clyburn	Lee (CA)	Slotkin
Cohen	Lee (NV)	Smith (WA)
Connolly	Leger Fernandez	Soto
Cooper	Levin (CA)	Spanberger
Correa	Levin (MI)	Speier
Costa	Lieu	Stansbury
Courtney	Lofgren	Stanton
Craig	Lowenthal	Stevens
Crist	Luria	Strickland
Crow	Lynch	Suozzi
Cuellar	Malinowski	Swalwell
Davids (KS)	Maloney, Carolyn B.	Takano
Davis, Danny K.	Maloney, Sean	Thompson (CA)
Dean	Manning	Thompson (MS)
DeFazio	Matsui	Titus
DeGette	McBath	Tlaib
DeLauro	McCollum	Tonko
DelBene	McEachin	Torres (CA)
Delgado	McGovern	Torres (NY)
Demings	McNerney	Trahan
DeSaulnier	Meeks	Trone
Deutch	Meng	Underwood
Dingell	Mfume	Vargas
Doggett	Moore (WI)	Veasey
Doyle, Michael F.	Morelle	Vela
Escobar	Moulton	Velázquez
Eshoo	Mrvan	Wasserman Schultz
Español	Murphy (FL)	Waters
Evans	Nadler	Watson Coleman
Fletcher	Napolitano	Welch
Foster	Neal	Wexton
Frankel, Lois	Neguse	Wild
Galleo	Newman	Williams (GA)
Garamendi	Norcross	Wilson (FL)
García (IL)	O'Halleran	Yarmuth
García (TX)	Ocasio-Cortez	
Gomez	Omar	

--- NAYS 213 ---

Aderholt	Gohmert	Miller (WV)
Allen	Golden	Miller-Meeks
Amodei	Gonzales, Tony	Moolenaar
Armstrong	Gonzalez (OH)	Mooney
Arrington	Good (VA)	Moore (AL)
Babin	Gooden (TX)	Moore (UT)
Bacon	Gosar	Mullin
Baird	Granger	Murphy (NC)
Balderson	Graves (LA)	Nehls
Banks	Graves (MO)	Newhouse

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Final Vote Results for Roll Call 385

Barr
Bentz
Bergman
Bice (OK)
Biggs
Bilirakis
Bishop (NC)
Boebert
Bost
Brady
Brooks
Buchanan
Buck
Bucshon
Budd
Burchett
Burgess
Calvert
Cammack
Carey
Carl
Carter (GA)
Carter (TX)
Cawthorn
Chabot
Cheney
Cline
Cloud
Clyde
Cole
Comer
Crawford
Crenshaw
Curtis
Davidson
Davis, Rodney
DesJarlais
Diaz-Balart
Donalds
Duncan
Dunn
Ellzey
Emmer
Estes
Fallon
Feenstra
Ferguson
Fischbach
Fitzgerald
Fitzpatrick
Fleischmann
Fortenberry
Foxy
Franklin, C. Scott

Green (TN)
Greene (GA)
Griffith
Grothman
Guest
Guthrie
Hagedorn
Harris
Harshbarger
Hartzler
Hern
Herrell
Herrera Beutler
Hice (GA)
Higgins (LA)
Hill
Hinson
Hollingsworth
Hudson
Huizenga
Issa
Jackson
Jacobs (NY)
Johnson (LA)
Johnson (OH)
Johnson (SD)
Jordan
Joyce (OH)
Joyce (PA)
Katko
Keller
Kelly (MS)
Kelly (PA)
Kim (CA)
Kinzinger
Kustoff
LaHood
LaMalfa
Lamborn
Latta
LaTurner
Lesko
Letlow
Long
Loudermilk
Lucas
Luetkemeyer
Mace
Malliotakis
Mann
Massie
Mast
McCarthy
McCaul

Norman
Nunes
Oberholte
Owens
Palazzo
Palmer
Pence
Pfluger
Posey
Reed
Reschenthaler
Rice (SC)
Rodgers (WA)
Rogers (AL)
Rogers (KY)
Rose
Rosendale
Rouzer
Roy
Rutherford
Salazar
Scalise
Schweikert
Scott, Austin
Sessions
Simpson
Smith (MO)
Smith (NE)
Smith (NJ)
Smucker
Spartz
Stauber
Steel
Stefanik
Steil
Steube
Stewart
Taylor
Tenney
Thompson (PA)
Tiffany
Timmons
Turner
Upton
Valadao
Van Drew
Van Dine
Wagner
Walberg
Walorski
Waltz
Weber (TX)
Webster (FL)
Wenstrup

