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H.R. 1964, NATIONAL PETROLEUM RESERVE ALASKA ACCESS ACT; H.R. 1965, FEDERAL LANDS JOBS AND ENERGY SECURITY ACT; H.R. 1394, PLANNING FOR AMERICAN ENERGY ACT OF 2013; AND H.R. 555, BLM LIVE INTERNET AUCTIONS ACT

LEGISLATIVE HEARING

BEFORE THE

SUBCOMMITTEE ON ENERGY AND MINERAL RESOURCES

OF THE

COMMITTEE ON NATURAL RESOURCES
U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRTEENTH CONGRESS

FIRST SESSION

Wednesday, May 22, 2013

Serial No. 113–21

Printed for the use of the Committee on Natural Resources

Available via the World Wide Web: http://www.fdsys.gov
or
Committee address: http://naturalresources.house.gov

U.S. GOVERNMENT PRINTING OFFICE

81–285 PDF WASHINGTON : 2014

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LEGISLATIVE HEARING ON H.R. 1964, "NATIONAL PETROLEUM RESERVE ALASKA ACCESS ACT"; H.R. 1965, "FEDERAL LANDS JOBS AND ENERGY SECURITY ACT"; H.R. 1394, "PLANNING FOR AMERICAN ENERGY ACT OF 2013"; AND H.R. 555, "BLM LIVE INTERNET AUCTIONS ACT"

Wednesday, May 22, 2013

House of Representatives

Subcommittee on Energy and Mineral Resources

Committee on Natural Resources

Washington, D.C.

The Subcommittee met, pursuant to notice, at 10:08 a.m., in room 1324, Longworth House Office Building, Hon. Doug Lamborn [Chairman of the Subcommittee] presiding.

Present: Representatives Lamborn, Wittman, Benishek, Daines, Cramer, Hastings, Holt, Costa, Huffman, and Cárdenas.

Also Present: Representative Tipton.

Mr. LAMBORN. The Committee will come to order. The Chairman notes the presence of a quorum, which, under Committee Rule 3(e), is two Members. The Subcommittee on Energy and Mineral Resources is meeting today to hear testimony on a legislative hearing on four bills:

H.R. 1964, by Hastings of Washington, the "National Petroleum Reserve Alaska Access Act";

H.R. 1965, introduced by myself, the "Federal Lands Jobs and Energy Security Act";

H.R. 1394, by Representative Tipton of Colorado, "Planning for American Energy Act of 2013";

and H.R. 555, by Johnson of Ohio, "BLM Live Internet Auctions Act."

Under Committee Rule 4(f), opening statements are limited to the Chairman and Ranking Member. However, I ask unanimous consent to include any other Members' opening statements in the hearing record, if submitted to the clerk by close of business today.

[No response.]

Mr. LAMBORN. Hearing no objection, so ordered.

I also ask unanimous consent that Representative Tipton of Colorado be allowed to participate in today's hearing.

[No response.]

Mr. LAMBORN. Hearing no objection?

Dr. HOLT. No objection.

Mr. LAMBORN. So ordered. I now recognize myself for 5 minutes.

STATEMENT OF THE HON. DOUG LAMBORN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF COLORADO

Mr. LAMBORN. I would like to thank our witnesses for being here today. Some of you have come a long way and we appreciate that. Today we are meeting on four bills to expand American energy production, create American jobs, cut through bureaucratic red tape, and streamline a regulatory process that is forcing companies to avoid Federal land for energy production in search of State and private land more conducive to energy development.

We will be hearing testimony on these four bills that I introduced earlier. H.R. 555, the BLM Live Internet Auctions Act, would bring BLM leasing into the 21st century by amending the Mineral Leasing Act to allow BLM to conduct lease sales through the Internet.

H.R. 1964, the National Petroleum Reserve Alaska Access Act, would open up the NPR–A to oil and natural gas development, ensure that competitive leasing occurs, and nullify the Interior Department's integrated activity plan and Environmental Impact Statement that would close off nearly 50 percent of the reserve, and that virtually denies access to a conservative estimate of over 2.7 billion barrels of oil.

H.R. 1394, the Planning for American Energy Act of 2013, would require the Secretary of the Interior to establish an all-of-the-above 4-year energy production plan to ensure that the United States uses Federal lands to provide for our energy needs in the future.

Additionally, we will hear testimony on legislation I have introduced, H.R. 1965, the Federal Lands Jobs and Energy Security Act. By focusing on energy permitting and leasing, this legislation would streamline the onshore permitting process, provide for onshore leasing certainty, and allow oil shale development to move forward, unencumbered by changing regulations and a fluctuating royalty rate.

The Obama Administration has repeatedly claimed it is doing all they can to facilitate conventional and renewable energy development. However, their actions show otherwise. The Administration has repeatedly canceled lease sales, added additional lease terms and stipulations after a lease has been issued, and taken months, if not years, to issue APDs. We all remember one of the first actions of this Administration was to revoke dozens of leases after they had been fairly awarded and issued. Further, the Administration has made lease terms for oil shale development so adverse to development that they have received a minimal number of bids on the oil shale lease sales they have held.

While States are issuing APDs within 30 days, or even a week, the Federal Government takes 270 days to issue an APD. H.R. 1965 would set firm timelines for this process, and require lawsuits to be filed in a timely fashion, so energy projects are not held up indefinitely. It would also direct resources to field offices so they are able to efficiently process renewable and conventional energy project permits on Federal lands. Additionally, this legislation would require the government to lease at least 25 percent of the acreage nominated for leasing.

While the Administration claims they are moving forward with a robust, competitive leasing program, the facts tell us the opposite. In 2012, in my home State of Colorado, 220,000 acres were

identified and proposed for leasing, yet the Administration chose to lease just about 5,000, or 4 percent of these lands. In New Mexico, 15,500 out of more than 118,000 areas nominated were released, and in Arizona there has not been a single lease sale, despite interest in nearly 50,000 acres.

Finally, my legislation would ensure regulatory certainty to allow oil shale development to progress. In the United States we are blessed with some of the largest and richest deposits of oil shale in the entire world. According to the U.S. Geological Survey, the Western United States may hold more than 1.5 trillion barrels of oil, 6 times Saudi Arabia's proven resources. However, this Administration has changed oil shale lease terms, making them so restrictive that there is little industry interest in this rich American resources.

The Administration has recently released redrafted regulations for oil shale development. Yet these restrictive proposed regulations would continue to lock up American resources from development, leaving this tremendous potential resource virtually untouched. Each of the bills we will hear testimony on will take great steps forward to promote domestic energy security, economic development, and job creation. Combined, these bills reduce our dependence on foreign imports, generate revenue for the American treasury, and allow us to benefit from our country's amazing resources.

I would like to thank the witnesses for taking the time to testify for us today, and I look forward to hearing their testimony.

[The prepared statement of Mr. Lamborn follows:]

PREPARED STATEMENT OF THE HONORABLE DOUG LAMBORN, CHAIRMAN, SUBCOMMITTEE ON ENERGY AND MINERAL RESOURCES

I'd like to thank our witnesses for being with us today. Today we are meeting on four bills to expand American energy production, create American jobs, cut through bureaucratic red tape and streamline a regulatory process that is forcing companies to avoid Federal land for energy production in search of State and private land more amenable to energy development.

We will be hearing witness testimony on four bills. H.R. 555, the *"BLM Live Internet Auctions Act,"* would bring BLM leasing into the 21st century by amending the Mineral Leasing Act to allow BLM to conduct lease sales through the Internet.

H.R. 1964, the *"National Petroleum Reserve Alaska Access Act"* would open up the NPR–A to oil and natural gas development, ensure competitive leasing occurs, and nullify the Interior Department's Integrated Activity Plan and Environmental Impact Statement that would close off nearly 50 percent of the reserve and virtually denies access to a conservative estimate of over 2.7 billion barrels of oil.

H.R. 1394, the *"Planning for American Energy Act of 2013"* would require the Secretary of the Interior to establish an all-of-the above 4-year energy production plan to ensure that the United States uses Federal lands to provide for our energy needs in the future.

Additionally we will hear testimony on legislation I have introduced, H.R. 1965, the *"Federal Lands Jobs and Energy Security Act."* By focusing on energy permitting and leasing, this legislation would streamline the onshore permitting process, provide for onshore leasing certainty, and allow oil shale development to move forward unencumbered by changing regulations and a fluctuating royalty rate.

The Obama Administration has repeatedly claimed it is doing all they can to facilitate conventional and renewable energy development. However their actions show otherwise.

The Administration has repeatedly canceled lease sales, added additional lease terms and stipulations after a lease has been issued, and taken months, if not years to issue APDs. We all remember one of the first actions of this Administration was to revoke dozens of leases after they had been fairly won and issued. Further, the Administration has made lease terms for oil shale development so adverse to development they have received a minimal number of bids on the oil shale lease sales they have held.

While States are issuing APDs within 30 days, or even a week, the Federal Government takes 270 days to issue an APD. H.R. 1965 would set firm timelines for the Government to issue APDs and require lawsuits to be filed in a timely fashion so energy projects are not held up indefinitely. It would also direct resources to field offices so they are able to efficiently process renewable and conventional energy projects permits on Federal lands.

Additionally, this legislation would require the Government to lease at least 25 percent of the acreage nominated for leasing. While the Administration claims they are moving forward with a robust competitive leasing program, the facts tell us the opposite. In 2012 in my home State of Colorado, 220,000 acres were identified and proposed for leasing, yet the Administration chose to lease just over 5,000—or 4 percent of those lands. In New Mexico, 15,500 out of 118,781 acres nominated were leased, and in Arizona there has not been a single lease sale, despite interest in nearly 50,000 acres.

Finally, my legislation would ensure regulatory certainty to allow oil shale development to progress. In the United States we are blessed with some of the largest, richest deposits of oil shale in the entire world. According to the U.S. Geological Survey, the Western United States may hold more than 1.5 trillion barrels of oil—six times Saudi Arabia's proven resources. However this Administration has changed oil shale lease terms, making them so restrictive there is little industry interest in this rich American resource. The Administration has recently released redrafted regulations for oil shale development, yet these restrictive proposed regulations would continue to lock up American resources from development, leaving this tremendous potential resource virtually untouched.

Each of the bills we will hear testimony on will take great steps forward to promote domestic energy security, economic development and job creation. Combined, these bills reduce our dependence on foreign imports, generate revenue for the American treasury, and allow us to benefit from our country's resources. I'd like to thank the witnesses for taking the time to testify for us today and I look forward to hearing their testimony.

Mr. LAMBORN. I now recognize the Ranking Member, the gentleman from New Jersey, Mr. Holt, for his opening statement.

STATEMENT OF THE HON. RUSH HOLT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

Dr. HOLT. Thank you, Mr. Chairman. The bills we are considering today have been put forward by the Majority in the previous Congress, and rejected in that Congress. Now, I have nothing against persistence. We should continue to try to legislate for what we think is right.

But these legislations, which are intended to make sure that the oil and gas companies operate, in the Chairman's words, "unencumbered by regulations," seem really unnecessary to see that these companies and interests are unanswerable to the public and to the regulators operating on behalf of the public. It is not as though the regulations to ensure that drilling on public lands is happening safely. It is not as if those regulations are hurting the oil and gas industry.

In fact, it is a pretty good time to be in the oil and gas business. The top five oil companies, need I remind the Committee, made $119 billion in profits last year. We produced the most oil from Federal lands onshore in a decade last year, 16 percent higher than in the end of the previous Administration, despite the Majority's claims that this Administration is somehow hurting things. The industry has begun drilling more new wells on public lands onshore in the last 4 years than in the corresponding time in the previous Administration.

So, I do have to ask why. What is the justification for doing these things, other than to give the energy interests a free ride? The Re-

publican bills would elevate speed over safety, while opening new, huge swaths of new public land. And the bills would relegate hunting and fishing and recreation and conservation behind energy production. They do nothing to ensure that American oil and natural gas benefits the American consumers, and is not just an export commodity.

Maybe the Majority has been reading too many science fiction novels. It is sort of like the Land that Time Forgot. These bills are a relic of a bygone era. It is as if we were looking at fossilized pieces of legislation that might have been more relevant at an earlier time. They turn over the control of leasing on our public lands to the industry, by requiring leasing to occur on at least 25 percent of whatever public lands the oil and gas industry nominates each year, regardless of whether or not drilling would be appropriate. If you do the math, you will see pretty quickly nearly all public land could be turned over to the oil industry under such a requirement.

It would put a barrier to anybody challenging decisions by essentially imposing a poll tax, or a speech tax. You would have to put up $5,000 that you wouldn't get back to challenge an oil or gas leasing decision. This is not the Judiciary Committee, but it certainly, I think, is worth considering whether this violates the First Amendment to the Constitution.

Anyway, the provisions are unwise and, I would argue, unwarranted. Why are we doing this? It is not as if we have to streamline the process. Sure, we want efficiency. Of course, we want fairness. But it is not as if the protections that we need for health and safety and the environment are stifling the industry.

Now, I should point out we are considering a couple of other bills today, Mr. Tipton's bill about planning, which, in concept, is a good idea. I have a lot of problems with the details of it, but it is certainly worth undertaking the discussion. And Mr. Johnson's Internet auctions, to me, at least, makes sense.

So, I think we will have the opportunity for some good discussion today, and I thank the Chair for setting this up.

[The prepared statement of Dr. Holt follows:]

PREPARED STATEMENT OF THE HONORABLE RUSH HOLT, RANKING MEMBER, SUBCOMMITTEE ON ENERGY AND MINERAL RESOURCES

Thank you.

Mr. Chairman, the bills we are considering today have already been put forward by the Majority in the last Congress and rejected by the Senate. These bills have already proven to be too controversial to pass the Senate yet have been reintroduced virtually unchanged.

Once again, these Republican drilling bills would elevate speed over safety while opening huge new swaths of public land. These bills would relegate hunting, fishing, recreation and conservation behind energy production. And these bills would continue to do nothing to ensure that American oil, fuel and natural gas benefits American consumers and is not just exported overseas.

This hearing is like a legislative time capsule from a time before U.S. oil production had reached its highest level in 20 years; from a time before our dependence on foreign oil had dropped to 36 percent; from a time before oil production from Federal lands onshore had reached its highest levels in a decade.

Maybe the Majority has been reading one too many science fiction novels because here in the Natural Resources Committee it is like "the Land that Time Forgot," where we have the story of a party stranded on a desert island lost to the changes of the outside world.

These bills are relics of a bygone area—as relevant as the telegraph or the horse and buggy. They are fossilized pieces of legislation that the Majority continues to

dust off and move through this Committee with complete disregard for the increases in America's oil production that have occurred under President Obama.

These bills would impose a "shot clock" on the Interior Department's review of drilling permits. After 60 days, drilling permits would be automatically "deemed approved," regardless of whether safety reviews had been completed. We know that between 1998 and 2011, one-fifth of the drilling violations on public lands were related to blowout preventers or other well control equipment, yet, these bills would make drilling less safe.

These bills would turn over control of leasing on our public lands to the oil industry by requiring leasing to occur on at least 25 percent of whatever public lands the oil and gas industry nominates every year, regardless of whether or not drilling would be appropriate. If you do the math, you see that pretty quickly, nearly all public land could be turned over to the oil industry under such a requirement.

These bills would impose a protest fee "poll tax" where anyone wanting to challenge an oil and gas leasing decision has to put up $5,000 that they do not get back, regardless of the outcome of the protest. It would take a person earning the minimum wage 4 months working full time and foregoing feeding and sheltering himself and his family in order to pay this protest fee. The First Amendment to the Constitution provides that the people have the right to *petition the Government for a redress of grievances* yet this provision is a violation of that first amendment right.

These provisions are unwise and unwarranted.

Meanwhile, while we are considering four Republican bills today, the Majority refused to add even a single Democratic bill to this hearing. The Majority refused to consider legislation I have introduced with Ranking Member Markey to ensure that the oil and natural gas produced from our public lands cannot be exported. The Majority refused to consider Democratic legislation to get oil companies to start drilling on the tens of millions of acres of public land they already have under lease on which they are doing nothing. The Majority refused to consider legislation to help reduce our deficit by ensuring that big oil cannot continue to drill for taxpayer-owned resources for free.

Those Democratic proposals would actually increase our energy security, help consumers and reduce our deficit. That is what we should be doing today.

Mr. LAMBORN. Thank you. Also, as this is a legislative hearing, I ask unanimous consent to allow Representative Tipton to give an opening statement on his bill, H.R. 1394.

[No response.]

Mr. LAMBORN. Hearing no objection, so ordered.

Representative Tipton, you are recognized for 5 minutes.

STATEMENT OF THE HON. SCOTT R. TIPTON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF COLORADO

Mr. TIPTON. Thank you, Mr. Chairman. And thank you for convening today's hearing on this critical package of onshore energy reform legislation, including my bill, H.R. 1394.

At a time when our country needs to be able to focus on domestic energy production and job creation, it is critical that we have an established national energy plan to be able to meet our needs. As it stands, the Administration has no comprehensive plan for meeting the inevitable demand for energy in both traditional and alternative sources. And, historically, our Nation has lacked a clear plan for energy development on public lands.

The Planning for American Energy Act puts a common-sense plan into place by requiring that our Nation's energy needs are met through development of traditional and alternative energy resources, with a true all-of-the-above approach that will lower the cost of energy, jump-start economic recovery, and get Americans working. Currently, unpredictable leasing programs, permitting backlogs, inconsistent policies and regulations, as well as rampant litigation, greatly inhibit private companies from producing energy

on federally controlled lands to meet the needs of American families.

This convoluted framework stymies the development of all energy sources, from oil and gas to wind, solar, and hydropower. This Administration's policies have rendered energy production on public lands so costly and burdensome that companies which once provided valuable jobs in the Third District of Colorado and across the West are being forced to seek out State and private lands for development. This can have a massive impact on employment numbers in districts that are largely comprised of Federal lands.

Since President Obama took office, total fossil fuel production has dropped 7 percent. From 2010 to 2011, total Federal onshore oil and natural gas production has decreased 13 percent and 10 percent, respectively. President Obama continually claims that production is increasing. It is critical to note that this is attributed exclusively to production on State and private lands, where the Administration's policies do not govern energy policy.

All production on State and private lands has risen by 11 percent, and natural gas production has increased by 40 percent since 2000. These figures are particularly disconcerting at a time when rising gas prices are devastating American families and small businesses. Similar impediments affect wind and solar energy industries, as well. During the past 4 years, the wind industry has added over 35 percent of all new generating capacity in the United States, and U.S. wind power capacity represents more than 20 percent of the world's installed wind power.

Nevertheless, due to unreliable Federal policies and over-regulation, the wind industry has lost 10,000 jobs since 2009, according to a recent report. Limitations on the zones in which solar development is permitted have concerned many solar energy producers and hindered their ability to be able to provide additional electricity to the grid, lower costs for taxpayers, and provide clean energy jobs.

The Planning for American Energy Act would set the United States on a path for energy development that follows the most logical criteria: the needs of our people. Under the legislation, the non-partisan Energy Information Administration provides the projected energy needs of the United States for the next 30 years to the Secretary of the Interior and the Secretary of Agriculture, on which they can then base their 4-year production plans.

The bill requires that all domestic sources—oil, gas, coal, wind, solar, hydropower, geothermal, oil shale, and minerals—needed for energy development be included in the plan. It accomplishes this responsibly, without removing a single environmental safeguard. Because many local communities in districts like mine place such a large role in domestic energy production, H.R. 1394 requires the Secretary of the Interior and the Secretary of Agriculture to solicit input from affected States, federally recognized tribes, local governments, and the public, in developing this 4-year strategy.

The bottom line is the American people need a reliable supply of affordable energy. We need to put into place a sustainable energy plan that responsibly advances the development of alternative and traditional resources, generates economic growth, lowers energy costs, and gets Americans working. My bill puts words into action,

and would force the Administration to be able to meet the American needs for energy, and to be able to put our people back to work.

Thank you, Mr. Chairman, for allowing me to make a comment in this hearing.

[The prepared statement of Mr. Tipton follows:]

PREPARED STATEMENT OF THE HONORABLE SCOTT R. TIPTON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF COLORADO

H.R. 1394—PLANNING FOR AMERICAN ENERGY ACT OF 2013

Thank you Mr. Chairman for convening today's hearing on this critical package of onshore energy reform legislation including my bill, H.R. 1394.

At a time when our country needs to focus on domestic energy production and job creation, it is critical that we have an established national energy plan to meet our needs. As it stands, the Administration has no comprehensive plan for meeting the inevitable demand for energy in both traditional and alternative sources and historically, our Nation has lacked a clear plan for energy development on public lands.

The Planning for American Energy Act puts a common sense plan into place by requiring that our Nation's energy needs are met through development of traditional and alternative energy resources with a true all-of-the-above approach that will lower the cost of energy, jumpstart economic recovery, and get Americans working.

Currently, unpredictable leasing programs, permitting backlogs, inconsistent policies and regulations, as well as rampant litigation greatly inhibit private companies from producing energy on federally controlled lands to meet the needs of American families. This convoluted framework stymies the development of all energy sources, from oil and gas to wind, solar, and hydropower.

This Administration's policies have rendered energy production on public lands so costly and burdensome that companies which once provided valuable jobs in the Third District of Colorado and across the West are being forced to seek out State and private lands for development. This can have a massive impact on employment numbers in districts that are largely comprised of Federal lands.

Since President Obama took office total fossil fuel production has dropped 7 percent. From 2010 to 2011 total Federal onshore oil and natural gas production is has decreased 13 percent and 10 percent respectively. President Obama continually claims that production is increasing. It is critical to note that this is attributed exclusively to production on State and private lands where the Administration's policies do not govern energy policy. Oil production on state and private lands has risen by 11 percent and natural gas production has increased by 40 percent since 2000. These figures are particularly disconcerting at a time when rising gas prices are devastating American families and small businesses.

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Nevertheless, due to unreliable Federal policies and overregulation, the wind industry has lost 10,000 jobs since 2009 according to a recent report. Limitations on the zones in which solar development is permitted have concerned many in solar energy producers and hindered their ability to provide additional electricity to the grid, lower costs for ratepayers, and provide clean energy jobs.

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The bill requires that all domestic sources; oil, natural gas, coal, wind, solar, hydropower, geothermal, oil shale and minerals needed for energy development be included in the plan. It accomplishes this responsibly, without removing a single environmental safeguard.

Because local communities in districts like mine play such a large role in domestic energy production, H.R. 1394 requires that the Secretary of the Interior and the Secretary of Agriculture solicit input from affected States, federally recognized tribes, local governments, and the public in developing each 4 year strategy.

