

Opening Statement of
Chairman Paul Gosar
Thursday, June 29, 2017 at 10:00 a.m.
1324 Longworth House Office Building
Before the Energy and Mineral Resources Subcommittee
Oversight Hearing on:

*“Examining Access to Oil and Gas Development on
Federal Lands.”*

Today the Subcommittee will examine access to oil and gas development on onshore federal lands. Our subcommittee is holding a hearing in several weeks to discuss offshore federal oil and gas development, and we ask that members reserve all offshore questions for the next hearing.

Federal mineral estates are owned by all Americans, and the Bureau of Land Management is obligated to responsibly manage and develop these valuable resources. Onshore federal oil and gas accounts for roughly 20% of American production, and is integral to our nation’s energy independence and security. However, nonfederal production far outpaces federal production figures, due, in large part, to the overwhelming administrative burdens of the federal mineral development process. Not only has the new administration inherited a backlog of three thousand drill permit applications, but an incredibly burdensome regulatory scheme that discourages investment and

development. It is critical that we evaluate these obstacles to access to ensure a fair return to the American people.

There are many factors that influence an operator's decision to lease and develop hydrocarbons, including oil price, geology, and transmission infrastructure. And while some may point to low commodity prices as a reason to withhold leasing and production, market conditions are no excuse for poor policies, or for the federal government failing to uphold its statutory obligations. In fact, many operators avoid federal lands due to the unquantifiable risk and level of uncertainty associated with the leasing and permitting scheme.

The current federal oil and gas leasing and permitting processes are fraught with uncertainty, duplication, and delay. Designating lands for development can take years, and parcels nominated for lease were often inexplicably retracted from auction. Although the Minerals Leasing Act requires the BLM to hold quarterly lease sales of eligible lands, this requirement has not been enforced for years. Furthermore, once an operator has successfully navigated the Federal leasing scheme, the lessee must still proceed through the Application for a Permit to Drill, or "APD," review process which could set drilling back over a

year. The uncertainty, delay, and risks presented throughout the process make operational and financial planning nearly impossible, and is a detriment to the locality, state, and American people.

Despite the complications and inefficiencies of leasing and permitting under the previous administration, we are confident that the new administration will take the time to carefully examine and optimize the BLM's processes. Secretary Zinke, a friend and former member of this Committee, testified before us last week and shared some of the steps he is taking to recommit the BLM to upholding its mission. In addition to increasing program funding, Secretary Zinke is committed to improving field office performance. We are grateful for the Department of the Interior's initial steps in the right direction, and look forward to finding practical solutions that optimize the responsible development process.