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Final Vote Results for Roll Call 385

<i>Fulcher</i>	<i>McClain</i>	<i>Westerman</i>
<i>Gaetz</i>	<i>McClintock</i>	<i>Williams (TX)</i>
<i>Gallagher</i>	<i>McHenry</i>	<i>Wilson (SC)</i>
<i>Garbarino</i>	<i>McKinley</i>	<i>Wittman</i>
<i>Garcia (CA)</i>	<i>Meijer</i>	<i>Womack</i>
<i>Gibbs</i>	<i>Meuser</i>	<i>Young</i>
<i>Jimenez</i>	<i>Miller (IL)</i>	<i>Zeldin</i>

--- NOT VOTING 1 ---

<i>Perry</i>

Mr. HUFFMAN. Thank you.

Mr. STAUBER. Representative Gosar, have you got your breath?

Dr. GOSAR. I got my breath.

Mr. STAUBER. You are up for 5 minutes.

Dr. GOSAR. I thank the gentleman from California for giving me my breath back. I know it has been a left-handed day in a right-handed world or, if you are a left-hander, it is a right-handed day in a left-handed world.

Anyway, Directors, when each of you issue an order or a decision to an operator, that decision is appealable. However, it is not appealable to an independent judge. Instead, the operator must go through the Department's administrative process, which means the appellate proceeds through the Interior Board of Land Appeals, or the IBLA, which answers to the Secretary.

Currently, that board has a backlog of over 600 matters. Of these, your agencies collectively account for one-third, some of them dating back to 2014. Specifically, BSEE has 157 pending appeals; ONR squared has 37; BOEM has 2. Now, some of these appeals may be voluntarily paused. However, others are not, and these appellants are stuck in an administrative purgatory that cannot be easily resolved.

So, a question for each of you. Until the IBLA or the Secretary issues a final decision, can an operator seek judicial relief within the Federal courts?

Ms. KLEIN. Thank you for the question. We are happy to take that back. I imagine that it depends on the nature of the appeal.

Dr. GOSAR. OK.

Mr. SLIGH. Thank you, Congressman, for that question. I would have to agree with Director Klein. Each case is based on its own merits, and we would have to take that back as a question for the record.

Dr. GOSAR. OK. So, Director Klein and Director Sligh, is there a time limit on your appeals?

Ms. KLEIN. Again, I would have to take that back. I think it depends on the nature of the appeal.

Dr. GOSAR. OK. Director Cantor, do you have a time limit on the appeal?

Mr. CANTOR. Thank you for the question, Congressman. There is a 33-month time limit on appeals that are made to the IBLA, and

then the IBLA loses jurisdiction, and the company has an opportunity to go to Federal court.

Dr. GOSAR. Is there an incentive? Because it is my understanding that if the time expires, the amount is over \$10,000, that that ruling is automatically in your favor. Correct?

Mr. CANTOR. That is correct.

Dr. GOSAR. Mr. Cantor, what we have heard is the deck is stacked against operators that receive an adverse ruling through your agencies. They must sit through an indefinite administrative appeal or be forced to face an automatic loss, where they must overcome agency deference. It sounds like a legislative solution might be needed to fix this process.

Would you commit to work with me and my office on a solution that works to resolve this process of what sounds a bit like choosing between a rock and a hard place?

Mr. CANTOR. I thank you for the question, Congressman. We are always open to working with you and your staff.

Dr. GOSAR. Wonderful. Thank you so much. I also have some questions.

The proposed budget includes funding for land acquisition. In reality, many counties that I represent have way too much Federal land. For example, La Paz County, Arizona is about 95 percent Federal lands, depriving the locality of development and revenue.

Mr. Biden's budget also proposes significant increases in funding for environmental efforts, yet fails to address the urgent need for reforms in the revenue-sharing agreements with states that host Federal lands. How can you justify prioritizing conservation spreading over ensuring equitable compensation for states like Arizona that bear the burden of hosting these resources?