The bottom line is that the American people need a reliable supply of affordable energy. We need to put into place a sustainable energy plan that responsibly advances the development of alternative and traditional resources, generates economic growth, lowers energy costs, and gets Americans working. My bill puts words into action, and would force the Administration to meet America's energy needs.

Thank you, Mr. Chairman.

Mr. LAMBORN. You are welcome. We will now hear from our witnesses. I invite them to come forward.

We have Ms. Jamie Connell, BLM Acting Deputy Director of the U.S. Department of the Interior; Commissioner Dan Sullivan, Department of Natural Resources for the State of Alaska, and Ms. Charlotte Brower, Mayor of the North Slope Borough.

Like all of our witnesses, your written testimony will appear in full in the hearing record, so I ask that you keep your oral statements to 5 minutes.

Our microphones are not automatic, so you need to turn them on when you are ready to begin.

I also want to explain how our timing lights work. When you begin to speak, our clerk will start the timer and a green light will appear. After 4 minutes a yellow light will appear. And at that time you should begin to conclude your statement. After 5 minutes the red light comes on, and you may complete your sentence. But at that time I must ask that you stop.

Ms. Connell, you may begin. I do have to first say, and I don't know if this was you or your staff who were derelict, but the written materials pertaining to your testimony were not given to the Subcommittee on time. They were late, they were submitted past the deadline. And, as a result, staff had to work extra hours in the evening to accommodate that. So we would ask that you just make sure that not happen in the future.

Ms. CONNELL. We will do our best. I appreciate that. Thank you.

Mr. LAMBORN. OK, thank you. You may begin.

STATEMENT OF JAMIE CONNELL, ACTING DEPUTY DIRECTOR, BUREAU OF LAND MANAGEMENT, U.S. DEPARTMENT OF THE INTERIOR

Ms. CONNELL. Mr. Chairman, members of the Committee, thank you for the opportunity to present the views of the Department of the Interior on four bills pertaining to the development of renewable and conventional energy on our Nation's public lands. The Bureau of Land Management, the BLM, administers over 245 million surface acres and approximately 700 million acres of onshore subsurface mineral estate throughout the Nation.

Together with the Bureau of Indian Affairs, the BLM also provides permitting and oversight services on approximately 56 million acres of land held in trust by the Federal Government on behalf of tribes and individual Indian owners. The BLM's management of public land resources and protection of public land values results in the extraordinary economic benefits to local economies and to this Nation. These benefits are not only economic, but also contribute substantially to America's energy security.

From the beginning of this Administration, the Department of the Interior has made it a priority to permit scientifically based, environmentally sound development of renewable and conventional

energy and mineral resources on the Nation's public lands. Our goal is to ensure a clean energy future through environmentally responsible development of conventional and renewable energy on Federal and Indian lands.

Nearly 38 million acres of Federal mineral estate are under lease for oil and gas. Since 2008, the BLM has approved more than 23,000 drilling permits. The BLM is also investing in environmentally sound renewable energy projects on public lands, harnessing wind, solar, and geothermal resources that will provide enough energy and electricity to power nearly 4 million homes, and support an estimated 14,000 construction and operations jobs.

The BLM supports H.R. 555, which allows the BLM to expand upon its success with the oil and gas Internet lease auction pilot project. The BLM would welcome the opportunity to work with the sponsor and the Committee to address some minor amendments, including discretion on the timing of lease sales.

Regarding H.R. 1964, the Administration remains firmly committed to facilitating environmentally responsible development in the National Petroleum Reserve Alaska, and we welcome the opportunity to work with the Committee and the public to continue to develop NPR–A in an environmentally responsible manner. President Obama directed the Secretary of the Interior to conduct annual oil and gas lease sales in NPR–A. The BLM has followed through on this direction, with lease sales in the NPR–A in December 2011, November 2012, and is planning another lease sale in November of this year.

The Department supports the goal of facilitating the development of oil and gas resources in NPR–A, but opposes provisions of H.R. 1964, including the issuance of a new integrated activity plan and Environmental Impact Statement that would undermine the extensive public resource planning that the BLM completed for NPR–A recently; the timelines required by the bill that may result in shortcuts to public involvement; requirement of other laws, including the National Environmental Policy Act; and the suggestion that the Department pre-approve rights of ways on millions of acres of lands that industry may never seek to develop.

The Department opposes H.R. 1965, the Federal Lands Jobs and Energy Act. The bill would essentially strip the BLM of its ability to issue APDs based on important reviews and clearances. The provisions establishing the Federal permit streamlining projects would be time-consuming and costly. The bill also would reverse our oil and gas leasing reform policy that established an orderly, open, and environmentally sound process for developing oil and gas resources on public lands.

Finally, the bill would overturn the BLM's administration of a balanced, carefully planned research development and demonstration oil shale program, and the proposed rule would ensure a fair return to the American taxpayers and evaluate necessary safeguards to protect water resources and wildlife habitat.

Finally, the Department opposes H.R. 1394, the Planning for American Energy Act. The bill would direct Federal land managers to administer public lands for the primary purpose of energy development, rather than balanced multiple-use management, which includes a public process based onsite-specific analysis and consider-

ation. The bill's requirement that the Department take all necessary actions to achieve energy production goals on Federal lands fails to acknowledge the comprehensive approach to expand safe and responsible energy development already in place.

Thank you for the opportunity to present testimony; I would be happy to answer any questions.

[The prepared statement of Ms. Connell follows:]

PREPARE STATEMENT OF JAMIE CONNELL, ACTING DEPUTY DIRECTOR, BUREAU OF LAND MANAGEMENT, U.S. DEPARTMENT OF THE INTERIOR

H.R. 1964—NATIONAL PETROLEUM RESERVE ALASKA ACCESS ACT; H.R. 1965—FEDERAL LANDS JOBS AND ENERGY SECURITY ACT; H.R. 1394—PLANNING FOR AMERICAN ENERGY ACT OF 2013; AND H.R. 555—BLM LIVE INTERNET AUCTIONS ACT

Thank you for the opportunity to present the views of the Department of the Interior (Department) on four bills pertaining to the development of renewable and conventional energy and other mineral resources on our Nation's onshore public lands: H.R. 1964, the National Petroleum Reserve Alaska Access Act; H.R. 1965, the Federal Lands Jobs and Energy Security Act; H.R. 1394, the Planning for American Energy Act of 2013; and H.R. 555, the BLM Live Internet Auctions Act.

Background

Since the beginning of the Obama Administration, the Department of the Interior ("Department") has made it a priority to permit scientifically-based, environmentally-sound development of renewable and conventional energy and mineral resources on the Nation's public lands. Through the Secretary's New Energy Frontier initiative, the Department has been at the forefront of the Administration's efforts, outlined in the *Blueprint for a Secure Energy Future* to create jobs, to reduce the Nation's dependence on fossil fuels and oil imports, and to reduce carbon and other pollution associated with energy production and use. Facilitating renewable energy development is a major component of the Department's all-of-the-above energy strategy along with effective management of conventional energy programs.

The Bureau of Land Management (BLM) administers over 245 million surface acres—more than any other Federal agency—which are located primarily in 12 Western States, including Alaska, as well as approximately 700 million acres of onshore subsurface mineral estate throughout the Nation. The BLM, together with the Bureau of Indian Affairs, also provides permitting and oversight services on approximately 56 million acres of land held in trust by the Federal Government on behalf of tribes and individual Indian owners.

The BLM's management of public land resources and protection of public land values results in extraordinary economic benefits to local communities and to the Nation. Public lands generated an estimated $4.6 billion in revenues in 2012, returning more than $4 for every $1 invested. Beyond this efficient production of non-tax revenue for the U.S. Treasury, the BLM's management of public lands supports significant economic activity and hundreds of thousands of jobs for Americans. One critical economic benefit BLM provides the Nation is its contribution to America's energy portfolio. We estimate that oil, gas, coal, and non-metallic mineral activities on the Federal mineral estate directly and indirectly support nearly 2 percent of jobs in Colorado, nearly 10 percent of jobs in New Mexico, and over 40 percent of jobs in Wyoming. The BLM continues its important role in supplying feedstock and transmission access for the Nation's electrical infrastructure. Approximately 12 percent of domestic natural gas production, which is helping drive a resurgence in American industry, is derived from BLM-managed lands. In addition to responding to increased demand for natural gas, coal produced from BLM's Federal mineral estate has provided approximately 22 percent of U.S. electrical production annually over the last 10 years.

These benefits are not only economic, but also contribute substantially to America's energy security. Nearly 38 million acres of Federal mineral estate are under lease for oil and gas; however, only about 33 percent of this acreage is currently in production. Approximately 7,000 applications for permits to drill (APDs) have been approved by the BLM, but were not drilled as of September 30, 2012.

Since 2008, the BLM has approved more than 23,000 APDs. As part of the BLM's ongoing efforts to ensure efficient processing of oil and gas permit applications, the BLM is preparing to implement new automated tracking systems that could reduce the review period for drilling permits by two-thirds and expedite the sale and processing of Federal oil and gas leases. The new system for drilling permits will track

applications through the entire review process and quickly flag any missing or incomplete information—greatly reducing the back-and-forth between the BLM and industry applicants currently needed to amend paper applications.

The BLM also is investing in environmentally sound renewable energy projects, harnessing wind, solar, and geothermal resources on the public lands. Since 2009, the BLM has approved 41 renewable energy projects, including 23 utility-scale solar facilities, 8 wind farms, and 10 geothermal projects, with associated transmission corridors and other infrastructure to connect to established power grids. If fully built, these projects have the potential to provide more than 12,000 megawatts of power—enough electricity to power nearly 4 million homes—and support an estimated 14,000 construction and operations jobs. For calendar years 2013 and 2014, the BLM has identified 23 renewable energy projects for review, including 14 solar facilities, 6 wind farms and 3 geothermal plants.

The BLM is working with local communities, tribes, State regulators, industry, and other Federal agencies to ensure a clean energy future. Our goal is environmentally responsible development of conventional and renewable energy and other mineral resources on Federal and Indian lands with a fair return to the American people, tribes, and individual Indians for the use of their resources.

H.R. 555, "BLM Live Internet Auctions Act"

H.R. 555 amends the Mineral Leasing Act to authorize the Secretary of the Interior to conduct onshore oil and gas lease sales through Internet-based bidding methods, in order to expand the Nation's onshore leasing program and to ensure the best return to the Federal taxpayer. The bill also requires the Secretary to conduct an analysis of the first 10 Internet-based lease sales and report the findings of the analysis to Congress within 90 days following the 10th Internet-based lease sale.

Analysis

The BLM supports H.R. 555, which allows the BLM to expand upon its success with the oil and gas Internet lease auction pilot project. The BLM would like to work with the Committee to include related language in the bill to provide the Secretary the discretion to hold lease sales (via the Internet or oral auction) more or less frequently than quarterly (as currently required by the Mineral Leasing Act) or within any State in which lease tracts are available and there is public interest. Finally, the BLM would like to work with the Committee on technical and clarifying modifications to the bill.

H.R. 1964, "National Petroleum Reserve Alaska Access Act"

H.R. 1964, the National Petroleum Reserve Alaska Access Act, directs the Department to continue a program of competitive oil and gas leasing in the 23 million-acre National Petroleum Reserve in Alaska (NPR–A). On May 14, 2011, as part of an effort to increase safe and responsible domestic oil production, President Obama directed the Secretary of the Interior to conduct annual oil and gas lease sales in the NPR–A. The BLM has followed through on this direction with lease sales in the NPR–A in December 2011, November 2012, and is planning another lease sale in November of this year. The Department supports the goal of facilitating the development of oil and gas resources in the NPR–A in an environmentally responsible manner, but has several significant concerns with the bill.

Analysis

Many of the activities called for in H.R. 1964 are within the scope of existing Department authorities and consistent with our priorities and activities already underway. Under these authorities, 191 tracts are currently leased by the BLM in the NPR–A with a leased acreage of over 1.5 million acres. We would like to work with the Committee to move toward our shared goal of improving the efficiency of the oil and gas leasing and development process while maintaining safety and environmental standards in the NPR–A.

The Department opposes bill provisions regarding the issuance of a new Integrated Activity Plan and Environmental Impact Statement (IAP/EIS). These provisions would undermine the extensive public resource planning process recently completed for the NPR–A. In 2010, the BLM moved to establish consistent management direction for the entire NPR–A, including the unplanned southern portion of the Reserve, through an IAP/EIS. The Secretary signed a Record of Decision (ROD) on February 21, 2013, that presents a balanced approach to responsible oil and gas development while providing protection to valuable surface and subsistence resources. The IAP/EIS and subsequent decision was the result of careful resource analysis and extensive public input. The lands made available for development under the ROD contain 72 percent of the NPR–A's estimated economically recoverable oil and over half of the estimated economically recoverable gas. The ROD also requires that

the BLM establish an "NPR–A Working Group" that will include representatives of North Slope tribal entities, Native corporations, and State and local governments—entities directly affected by development within the NPR–A. We will be moving forward with this effort in the very near future.

The bill requires the U.S. Geological Survey (USGS) to complete an updated comprehensive assessment of technically recoverable conventional and unconventional fossil fuel resources in the NPR–A. In 2011, the USGS released its assessment of the economic recoverability of undiscovered, conventional oil and gas resources within the NPR–A and adjacent State waters. Because the USGS used all available information in its assessment and no new data or information has become available since that time, the USGS believes reassessing these resources now would not yield additional information. The USGS is evaluating the unconventional petroleum resources in NPR–A, with the plan to assess these resources in the future. Furthermore, a coalbed methane assessment for the North Slope, including the NPR–A, was completed in 2006. The results for other unconventional resources on the North Slope, including shale gas and tight gas, are expected to be available in 2 to 3 years.

It is not clear from the language in the bill whether a coal assessment would be required. The North Slope of Alaska contains coal resources, but the cost of mining and transporting the coal would be substantial. The USGS, in cooperation with the Department of Energy, National Energy Technology Laboratory, published a database compilation of published and nonconfidential unpublished coal data from the Cook Inlet and North Slope areas of Alaska. Despite the database, there are relatively few data with which to conduct a robust coal assessment.

The Department has additional concerns with the bill, including:

- The implication that all requested permits be issued, regardless of a proposed action's potential impacts or the availability of alternatives;
- The timelines required by the bill that may result in shortcuts to public involvement, comment, and review requirements of other laws, including the National Environmental Policy Act;
- The suggestion that the Department pre-approve rights-of-way on millions of acres of lands that industry may never seek to develop; and
- The requirement that the Secretary must ensure that other Federal permitting agencies comply with the deadlines set forth in the bill [Sec. 4(b)].

If enacted, these requirements would likely divert BLM resources and result in the delay of further development of NPR–A resources in an environmentally responsible manner. In addition, the requirement of a "direct" transportation route for oil and gas resources does not allow for considerations such as land ownership, geography, and protection of surface resources. The current IAP/EIS allows for site-specific applications for a pipeline through most of the BLM-managed lands on the North Slope. The BLM's existing regulations already establish deadlines for appropriate authorizations and require prompt notification of any delays.

The BLM's leasing program in the NPR–A ensures that safe and responsible exploration and development of domestic oil and natural gas resources can be done in a manner that also protects wildlife and habitat, and honors the subsistence values of rural residents and Alaska Natives. We welcome the opportunity to work with the Committee, the oil and gas industry, the Alaska Native community, and the public to continue to develop the NPR–A in an environmentally responsible manner. The Administration remains firmly committed to facilitating environmentally responsible development in this region.

H.R. 1965, "Federal Lands Jobs and Energy Security Act"

H.R. 1965 includes various provisions intended to expedite energy development, but often at the expense of sound public land management, public participation, and environmental review. The Department opposes the bill for the reasons outlined below.

Title I, Energy Permitting

H.R. 1965 (Title I) makes numerous changes to existing authorities governing the permitting of Federal energy resources. The bill generally requires the BLM to process APDs within 60 days (unless NEPA review is incomplete), and stipulates that a submitted APD is deemed approved if the Secretary has not made a decision within 60 days. The bill makes permanent the current $6,500 permit processing fee, but provides that the BLM can only collect the fee when a decision is issued on the APD, cannot collect a fee on a resubmitted APD, and requires that 50 percent of the processing fee be transferred to the BLM Field Office in which the permit is processed. The bill provides that, subject to appropriation and up to an overall total of $10 million per year, not less than 25 percent of wind and solar right-of-way

(ROW) authorization fees shall be available to the field office responsible for the lands where they are collected, not less than 25 percent of the fees shall be available to the BLM for permit approval activities, and not less than 25 percent shall be available to the Department of Interior for department-wide permitting activities. The bill also requires a $5,000 documentation fee for each protest filed on these permits with 50 percent of these fees remaining with local BLM Field Offices.

The bill requires the BLM to establish a "Federal Permit Streamlining Project" in every BLM office that processes energy projects, and explicitly states the BLM may not require a finding of extraordinary circumstances when using section 390 categorical exclusions of the Energy Policy Act. Finally, Title I, Subtitle D includes provisions pertaining to judicial review procedures.

Analysis

The Department opposes Title I of H.R. 1965 as it would essentially strip from the BLM its ability to issue APDs based on important reviews and clearances—including cultural surveys and necessary tribal consultation—and mandates unreasonable timeframes for processing APDs. The Department strongly supports efforts to encourage wind and solar energy development and believes funding support for those objectives can best be achieved through a combination of user fees and regular discretionary appropriations. In addition, the BLM opposes the $5,000 documentation fee submitted for each protest because it is an inappropriate economic barrier for the public to seek judicial review or redress of an agency decision.

The bill's provisions establishing "Federal Permit Streamlining Projects" are impractical, and would likely result in the establishment of such project offices in over 50 of the BLM's Field Offices. Coordination of these projects among multiple agencies would be extremely time consuming and costly, and would hinder the BLM's ability to conduct its other vital land management responsibilities. In addition, the BLM views the availability of the extraordinary circumstances review an important step in assuring that a categorically excluded action does not have impacts that are unanticipated, and thus opposes the bill's provisions on this point. Finally, the Department of the Interior defers to the Department of Justice regarding the provisions of the bill (Title I, Subtitle D) pertaining to judicial review procedures.

Title II, Oil & Gas Leasing

H.R. 1965 (Title II) reverses the oil and gas leasing reform policy initiated by former Secretary Salazar in January 2010 that was implemented to ensure environmental protection of important natural resources on BLM lands (BLM Instruction Memorandum 2010–117). The bill also requires the BLM to offer for lease no fewer than 25 percent of lease nominations in areas open to leasing each year; and requires that the BLM actively lease in areas designated as open when Resource Management Plans are revised; and states that acreages offered for lease shall not be subject to protest. Finally, the bill allows lease sales to be categorically excluded from further NEPA review.

Analysis

The Department opposes Title II of H.R. 1965. The leasing reforms that were implemented in 2010 established an orderly, open, and environmentally sound process for developing oil and gas resources on public lands in a manner that has maintained robust leasing and permitting. The reforms focus on making oil and gas leasing more predictable, increasing certainty for stakeholders, including industry, and restoring needed balance with comprehensive upfront analysis added to the development process. Requiring the BLM to offer no fewer than 25 percent of lease nominations in areas open to leasing each year is an arbitrary standard that undermines rational and diligent review on the basis of greatest development potential, as well as other economic, environmental, and health considerations.

The BLM has concerns with the requirement that it actively lease in areas designated as open when Resource Management Plans are revised. Continuing to lease in some open areas in which recreational or ecological values are at risk could prevent the BLM from protecting important resource values. It could be counterproductive to efforts to develop energy resources on Federal lands if the result is greater near-term resource damage that, in turn, would necessitate more onerous restrictions on future energy development activities. In addition, limiting protests of oil and gas leases and providing categorical exclusions from further NEPA review limits the public's opportunity to engage in decisions about the lands the BLM manages. Americans who have valid and important concerns should have an opportunity to participate in the management of lands that belong to them.

Title III, Oil Shale

H.R. 1965 includes provisions (Title III) regarding oil shale planning, leasing, and regulation. The bill would deem final the BLM's 2008 oil shale regulations, stipulate that the 2008 Resource Management Plan amendments satisfy all legal and procedural requirements under any law, and require the Secretary to implement those actions without any further administrative action. The bill also would require the Secretary to hold, within 180 days of enactment, a lease sale for additional parcels for oil shale research, development, and demonstration leases, and, no later than January 1, 2016, no less than five commercial lease sales in areas with the most potential for oil shale development.

Analysis

The Department opposes the provisions in Title III of H.R. 1965 because they undermine the BLM's careful and transparent development of oil shale regulations and environmental plans initiated in response to the current state of technology and a Government Accountability Office (GAO) report finding that oil shale development could have significant negative impacts on the quality and quantity of water resources. The bill also disregards the fact that there are currently no proven economically viable and environmentally sound ways in the United States to extract liquid fuel or suitable refinery feedstock from oil shale on a commercial scale.

Beginning in 2010, the BLM began a new public planning process to take a fresh look at the land use plan allocation decisions made in 2008. The BLM concluded that, in light of the many fundamental questions about oil shale that need to be answered, it is vital that the BLM administer a balanced, carefully planned research, development, and demonstration (RD&D) program that will help inform the agency's decision on how to authorize future commercial oil shale development on public lands. On March 22, 2013, the BLM published a Record of Decision amending several resource management plans to encourage RD&D of oil shale on nearly 700,000 acres in Colorado, Utah and Wyoming. Additionally, the BLM has developed a proposed rule governing oil shale development with the goals of ensuring a fair return to the American taxpayer, encouraging responsible development of Federal oil shale resources, and evaluating necessary safeguards to protect scarce water resources and important wildlife habitat. In late March 2013, the BLM published these proposed revisions for public comment. In November 2012, the BLM signed two leases for RD&D oil shale proposals to encourage industry to create and test technologies aimed at developing oil shale resources on a commercial scale. H.R. 1965 would disrupt these public planning and regulatory efforts.

H.R. 1394, "Planning for American Energy Act of 2013"

H.R. 1394 directs the Secretary of the Interior to develop a 4-year strategy for the development of onshore Federal energy and minerals resources—including a strategic production objective of oil and natural gas; coal; critical minerals; helium, wind, solar, biomass, hydropower, and geothermal energy; oil shale; and other energy production technology sources. The bill requires that actions be taken to achieve certain energy production objectives unless the President determines it is not in the national security or economic interests of the United States to do so. The bill further directs the completion of a programmatic EIS in accordance with the National Environmental Policy Act (NEPA) which is deemed sufficient to satisfy requirements of resource management planning and land use planning associated with implementation of the 4-year strategy.

Analysis

The Department opposes H.R. 1394 because it would direct Federal land managers to manage lands for the primary purpose of energy development rather than make thoughtful decisions on balanced multiple-use management through a public process based on site specific analysis and consideration. Guided by the Federal Land Policy and Management Act, the BLM's unique multiple-use management of public lands includes activities as varied as livestock grazing; outdoor recreation, including hunting and fishing; the conservation of natural, historical, cultural, and other important resources—as well as development of both conventional and renewable energy resources.

H.R. 1394 also imposes additional layers of administrative planning for energy development on top of those which the BLM is already undertaking through existing authorities. These authorities already provide extensive legal and regulatory direction for the development of oil, gas, and coal from the public lands. In addition, the BLM has recently made significant progress on programmatic planning for a suite of renewable and unconventional energy resources, including wind, solar, geothermal and oil shale.

Finally, the bill's requirement that the Department take all necessary actions to achieve energy production goals on Federal lands fails to acknowledge the comprehensive approach to support expansion of safe and responsible energy development already in place and that the Department is committed to maintaining. The BLM has made significant progress in the past several years, reducing protests and appeals by better planning through its leasing reforms. As stated above, we continue to offer a healthy number and quality of lease sales, with good industry response, and an emphasis on permitting has produced a large inventory of permits and acreage that industry has yet to develop.

Conclusion

Thank you for the opportunity to present testimony on these four bills.

Mr. LAMBORN. All right. I am sure you will have some.

Commissioner Sullivan.

STATEMENT OF DAN SULLIVAN, COMMISSIONER, DEPARTMENT OF NATURAL RESOURCES, STATE OF ALASKA

Mr. SULLIVAN. Good morning, Chairman Lamborn, Ranking Member Holt. Thank you for the opportunity to be here again. It is an honor to be able to talk about Alaska energy issues with this Committee. Thank you.

Mr. Chairman, it is truly an exciting time for American's energy sector. We are seeing an American energy renaissance, particularly with regard to hydrocarbon production on private lands, and that is having an enormous impact in terms of jobs, trade, deficit issues, even potentially foreign policy and national security issues.

Alaska, which is one of the world's great hydrocarbon regions, is focused on doing its part to contribute to this energy renaissance. We just had a very, very successful State legislative session, where we enacted tax reform, significant permitting reform, an interior energy plan, opportunities to commercialize our abundant North Slope gas, and we have also had recent reforms in the Cook Inlet hydrocarbon basin, near Anchorage, as a result of those reforms on regulation and tax issues. That basin is starting to turn around in a very, very significant way, producing more oil and gas.

But, Mr. Chairman, as you know, over half of Alaska is Federal lands, controlled by this body and Federal agencies. We believe it is important that they do their part in promoting the American energy renaissance in Alaska, and that means increased access to Federal lands, where estimates of energy resources are in the tens of billions of barrels of oil and hundreds of trillions of cubic feet of gas.

But in the past 4 years, Alaska's access—indeed, America's access—to Federal lands in Alaska has been significantly restricted, and we fear more lost opportunity coming soon. This is a significant concern for Alaskans, and should be a concern for the Congress. I would like to provide two noteworthy examples.

First, the National Petroleum Reserve of Alaska, which was set aside by Congress to help secure a supply of oil and gas for our country. After a planning process that virtually ignored the State of Alaska's numerous comments, the Department of the Interior withdrew almost half, 11 million acres, of NPR lands from oil and gas leasing. Interior's record of decision also made the ability to construct a pipeline across NPR–A to Pump Station 1 of the Trans-Alaska Pipeline more uncertain.

Second, with regard to the Arctic National Wildlife Refuge, we fear a replay of the NPR process and result. The Department of the Interior is soon to release a Comprehensive Management Plan for ANWR that, among other things, will likely ignore Congress's directive to assess the oil and gas resource potential in the coastal area of ANWR often known as the 1002 Area.

There are three common themes that play here. Both NPR–A and the 1002 Area in Alaska have enormous resource potential, very likely some of the largest oil and gas basins in North America. Because of this, Congress has, in Federal law, emphasized the importance of assessing these areas for oil and gas exploration and possibly development.

And, third, despite these congressional directives, the Federal Government has chosen to selectively disregard important Federal laws and the concerns of the State of Alaska and our citizens by significantly restricting and limiting access to these lands.

So, what is the State of Alaska doing? We have asked the Federal Government to start over, with regard to an NPR–A integrated activity plan. And, therefore, the goals of H.R. 1964 and the other bills here are goals that the State supports.

And with regard to the upcoming ANWR Comprehensive Management Plan, we have decided to do the Federal Government's work for them. On Monday, Governor Parnell and I announced the release of Alaska's 1002 Area Assessment and Exploration Proposal, which brings the State of Alaska's world-class expertise, experience, highest environmental standards, best practices, and new technology, and significant capital, $50 million of the State's money, to conduct a 7-year exploration program in the 1002 Area.

The goal of this world-class scientific proposal is to enable the Congress and the American people to definitively know what abundance of resource wealth lies beneath the 1002 Area. It is a modest proposal. We think it can get bipartisan support. Representative Holt, I would love to brief you on this in more detail.

We have presented it to the Department of the Interior, and we have asked them to include this as part of their comprehensive ANWR Management Plan that is going to be coming out soon. And we certainly, of course, would welcome Congress's support of this proposal because we think it asks a very important question: Why would you not want to know what the resource potential is in the 1002 Area, when your mission is to manage that land? Thank you very much, Mr. Chairman.

[The prepared statement of Mr. Sullivan follows:]

PREPARED STATEMENT OF DAN SULLIVAN, COMMISSIONER, DEPARTMENT OF NATURAL RESOURCES, STATE OF ALASKA

H.R. 1964, "NATIONAL PETROLEUM RESERVE ALASKA ACCESS ACT"

I. Introduction

Chairman Lamborn, Ranking Member Holt, and members of the House Subcommittee on Energy and Mineral Resources, on behalf of Governor Sean Parnell, the State of Alaska welcomes this opportunity to testify as part of this Committee's important work to protect and expand U.S. onshore energy production on Federal lands.

In particular, I thank you for the opportunity to emphasize to this Committee and to the rest of your colleagues in the U.S. Congress the important role that the National Petroleum Reserve—Alaska (NPR–A) serves in the State of Alaska and its enormous potential for responsible resource development. But in order to reach this

potential, we must see a shift in Federal decision making. The State of Alaska has continued to express our serious concerns with recent Federal planning processes for the NPR–A and the Arctic National Wildlife Refuge (ANWR) that disregard the State's comments and are likely contrary to the Alaska National Interest Lands and Conservation Act (ANILCA). We are ready and willing to partner with the Federal Government to assess oil and gas potential and responsibly develop these areas for the benefit of Alaska and the United States.

Biographical Information

Before getting into substantive matters, I would like to briefly mention my professional background as it pertains to this testimony. I have been serving as Commissioner of the Alaska Department of Natural Resources (DNR), a State agency of over 1,100 personnel, since December 2010. DNR manages one of the largest portfolios of oil, gas, minerals, land, water, timber, and renewable energy resources in the world, and is staffed by some of the world's leading experts on responsible exploration and development in the Arctic.

Prior to being appointed as the DNR Commissioner, I have served as Alaska's Attorney General and the U.S. Assistant Secretary of State for Economic, Energy, and Business Affairs.

Overview of Today's Testimony

Alaska's North Slope is one of the most prolific and productive hydrocarbon basins in North America. Its resource base has been the foundation of the State's economy for 40 years, and continues to offer opportunities to Alaska and the Nation as a whole.

Recent years have seen a surge in investment in the oil and gas industry, and increases in unconventional production in the continental United States have created an energy boom that few would have predicted 10 years ago. The strategic benefits of this surge in domestic energy production are numerous, ranging from employment opportunities in an otherwise troubled economy to increased energy security and a strengthened foreign policy.

However, even in this environment, throughput in the Trans Alaska Pipeline System (TAPS) has steadily declined since the 1990s despite the enormous conventional resources that remain on Alaska's North Slope, and the untold unconventional resources that are beginning to be explored.

It is time for Alaska to take its place in the oil and gas renaissance that is occurring in the rest of the United States. Under Governor Parnell's leadership and the Alaska State Legislature's major actions during the 2013 legislative session, the State of Alaska is doing its part to reform and modernize our permitting system, lease acreage in order to spur exploration and development, and increase our competitiveness through oil tax reform.

Unfortunately, we continue to have serious concerns about access to Federal lands for hydrocarbon exploration and development in Alaska. Federal permitting has been an anchor on responsible resource development on State lands, and highly prospective Federal lands—such as the NPR–A and ANWR—have either been effectively locked up with onerous permitting and regulatory delays and bad planning, or excluded from exploration and development entirely.

My testimony today will focus on the following:

- NPR–A and the ANWR 1002 Area are enormous hydrocarbon basins that, once properly assessed and responsibly developed, would help reverse the TAPS throughput decline.
- Selection of the B–2 Preferred Alternative in the NPR–A Final Integrated Activity Plan (IAP) and Environmental Impact Statement (EIS) does not reflect the State of Alaska's comments and concerns. We have therefore asked that the current process be stopped and for the Bureau of Land Management (BLM) to reengage with the State in a meaningful, productive discussion to develop an alternative for the IAP.
- The Draft Comprehensive Conservation Plan (CCP) for ANWR is essentially unresponsive to the State of Alaska's concerns and is biased against an honest assessment of resource development potential for the ANWR 1002 Area. In fact, it does not include an assessment of oil and gas potential at all, which we believe is required by law.
- Therefore, the State of Alaska has taken this requirement upon ourselves and submitted a comprehensive "Oil and Gas Resource Evaluation and Exploration Proposal for the ANWR 1002 Area" to Department of Interior (DOI) Secretary Jewell on Monday, May 20, 2013. Additionally, in his letter to Secretary Jewell, Governor Parnell announced that the State is not only lending its expertise, but

also its checkbook to fund up to $50 million toward implementing the 3D seismic program for the 1002 Area if the Federal Government shows a positive indication that they would partner with the State on such a program.

As this testimony will demonstrate, the State of Alaska supports legislative measures that promote access to Federal lands for responsible resource development and bring timeliness and efficiency to the Federal land management and permitting processes. Federal policy must take a new direction to realize the opportunities and strategic benefits that responsible resource development plays for the Nation. The State of Alaska fully supports H.R. 1964, which includes the following measures:

1. Expeditious leasing program;
2. Pipeline and road corridor permitting and construction;
3. Reset of an Integrated Activity Plan;
4. Holding the Secretary of the Interior to reasonable development goals;
5. Holding the Department of the Interior to transparent permitting deadlines; and
6. Updating the Resource Assessment within the NPR–A, which we assume would include both seismic and drilling activities.

II. The NPR–A and the ANWR 1002 Area Offer Enormous Potential for Responsible Resource Development

Alaska is one of the Nation's most critical and prolific oil-producing States. Even though production is only about one-third of what it was at its peak in 1989, Alaska's North Slope, both on and offshore, remains a world-class hydrocarbon basin with extraordinary potential. According to the U.S. Geological Survey (USGS), Alaska accounts for over 30 percent of the Nation's technically recoverable oil and gas resources, with the North Slope estimated to hold approximately 40 billion barrels of technically recoverable conventional oil and 236 trillion cubic feet of natural gas. These numbers are likely dwarfed by Alaska's unconventional resources, such as shale oil and gas, heavy and viscous oil, and gas hydrates.

National Petroleum Reserve—Alaska (NPR–A)

In 2010, the USGS estimated that 896 million barrels of conventional, undiscovered oil and 53 trillion cubic feet of conventional, undiscovered non-associated gas exist within NPR–A and adjacent State waters. Unfortunately the 2010 assessment significantly reduced previous estimates, but did not include important geologic and geophysical data sets. The 2010 assessment also did not benefit from complete review and input from local experts. The State sent several letters pointing out flaws in the information and analysis relied on to lower the estimates.

Regardless, these estimates are still significant and developing these resources would help stimulate Alaska's economy and contribute to the Nation's energy needs.

On May 14, 2011, President Obama directed the DOI to conduct annual oil and gas lease sales in the NPR–A, and on December 7, 2011, the BLM generated winning bids totaling $3,069,638 and covering 17 tracts on about 141,739 acres in their NPR–A oil and gas lease sale. As noted by BLM, the sale demonstrated industry interest in areas with high resource potential adjacent to State of Alaska lease tracts. The 2012 lease sale generated winning bids totaling $898,900 and covering 14 tracts on about 160,088 acres.

Arctic National Wildlife Refuge (ANWR) 1002 Area

The ANWR 1002 Area consists of 1.5 million acres of highly prospective terrain in the northeastern portion of the North Slope along the northern coast of ANWR. The region is situated between the prolific North Slope oil fields to the west and the petroleum-rich Canadian Mackenzie Delta province to the east. Both areas have proven reserves of interest to each nation. In the United States, a gas field with a significant volume of recoverable liquid hydrocarbons is being developed at Point Thomson just west of the ANWR boundary. According to the most recent comprehensive assessment, most geologists regard the 1002 Area as the most prospective unexplored onshore area in North America.

In 1998, the USGS estimated that the entire ANWR assessment area, including State and Native interests, contains between 5.7 and 16 billion barrels of technically recoverable oil, with a mean (expected value) of 10.4 billion barrels. Most of this volume of oil, 74 percent, was ascribed to the federally controlled 1002 Area, with the range of predicted technically recoverable oil between 4.3 and 11.8 billion barrels, with a mean of 7.7 billion barrels. For comparison, the Prudhoe Bay field, the largest oil field in North America, was originally estimated to hold 9.6 billion barrels that was deemed technically recoverable by its primary operator, BP. Cumulative production to date has exceeded 12 billion barrels of oil. The Prudhoe Bay field was the impetus for the construction of TAPS and sent Alaska oil production to a peak

level of 2.2 million barrels per day in 1988. Alaska daily production has dropped below 600,000 barrels per day in 2012.

III. The NPR–A Final IAP EIS Disregards the State of Alaska's Concerns and Should Be Repealed and a New IAP Issued That Encourages Accessing and Developing Abundant Hydrocarbon Reserves Within the Reserve

While the State of Alaska generally supports the overall intent of the NPR–A IAP EIS planning process to provide further opportunities for oil and gas exploration in the reserve, we have continually expressed our serious concerns regarding many aspects of the plan, most recently the selection of the B–2 Preferred Alternative in the Final IAP EIS. As recent as January 29, 2013, Governor Parnell asked Secretary Salazar to stop the current planning process and re-engage with the State in a meaningful productive discussion to develop an alternative for the IAP.

On September 12, 2012, Governor Parnell notified Secretary Salazar that the State was withdrawing from the planning process as a cooperating agency under the National Environmental Policy Act of 1969 (NEPA) because of repeated refusals by the BLM to consider the State's issues and concerns. The surprise announcement of the B–2 Preferred Alternative without prior notice or discussions with the State or the North Slope Borough convinced the State a meaningful process was not going to be provided. While the State is willing to work with BLM again, the State will not participate in another flawed "check the box" type of process.

As presently selected, the B–2 Preferred Alternative continues to selectively disregard Congressional direction provided under the Naval Petroleum Reserves Production Act of 1976 (Production Act), as amended; the Alaska National Interest Lands Conservation Act (ANILCA); and the Federal Land Policy and Management Act of 1976, and inappropriately applies administrative policy to the NPR–A. Congressional intent for the Production Act clearly indicates that the Secretary's authority to protect surface values in the Reserve was intended to minimize adverse impacts on the environment, not to be used as a prohibition on oil and gas activities. The purpose of the withdrawal that created the NPR–A was to secure a supply of oil and gas. All subsequent Congressional direction authorizes the Secretary to manage activities in the NPR–A consistent with its primary purpose to responsibly explore and develop oil and gas resources. The B–2 Preferred Alternative is inconsistent with this mandate.

The foundation for the B–2 Preferred Alternative is in the USGS's 2010 updated assessment of oil and gas resources in the NPR–A. The survey estimates quantities of technically recoverable but undiscovered conventional oil and gas in the NPR–A. As stated above, the 2010 assessment significantly reduced previous estimates, but did not include important geologic and geophysical data sets. The 2010 assessment also did not benefit from complete review and input from local experts. The State sent several letters pointing out flaws in the information and analysis relied on to lower the estimates. Since these estimates are the foundation for the IAP and EIS, it is imperative the information is accurate.

While encouraged by Secretary Salazar's intent stated in the December 19, 2012, Memorandum to BLM to ensure that the plan clarifies that ". . . nothing in the IAP/EIS is intended to act as a bar to potential pipelines or otherwise make construction of such pipelines impracticable," there are numerous aspects of the plan that, if left unchanged, will both hamper construction of pipelines necessary to transport offshore oil and gas resources to TAPS, including resources from State offshore leases, and preclude oil and gas exploration and development in the NPR–A.

The Memorandum also directed BLM to engage in additional outreach efforts with local communities to look for ways to ensure continuing dialogue with local communities and tribes on key implementation issues, such as future pipeline issues, leasing questions, subsistence issues and related matters. While additional outreach is both welcome and appropriate, since the B–2 Preferred Alternative did not receive public review as required under NEPA, the State has strongly urged that a new public comment period be added.

Other specific issues the State has raised regarding the B–2 Preferred Alternative include: management of the Reserve as a conservation system unit; wilderness reviews and management consistent with wilderness characteristics; Wild and Scenic River reviews; restrictions on potential pipeline development; and general ownership and development issues.

IV. The ANWR CCP Does Not Include an Assessment of the 1002 Area's Potential for Oil and Gas Exploration and Development as Required by Law

Unfortunately, the same flaws in the NPR–A IAP EIS process are being repeated by the ANWR Draft Comprehensive Conservation Plan (CCP) and EIS. In some ways, they are premised on the same informational gaps and concerns.

The State of Alaska participated in several scoping and comment periods concerning this plan. Our comments and letters encouraged the DOI to consider the potential for oil and gas exploration and development in the 1002 Area. Indeed, we believe that such consideration is required by law. This is an important point that deserves a detailed explanation.

When I served as Attorney General for the State of Alaska, I submitted a comment letter to the manager of ANWR on the initial CCP and EIS Notice of Intent. The following is an excerpt from this letter, making the case that the Department of Interior's position lacks legal authority.

The purpose of the Notice was to advise Federal and State agencies and the public of (1) the Service's "intention to conduct detailed planning on this refuge and (2) [to] obtain suggestions and information on the scope of issues to be considered in the EIS and during the development of the CCP."[1] The Notice also explained that the Service will review whether to recommend that Congress place ANWR lands within the National Wilderness Preservation System,[2] but did not consider oil and gas exploration or development.

The Service has said that it will not consider oil and gas development before it issues a revised CCP and, apparently, the EIS.[3] It explained that drilling in ANWR is off-limits and only Congress has the authority to lift the ban.[4] No other explanation for limiting the comments was given. The Service therefore concluded that it is unnecessary to require the agency to consider the environmental impacts of a prohibited activity.

There are at least three significant problems with the Service's position. *First,* NEPA provides that Federal agencies must "study, develop, and describe appropriate alternatives to recommended courses of action in any proposal which involves unresolved conflicts concerning alternative uses of available resources."[5] There is obviously a conflict over alternative uses for the 1002 Area. Hence, the Service must consider oil and gas development as an alternative.

Second, "[t]he mere fact that an alternative requires legislative implementation does not automatically establish it as beyond the domain of what is required for discussion, particularly since NEPA was intended to provide a basis for consideration and choice by the decision makers in the legislative as well as the executive branch."[6] Thus, the Service's rationale for limiting public comment—i.e., because Congress alone has the power to lift the ban on drilling, it cannot or should not consider oil and gas development as an alternative—is a rationale that courts have rejected.

Third, where an action is taken pursuant to a specific statute, the statutory objectives of the project serve as a guide to determine the reasonableness of an agency's decision to limit the scope of an EIS.[7] Here, the Service has unreasonably restricted the scope of the public comment period to exclude discussion of oil and gas development because ANILCA expressly requires the Service to consider how oil and gas development will impact wildlife and the environment.

More specifically, ANILCA provides that the purpose of Section 1002 "is to provide for a comprehensive and continuing inventory of the assessment of the fish and

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[1] 75 Fed. Reg. 17763, 17764 (April 7, 2010).

[2] 75 Fed. Reg. at 17763–64.

[3] 75 Fed. Reg. at 17764.

[4] *See* 16 U.S.C. § 3142(i) ("Until otherwise provided for in law enacted after December 2, 1980, all public lands within the coastal plain are withdrawn from all forms of entry or appropriation under the mining laws, and from operation of the mineral leasing laws, of the United States."); 16 U.S.C. § 3231 (the process for allowing the President to recommend to Congress to open Federal lands within Alaska to mineral development does not apply to lands within ANWR).

[5] 42 U.S.C. § 4332; *N. Idaho Cmty. Action Network* v. *U.S. Dep't of Transp.,* 545 F.3d 1147, 1153 (9th Cir. 2008) ("This 'alternatives provision' . . . requires the agency to give full and meaningful consideration to all reasonable alternatives."); *California* v. *Block,* 690 F.2d 753 (9th Cir. 1982) (holding that the agency should have considered the alternative of allocating more than one-third of the land to the wilderness category).

[6] *Natural Res. Defense Council, Inc.* v. *Morton,* 458 F.2d 827, 837 (D.C. Cir. 1972); *see also Save Our Cumberland Mts.* v. *Kempthorne,* 453 F.3d 334, 343–344 (6th Cir. 2006) (observing that statutory limitations on an agency's decision making authority cannot limit the range of alternatives an agency must consider). *See generally* D. Mandelker *NEPA Law and Litigation* §§ 9:19, 9:24 (2d. ed. 2007) (collecting cases).

[7] *Westlands Water Dist.* v. *U.S. Dep't of the Interior,* 376 F.3d 853, 866 (9th Cir. 2004).

wildlife resources . . . an analysis of the impacts of oil and gas exploration development, and production, and to authorize exploratory activity within the coastal plain[.]"[8] The statute goes on to provide that the Secretary must also provide Congress with recommendations "with respect to whether further exploration for, and the development and production of, oil and gas within the coastal plain should be permitted and, if so, what additional legal authority is necessary to ensure that the adverse effects of such activities on fish and wildlife, their habitats, and other resources are avoided or minimized."[9] Similarly, Section 1005 of ANILCA provides that the Secretary "shall work closely with the State of Alaska and Native Village and Regional Corporations in evaluating the impacts of oil and gas exploration, development, and production . . . on the wildlife resources of these lands[.]"

Accordingly, because the Department of Interior, and therefore the Service, is expressly required by statute to evaluate the impacts of oil and gas exploration, it is a violation of NEPA for the Service to limit the scope of public comments on this issue.