Ms. KLEIN. Thank you for the question. I think much of that is probably directed to the onshore agencies, and we would be happy to take that question back and get an answer for the record.

Dr. GOSAR. OK. Well, I am going to do one more. Given the recent increase in energy prices and concerns about energy independence, how does the budget proposal address the need to streamline permitting processes and encourage domestic energy production on Federal lands, rather than imposing barriers and delays?

Ms. KLEIN. Thank you again for that question. Certainly, we have been spending a lot of time to streamline our permitting processes to ensure that we are still resulting in robust decisions that reflect our environmental and statutory responsibilities in the offshore wind context. We have been able to go from zero to eight approved projects, given our all-of-government approach and our ability to streamline a lot of those permitting processes.

Dr. GOSAR. Have you seen any derogatory effects of these big wind projects, particularly with the whales? Or is it constantly in study?

Ms. KLEIN. I am sorry, could you repeat the question?

Dr. GOSAR. Yes, some of the thought processes were that the wind turbines, these offshore wind turbines, were having some effect in regards to whales and their geospatial placement.

Ms. KLEIN. Sure. Thank you for that question. There is really no evidence right now that anything having to do with offshore wind,

and particularly the G&G work that is done before offshore wind construction, is having any effect on whales. We certainly have a whole suite of mitigation measures that we require of offshore wind operators before they can proceed with construction and throughout the project to make sure that their activities are avoiding, minimizing, and then mitigating any impacts that might occur. But right now, there is no data to suggest that the operations so far have had any impact on whales.

Dr. GOSAR. Is it an ongoing study?

Ms. KLEIN. Well, we have a number of studies that are underway, and active monitoring at our construction projects. And, again, there is just no evidence that any of the whale strandings that have occurred on the East Coast are at all related to the G&G and seismic work and any of the work that is happening on the offshore wind space.

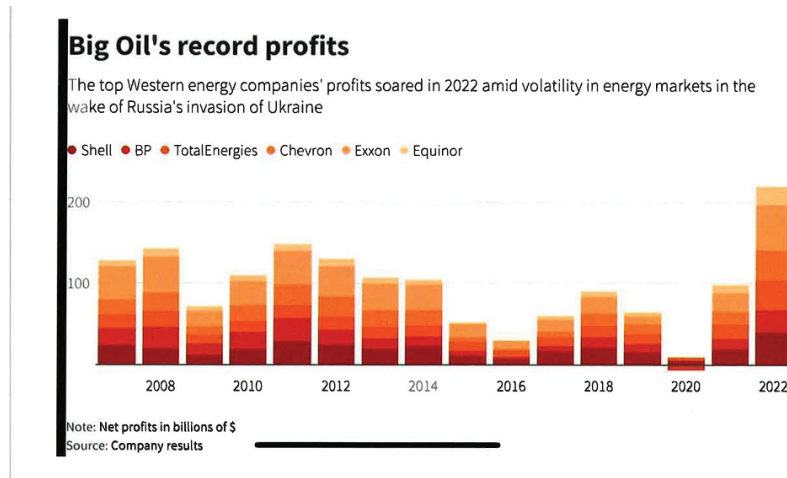
Dr. GOSAR. Thank you. I appreciate it.

I yield back.

Mr. STAUBER. Thank you very much.

Before we close, I do want to enter into the record, at Representative Graves' request, I want to enter it with unanimous consent. It is a chart, "Record Profits Are Higher Under Democratic Administrations."

[The information follows:]



Mr. STAUBER. Also, Representative Huffman brought up the IRA. He, under unanimous consent, wanted the roll call vote in the record. I will note the IRA was endorsed and supported by the oil and gas industry, and every Republican in the House of Representatives voted against it.

So, the members of this Subcommittee, as I said, may have some additional questions for the witnesses, and we will ask you to respond to these in writing. And I already told you that you are going to have some.

Under Committee Rule 3, members of the Committee must submit questions to the Subcommittee Clerk by 5 p.m. on Wednesday, May 29. The hearing record will be held open for 10 business days for your responses.

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

[Whereupon, at 11:08 a.m., the Subcommittee was adjourned.]