Indeed, the Service's decision to restrict public comment begs several questions: How can the Service know if new information exists related to the environmental effects of oil and gas development if it refuses to consider public comments on this issue? And how can the Service say that it is "looking for meaningful comments that will help determine the desired future conditions of the Refuge and address the full range of purposes" but then go on to limit the scope of public comment?

Despite these and many other comments, and to our disappointment and our Nation's detriment, the DOI has indicated it will not address oil and gas issues in the ANWR planning document.

The ANWR 1002 Area was specifically set aside for the future study of whether it could be made available for responsible oil and gas exploration and development. The area holds a very rich supply of oil—oil that the Nation needs, is technically recoverable, and that the vast majority of Alaskans want to develop. The draft CCP goes to great lengths to discuss the "benefits" associated with designating the Refuge lands as wilderness, but offers nothing to explain the trade-offs and lost opportunities associated with precluding responsible development of the 1002 Area's rich oil and gas resources. Given the explicit direction in ANILCA for the 1002 Area, not only is this contrary to NEPA requirements, it is grossly irresponsible.

V. The State of Alaska Has Developed a Detailed, Scientific Resource Evaluation and Exploration Proposal for the ANWR 1002 Area and Will Fund up to $50 Million to Implement the Proposal

For these reasons, Alaska has stepped up to help complete the work the Federal Government seems unwilling to do. On Monday, May 20, 2013, Governor Parnell announced that the State of Alaska has prepared an "Oil and Gas Resource Evaluation and Exploration Proposal for the ANWR 1002 Area." This detailed proposal satisfies a component that should have been included, but has been consistently omitted, from the ongoing CCP process. The detailed plan proposed three primary things:

1. Completion of a 3D seismic program in ANWR's 1002 Area;
2. Planning and permitting that would entail environmental studies and Federal, State and local permitting approvals based on the interpretation of the 3D seismic data to prepare for exploration drilling; and
3. Completion of a wintertime exploration plan, using ice roads and ice pads, to define the oil and gas potential in the 1002 Area with minimum environmental impact.

As the proposal describes, accurately defining the oil and gas resource potential in the 1002 Area is a critical part of understanding the value of the 1002 Area to the Nation. It is also a critical factor in understanding the human environment associated with ANWR and Alaska's North Slope.

The proposal's reasonable, phased approach focuses on potential impacts to the environment and how to best mitigate or completely avoid them. The most important mitigation measure of this entire proposal is to make it an almost exclusively winter program. The 3D seismic and exploration drilling activities would only be conducted during the winter when ice roads and ice pads are required. Alaska is the foremost expert in the world on ice road and ice pad construction in the Arctic with very minimal impact.

Combined with the State of Alaska's very high environmental standards and best practices using new technology—like extended reach or directional drilling—our pro-

[8] 16 U.S.C. § 3142(a).
[9] 16 U.S.C. § 3142(h)(6).

posal can be conducted with very little to no impact on the surrounding environment. This point is critical: the debate on ANWR has not kept up with the advances in technology and best practices, all of which dramatically lessen the surface footprint and impact of any Arctic work. We see this every day in Alaska.

Not only did the State of Alaska develop this plan, but we are also providing the resources to implement the plan. Governor Parnell has pledged to request up to $50 million from the Alaska Legislature to add to Federal funding that we hope will be made available for this exploration program. Alaska stands ready to provide its oil and gas expertise, and now we have offered a major financial commitment to advance what Congress and the DOI have stated is critical: a full assessment of the oil and gas potential in the 1002 Area.

Section 1005 of ANILCA provides that the Secretary "shall work closely with the State of Alaska and Native Village and Regional Corporations in evaluating the impacts of oil and gas exploration, development, and production . . . on the wildlife resources of these lands[.]" We are poised to do that. The Federal Government cannot legitimately evaluate impacts unless it knows the breadth of the oil and gas resource it stands to recover for Americans' benefit.

President Obama has also recognized the need to use comprehensive information when making decisions in the Arctic. The White House's recently released "National Strategy for the Arctic Region" stresses a partnership with Alaska and Alaska Native organizations, and the use of scientific research to inform Arctic energy decision-making.

We are eager to strengthen our relationship with the Federal Government, Native leaders, and other Alaska stakeholders. An updated resource assessment in the 1002 Area is an essential first step. Once we know what oil and gas resources underlie the 1002 Area—through the implementation of our proposal—we will be able to have an informed discussion about ANWR.

In addition, we will have more thoroughly defined the economic benefits for all Americans: how many jobs ANWR development would create; the revenues it would generate for the treasury; and the secure oil supplies it would provide to the Nation. These numbers will confirm what many Alaskans have long advocated—that ANWR's energy resources are a major national asset, and development would provide immense benefits to our country.

Alaska stands ready to support the investment in ANWR—one that will grow our Nation's economy, improves our energy security, and brings the U.S. further along the path to energy independence.

VI. The State of Alaska Will Submit an Exploration Plan Based on this Proposal for the Secretary of Interior's Approval Pursuant to ANILCA 1002(e)

As noted above, our goal would be for the Department of Interior to adopt the above detailed Exploration Proposal as part of the Department of Interior's CCP. For the reasons stated above, including the fact that this proposal will have limited environmental impact, we believe it is strongly in the best interest of the country and the State of Alaska for the Department of the Interior to make this Exploration Proposal part of the CCP. The leaders of the North Slope Borough and Arctic Slope Regional Corporation agree with this course of action.

However, because we are not confident that the Department of the Interior will do this, we also have a plan pursuant to ANILCA to directly apply to the Secretary of the Department of the Interior for acceptance of this plan as required under Federal law. ANILCA Section 1002(e) provides:

> EXPLORATION PLANS—(1) After the initial guidelines are prescribed under subsection (d), any person including the U.S. Geological Survey may submit one or more plans for exploratory activity (hereinafter in this section referred to as "exploration plans") to the Secretary for approval. An exploration plan must set forth such information as the Secretary may require in order to determine whether the plan is consistent with the guidelines, including, but not limited to—

(A) A description and schedule of the exploratory activity proposed to be undertaken;

(B) A description of the equipment, facilities, and related manpower that would be used in carrying out the activity;

(C) The area in which the activity would be undertaken; and

(D) A statement of the anticipated effects that the activity may have on fish and wildlife, their habitats and the environment.

> (2) Upon receiving any exploration plan for approval, the Secretary shall promptly publish notice of the application and the text of the plan in the

> Federal Register and newspapers of general circulation in the State. The Secretary shall determine, within 120 days after any plan is submitted for approval, if the plan is consistent with the guidelines established under subsection (d). If the Secretary determines that the plan is so consistent, he shall approve the plan: except that no plan shall be approved during the 2-year period following the date of enactment of this Act. Before making the determination, the Secretary shall hold at least one public hearing in the State for purposes of receiving the comments and views of the public on the plan. . . .

The State of Alaska will be submitting an Exploration Plan based on this reasonable resource evaluation and exploration proposal that we believe meets all of the criteria of ANILCA Section 1002(e). It should be noted that if such criteria are met, the Secretary of the Interior is mandated by law to approve such plan.

LETTER SUBMITTED FOR THE RECORD FROM THE HONORABLE SEAN PARNELL

GOVERNOR,
STATE OF ALASKA,
ANCHORAGE, AK, MAY 18, 2013.

The Honorable SALLY JEWELL, *Secretary,*
U.S. Department of the Interior,
Washington, DC 20240.

DEAR SECRETARY JEWELL,

Congratulations on your nomination and confirmation to lead the Department of the Interior. Your leadership and decisions will be significant to the future of the State of Alaska and the United States. I wish you the best and offer assistance and partnership from my Administration.

One area under your management is the coastal plain of the Arctic National Wildlife Refuge (ANWR), as described in Section 1002 of the Alaska National Interest Lands Act. The 1002 Area and the remainder of ANWR are the subject of a multi-year planning process led by the U.S. Fish and Wildlife Service to update the ANWR Comprehensive Conservation Plan (CCP). My Administration has participated in several scoping and comment periods in regard to the CCP. Our comments and letters have encouraged DOI to consider the potential for oil and gas exploration and development in the 1002 Area. Indeed, we believe that such a consideration is required by law. To our disappointment, the Department of the Interior has indicated that they have no intention of considering this alternative for the 1002 Area.

Therefore, the State of Alaska would like to offer you two items. The first is the Oil and Gas Resource Evaluation and Exploration Proposal (the "Exploration Proposal")—a detailed proposal that satisfies a component that should have been included, but has been consistently omitted, from the ongoing CCP process. The Exploration Proposal is available at

http://gov.alaska.gov/parnell_media/resources_files/ANWR_051713a.pdf
http://gov.alaska.gov/parnell_media/resources_files/ANWR_051713b.pdf

The Alaska Department of Natural Resources, which has some of the world's foremost experts on arctic oil and gas exploration and development issues, has dedicated a great deal of effort to assemble this document. I hope you will include the Exploration Proposal in the CCP's analysis.

As the Exploration Proposal describes, accurately defining the oil and gas resource potential is a critical part of understanding the value of the 1002 Area to the Nation. It is also a critical factor in understanding the human environment associated with ANWR and Alaska's North Slope. With recent advancements in technology, responsible oil and gas exploration and development can be accomplished with very little impact on the environment.

The second offer is a pledge to request up to $50 million from the Alaska State Legislature during its 2014 legislative session to help fund the 3D seismic program for the 1002 Area as described in the Exploration Proposal. We would of course need a positive indication that the Federal Government would want to partner with the State of Alaska on such a seismic program before submitting a budget request to our Legislature at the end of the year. This would be in addition to generous exploration credits that the State of Alaska would be able to provide the private sector in assisting with the Exploration Proposal.

For 26 years, Americans have engaged in a debate about the wildlife and oil and gas resources on and underneath the 1002 Area. Unfortunately, ANWR's oil and gas

resources have been estimated using archaic 2D seismic data. State of Alaska land managers have found that 3D seismic data is an indispensable tool to managing our lands. We believe that it would be very valuable for your land managers to have this data to inform their planning efforts for the 1002 Area.

I would recommend that the U.S. Geological Survey conduct this 3D seismic program in conjunction with the Alaska Division of Geological and Geophysical Surveys (DGGS) in order to provide a much-needed update to the 1987 USGS resources report to Congress. As you likely know, the USGS and Alaska's DGGS have a strong, cooperative working relationship that dates back decades.

I look forward to visiting with you at your earliest convenience about this and the many other topics that we can work together on to benefit Alaska and the United States.

Sincerely,

SEAN PARNELL,
Governor, State of Alaska.

State of Alaska

OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE No. 13–083

Governor Rolls Out ANWR Exploration Proposal for ANWR 1002 Area

May 20, 2013, Anchorage, Alaska—Governor Sean Parnell today announced an exploration proposal for the Arctic National Wildlife Refuge (ANWR) 1002 Area, which the State has developed and is offering to help finance.

"Accurately defining the oil and gas resource potential is a critical part of understanding the value of the 1002 Area to the Nation," Governor Parnell said. "The Federal Government has the responsibility to do this under Federal law, but is clearly reluctant to do so. Therefore, we are stepping forward with our expertise and financing to provide a detailed resource evaluation and exploration proposal."

Governor Parnell outlined the proposal in a letter sent to Interior Secretary Sally Jewell, and he and Department of Natural Resources Commissioner Dan Sullivan rolled out the 187-page document during a press event at the U.S. Chamber of Commerce headquarters in Washington, D.C.

Also speaking at the Monday event in support of the proposal were Charlotte Brower, mayor of the North Slope Borough, and Rex Rock, president and chief executive of the Arctic Slope Regional Corp., a regional Alaska Native corporation based in Barrow.

In his letter to Secretary Jewell, Governor Parnell offered to request up to $50 million from the Alaska Legislature to support the seismic program contained in the proposal. Such a budget request will be contingent on the Federal Government indicating its interest in partnering with the State of Alaska on the seismic program.

The proposal, called the "Oil and Gas Resource Evaluation & Exploration Proposal for the ANWR 1002 Area," was produced by the Alaska Division of Oil & Gas, and it is being shared with Alaska stakeholders, the U.S. Department of the Interior and members of Congress this week.

The report details a 7-year seismic and exploration program to provide a much more definitive assessment of the magnitude of the oil and gas resources within the 1002 Area—thought to be one of the most prolific regions for undiscovered oil in America. This assessment will provide Congress and the Federal Government a much clearer understanding of the best way to manage this small portion of ANWR for the benefit of all Americans.

"We hope that the Department of the Interior and Congress will partner with the State in adopting and implementing this exploration proposal," Governor Parnell said.

"This is a reasonable proposal based on Alaska's high standards for responsible resource development and environmental protection," Sullivan said. "Implementation of this proposal will have negligible impacts on the environment and should be acceptable to a wide range of stakeholders."

Governor Parnell's letter to Secretary Jewell and the report are available at:
http://gov.alaska.gov/parnell_media/resources_files/jewell_052013.pdf
http://gov.alaska.gov/parnell_media/resources_files/ANWR_051713a.pdf
http://gov.alaska.gov/parnell_media/resources_files/ANWR_051713b.pdf

Mr. LAMBORN. OK, thank you for your testimony.
Mayor Brower.

STATEMENT OF CHARLOTTE E. BROWER, MAYOR, NORTH SLOPE BOROUGH

Ms. BROWER. Good morning, Mr. Chairman and members of the Committee. My name is Charlotte Brower. I am Mayor of the North Slope Borough. And I want to thank you for the opportunity to speak before you on H.R. 1964.

The National Petroleum Reserve Alaska Access Act would amend the Naval Petroleum Production Act of 1976 to direct the Secretary of the Interior to conduct a competitive leasing program of oil and gas in the NPR–A, including holding lease sales at least once every year. The North Slope Borough was given some limited participation in the development of the NPR–A management plan. However, the Borough did not support the majority of the management decision embodied in the alternative B2 adopted in the final management plan.

No one is more mindful of the need to protect the environment and preserve subsistence opportunities than the people of the North Slope. The potential for oil and gas leasing exploration and development in the NPR–A, therefore, presents difficult questions of priorities and policy for all North Slope organizations. Our challenge has always been to balance the development with the preservation of a healthy North Slope environment, abundant subsistence resources, and the vibrant traditional subsistence culture of our people.

With respect to H.R. 1964, I would like to thank the Chairman and members of the Committee and Chairman Hastings and Congressman Young for looking at the energy needs of the Nation and advocating for the balanced management of the NPR–A. The final management for the NPR–A prohibits oil and gas leasing, on well over 50 percent of the NPR–A. This includes areas identified by BLM's own estimates as having a high potential for oil and gas resources.

We also support efforts to conduct updated resource assessments within the NPR–A to understand the resources that are available. This kind of information is critical to making effective and informed decisions over NPR–A management. While this hearing focuses on the Federal Government's management of the NPR–A and specifically H.R. 1964, I would like to comment on a couple of policy matters that are fundamentally related.

First, along with the Arctic Slope Regional Corporation, we commend BLM for establishing the new NPR–A working group, and we are pleased that the BLM has obtained funding for this important initiative. My administration has focused on the value of collaboration, communication, and coordination in the review of management decisions involving the NPR–A. Management decisions involving the NPR–A can have a cultural and economic impact, while disproportionately effecting local populations. We hope that any proposed legislation that impacts the management of the NPR–A will include language, and acknowledges the importance of this type of collaboration.

Second, I would also like to comment on the BLM's Fiscal Year 2014 Budget. Under the President's budget proposal for BLM, Alaska's share of revenue from oil and gas activity in the NPR–A would be diverted from the State to the BLM to pay for the clean-up legacy wells drilled by the Federal Government between 1944 to 1981. I cannot emphasize enough how offensive this proposal is to the North Slope Borough. The majority of the NPR–A aid grant funding goes to four communities: Nuiqsut, Barrow, Atqasuk, and Wainwright. These same communities used impact aid funding for things such as recreational activities for youth and suicide prevention programs.

Over 25 percent of our residents are unemployed, and nearly 50 percent are under-employed. A loss of funds will severely impact programs funded by workforce and training development grants, adding to the unemployment problem. It is my hope that Congress will act to ensure that responsible resource development in the NPR–A is coupled with a firm mandate that the State and local communities continue to receive the impact aid funds that they rely upon.

"Quyanaqpak" for the opportunity to address you today.

[The prepared statement of Ms. Brower follows:]

PREPARED STATEMENT OF CHARLOTTE E. BROWER, MAYOR, NORTH SLOPE BOROUGH, ALASKA

H.R. 1964

Chairman Hastings, Congressman Young, members of the Committee:

I want to thank you for the opportunity to provide comments for your hearing on the Federal Government's management of the National Petroleum Reserve-Alaska (NPR–A) and, specifically, H.R. 1964, the "National Petroleum Reserve Alaska Access Act", which would, among other things, nullify the NPR–A Integrated Activity Plan (IAP) Record of Decision (ROD) issued by the Secretary of the Interior on February 21, 2013, and amend the Naval Petroleum Reserves Production Act of 1976 to direct the Secretary of the Interior to conduct a program of competitive leasing of oil and gas in the NPR–A.

As you may know, the North Slope Borough (Borough) participated in the development, by the Bureau of Land Management (BLM), of the IAP and Environmental Impact Statement (EIS) for the NPR–A. The Borough did not support several of the management decisions embodied in Alternative B–2, the preferred alternative in the final EIS. Alternative B–2 served as the basis for the ROD adopted by BLM for the management of the NPR–A.[1] The Borough does, however, maintain a good relationship with BLM's Alaska office. We appreciate BLM's efforts to ensure that the Borough and our communities have a seat at the table when it comes to managing NPR–A lands, and in particular, we support the recent efforts of the BLM to establish the NPR–A Working Group to better involve North Slope communities in NPR–A management decisions.

The NPR–A IAP governs the management of the entire 22.6 million-acre NPR–A, focusing on the potential effects of oil and gas leasing, exploration, and development within the area. The entire NPR–A lies within the boundaries of the North Slope Borough, a home rule regional municipal charter government operating under

[1] The Borough recommended implementation of Alternative A, but with the southern region of NPR–A also opened for oil and gas leasing. Specifically, the Borough recommended that BLM apply the current package of stipulations and required operating procedures (ROPs) as presented in the 2008 Record of Decision for the former Northeast Planning Area, to the entire NPR–A. The Borough recommended that the area in the former Northwest Planning Area previously deferred from leasing until 2014 should be included in future lease sales upon expiration of the deferral. The Borough recommended that the area north and east of Teshekpuk Lake previously deferred from leasing until 2018 should be subject to an additional, targeted planning process before a decision was made to extend the deferral or open the area to leasing subject to appropriate protective measures. The Borough recommended that Special Areas should remain as previously defined. The Borough also recommended that no Wild and Scenic Rivers should be designated.

the laws of the State of Alaska. The majority of Borough residents are Iñupiat Eskimos that live a subsistence lifestyle and are dependent upon the wild resources of our traditional lands and waters for our physical health and our cultural and spiritual well being.

All of the NPR–A has been used by the Iñupiat people for centuries, and continues to be of great importance to the well-being of our residents today. It contains habitat unique on the North Slope, and sees exceptional seasonal concentrations of wildlife resources. The region contains important nesting and staging areas for waterfowl, shorebirds, and raptors, overwintering and spawning areas for fish, and calving and insect-relief habitat for caribou. Many of these resource populations, including vast numbers of waterfowl and the Teshekpuk Lake, Central Arctic, and Western Arctic Caribou Herds migrate to, through, and from the NPR–A following relatively predictable patterns. In terms of the numbers of caribou harvested for subsistence, the Teshekpuk Lake Herd is today the most important herd on the North Slope. Scores of traditional subsistence cabins, campsites, transportation routes, and key harvest areas can be found throughout the region. Many significant Iñupiat cultural and historic sites dot the landscape.

While always mindful of the critical need to protect the environment and preserve subsistence opportunities, the North Slope Borough and our residents also recognize that our ability to continue to provide even the most basic services to our communities depends largely upon a revenue stream generated by taxes on oil and gas facilities located on land and in waters of the State of Alaska.

The potential for oil and gas leasing, exploration, and development in the NPR–A therefore presents difficult questions of priorities and policy for all North Slope organizations. Our challenge has always been to find a balance between the need for industry-fueled revenue and preservation of a healthy North Slope environment, healthy subsistence resource populations, and vibrant traditional subsistence culture of our people.

Throughout the past 40 years, we have vigorously exercised our authority and influence to see industrial operations sited and conducted to the greatest extent possible in an environmentally and culturally sensitive manner. We have not always been successful in halting or conditioning operations to fully avoid or minimize adverse impacts. Cumulative impacts have occurred, and are only now being acknowledged by industry and the responsible Federal and State agencies. For the most part, however, and to some extent because of the Borough's insistence on appropriate conditions, onshore oil and gas operations have been designed and operated without significant long-term effects on the environment, wildlife populations, or the Iñupiat subsistence culture.

H.R. 1964, the "National Petroleum Reserve Alaska Access Act"

I would like to take this opportunity to thank Chairman Hastings and Congressman Young for taking a hard look at the energy needs of our Nation and for addressing the importance of a well-balanced approach to the management of the National Petroleum Reserve-Alaska. In particular, I think it is important for Congress to reaffirm that the purpose of the NPR–A is to provide oil and gas resources to the United States and to take steps to ensure that the Reserve is managed in a way that allows for responsible natural resource development.

The IAP released by the Department of the Interior prohibits oil and gas leasing in well over 50 percent of the NPR–A. This includes areas identified by BLM's own estimates as having a high potential for oil and gas resources. While we are appreciative of Interior's intent to protect and preserve wildlife resources and the habitats they depend on, we also feel that it is equally important for the NPR–A to be managed in a way that promotes responsible oil and gas development and economic opportunities for local communities.

We also support efforts to conduct updated resource assessments within the NPR–A to understand the resources that are available. This kind of information is critical to making effective and informed decisions over NPR–A management.

NPR–A Working Group

While this hearing focuses on the Federal Government's management of the NPR–A and, specifically, H.R. 1964, the "National Petroleum Reserve Alaska Access Act", I would be remiss not to comment on a few additional policy matters that are fundamentally related.

First, along with Arctic Slope Regional Corporation and the Iñupiat Community of the Arctic Slope—for which there are representatives here today—we commend BLM for establishing the new NPR–A Working Group. And we are pleased that the BLM has obtained funding for this important initiative.

My administration has focused on the value of collaboration, communication, and coordination in the review of management decisions involving the NPR–A. Management decisions involving the NPR–A can have cultural and economic impacts which disproportionately affect local populations. The effects of climate change on the Arctic environment are rapidly changing known plant and animal distributions, habitats, and ranges as well as the physical landscape and subsistence hunting practices and areas.

Because of these impacts, infrequent commenting opportunities through the National Environmental Policy Act process, and other public processes, may not provide the most effective mechanism for local entities to provide meaningful input on NPR–A management decisions. We hope the NPR–A Working Group will strengthen coordination and cooperation between BLM, the Borough, and North Slope entities on NPR–A management issues. And we further hope that any proposed legislation that impacts the management of the NPR–A will include language that acknowledges the importance of this type of collaboration.

Legacy Wells

I also want to address the BLM's duty to fulfill its mission of protecting public land by plugging and remediating more than a hundred oil wells in northern Alaska.

These wells, known as the "Legacy Wells," were drilled between 1944 and 1982 by the Federal Government in an attempt to locate commercial quantities of oil and natural gas. The U.S. Navy and U.S. Geological Survey drilled 136 wells in Northern Alaska over the span of five decades, which are now abandoned. Only a handful of the 136 wells have been plugged and cleaned up by State of Alaska standards. This issue is of concern to the entire State.

The Federal Government wishes to act as steward of the land in Alaska, often telling our people what they can or cannot do on the land. Yet here is an example of the same government failing to fulfill the most basic of responsibilities as a land owner. Residents of the North Slope want to develop resources, but we want to do so responsibly.

The State of Alaska's Oil and Gas Conservation Commission (AOGCC) has commented that all of BLM's legacy wells are or have been out of compliance with multiple Alaska regulations. If these wells were operated by an oil company, the AOGCC would force compliance with its regulations and impose fines for any noncompliance.

BLM's FY 2014 Budget

Under the President's FY 2014 budget proposal for BLM, Alaska's 50-percent share of revenue from oil and natural gas activity in the NPR–A would be diverted from the State to the BLM to pay for the cleanup of legacy wells drilled by the Federal Government between 1944 to 1981 and to complete land conveyances owed to the State and to Alaska Natives. I cannot emphasize enough how offensive this proposal is to the North Slope Borough.

The majority of NPR–A Impact Aid grant funding goes to four communities located within the NPR–A—Barrow, Nuiqsut, Wainwright and Atqasuk—which rely heavily on Local Government Operation grants to sustain their city governments. The four Local Government Operational grants total approximately $3.1 million annually, subject to NPR–A Impact Aid funding. These projects support operations and maintenance costs necessary to operate the local governments.

BLM's proposal to divert NPR–A revenues owed to the State will result in the elimination of NPR–A Impact Aid payments to the four NPR–A villages that depend on NPR–A revenues to operate. In 2010, the North Slope Borough completed a comprehensive Economic Profile and Census project in our region. The results indicated that 26.5 percent of our residents are unemployed and 49.4 percent are underemployed. If NPR–A revenue sharing payments cease, our villages and our already economically vulnerable residents will be harmed.

BLM has expended $86 million to address 18 legacy wells ($4.77 million per well). Current NPR–A Impact Fund deposits are less than $4 million per year, and there are more than 110 additional wells to address—that means the "temporary" halt in revenue sharing payments proposed by BLM would end in about 150 years if all revenues are diverted to the Legacy Well cleanup program and no funding is committed to State and Native land conveyances.

We cannot understand why BLM would choose to deprive our villages and our residents of Impact Aid grant funds, which are specifically authorized by Congress to address the impacts of oil and gas development in the region. Moreover, NPR–A revenues cannot realistically support either the Legacy Well cleanup program or

the Alaska Land Conveyance program, as proposed in BLM's budget. We hope BLM will find another way to fulfill its Federal commitments to Alaska and to our people.

Quyanaqpak (Thank you very much) for the opportunity to address you today.

Mr. LAMBORN. Thank you all for your testimony. I am going to now recognize myself for the first questions. Members are limited to 5 minutes for questions. We may have additional rounds.

Mayor Brower, that is amazing. I did not know, until you explained it so clearly, that BLM wants to divert the money from the people of the communities there. I have no doubt that BLM has a worthwhile objective for that money, but they have many other ways that they can access funds. They can come to Congress and submit it in their budget. Is this unprecedented?

Ms. BROWER. Mr. Chairman, it is. I have worked for North Slope Borough for over 40 years, and I have also worked in various organizations that rely on the NPR Impact Aid Fund. And we work closely with the four communities that are within the National Petroleum Reserve-Alaska. And those communities depend heavily on the impact aid that they receive through the State from the Federal Government on the NPR–A.

And you have to understand. In order to receive funding, there has to be some activities within the NPR–A. And whatever activities that there are results in revenues that we get a share, through the State. And so, when we understood that the BLM decided that they would divert any funding that is given to the State and funneled to the North Slope Borough would be used to clean the legacy oil wells that had been there by the Department of Navy at the time they had done the NPR–A from between 1944 to 1981, and when they released that, BLM took over, of course they have left some legacy wells that are not within the standards that they should have.

And so, when the North Slope Borough and State of Alaska says, "We want that clean-up because it is environmentally safe for our residents so that they can hunt on the same grounds," then when we found out that they were going to take our money away, this presents a position for the North Slope Borough to be strong on.

Mr. LAMBORN. OK, thank you. And I don't doubt that it is a worthy objective, but they have other ways they can get those funds.

Commissioner Sullivan, in your testimony you point out that while the BLM claims nothing in their plan and Environmental Impact Statement is intended to bar the construction of pipelines, yet that is exactly what would happen. Can you specifically elaborate on why that is the case?

Mr. SULLIVAN. Mr. Chairman, sure. And just on the other question you had, the State of Alaska fully supports the North Slope Borough on its position on the NPR–A and the funding and the legacy well issue. As a matter of fact, we wrote a joint letter to the Department of the Interior on that issue.

That had been a very big concern in all the different iterations of the proposal on the NPR–A. And although they did try to address it in the final record of decision, we still think that it has significant uncertainty, in terms of where the route would allow a pipeline. And that is absolutely critical, because almost any pipeline that goes from NPR–A or, importantly, if Shell's

Outercontinental Shelf development brings in oil, significant oil, and that comes down and through the NPR–A, any of that oil is going to have to go into the Trans-Alaska Pipeline system. And to have uncertainty on where a pipeline across the NPR–A area can go, just brings investment risk and uncertainty to increasing oil production from NPR–A or the OCS into——

Mr. LAMBORN. OK. Thank you. Commissioner Connell, why is BLM allowing this uncertainty, when there needs to be certainty for investments? We are talking about major investments, given the important environmental safeguards that have to be complied with in pretty adverse conditions.

Ms. CONNELL. Yes, sir. The record of decision for the most recent BLM announcement on the NPR–A development scenario would include a requirement for a pipeline that would run from the Chukchi Sea down to the Trans-Alaska Pipeline. The site-specific analysis of exactly where that pipeline would go, we didn't have enough detailed information about every mile of that proposed line to be able to make a site-specific decision, but there is absolutely commitment to provide for a pipeline.

Mr. LAMBORN. OK, I am really glad to hear that, because that maybe will alleviate some of the uncertainty. Some people might be skeptical and say, well, this is a ploy to sort of draw things out and stonewall and delay and prevent. You are saying that is not the case.

Ms. CONNELL. That is not the case. There is a commitment for a pipeline to go from the Chukchi Sea down to the Trans-Alaskan Pipeline.

Mr. LAMBORN. OK, thank you very much. I appreciate hearing that on the record.

Representative Holt?

Dr. HOLT. Thank you. Thank you. Ms. Connell, can you help explain or clarify the diversion of funds that Mayor Brower was talking about? I am not quite sure that I understand.

Ms. CONNELL. Yes, sir. I will do my best. As you know, I am visiting from the State of Montana, where I am the State Director for BLM Montana, North and South Dakota. So I appreciate your invitation to be here.

My understanding of that situation is that in the President's budget for 2014 they were looking for a number of different ways to fund the vast array of BLM's responsibilities. One of these responsibilities is, in fact, the clean-up of those legacy wells, wells that have not been plugged and abandoned appropriately in Alaska.

This year for the Bureau of Land Management I can speak to specifically, our budget is $90 million less than it was last year. My organization, Montana, North and South Dakota, is less than that. It is less than an entire State organization. So $90 million is significant cuts to our Bureau's budget. And so we are really trying to be creative.

I 100 percent appreciate the concerns of my colleagues here from Alaska, and we have been working diligently with the State, and would be more than happy to work with this Committee to come up with different ideas and different funding strategies for that plug-in abandonment. It can be extremely expensive and time-con-

suming to take care of that situation, but we really would like to see the clean-up completed.

Dr. HOLT. OK. Isn't this at least partly due to the sequester and the budget cuts that we have seen?

Ms. CONNELL. Yes, sir. It certainly is a funding discussion. We really need to find a place to pay for those plug-in abandonments of those wells.

Dr. HOLT. Thanks. Ms. Connell, continuing, according to the BLM, the percentage of land parcels protested has declined in each of the last 4 years, following the leasing reforms by the Department. In 2009 I understand 47 percent of the lease parcels were protested. In 2012, protests were down to fewer than 18 percent of the 2,064 parcels offered for sale.

You state in your testimony that, "It could be counterproductive to develop energy resources on Federal lands, if the result is greater near-term resource damage that, in turn, would necessitate more onerous restrictions on future energy development activities." So, in other words, rather than planning smartly from the beginning, as the Department is trying to do, H.R. 1965 might actually mean that we would be forced to require more long-term restrictions on development. And it could actually reduce the certainty that the sponsors of this legislation say they are seeking. Am I correct on that?

Ms. CONNELL. You have quoted our testimony accurately, yes, sir. Certainly, the Bureau's determination to provide for energy development on public lands and in an environmentally responsible and balanced way is one of the highest and most important priorities for our Bureau.

And we have seen a decrease in the number of protests. And I personally think that is because a plan may actually consider whether or not lands are suitable for oil and gas leasing on somewhere in the neighborhood of 7 to 10 million acres, which is a large landscape to look at anything in a very specific way. When we do our site-specific NEPA analysis or environmental analysis, when the lease parcels come in, we take a much closer look at each individual parcel. And I think that has provided for better decisions, more defensible decisions, and our ability, even if there are protests, our ability to defend our decisions in that case.

Dr. HOLT. And, as I understand it, H.R. 1965 would really undermine the progress you are making in this—well, yes or no, would you agree?

Ms. CONNELL. It is my understanding, the way that it is written, that it would provide a problem for us to continue with the local-level review of lease parcels.

Dr. HOLT. Just in the few seconds remaining, I wanted to ask if the Department has looked at this proposal of a $5,000 protest fee for anybody who wants to challenge a lease or a permit. Putting aside the constitutional free speech questions for another time, let me ask you, have you looked at it as a Department? Do you think this would reduce the number of protests, which are already at a smaller number than in the past?

Ms. CONNELL. I don't know that we looked at it as to whether or not it would reduce them. Although the concern that was listed in our testimony referenced to the fact that, as a Federal agency,

we know that we are not perfect, we know that once in a while we might make a mistake, and it seems as if it should be reasonable for there to be an opportunity for people to call us on those mistakes.

Dr. HOLT. Thank you.

Mr. LAMBORN. Thank you. Representative Benishek?

Dr. BENISHEK. Thank you, Mr. Chairman. Ms. Connell, you are not in charge of the Alaska area, from what I understand from your comments. You actually work in the Western Continental United States.

Ms. CONNELL. I do. I am here as the Acting Deputy Director for the Bureau of Land Management. So for the past several months I have had responsibilities for all of the United States, including Alaska. But my permanent job is, along with Congressman Cramer, is back in Montana and North and South Dakota.

Dr. BENISHEK. All right. Well, the question I have, brought up by Ms. Brower, mitigation of these wells, these wells were done producing in 1981. Is that right? I mean this is from the 1940s to the 1970s, these wells were in production for the Naval Reserve. Is that right, Ms. Brower?

Ms. BROWER. That is correct.

Dr. BENISHEK. So why are we doing the mitigation now? I mean hasn't that been done in the 35 years already? What is the story there?

Ms. CONNELL. BLM has been working, since it became the responsibility of our Bureau, and I am sorry, I don't know the exact date of that, but when the lands were transferred to the BLM, we have been working toward clean-up and plug-in abandonment of these wells, but it has been a bit slow-going because of the cost and the complexity of the abandonment of the wells.

Dr. BENISHEK. So, since 1981, I think, you have been responsible for that land. And yet only now, 30-some years later, are you deciding that we need to cutoff the funds to this area in order to do that, 30 years later? I just don't get the thinking there.

Ms. CONNELL. Well, that is currently the proposal in the President's budget, yes.

Dr. BENISHEK. All right. OK, thank you. Mr. Sullivan, I have a question for you. Ms. Connell seems to state in her opening statement that there was leasing going on up there in Alaska all the time, and that they are committed to doing leasing. And yet it seems like the wells aren't getting done. What is the discrepancy there? I mean I don't understand. Can you explain that to me?

Mr. SULLIVAN. Sure, Congressman. And just real quick on the legacy wells, I am sure this Committee has probably seen the pictures, but they are leaking all over the place, and there is oil all over the place. And if this were a private company that was ignoring this for 30 years, you would probably have executives in a fair amount of trouble. So the notion that all the sudden the State and the Borough have to pay for that, which is really the essence of the budget proposal, is why, Mayor Brower mentioned why that is such an offensive issue to us.

But with regard to the leasing, one of the things that we are most concerned about is in the integrated plan, how that essentially took half of the National Petroleum Reserve of Alaska, which,

again, was set aside by this body for oil and gas security-related issues, and in the latest management plan took half of that off the table for leasing.

So, in terms of future leasing, on a huge area of Federal land in Alaska, it has just been cut in half.

Dr. BENISHEK. So that was a regulatory decision by the BLM, then?

Mr. SULLIVAN. Correct. And we think that it might bump up against Federal law with regard to what is required and how that, the NPR–A, is managed. The organic focus on the NPR–A, just think about the title, the National Petroleum Reserve of Alaska, was focused on oil and gas security for the country. Half of that is now gone.

Dr. BENISHEK. So, despite the fact that Congress mandated this use for a petroleum reserve, the BLM, by regulation, cutoff half of it.

Mr. SULLIVAN. That is our view, yes.

Dr. BENISHEK. Tell me more about these legacy wells that are streaming oil on the surface. This is the responsibility, then, of the BLM. And it has been going on for 30 years? Is that what you are saying? I guess I wasn't familiar with that.

Mr. SULLIVAN. No, this is the responsibility of the Federal Government. And we would be glad, we have many members of the State of Alaska Legislature would love to come testify, show you pictures. Because, again, a legacy well sounds a little innocuous. When you go look that they are spilling oil all over the tundra, it is not innocuous. And we believe it is the Federal Government's responsibility to clean it up.

Dr. BENISHEK. Well, it sounds like you are right.

Ms. Connell, are you aware of that situation, there is oil coming out of the ground on the tundra there, in that legacy well?

Ms. CONNELL. I am familiar with the situation, and it is why the Department and the Bureau are adamant that we need to figure out, working with our partners at the State, a way to move forward. And funding is definitely an issue, and if this is not an acceptable means of funding those, we need to look for another means of doing that.

Dr. BENISHEK. Thank you, and I think I am out of time.

Mr. LAMBORN. OK, thank you. We are going to have a little interruption here. As is our practice, whenever the Chairman or Ranking Member of the Full Committee are present, they are invited to give an opening statement also. So at this time I would like to now recognize the Chairman of the Full Committee, Representative Hastings of Washington, for 5 minutes.

STATEMENT OF THE HON. DOC HASTINGS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON

Mr. HASTINGS. Thank you very much, Mr. Chairman, for the courtesy in going out of turn, but there are several hearings that are going on on the Hill today.

The Natural Resources Committee has frequently discussed the Congressional Research Service reports that have shown that all of the recent increase in U.S. oil and natural gas production has occurred on State and private lands, and not on Federal lands. The

lack of production on Federal lands is not for a lack of resources. But, rather, the lack of production is because of Federal regulations that hinder and block development. And the four bills before us today that we are discussing will hopefully help to reverse that trend.

Together, these bills will help us expand oil and natural gas and renewable energy production on public lands. They will streamline government red tape, break down bureaucratic hurdles, and put in place a clear plan for developing our own energy resources. Even more importantly, these bills will spur job creation and help strengthen our economy.

This week the AAA reported that motorists can expect another spike in gas prices this Memorial Day weekend. Prices have jumped $.14 in the last month and the national average is now $3.65 a gallon. These high prices hurt families and small businesses and weigh down our economy. But Americans shouldn't have to settle for and accept near $4 gasoline prices. Continuing to increase our domestic supply, as these bills would do, is the best way to respond to these spikes.

While our country continues to face looming deficits, it's important to remember that energy production is a revenue generator. Increasing American energy production is one of the best things we can do to ensure job creation and economic growth.

And I want to take a moment to talk specifically on H.R. 1964, the National Petroleum Reserve Alaska Access Act, that I introduced with my colleague from Alaska, Don Young. Alaska is a tremendous energy asset to our Nation. But the Obama Administration appears determined, against the wishes of most Alaskans, to keep their energy resources off limits.

The NPR–A was specifically designated in 1923 as a petroleum reserve. Its express purpose was to supply our country with American energy. That is why it is completely unacceptable that the Obama Administration this year finalized a plan to close over half of NPR–A to energy production.

This bill, that I introduced with Mr. Young, would nullify that plan and require the Interior Department to produce a new plan for responsible development of these resources. This bill would require annual leases in the NPR–A and ensure that necessary roads, bridges, and pipelines needed to transport energy out of the NPR–A can be approved and completed in a timely, efficient manner. This is crucial to ensure that the Trans-Alaska Pipeline, or TAPS, remains full and operational.

While the most recent focus has been on the Keystone XL Pipeline, and the House will consider a bill this afternoon to approve it, we cannot forget that TAPS is one of our most important pieces of energy infrastructure in the Nation. Reduced production in Alaska has left TAPS at less than half its capacity, threatening a shutdown that would cost jobs and significantly weaken our energy security. We can not allow that to happen, and developing our resources and NPR–A is vital to ensure that it doesn't.

President Obama cannot continue to talk about his support for all-of-the-above energy and then continue to pursue policies that actively block all types of energy production on our Federal lands. All-of-the-above energy needs to be more than just a politically pop-

ular sound byte. The majority of the provisions in these bills passed the House in the last Congress with bipartisan support, and it is time for Congress once again to move forward with these common-sense, job-creating energy plans.

And, Mr. Chairman, I thank you for holding this hearing, and thank you for your consideration of my schedule. Thank you.

[The prepared statement of Mr. Hastings follows:]

PREPARED STATEMENT OF THE HONORABLE DOC HASTINGS, CHAIRMAN, COMMITTEE ON NATURAL RESOURCES

The Natural Resources Committee has frequently discussed the Congressional Research Service reports that have shown that all of the recent increase in U.S. oil and natural gas production has occurred on State and private lands—not Federal lands. The lack of production is not for the lack of resources, but rather the lack of production is because of Federal regulations that hinder and block development. The four bills before us today will help to reverse that trend.

Together, these bills will help us expand oil, natural gas and renewable energy production on public lands. They will streamline government red tape, break down bureaucratic hurdles and put in place a clear plan for developing our own energy resources. Even more importantly, these bills will spur job creation and help grow and strengthen our economy.

This week, AAA reported that motorists can expect another spike in gasoline prices this Memorial Day weekend. Prices have jumped 14 cents in the past month and the national average is now $3.65. These high prices hurt families and small businesses, and weigh down our economy. But Americans shouldn't have to settle for and accept near $4 a gallon gasoline prices. Continuing to increase our domestic supply, as these bills do, is the best way to respond to volatile price spikes.

And while our country continues to face looming deficits, it's important to remember that energy production is a revenue generator. Increasing American energy production is one of the best things we can do to ensure job creation and economic growth.

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President Obama cannot continue to talk about his support for all-of-the-above energy and then continue to pursue policies that actively block all types of energy production on our Federal lands. 'All-of-the-above energy' needs to be more than just a politically popular sound bite.

The majority of the provisions in these bills passed the House last Congress with bipartisan support. It's time for Congress to once again move forward with these common sense, job-creating energy plans.

Mr. LAMBORN. You are certainly welcome. We will now have questions from Representative Tipton.

Mr. TIPTON. Thank you, Mr. Chairman, and I would like to thank our panel for taking the time to be able to be here. I think I would like to be able to start first, if I may, with Ms. Connell.

In your testimony you had stated that, under H.R. 1394, that the primary purpose of the bill is to be able to promote energy development, rather than thoughtful decisions based on multiple-use management through public-based process. Can you point to me in the bill where it says that?

Ms. CONNELL. I would have to take a look through my notebook, sir, to point exactly to where that is.

Mr. TIPTON. Yes, I would like you to be able to get back to us, actually, on that. Because I will be able to give you a head start on this. In Section 2(a) it requires the Secretary to "be able to promote energy development and national security in accordance with the BLM land management mission of promoting multiple use on Federal lands, as set forth under the FLPMA policy." And I think that is worthy of note.

This is a critical time for the United States. From Alaska to Colorado to New York to California, all across this land, we are seeing families right now that are struggling to be able to pay their bills, to be able to keep the lights on, young families, senior citizens on fixed incomes.

And when we look at what is going on in the Middle East, and maybe this can just be a simple, yes-or-no sort of an answer, when we see what is going on in the Middle East, the challenges that we are facing being able to put Americans back to work, is it a responsible time for the United States of America to be able to put forward an all-of-the-above energy strategy, to be able to put Americans back to work, to be able to develop American energy resources, to be able to create American energy security on American soil? Ms. Connell?

Ms. CONNELL. Yes.

Mr. TIPTON. It is. Sir?

Mr. SULLIVAN. Yes, sir.

Mr. TIPTON. Ms. Brower?

Ms. BROWER. Yes, sir.

Mr. TIPTON. That is the purpose of H.R. 1394. I would think, and I will challenge the BLM, the Administration, actually, to be able to point in the bill where we eliminate any of the environmental safeguards, any of the requirements under the FLPMA policy for that all-of-the-above strategy, in terms of developing that public use of that public land.

It is time that we put the politics aside and we stand up for the American people and American energy resources and American jobs for a change, rather than playing political games, when we can, responsibly, and should, responsibly, develop these resources on American soil.

If we put forward that all-of-the-above strategy to develop American energy certainty, and we aren't removing those environmental requirements, maybe just yes and no, is that going to be a responsible way to be able to move forward? Ms. Connell?

Ms. CONNELL. Do I have to say yes or no?

[Laughter.]

Mr. TIPTON. It is pretty straightforward.

Ms. CONNELL. Just a very quick add-on to that. I think that the BLM's concern, we support many of the goals of this bill. The concern is that in writing one environmental impact statement that would cover a nationwide energy development scenario that would, in fact, then provide for site-specific development seems a bit problematic. We would like to see something that would also allow for the environmental analysis at the site-specific level. And also recognize that we can improve efficiencies, and we should be able to do that——

Mr. TIPTON. You do note in the bill, however, that we give a lot of latitude in there to be able to work with the Secretary of the Interior, the Secretary of Agriculture, to be able to make those determinations. In fact, this bill specifically notes that we aren't telling you when and where to develop these resources. We just do need to develop them. Isn't that in the interest of our country?

Ms. CONNELL. It is certainly in the interest of the country and a mission of the Bureau of Land Management to manage for multiple use, including oil and gas and other energy resources.

Mr. TIPTON. And that all-of-the-above that is specifically enumerated in the bill.

Ms. CONNELL. Yes, sir.

Mr. TIPTON. Thank you. Sir?

Mr. SULLIVAN. Congressman Tipton, just one thing from our experience in Alaska is certainly that you can responsibly develop the resources in an Arctic environment and protect the environment. And we think we have a very strong track record, the highest standards in the world, in terms of doing that. And that has been our goal, and we want to be able to do that on Federal land, as well.

Mr. TIPTON. Great. Ms. Brower, you probably love where you live, you like to be able to have clean air, clean water, and like to be able to turn on the lights. Can we responsibly develop these resources?

Ms. BROWER. Yes, sir, you can.

Mr. TIPTON. Great. Thank you. With that, Mr. Chairman, my time is about expired. I appreciate it.

Mr. LAMBORN. Thank you. Representative Cramer.

Mr. CRAMER. Thank you, Mr. Chairman and Ranking Member Holt, and all of the witnesses.

Ms. Connell, I just want to sort of explore a little bit more Mr. Holt's discussion with you about the documentation fee in H.R. 1965. Would this be the only opportunity that the public would have to comment on the rules or on the process, on the NEPA process, is the only possibility for the public to comment would be with the $5,000 documentation fee?

Ms. CONNELL. No, certainly the public can comment at any time during the environmental analysis. We have open comment periods, that is correct.

Mr. CRAMER. So what would the $5,000 cover, then? Is that not the formal protest that does, in fact, cost BLM a great deal to defend?

Ms. CONNELL. Protests can, in fact, be costly. It is not clear to me exactly what were the thoughts of the people drafting the bill as to what the $5,000 fee would be used to cover.

Mr. CRAMER. Let me ask this, then, too, about the statistic regarding fewer protests and the decline in protests. Would it not stand to reason that since there are fewer leases, there would be fewer protests? Would that not be a common conclusion?

Ms. CONNELL. I think if you counted them in numbers, that could be a problem. We have been evaluating that based on percentages. And a number of years ago we were receiving protests on more than 50 percent of our leases, and now it is down to somewhere around 18 percent.

Mr. CRAMER. All right. With that, I have no further questions and I would yield back. Thank you.

Mr. LAMBORN. Representative Cárdenas, do you wish to ask questions?

Mr. CÁRDENAS. Yes.

Mr. LAMBORN. OK.

Mr. CÁRDENAS. Thank you, Mr. Chairman. I do have a question. When it comes to the permitting that goes through your Department, do we have permits that have been approved as of late in the last year, two, three, four, five? Yes, please.

Ms. CONNELL. And are you asking for across the United States, or in a specific location?

Mr. CÁRDENAS. Across the United States, just a general activity.

Ms. CONNELL. We have. As far as drilling applications, the number of permits have averaged around 4,000 for the last number of years. And, in fact, we have permitted approximately 4,000 wells, on average, in recent years. And the number of wells drilled have been somewhere between 3,000 and 4,000.

Mr. CÁRDENAS. OK. So there is, in fact, a process that is accessible and it is usable, correct? As far as permitting goes.

Ms. CONNELL. That is correct.

Mr. CÁRDENAS. OK. Thank you for the time, Mr. Chairman. I just wanted to clarify, because sometimes what happens, Americans read the press or what have you, and it seems it is a black or white issue, as though at one point in time the permit process was accessible and usable and permits were granted, and then all of a sudden, because some people say that perhaps the process is flawed, or we should make it better, or what have you, the press tends to report that there is complaints that it has come down to the point where people can't do business, or people can't access those resources.

So, I just wanted to get that on the record, that it hasn't, the situation right now is not that permits aren't granted, or that activity is not occurring, it is just that in any situation, in my opinion, there is always room for improvement, and there is always room for an opportunity for us. When we say we want to be accessible, and that there be a process, that process be accessible as a process, and that there be a light at the end of the tunnel, where people can actually achieve and then actually obtain a permit. Thank you very much. I yield back my time, Mr. Chairman.

Mr. LAMBORN. Thank you. And let's have a second round of questions. I know some of you have come 5,000 miles and the other witness came 5 miles. But it is great that you are all here, so let's take advantage of this opportunity, and then we will go on to the second panel.

Commissioner Sullivan, you say that your State withdrew its participation in the planning process because of reputed refusals by the BLM to consider Alaska's concerns. Can you elaborate on how or why they did not fully allow Alaska to take your concerns into consideration?

Mr. SULLIVAN. Sure, Mr. Chairman. We had been a cooperating agency in the review process, and that is actually a legal term that enables you to supposedly have a significant influence on the decision. And our concerns throughout the process, and they are very voluminous, we can certainly submit them for the record, whether it is letters from the Governor, myself, many other State of Alaska officials, were, we viewed, not taken into account at all. And we, in many ways, are kind of the ultimate stakeholder up there on this issue, because it is so important to the State of Alaska. And even the number of meetings we had with BLM during the initial process, as this process was going forward, was limited to, like, one or two.

So, we saw that the cooperating agency role that we were supposed to play was very, very limited. And the reason the Governor wrote a letter to Secretary Salazar withdrawing our participation is because, being a cooperating agency, you also have a bit of an imprint on the final decision. And we, saying, yes, were cooperating many times, we are good to go with that decision, and we were not good to go with that decision at all. It was certainly not the alternative of the many alternatives that were laid out. I think many other entities, the North Slope Borough, ASRC, who is going to testify later, had similar views.

So that has been one of the themes, where we comment a lot, and we seem to get very, very little feedback or indication that our views are taken into account. And it is an important issue, because we don't consider ourselves just another stakeholder in the process. We are the other sovereign in the process. We are the other constitutionally-endowed entity involved in helping make this decision. So it has been frustrating.

Mr. LAMBORN. Thank you. Did any other statewide official in Alaska support the BLM plan?

Mr. SULLIVAN. From the State of Alaska?

Mr. LAMBORN. That you are aware of.

Mr. SULLIVAN. No, sir.

Mr. LAMBORN. OK, thank you. And specifically, Commissioner, what is it, is it the fact that 50 percent of the NPR–A is taken off the table? Is that what Alaskans considered a poor decision on the part of BLM?

Mr. SULLIVAN. Yes, sir. That is the primary issue here. And they have been saying that, "Well, we took 50 percent off the table, but the vast majority of the known resources in NPR–A were left on the table." We think that is an argument that is very flimsy. The latest proposal, the latest USGS estimates of what is in NPR–A, we think, had significant flaws. And, to be honest, it is an area that has enormous potential that hasn't really been looked at that much. So——

Mr. LAMBORN. And that is why you want to do the seismic project.

Mr. SULLIVAN. Well, that is actually in the 1002 Area for ANWR.

Mr. LAMBORN. Oh, that is right, that is 1002.

Mr. SULLIVAN. Yes, sir. But we think that the latest assessment that USGS did, and we worked very closely, my agency in particular, very closely with USGS, we have a great relationship with them. But we went to them after their latest assessment which dropped the oil potential in NPR–A by 90 percent, 90 percent, and we went back to them and said, "Really, 90 percent, how did you get to that?"

And so we had significant issues with the latest resource assessment, as well, which was part of the reason they claimed that they could cut the available leasing in half and not affect the resources available to the country. We think that is a conclusion that is, as I mentioned, on very thin ice.

Mr. LAMBORN. Supported by scientific evidence, or not?

Mr. SULLIVAN. We think it is supported by an assessment, the latest assessment, that has significant problems with it.

Mr. LAMBORN. OK, thank you. And, Mayor Brower, besides the diversion of funding that you talked about earlier to several of us, what other objections do you have to the BLM plan?

Ms. BROWER. The concern that the North Slope Borough has is the decision, record of decision, that was made on the area that we felt would be better served for a use of leasing and not be made into a wilderness area, same as has been done to the ANWR.

I would like to also state for the record that the National Petroleum Reserve Act that had been created in 1926 and in 1940s the Department of Navy went and put all the stakes of where the National Petroleum—and in earlier years it was called PET4. My father-in-law, Harry K. Brower, Sr., was the man who helped a geologist from the Department of Navy and staked out all the National Petroleum Act. And if he were alive today, he would say, "What did I do to my people?" Because it is very disheartening when our people have to listen to our Federal Government, our State of Alaska, and then when we created our own borough, that—"What did I do," is what he would say.

Anyway, he is a very true environmentalist. He wants to see his country, his area that he hunted and trapped for many years to be pristine. But he knows he had to feed his 9 children, the same as the way that I am with my 6 children and my 23 grandchildren. We are all living in that area. So we live and breathe it. So, yes, we support development, as long as it is responsible development.

Mr. LAMBORN. OK.

Ms. BROWER. And we concur with the State of Alaska. However, we remain as a cooperating agency to BLM.

Mr. LAMBORN. OK. Thank you very much. Representative Holt?

Dr. HOLT. Again, thank you, Mayor Brower, for coming all this distance to advocate for your citizens.

Let me turn to you, Mr. Sullivan. And I want to make sure that I am clear and that everyone is clear on the NPR–A management plan. You keep referring to the management plan applying to only half the area. But it applies, does it not, to nearly three-quarters of the resources that are to be made available for development.

Mr. SULLIVAN. So, Congressman Holt, with all due respect, that was the point I was making earlier, that has been the number that the Department of the Interior laid out. And we——

Dr. HOLT. Yes. That is the plan. That is what I am asking. The plan says three-quarters, actually 72 percent.

Mr. SULLIVAN. Right. So that is their——

Dr. HOLT. The resources would be available for development.

Mr. SULLIVAN. No, but we disagree with that. We think that is a premature estimate based on the latest USGS estimates and again, we have highlighted this. And I do want to emphasize we have the utmost respect for USGS. We work super cooperatively with them across the board, probably the best State-Federal relationship on resources in the country.

Dr. HOLT. Well, I understand——

Mr. SULLIVAN. But we had very significant——

Dr. HOLT. So your estimates of the resources are different than——

Mr. SULLIVAN. Yes, and to——

Dr. HOLT. OK. Well, but——

Mr. SULLIVAN [continuing]. Get to 82 percent was very——

Dr. HOLT. But I think maybe——

Mr. SULLIVAN [continuing]. Premature for the Federal Government to say that, very premature.

Dr. HOLT. OK.

Mr. SULLIVAN. There are not enough wells——

Dr. HOLT. OK, well, let me——

Mr. SULLIVAN [continuing]. There has been little 3D seismic shock there——

Dr. HOLT. If I may, please?

Mr. SULLIVAN. Sure.

Dr. HOLT. I think maybe a better measure, then, is—what are the oil exploration companies doing? And if you look after 2005, oil and gas companies relinquished more than 100 leases in the reserve. In 2010, 64 leases were released. Currently there are no pending applications to drill. I think this means they are voting with their feet. They are saying the resources, they are choosing not to go for these.

Mr. SULLIVAN. Well——

Dr. HOLT. And doesn't that have more to do with the fact that there is more gas and less oil?

Mr. SULLIVAN. So, I think voting with their feet is a big picture item that relates to regulatory uncertainty. One of the biggest issues we had to deal with, with——

Dr. HOLT. Yes, they are saying the uncertainty of how much money they will get for the gas, and how they would transport or pipe the gas out of there. That is the concern——

Mr. SULLIVAN. It is the uncertainty of——

Dr. HOLT [continuing]. That there is not much—I mean they are not going for the oil.

Mr. SULLIVAN. Right now, ConocoPhillips is looking to do a development in the NPR–A that——

Dr. HOLT. Have they applied for a lease?

Mr. SULLIVAN. Oh, they are going to drill it. The big problem with that, they have drilled it. The big problem with that was Fish and Wildlife and the EPA vetoed a Corps of Engineers' permit to build a bridge over the Colville River to actually access the oil out

of NPR–A. And that is the kind of regulatory uncertainty that has been hurting development——

Dr. HOLT. That is on the basis of an issued permit, isn't it?

Mr. SULLIVAN. No, that was going to be issued by the Corps of Engineers. All of us, the borough, everybody in the State of Alaska——

Dr. HOLT. That permit has been issued, has it not?

Mr. SULLIVAN. We worked for 5 years on that, together——

Dr. HOLT. Has that permit been issued?

Mr. SULLIVAN. It was denied. And for 2 years we all fought it together——

Dr. HOLT. So that permit has not been issued?

Mr. SULLIVAN. They finally reversed themselves. But after——

Dr. HOLT. That is my point. That permit has been issued. Thank you.

Mr. SULLIVAN. A long time it took, and a lot of uncertainty.

Dr. HOLT. OK. If you could answer a little more succinctly, because the time is limited.

Mr. SULLIVAN. Sorry.

Dr. HOLT. If we are looking at H.R. 1394, often here in this Committee, the Majority talks about how the environment is different in different parts of the country, whether you are talking about fracking or other mining or extraction. And yet we have a bill, H.R. 1394, that for oil and gas and for strategic minerals, and even for coal, would have one environmental review for all production across the entire United States, and that review must be completed in 1 year.

Let me ask the three panelists. Do you think this gives good local specificity?

Ms. BROWER. For the North Slope Borough? No.

Dr. HOLT. No? Mr. Sullivan——

Ms. BROWER. One year is not sufficient.

Dr. HOLT [continuing]. In a very few seconds, please.

Mr. SULLIVAN. So certainly the State would like to be involved in any kind of environmental reviews with regard to resources——

Dr. HOLT. OK. So something handed down from Washington probably would not be local——

Mr. SULLIVAN. We would want input on that.

Ms. CONNELL. This was actually the area of our core concern for this bill.

Dr. HOLT. OK, thank you. Thank you, Mr. Chairman.

Mr. LAMBORN. You are welcome. Representative Tipton.

Mr. TIPTON. Mr. Chairman, I will yield my time to you.

Mr. LAMBORN. OK, thank you. Commissioner Sullivan, your plan for seismic exploration—that is, the State of Alaska's plan that you were describing earlier concerning ANWR?

Mr. SULLIVAN. Yes, sir.

Mr. LAMBORN. Is contingent upon cooperation by the Federal Government. What is it that you would like from Congress or the Federal Government?

Mr. SULLIVAN. Well, Mr. Chairman, right now we are going through a similar process that we went through on NPR–A with an ANWR comprehensive management plan. And the State and many other agencies have been very focused on trying to get an alter-

native in that plan that would enable the 1002 Area, that was the area set aside by Congress in the Federal act, to assess the oil and gas resource potential. It has been done previously by the Federal Government, it hasn't been done in 30 years.

We think that you can do it in an environmentally responsible way, ice roads, ice pads, the highest standards, with 3D seismic, limited exploration drilling, very limited impact on the environment. And then you, the Congress, the American people, would actually know what the resource is in the 1002 Area. It has been estimated to be above 11 billion barrels of oil.

And so, we think it is so important that we have put forward a very specific scientific plan, and the Governor has said that the State will fund it up to $50 million, which would be about a third of the 3D seismic program. So we think it is very modest, hopefully going to enable bipartisan support, simply exploration, not development. Just to answer the question, why wouldn't you want to know what the resources are when BLM and Interior manage those lands, and Congress is focused on the 1002 Area as an important oil and gas province?

Mr. LAMBORN. Thank you. Also on Representative Hastings' bill, which is one of the four we are looking at today, it would direct the Administration to go back and get another option on the final management plan for the NPR–A. What was the State's preferred option?

Mr. SULLIVAN. Mr. Chairman, I can get back to you on that, because it is A, B, C, and D, and I am not recalling exactly which one it is. But we can get back to you on that. But it was the one that we were focused on that had the most oil and gas leasing potential in NPR–A.

Mr. LAMBORN. OK, thank you. Director Connell, I want to ask you about an unrelated matter. Last week the Ocotillo Wind Project in California suffered a catastrophic accident when one of its 170-foot blades flew off. This is a few hundred yards from a busy highway. And hikers and others are in and about this immediate area. What has BLM done with regards to reviewing the cause of this failure, where the blade flew off?

Ms. CONNELL. You are correct that we had an incident in California, where a wind turbine, a blade from a wind turbine, became detached. That was on May 16th, when it was reported to the BLM. The location has been shut down, the entire project, while the industry, as well as BLM and others, are looking to determine what has been the cause of that incident. All of the various towers and blades are being inspected.

Mr. LAMBORN. In that project, or elsewhere?

Ms. CONNELL. Well, at this point in time we are inspecting that project, but we are looking to learn from that to see if there could be implications elsewhere.

Mr. LAMBORN. So if there is metal fatigue or something like that, and it seems possibly systemic, you will expand your investigation?

Ms. CONNELL. Yes, sir.

Mr. LAMBORN. To other wind farms, would it be of towers made by that same manufacturer, or all wind towers?

Ms. CONNELL. I wouldn't want to speak to the mechanical engineer based on that, but I think we will take the information we

learned from this and use it to inform decisions we are making elsewhere.

Mr. LAMBORN. And does BLM contemplate putting additional safeguards in place to prevent, or at least mitigate the damage from this kind of catastrophic failure?

Ms. CONNELL. If our investigations prove that to be the appropriate action, that is what we could do.

Mr. LAMBORN. OK, thank you. Now I would like to recognize Representative Cárdenas.

Mr. CÁRDENAS. Thank you very much. I have a question regarding the either disagreement or the difference between the USGS estimates of 896 million barrels of oil versus the 10.6 billion barrels of oil estimated in 2002. That is a tremendous, tremendous, over tenfold disparity. What seems to be the difference, in your opinion, of those two estimates?

Mr. SULLIVAN. So, Congressman, we agree that when that came out, that was a big shock to us, because there has been a number of estimates in NPR–A previously that were all in a similar ballpark, but pretty significant. Huge amounts of gas, natural gas, always. But also very significant amounts of oil. So when that number came out, it was kind of shocking because, as you mentioned, it was a 90 percent drop.

So we had worked with and wrote letters, again, to the USGS. We have the utmost respect for that agency, but we thought it failed to consider and looked at a very limited number of exploration wells. So, as you can imagine, in an area that large, basing something so dramatically with regard to a downgrade——

Mr. CÁRDENAS. Well——

Mr. SULLIVAN [continuing]. Based on a few wells, we thought, was not a very scientific——

Mr. CÁRDENAS. Because time is limited——

Mr. SULLIVAN. Sorry.

Mr. CÁRDENAS [continuing]. Could we get to this set of points, if you have them, and that it was, in your opinion, was it a technology difference? Was it a scope of the amount of testing and/or information gathering was maybe a 10-to-1 difference? I mean was——

Mr. SULLIVAN. It was principally, we thought it was based on very limited data, not enough seismic, not enough wells. And, for example, it didn't even touch the issue of unconventional oil and gas, which we think in Alaska has enormous potential, the shale oil, shale gas. Didn't even look at that.

Mr. CÁRDENAS. OK. So the 2002 estimate, what was the difference between the scope and/or the magnitude of that testing and that figure that resulted?

Mr. SULLIVAN. Well, I mean, that had been the basis of a number of previous work, including some of the work that industry had done. And even that, to be honest, did not really look hard at the unconventional potential in Alaska, which now everybody is starting to look at.

And to give USGS credit, they are starting to go up and do a broad-based survey of Alaska unconventional oil and gas resources, which we think is going to show very significant amounts of additional prospects.

Mr. CÁRDENAS. Now, in that span of 10 years, I mean I am an engineer myself, and looking at the last 30 years, the last 20 years, the last 10 years, and the last 2 years, in the hope of advances in technology over the next 6 months, shouldn't tests or estimates that are given in 2012 potentially have a better opportunity for accuracy than what happens in 2002?

Mr. SULLIVAN. You would think so, but we thought that it actually——

Mr. CÁRDENAS. Are both departments actually using the same technologies on these estimates?

Mr. SULLIVAN. What we typically do, both departments, with regard to what the Department of Natural Resources has the ability to do and USGS, is look at seismic data, look at well data, discuss the prospects that have been drilled with industry. And we thought that, in this case, basing such a huge, dramatic drop on the oil side didn't take into enough of that, that there wasn't enough data to justify such a dramatic drop. That has been our basic issue, in addition, not even looking at the unconventional potential.

Mr. CÁRDENAS. So my last question, Mr. Chairman, is how do both of the departments determine how much resources/funds that they get to actually do that component of their job?

Mr. SULLIVAN. Well, one of the things, it is a little bit off the topic, but one of the things that we are trying to do on the ANWR proposal that we put forward is advance the very issue that you are talking about, which is to actually shoot 3D seismic, only 2D seismic has been shot in the 1002 Area, and that was in the early eighties, so that is 30 years old. And because we know the Federal Government has limited funds, we said we would step up and put $50 million toward that program, which would be about a third of the cost to do that.

And that is why we think it is reasonable, and we certainly hope the Federal Government takes us up on it, to have a really good, up-to-date, modern assessment of what is in the 1002 Area. And right now, unfortunately, we are getting a little bit of silence from the Department of the Interior on whether they want to partner with us on that. The Governor wrote Secretary Jewell a letter over the weekend that specifically said the Department of Geological Survey in Alaska has a great relationship with the USGS, it would be great if these two entities could work together with the $50 million to shoot a 3D seismic program, and it would address with much more certainty what we have in that important part of Federal lands.

Mr. CÁRDENAS. Mr. Chairman, it would be great to see how both of the departments would address future exploration and/or estimates, and whether or not they have internal resources that they could shift and/or dedicate, or if they would have to come to us and ask us for those resources.

Mr. LAMBORN. Absolutely. Thanks for raising that point.

I want to thank the witnesses all for being here. I know you came a long way, and, at least in two of your three cases, and thank all of you for being here and providing the testimony and the answers to our questions.

For the witnesses, Members may have additional questions. And if those are submitted to you in writing, we ask that you would respond to those, as well. Thank you.

Mr. SULLIVAN. Thank you, Mr. Chairman.

Mr. LAMBORN. I would like to now have the second and last panel come forward. We have Mr. Richard Glenn, Executive Vice President of Lands and Natural Resources for the Arctic Slope Regional Corporation; Mr. Jack Ekstrom, Vice President of Corporate and Government Relations for Whiting Petroleum Corporation; Mr. William Britain, President and CEO of EnergyNet.com, Inc.; Ms. Debbie Miller, Founder and Member of the Board of Directors of the Alaska Wilderness League; and Mr. Jim Spehar, former Mayor of Grand Junction, Colorado, and whose son lives in my district and is a constituent.

Like all our witnesses, your written testimony will appear in full in the hearing record, so I ask that you keep your oral statements to 5 minutes. Our microphones are not automatic, so you have to push the button to begin. The timing lights work in the following way. It is green when you start at 5 minutes. After 4 minutes, it turns yellow. And then after 5 minutes, when you need to stop, it turns red.

Mr. Glenn, you may begin.

STATEMENT OF RICHARD K. GLENN, EXECUTIVE VICE PRESIDENT, LANDS AND NATURAL RESOURCES, ARCTIC SLOPE REGIONAL CORPORATION

Mr. GLENN. Thank you. Thank you, Chairman Lamborn and Committee members. My name is Richard Glenn. And, like Mayor Brower, I am a resident of Alaska, Alaska's North Slope. We live inside the National Petroleum Reserve in Alaska. I am the Vice President of Lands for Arctic Slope Regional Corporation. And we depend on this environment, both for the resources it provides the country in terms of oil and gas, and for what we call the subsistence resources, the food and the cultural ties that have sustained us for centuries.

Mr. Chairman, in our region the proportion of land owned by the Federal Government is remarkable. We think it exists nowhere else in the country. We are talking about 23 million acres of NPR–A lands, 19 million acres of lands in the Arctic National Wildlife Refuge, 7 million acres in the Gates of the Arctic National Park. These are huge swaths of Federal lands managed by Congress and the Federal agencies.

Within this area is the National Petroleum Reserve. It is the center of our region. It is our home, and it contains four of our communities. It is also a petroleum reserve, though. It holds the potential of oil and gas resources of national interest. And safe and responsible oil and gas development is the only industry in our region that has been around long enough to foster improvements to the quality of life in our communities. There is no agriculture, no fishing, no timber. There is only the oil and gas industry in our region.

Arctic Slope Regional Corporation and the people of the North Slope have a heightened concern for the environmental effects of oil and gas exploration and development, because we live there. Regarding risks related to this industry, no one has more at stake

than we do. It is for these reasons that we support H.R. 1964, specifically Sections 4 and 5. We appreciate the Committee's efforts to require the Department of the Interior to go back to the drawing board with respect to the recently finalized integrated activity plan for NPR–A.

We met with Interior representatives only after they formed a record of decision. If you ask me, I would say there was insufficient meaningful consultation with the native land owners or the municipalities within NPR–A.

The current NPR–A plan is ambiguous with respect to rights of way also for pipelines. When a preferred and alternate route for pipelines are identified, our communities will want to be at the table to discuss all of the options. Further, we believe that the subsistence resources, the animals, the fish, the water fowl, the caribou, they don't recognize lines on a map. They migrate in and out of the region in huge annual migrations. And no special habitat protection is going to protect these resources.

Instead, what is going to happen is that the protection of these resources exists by the sheer size of the petroleum reserve, itself. Most of the reserve will remain untouched because of its huge size and the widely spaced nature of the oil and gas resources. So it is for these reasons that we should allow development to occur in the few places where it exists, especially if it is shown not to have an impact on wildlife species. So, we have opposed any designations that would erect additional barriers to responsible oil and gas development.

In our region, millions of acres are locked up as wilderness, national parks, and similarly other restrictive status for other lands. More of these efforts threaten to paint us into a corner within our own region.

On Monday, the State of Alaska proposed the wintertime exploration of the Arctic National Wildlife Refuge. We support the State's proposal. This exploration of the coastal plain done in wintertime has no lasting, permanent effects on the land. It is safe, and it occurs over snow cover. Evaluation of the coastal plain will give Congress and the American people enough information then to make reasonable decisions about the public lands and the wildlife refuge.

Thank you for the opportunity to provide input in this process. And as Congress goes forward to debate this issue, I ask that you remember the impacts that your decisions will have on our communities, our culture, and our people. Thank you.

[The prepared statement of Mr. Glenn follows:]

PREPARED STATEMENT OF RICHARD K. GLENN, EXECUTIVE VICE-PRESIDENT, LANDS AND NATURAL RESOURCES, ARCTIC SLOPE REGIONAL CORPORATION

Chairman Hastings, Ranking Member Markey, and distinguished members of the Subcommittee, thank you for allowing me this opportunity to provide comments today. My name is Richard Glenn and I am the Executive Vice President of Lands and Natural Resources for Arctic Slope Regional Corporation. I live in Barrow, Alaska. My professional background is in geology and Arctic geologic processes. Like most of my fellow community members, I also depend on the land and sea for what we call subsistence resources, the food and cultural web that has sustained us for centuries.

The Arctic Slope Regional Corporation is one of the 12 land-based Native regional corporations created by Congress pursuant to the Alaska Native Claims Settlement Act of 1971.

ASRC owns approximately 5 million acres of land, and represents the interests of approximately 11,000 Iñupiat Eskimo shareholders, that mostly reside in 8 communities within Alaska's North Slope. The mandate prescribed by law to ASRC requires ASRC to return benefits back to our people. The only asset transferred to ASRC through this act was land entitlement. We continue to explore options on how to use this asset to return those benefits back to our people. ASRC lands are impacted by the Federal management decisions in NPR–A. As one of the largest private landowners within the NPR–A, its decisions affect our corporation and our people.

The North Slope and State of Alaska economies are dependent upon finding and developing new oil and gas resources. Communities within NPR–A are even more dependent. They are at the tip of the spear on the effects of management decisions on public lands in Alaska.

Our villages are small and separated by great distance in an area about the size of the State of Montana. No roads connect our villages. My hometown of Barrow is a coastal community located inside NPR–A, 340 miles north of the Arctic Circle, near the boundaries of both the Chukchi and Beaufort Seas.

The proportion of Federal land owned by the Federal Government in one region is remarkable. It does not exist anywhere else in the United States. NPR–A, 23 million acres, ANWR, 19 million acres, and the Gates of the Arctic National Park, 7 million acres—these are huge swaths of land controlled by decisions made in Congress and Federal agencies such as the Department of the Interior. The National Petroleum Reserve in Alaska is the center of our home. Larger than some Eastern Seaboard States, the NPR–A has no roads and only four of our Iñupiat communities. The region hosts huge populations of migratory animals. Caribou, fish, waterfowl and others; they do not recognize lines on a map, but move in and out of the area in sweeping migrations.

The NPR–A is also a petroleum reserve; it holds the potential of oil and gas resources of national interest. Within its boundaries are also the corridors for the development of important resources in Alaska's outer continental shelf.

Committee members, in just my lifetime, our communities have gone through great change, with developments that have improved the quality of life from formerly very harsh conditions. Today, our "villages" are actually small cities with small city needs: reliable power, water and sewer treatment facilities, health services, fire protection, airports and schools.

Our people depend on these services. We have not looked to many Federal or even State-funding sources to build our community improvements. They were developed thanks to our home-rule municipality, the North Slope Borough, and a locally-derived property tax base based on oil and gas exploration. There is essentially no other economy in our region. Safe and responsible oil and gas development is the only industry that has remained in our region long enough to foster village improvements that have improved our quality of life. There is no agriculture, no fishing, and only a modest tourist presence. In short, Alaska's North Slope Native people, depend upon continued development to sustain their communities. So oil and gas development is important to us, perhaps even more than to our State and Nation.

The volume of oil being produced in Alaska is in deep decline, producing today at less than one-third the rate of its peak production of 2 million barrels per day and continues to drop every year. This decline has caused us to question the future of the communities that we have worked so hard to improve. We have asked ourselves: where will our grandchildren go to school, what will power their villages, how will their communities be sustained? With prospective onshore areas now off-limits, we may be unable to offset it in the near term. This decline is not just a lingering tail of decreasing production, but can become a "brick wall" when the pipeline reaches its minimum throughput limits and is unable to move production. Hence, the need for significant new production.

We understand that the currently-known onshore resources are not enough to stem the decline in production; they only reduce its severity. New exploration is needed. Oil, as they say, is where you find it. We have hydrocarbons-coal, natural gas and oil, and in some places we have them in abundance. Resource potential exists on both State- and federally-owned owned lands, as well as private lands owned by North Slope Alaska Natives, including prospects in the NPR–A. NPR–A and the Alaskan offshore represent the future; they will help fill the gap in throughput capacity in coming years.

ASRC and the people of the North Slope have a heightened concern for the environmental effects of oil and gas exploration and development. We live there. Regarding environmental risks, no one has more at stake than we do.

It is for these reasons that we support H.R. 1964. Specifically, Sections 4 and 5.

We appreciate the Committee's efforts to require the Department of the Interior to "go back to the drawing board" with respect to the recently finalized NPR–A Integrated Activity Plan. We met with Interior representatives only after they formed a Record of Decision for the NPR–A. If you ask me, I would say there was insufficient meaningful consultation with Native landowners or municipalities.

The current NPR–A Integrated Activity Plan is ambiguous with respect to rights-of-way. Clarity and certainty is needed, and H.R. 1964, provides both. When preferred and alternate routes for pipelines are identified, our communities will need a seat at the table to discuss the options. We want to be part of the process that preserves the subsistence hunting and fishing rights of our people, while delivering domestic energy to our region and to the Nation.

Further, we believe it is important to recognize that the subsistence resources do not recognize lines on a map. The areas of special habitat protection in general will do nothing to protect those resources. Caribou, waterfowl and fish move across the petroleum reserve and far beyond as part of their annual migration. I believe that much of the NPR–A affected by the recent Record of Decision will remain untouched, due to its large size and widely-spaced energy potential, not because of any special environmental protection. It is for these reasons that we allow development in the places where such potential exists, especially if it is shown to have little or no impacts on wildlife species.

We were frustrated with the lack of meaningful consultation during the IAP/EIS process with tribal and other Native groups. The Record of Decision now includes a role for the North Slope Borough, as well as our village and regional corporations who are landowners within the petroleum reserve. That is a good thing, but the Interior Department should have incorporated local input before, and not after the Record of Decision.

ASRC and the North Slope Borough have participated in all four of the NPR–A IAP/EIS processes since 1999. Through extensive consultation and collaboration with all of the stakeholders in NPR–A, prior administrations including those under Interior Secretaries Babbit Norton accepted and considered local input prior to forming their management decisions. The result was a more "balanced plan" to which all parties generally agreed.

ASRC believes that responsible oil and gas development on the North Slope and offshore allows ASRC to meet its congressionally-mandated obligations to its Alaskan Native shareholders. We continue to believe that responsible resource development and appropriate management of resources, including subsistence resources, are not mutually exclusive goals. Responsible development also provides a safe and secure source of energy to the Nation, creates important jobs, and helps ensure future flow through the Trans-Alaska Pipeline System. Public law states the NPR–A is to be managed "in a manner consistent with the total energy needs of the Nation." The discovery and development of oil and gas resources in the Arctic, including in the NPR–A, is needed to meet the "total energy needs" of the country.

We have opposed any designations that would erect additional barriers to responsible oil and gas exploration in the NPR–A where there is no demonstrated need. Millions of acres on the North Slope are already essentially locked up as Wilderness, National Parks or similarly restrictive status, and more of these efforts threaten to "paint us into a corner" within our own region.

The petroleum reserve, set aside by President Warren Harding in 1923, was explored by the U.S. Navy in the 1940s and 1950s using older methods that polluted some lands and damaged the landscape. The Bureau of Land Management recently published its management plan for the cleanup of what are now called legacy wells in NPR–A. We support the plan, and our residents will benefit from the BLM's goal of remediating the most hazardous legacy wells first. The cleanup of the legacy wells is a debt owed to North Slope residents and the American public. It should be supported by the Federal budget, as is the case with formerly used defense sites, for example, and not from Federal proceeds that would otherwise be going to North Slope communities.

We are encouraged that Congress is taking the appropriate steps to require the DOI to revisit its decision.

Perhaps the Committee is also aware that yesterday the State of Alaska proposed to Interior Secretary Jewell the wintertime exploration of the 1002 Area of the Arctic National Wildlife Refuge (ANWR). We support the State's proposal because it is directly aligned with our message on ANWR that has been unchanged now for more than 20 years. Exploration of the Coastal Plain, mandated by law, can be performed

in the wintertime and leave no lasting impacts on the land. Seismic evaluation of the Coastal Plain will give Congress and the American people the information needed to make reasonable decisions of the public lands in the wildlife refuge.

Mr. Chairman and committee members, thank you for the opportunity to provide input into this process. Our intent is to remain at the table with both government agencies and industry explorers. Please do not to prevent us from meeting our responsibility to our grandchildren and future generations. As Congress goes forward to debate this issue, I ask you to remember the impacts that your decisions will have on our communities, our culture and our people.

Mr. LAMBORN. Thank you for your testimony and for being here. Mr. Ekstrom?

STATEMENT OF JACK R. EKSTROM, VICE PRESIDENT, CORPORATE AND GOVERNMENT RELATIONS, WHITING PETROLEUM CORPORATION

Mr. EKSTROM. Chairman Lamborn and members of the Committee, good morning. I am Jack Ekstrom, Vice President of Whiting Petroleum Corporation, a Denver-based, New York Stock Exchange-traded exploration and production company. Whiting was founded in 1980, and has endured the ups and downs of the exploration production business since then. Whiting became a publicly traded company in 2003 and, through acquisitions, doubled the size of the firm in 2004, and again in 2005. Among those acquisitions were properties in North Dakota that provided Whiting with the toehold that has allowed us to become the number one oil producer in the State.

How does that translate into jobs? When Whiting went public in 2003, we had 110 employees. As of May 1, 2013, Whiting employed 850 individuals. And that represented an increase of more than 100, just this past year. In Whiting, we now have more than 180 open positions.

A drilling rig employs approximately 25 individuals, and a frack crew employs approximately 65 individuals. We have two full-time frack crews employed. There are approximately 40 vendors involved in the drilling of any well. If each vendor had only a single employee, that would be another 40 jobs. And you add it all up and it approaches 700 indirect jobs created by our activity alone. These people need a place to live, they need food, daycare, schools, stores, and churches. The impact of our efforts on the economy, obviously, is far-reaching.

We are fortunate that oil-bearing shale such as the Bakken in North Dakota and Montana, the Niobrara in Wyoming and Colorado, and the Eagle Ford in Texas exist in the United States. Much of the surface and mineral ownership in these locales is by individuals, with a minor ownership by the Federal and State governments. Obtaining permits from the State agencies is a reasonable process. Areas where we are having difficulty, however, are on Forest Service lands in Stark County, North Dakota, and the Pawnee Grasslands in Weld County, Colorado. The average time to receive an approved Federal drilling permit is 298 days for us. On average, we receive an approved drilling permit from North Dakota and Colorado regulators in less than 40 days.

Whiting, like the vast majority of our peers, strives to prudently manage our assets for our shareholders, for the State and Federal

Government areas where we operate, and for the mineral interest owners who have allowed us to develop their resource. We strive to be good stewards of the environment, to preserve the environmental resource for future generations.

I have provided the Committee a Whiting map of operations in a portion of Colorado. It provides graphic evidence of how our operational focus and many other operators is on private and State-owned lands. On this map, the light green shaded acreage is federally owned. Many of these tracks are relatively small, and you can see that if you get up close to this map. These Federal lands have been nominated multiple times in recent years, but they have never been offered, though our conversations with leasing authorities have made clear we and others, as lessees, would be happy to accept no surface occupancy stipulations.

Nevertheless, the lands are not offered, and U.S. citizens are denied the multiple benefits associated with their development. This is not only the case in Colorado. The Federal Government owns millions of acres prospected for oil and gas across the Intermountain West.

The unmistakable conclusion is that the prosperity, the jobs, the harvest of domestic resources from unconventional oil and gas plays, enhanced recovery projects, and technology breakthroughs to come, can only be realized to their potential by mandating the Department of the Interior devise and publicize a plan to encourage development, provide leasing certainty, and streamline oil and gas permitting.

Thank you for the opportunity to present our views, and I look forward to your questions.

[The prepared statement of Mr. Ekstrom follows:]

PREPARED STATEMENT OF JACK R. EKSTROM, VICE PRESIDENT, GOVERNMENT AND CORPORATE RELATIONS, WHITING PETROLEUM CORPORATION

TESTIMONY ON H.R. 1964, H.R. 1965, H.R. 1394, H.R 555

Tapping America's Unconventional Oil Resources for Job Creation and Affordable Domestic Energy: Technology, Policy and Legislative Pathways

Mr. Chairman Lamborn, and members of the Committee. Good morning. I am Jack Ekstrom, Vice President of Whiting Petroleum Corporation, a Denver-based, New York Stock Exchange traded Exploration and Production Company. Whiting was founded in 1980 and has endured the ups and downs of the E&P business since then. Whiting became a publicly traded company in 2003 and through acquisitions doubled the size of the firm in 2004 and again in 2005. Those acquisitions provided three assets that today comprise approximately 95 percent of our 345 million barrels of oil equivalent (BOE) reserves. Those assets are the Postle Field, located in Texas County, Oklahoma; the North Ward Estes Field located in Ward and Winkler Counties, Texas; and several properties in the Williston Basin of North Dakota that provided Whiting with the toe hold that has allowed us to become the number three oil producer in that State.

What sets Whiting apart from many of our peers is we are an oil company. Based on either production or reserves we are approximately 85 percent oil. In the first quarter of 2013 our net production was just over 89,000 BOE per day. What has enabled Whiting to grow production from 33,100 BOE per day in 2005 to over 89,000 BOE per day in 2013 is technology. Drilling horizontal Bakken wells in North Dakota is not a new concept. In the late 1980s and early 90s several operators were drilling horizontal wells in the Bakken. However it was taking them XXX days and they were relying totally on Mother Nature to provide the fracturing. Sometimes she provided it, sometimes she did not. That activity was followed by a round of drilling in 2000 through 2005 in the Elm Coulee Field in Richland County, Montana. In this round of drilling, horizontal wells were drilled not in the Bakken Shale, but in a dolomitic section in what was identified the Middle Bakken. These

4,000 to 7,000 foot laterals were fracture stimulated with one big frac job. This effort was very successful and was responsible for the big production increase that occurred in Montana during the early part of this century.

Whiting did not have a material lease position in the Bakken in Montana, so we tasked our technical staff to look other places in the Williston Basin and in other basins where we might repeat what had occurred in the Elm Coulee field. We had learned that we probably did not want to drill in the shale, we needed a poor grade reservoir rock to provide the conduit for the oil to get from the shale to the horizontal wellbore. Staff identified an area on the Eastern side of the Williston Basin in a very lightly drilled area in Mountrail County, North Dakota. Whiting leased around 100,000 acres and drilled several wells utilizing the same technology that had been employed in Montana and the results were not very encouraging. Other operators were also attempting to get the Bakken to produce in North Dakota and they were also having mixed results. In August of 2007 Whiting drilled a well named the Locken 11–22H. This well was drilled across two sections, 2 square miles, with a lateral length of approximately 10,000 feet. A new Frac Point technology being developed by Baker Hughes was utilized where we ran 10 swell packers on the outside of the 4½″ diameter pipe that was installed in the horizontal portion of the well. When swell packers come in contact with hydrocarbons, they adsorb the hydrocarbon, swell, and create a seal between the pipe and the rock walls of the borehole. This segregates the horizontal wellbore into 10 separate sections. In between each set of swell packers is a sliding sleeve that is opened by dropping successively larger ceramic balls to activate the sleeves. This allows the horizontal wellbore to be hydraulically fracture-stimulated 10 times, rather than just a single time as earlier technology allowed. This technology was a game changer. The Locken had an initial production rate over 1,600 BOE per day.

Today, in the Bakken, Whiting drills down 10,000′ vertically, close to 2 miles, turns and drills a 6¼″ diameter hole horizontally for another 2 miles. We run 4½″ pipe in the well. Sliding sleeve technology has advanced and now allows us to run up to 40 sliding sleeves and swell packers on the outside of the pipe. The drilling rig is moved off, production facilities are constructed, frac tanks are moved on location and filled with up to 50,000 barrels (2.1 million gallons) of water. A pressure pumping company is moved on location and the wells are frac'd with up to 2 million pounds of sand in 40+/− individual frac stages. This entire fracture stimulation treatment is completed in around 24 hours. The pressure pumping company is moved off location and the well is placed on production.

Our goal is to have zero gas emissions from the well during flowback. The associated gas produced with the Bakken oil must be processed before it can be sold. The gas has a high BTU content in its native state. Whiting has constructed two gas plants in North Dakota; one in Mountrail County and a second in Stark County to process this gas. Liquids are removed from the gas and we sell the residue into the local market. We are processing as much gas from other operator's wells as we are from the wells Whiting has drilled. We have built two oil gathering systems and we are transporting as much of the produced oil as possible from the basin via pipeline.

If the frac job is performed in Sanish Field, a micro-seismic survey of the frac is recorded to determine what portion of the reservoir was frac'd. In March of 2010 Whiting completed the installation of 298 permanent seismic monitors across the Sanish field. This installation allows us to record data and map the fracture stimulations to determine the rock volume contacted with the frac job.

I am going to switch gears and talk a bit about our Enhanced Oil Recovery projects. We are utilizing CO_2 to recover an additional 15–20 percent of the oil in these reservoirs. At North Ward Estes, in Texas we are injecting 325 million cubic feet per day of CO_2 managing 790 patterns containing more than 2,000 wells total. About one-half of the CO_2 we inject stays in the reservoir. The CO_2 that is recycled is separated, purified utilizing a membrane technology and re-injected. Whiting has recently executed a contract with Summit Energy to utilize the CO_2 from their coal gasification plant.

Much of what I have discussed would not have been possible even 5 years ago. Unconventional resource plays and technology have impacted every facet of our business from consummating the lease to reporting production. Because of the size of the resource plays we have gone from leasing portions of townships to leasing counties. To assist with this effort we have digitized lease records for entire counties. We routinely drill a 20,000′ horizontal well in 15 to 20 days. We utilize technology to send information being recorded at the bit to the surface in real time. The engineers and geologists in Denver can access this information at their desk. Sliding sleeve technology has continued to advance. Whiting was the first company to pump a 24 and 40 stage frac utilizing sliding sleeves.

We have a rock lab located in our Denver office where we have two scanning electron microscopes (SEM) to help us understand how oil is produced from these unconventional reservoirs. The resolution with these microscopes is about a nanometer, about the size of a methane molecule. The Helios Nanolab 650 SEM allows us to create a 3D visualization of a cube of the reservoir rock. With this 3D visualization we can examine the size and shape of the pore throats in the rock. What we have learned is although natural gas will flow through a shale, i.e. the Barnett, oil molecules are too large to fit through the pore throats. We need to find a pseudo-reservoir located in proximity to the shale to allow oil to be produced. Our goal is to transfer what we have learned in North Dakota to other basins. We are actively working in the DJ Basin in Colorado and the Delaware Basin in west Texas. In each of these areas our results are encouraging. We believe there is potential to utilize what we know in several other prospects located in other basins in the lower 48 States.

How does this translate into jobs? When Whiting went public in 2003 we had 110 employees. As of May 1, 2013 Whiting employed 850 individuals. In Whiting we now have more than 180 open positions. Today we have 24 drilling rigs in operation. A drilling rig employs approximately 25 individuals. A frac crew employs approximately 65 individuals and we have two full time frac crews employed. There are approximately 40 vendors involved in the drilling of a well. If each vendor had one employee, that would be another 40 jobs. Add it all up and it approaches 600 indirect jobs created by our activity. These people need a place to live, they need food, and schools and Walmarts. The impact of our efforts on the economy is far reaching.

A topic getting a fair share of attention these days is the price of gasoline at the pump. Oil companies get lumped together and get blamed for the price of gas. In this regard, Whiting is similar to the farmer, we are price takers. We try to protect our cash flow utilizing hedges and the commodity markets but we have little influence on the overall price. To impose legislation that would make it more expensive to produce oil would make no sense. Along those lines, the Keystone XL pipeline was (or is) scheduled to transport around 200,000 barrels per day of North Dakota production to the refining markets. This would be most beneficial and help alleviate the high price differentials that have been experienced in North Dakota. This would improve the net backs and increase the royalties paid to the Federal Government, the State of North Dakota and the mineral interest owner.

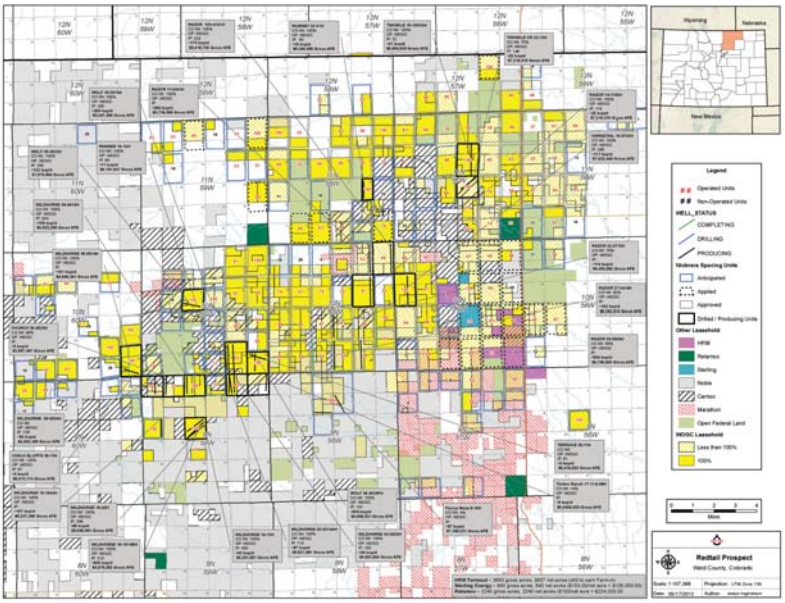
We are fortunate that oil-bearing shales, such as the Bakken in North Dakota and Montana, the Niobrara in Wyoming and Colorado and the Eagle Ford in Texas exist in the United States. Much of the surface and mineral ownership in these locales is by individuals with a minor ownership by the Federal and State governments. Obtaining permits from the State agencies is a reasonable process. Areas where we are having difficulty are on Forest Service lands in Stark County, North Dakota and in the Pawnee Grasslands in Weld County, Colorado. The average time to receive an approved Federal drilling permit is 298 days. On average we receive an approved drilling permit from North Dakota and Colorado regulators in less than 40 days.

Whiting, like the vast majority of our peers, strives to be a good steward of our assets for our shareholders, for the State and governmental areas where we operate, and for the mineral interest owners who have allowed us to develop their resource. We strive to be good stewards of the environment to preserve the environmental resource for future generations.

I am providing a Whiting map of operations in a portion of Colorado to the Committee. It provides graphic evidence of how our operational focus, and many other operators, is on private and State-owned lands. On this map the green shaded acreage is federally owned. Many of these tracts are relatively small and are surrounded by State and private acreage that has been leased. These Federal lands have been nominated multiple times in recent years, but they have never been offered, though our conversations with leasing authorities have made clear we as lessees would be happy to accept "no surface occupancy" stipulations. Nevertheless, the lands are not offered and U.S. citizens are denied the multiple benefits associated with their development.

This is not only the case in North Dakota. The Federal Government owns millions of acres prospective for oil and gas across the Inter-Mountain West. The unmistakable conclusion is that the prosperity, the jobs, the harvest of domestic resources—from unconventional oil and gas plays, enhanced recovery projects and technology breakthroughs to come—can only be realized to their potential by mandating the Department of the Interior devise and publicize a plan to: encourage development, provide leasing certainty and streamline oil and gas permitting.

Thank you for the opportunity to present our views.



Mr. LAMBORN. You are certainly welcome.

Mr. Britain?

STATEMENT OF WILLIAM W. BRITAIN, PRESIDENT AND CEO, ENERGYNET.COM, INC.

Mr. BRITAIN. Chairman Lamborn, Representatives, staff members, we very much appreciate the opportunity to get to be here today. I want to recognize the bill's sponsor, Representative Johnson of Ohio.

The BLM Live Internet Auctions Act, H.R. 555, provides the opportunity to dramatically improve the Bureau of Land Management sale of on-shore oil and gas leases. As Representative Johnson has stated in the past, the Leasing Reform Act of 1987 was "unintentionally" restrictive, in that it bound the BLM to only be able to sell oil and gas leases in an Internet-auction-only format, which is not surprising, of course, because there was no Internet in 1987.

I am Cofounder and President of EnergyNet, a company which, over the last 14 years, has conducted the sale of more than 39,000 leases and oil and gas properties, and a continuous live Internet auction format. H.R. 555 will amend that restrictive language, "oral auction only," in the Mineral Leasing Act, and authorize the Secretary of the Interior to "conduct onshore oil and gas lease sales through Internet-based, live lease sales." This allows the BLM to utilize the incredibly powerful technological reach of an Internet oil and gas property auction marketplace. It will increase participation and competition, which results in greater revenue to the BLM.

Under the current oral-only auction system, bidders must travel to 12 different auction venues. I submit to you this seems unneces-

sary and inefficient in today's environment. With the Internet as an auction platform, a bidder could participate from any web browser in any of these auctions. If you have access to a computer, you have a seat at a BLM auction. Increased competition among bidders translates to more BLM revenue.

Picture this room, if you would, as one of these 12 live auction venues. What you will see is 20 or 30 people holding up a paddle or a piece of paper, bidding on BLM leases. Now, contrast that, if you will, to what we do in the private sector with an online auction format. There are 17,000 bidders in that room, coast to coast, bidding on leases and properties. There just simply is no comparison.

Internet bidders can evaluate leases and place bids from anywhere without travel expense or time away from the office. That is customer service by the BLM. And it is how EnergyNet has done business for nearly 14 years. We believe the results confirm the process. We have sold properties all across the United States, generating more than $1 billion in property sales, and we have done it all on the Internet.

This bipartisan, historic H.R. 555 opens the door to that same opportunity for the BLM. The oil and gas industry has already embraced the Internet as a critical tool in their investment arsenal, and the BLM already effectively uses the Internet. We have successfully divested properties on the Internet for Chevron, Exxon, Shell, and 3,000 other private and public companies. We have signed 5-year contracts with the State of North Dakota and Utah to sell their State leases, and that is directly analogous, selling State leases on State minerals, just like selling Federal leases on Federal minerals.

In 2011, EnergyNet signed a 5-year contract to conduct Internet auctions of oil and gas assets for the Federal Deposit Insurance Corporation. In 2009, EnergyNet sold BLM leases using the first-ever Internet auction venue. We were fortunate enough to have been selected to do that job for the BLM. And that information is provided in our separate material that we have handed in. OGLIAP, O-G-L-I-A-P, OGLIAP is the acronym, the Oil and Gas Lease Internet Auction Pilot.

In conclusion, H.R. 555 will bring the 1987 unintentionally restrictive Mineral Leasing Act into the 21st century by increasing participation and competition for the BLM's lease parcels, to ensure the best return for the Federal taxpayer. And, of course, that is the key. Passage of this bill will benefit the BLM, the oil and gas industry, and, most of all, the taxpayers of this great Nation. This bill does not increase permitting of wells, it simply increases the value of what the BLM gets for their leases.

On behalf of the EnergyNet team, we thank you for this opportunity to share our experiences, and we encourage your sponsorship and passage of H.R. 555. Thank you for your kind attention.

[The prepared statement of Mr. Britain follows:]

PREPARED STATEMENT OF WILLIAM W. BRITAIN, CEO, ENERGYNET.COM, INC.

TESTIMONY ON THE BLM LIVE INTERNET AUCTIONS ACT—H.R. 555

The BLM is currently hindered by outdated legislative language. During this presentation we will explore how you can fix this problem. As members of Congress, you

have an opportunity to dramatically improve the BLM's revenue-generating oil and gas leasing program.

EnergyNet is a company that has spent nearly 14 years conducting oil and gas auctions on a fully Internet-based, continuous oil and gas marketplace, and we appreciate the opportunity to share our professional experience with you.

Let's start with the biggest question: Why does the BLM need the freedom to utilize the Internet for their lease program?

There are many reasons why an Internet auction is superior to a traditional, live, outcry auction. The BLM Live Internet Auctions Act that you are considering would allow the BLM to harness the power of a vast Internet-based oil and gas auction marketplace, which presents a host of new opportunities to the BLM.

In this presentation, we would like to highlight three of the benefits of passing the BLM Live Internet Auctions Act:

- The opportunity to modernize the BLM leasing program;
- The increased participation and competition an Internet platform fosters; and
- The increased revenue the BLM can realize as a result of that competition, and as a result of the cost savings an Internet platform can provide.

To modernize the BLM's Leasing Program, we must first realize that the current legislation is simply outdated, and "accidentally specific." The Internet, and certainly an Internet auction platform, was unheard of in 1920, but at the time, lease sales could be conducted by "competitive bidding."

Unfortunately, the unintentionally-limited wording of the Leasing Reform Act of 1987 bound the BLM to an oral auction format, which has become outdated in the 26 years since.

The BLM Live Internet Auctions Act fixes this—allowing the Secretary of the Interior the option to "conduct onshore oil and gas lease sales through Internet-based live lease sales," modernizing the Mineral Leasing Act.

Under the current, oral-auction-only system, bidders who wish to participate in lease sales from multiple State offices have to deal with different physical locations to travel to, different hotels to stay in, different auction venues, and even different auctioneers.

With the Internet as an option for the BLM, a bidder could participate from any web browser, from any location, using the same tools and bidding interface for every sale. Bidders can even participate in multiple lease sales that are being held simultaneously.

If you have a web browser, you already have a seat at the auction.

While participants will appreciate a standardized, uniform auction experience, BLM State offices should also expect a system that lets them customize their individual sales wherever necessary, and one that plugs into their existing workflow.

Rather than retrofit each State office's sale process to fit an Internet model, a well-designed Internet auction serves the State office, and will provide each office with an easy way to:

- Transmit sale group and parcel information to the auction Web site, and to potential bidders;
- Display each parcel's due diligence information in a uniform format;
- Update that parcel information instantly when new information becomes available or a parcel has to be pulled from the auction, and then immediately contact every participant who viewed the now-outdated information;
- Perform the actual auction itself; and then
- Receive transactional data and other post-sale reporting after the sale in a format that best suits the State office.

BLM offices with unique bidder qualification requirements, parcel stipulations or timing restrictions can have these terms built directly into the sale, and even automated in many cases.

This ultimately reduces costs and workload for the BLM, while letting individual State offices retain the unique characteristics of their sales.

Even one large room full of potential Buyers pales in comparison to an entire Nation full of potential buyers. There is no doubt: An Internet-based auction reaches more people than a traditional auction ever could.

For example, EnergyNet has more-than-17,000 active, sophisticated, registered, accredited oil and gas investors, representing every State in the United States. Every EnergyNet Buyer with a bid allowance has had their identification validated through direct communication with that buyer's banker, in order to circumvent fraudulent bidding activity

EnergyNet buyers can evaluate assets and place bids from anywhere, without travel hassles or expenses. It's how we've done business for nearly 14 years, and

we believe the results confirm the process: Our Internet marketplace has sold more than 39,000 properties all across the United States since we began in 1999—over $1 billion in total sales, and we've done it all through a web browser.

This is the power of an Internet marketplace, and this is exactly what the BLM Live Internet Auctions Act opens the door to.

Guhan Subramanian serves both as a professor of Law & Business at Harvard Law School and as a professor of Business Law at Harvard Business School—the only person in Harvard's history to hold tenured appointments at both universities.

Professor Subramanian's research focuses on negotiations, auctions, and "deal process design." His work has been featured in the Harvard Business Review, the Harvard Law Review, the Wall Street Journal, and the New York Times. He is also the author of Negotiauctions, a book that explores the connections between negotiations and auctions.

In 2010, EnergyNet contacted Professor Subramanian and requested that he examine 5 years of our raw, historical auction data, so that we could truly understand how our Internet marketplace compared to traditional, live oil and gas auctions.

Among his conclusions, Professor Subramanian noted the following about using the Internet as a marketplace:

- The online auction format attracts bidders who would be unable or unwilling to attend on-site auctions, and . . .
- The online-only process preserves a level playing field among all bidders.

Overall, he said, "It's simple: Greater buyer exposure leads to more competition. More competition leads to higher returns for sellers."

The oil and gas industry understands this, and has embraced the Internet as a critical part of their divestment activities.

EnergyNet's Internet platform has successfully divested properties for:

- Chevron, Exxon, Shell and other major oil companies
- Chesapeake, and other large independents
- Universities and bank trust departments
- Government institutions, such as the FDIC and the States of North Dakota and Utah
- . . . and even for the BLM, when we were proud to develop and host their Oil and Gas Lease Internet Auction Pilot program in 2009—their first opportunity to test the viability of an Internet auction

One seller put our Internet auction to the test in a significant way.

In 2008, EnCana split a large divestiture package, into two equal-sized component packages. EnergyNet received one of the packages. The other package was given to one of our competitors who hosts a traditional outcry auction with a "hybrid" Internet component.

Each package was given a reserve price valuation of approximately $16.5 million dollars. To ensure that oil and gas prices were the same, both auctions were held during the same week.

Our competitor's traditional auction sold their package for $18.5 million.

EnergyNet's Internet auction sold its package for $24.5 million—over 32 percent more than the traditional auction.

Another of EnergyNet's sellers, Chevron Incorporated, named the 16th largest public company in the world by Forbes Global 2000, has had tremendous success divesting oil and gas assets on an Internet-only platform.

From June 2003 through April 2011, Chevron utilized our Internet auction platform to divest over 2,000 lots from 27 States with a combined anticipated reserve price of $87.7 million. Their total actual sales were more than $134 million, a 53 percent premium over their combined anticipated reserve, and far above their expectations.

In conclusion: Through modernization, you allow the BLM to increase the participation and competition for every lease sale, and increase their revenue through higher parcel values and lower internal costs.

This can happen for the BLM through the BLM Live Internet Auctions Act. This piece of legislation opens the door, by giving the Secretary of the Interior the authorization to establish an Internet leasing program.

This common sense piece of legislation can truly change the future of the BLM's leasing program.

That concludes our presentation. On behalf of the entire team at EnergyNet, we thank you for the opportunity to share our professional experience with you.

Thank you very much!

SUBMITTED FOR THE RECORD

On September 13, 2011, the following testimony was submitted to the House Natural Resources Subcommittee on Energy and Mineral Resources on behalf of the Bureau of Land Management in support of H.R. 2752.

The current bill, H.R. 555, continues the effort that H.R. 2752 began.

Notable quotes:

"The Bureau of Land Management (BLM) supports the goal of diversifying and expanding the Nation's onshore leasing program to ensure the best return to the Federal taxpayer and supports H.R. 2752. The BLM would like to work with the committee on technical and clarifying modifications to the bill and on an amendment pertaining to the location and frequency of lease sales."

Regarding the BLM's Oil and Gas Lease Internet Auction Pilot (OGLIAP) of 2009: *"The Web site functioned extremely well and the sale was successfully completed. An evaluation of the Internet auction found that leasing online would have immediate cost savings and benefits, such as potentially increased competition. The Internet pilot test had nearly twice as many bidders compared to the average number that attend the BLM Colorado's oral lease sales."*

"The BLM supports H.R. 2752, which allows the BLM to expand upon its success with the oil and gas Internet lease auction pilot project."

STATEMENT FOR THE RECORD, BUREAU OF LAND MANAGEMENT, U.S. DEPARTMENT OF THE INTERIOR, SEPTEMBER 13, 2011

BEFORE THE HOUSE NATURAL RESOURCES SUBCOMMITTEE ON ENERGY AND MINERAL RESOURCES ON H.R. 2752, THE BLM LIVE INTERNET AUCTIONS ACT

Thank you for the opportunity to present this Statement for the Record on H.R. 2752, the BLM Live Internet Auctions Act, which authorizes the Secretary of the Interior to conduct onshore oil and gas lease sales through Internet-based live lease auctions. The Bureau of Land Management (BLM) supports the goal of diversifying and expanding the Nation's onshore leasing program to ensure the best return to the Federal taxpayer and supports H.R. 2752. The BLM would like to work with the Committee on technical and clarifying modifications to the bill and on an amendment pertaining to the location and frequency of lease sales.

Background

The Mineral Leasing Act of 1920 establishes the statutory framework to promote the exploration and development of oil and natural gas from the Federal onshore mineral estate. Secretary Salazar has emphasized that as we move toward the new energy frontier, the development of conventional energy resources from BLM-managed public lands will continue to play a critical role in meeting the Nation's energy needs. Facilitating the safe, responsible, and efficient development of these domestic oil and gas resources is part of the Administration's broad energy strategy—outlined in the President's *Blueprint for a Secure Energy Future*—that will protect consumers and help reduce our dependence on foreign oil.

The BLM is working diligently to fulfill its part in securing America's energy future. The BLM currently manages more than 40 million acres of onshore oil and gas leases. In FY 2010, onshore oil production from public lands increased by 5 million barrels from the previous fiscal year as more than 114 million barrels of oil were produced from the BLM-managed mineral estate—the most since FY 1997. Meanwhile, the nearly 3 trillion cubic feet of natural gas produced from public lands made 2010 the second-most productive year of natural gas production on record. In 2010, conventional energy development from public lands produced 14.1 percent of the Nation's natural gas, and 5.7 percent of its domestically-produced oil.

Current and future lease sales are benefitting from much-needed reforms that the BLM put in place in May 2010. The BLM reforms established a more orderly, open, and environmentally sound process for developing oil and gas resources on public lands. They focus on making oil and gas leasing more predictable and increasing certainty for stakeholders. With these reforms, the number of protests of parcels offered in lease auctions has declined dramatically. During 2011, only 12 percent of nearly 900 parcels offered for lease have been protested compared with over 40 percent of parcels offered being protested during the 2 years before the reforms were implemented. Twelve lease sales this year have been conducted without any parcels being protested. In addition, revenues from lease sales have increased from approximately $165 million dollars in FY 2009 to nearly $235 million dollars to date in FY 2011.

Onshore Competitive Oil & Gas Lease Sale Process

In accordance with the Mineral Leasing Act, the BLM competitively offers eligible lands which are available for lease by oral auction on a quarterly basis. As part of the competitive leasing process, the BLM accepts informal expressions of interest (EOI) and noncompetitive presale offers from industry or other interested parties. The BLM collects the requested parcels into draft sale lists and adjudicates them for availability, verifying mineral ownership, and ensuring there are no pre-existing oil and gas leases on the requested lands. The parcels are then evaluated through the BLM multiple-use planning process required by the Federal Land Policy and Management Act.

Once parcels are evaluated and found to be in conformance with BLM Resource Management Plans (RMP) and the BLM has documented site-specific National Environmental Policy Act compliance, the parcels are made available and placed on the next Notice of Competitive Oil and Gas Lease Sale by the BLM State Office with jurisdiction over the lands. Competitive lease sales are held at least quarterly by each of the BLM State Offices where there are eligible lands.

Parties interested in bidding on parcels must attend the oil and gas competitive lease sale auction to obtain a competitive lease or make formal arrangements for someone to represent them at the auction. No sealed or mailed bids are accepted.

BLM's Oil & Gas Internet Lease Auction Pilot

Congress directed the Secretary of the Interior through the Fiscal Year 2008 Consolidated Appropriations Act (Public Law 110–161) to establish an oil and gas leasing Internet pilot program, under which the Secretary could conduct lease sales through methods other than oral auctions. To carry out the pilot program, the Secretary was permitted to use up to $250,000 from the BLM's oil and gas Permit Processing Improvement Fund. The BLM developed a pilot oil and gas lease Internet auction as an alternative to the quarterly oil and gas oral auctions required by the Mineral Leasing Act. The intent of the pilot was to test the feasibility of conducting a web-based lease sale auction, and evaluate the potential savings and benefits for the Federal Government and lease sale participants.

On July 8, 2009, the BLM's Colorado State Office offered the first Federal oil and gas lease parcels for sale on the Internet. All parcel evaluation, registration, and bidding were performed online. Bidding opened on September 9, 2009, for 7 days and closed over a 2-day period on September 16 and 17, 2009. The Web site functioned extremely well and the sale was successfully completed. An evaluation of the Internet auction found that leasing online would have immediate cost savings and benefits, such as potentially increased competition. The Internet pilot test had nearly twice as many bidders compared to the average number that attend the BLM Colorado's oral lease sales.

H.R. 2752

H.R. 2752 amends the Mineral Leasing Act to authorize the Secretary of the Interior to conduct onshore oil and gas lease sales through Internet-based live lease sales, in order to expand the Nation's onshore leasing program and to ensure the best return to the Federal taxpayer. The bill also requires the Secretary to conduct an analysis of the first 10 Internet based live lease sales and report the findings of the analysis to Congress within 90 days following the 10th Internet-based live lease sale.

The BLM supports H.R. 2752, which allows the BLM to expand upon its success with the oil and gas Internet lease auction pilot project. The BLM would like to work with the Committee to include related language in the bill to provide the Secretary the discretion to hold lease sales (via the Internet or oral auction) more or less frequently than quarterly (as currently required by the Mineral Leasing Act) or within any State in which lease tracts are available and there is public interest. Finally, the BLM would like to work with the Committee on technical and clarifying modifications to the bill.

Conclusion

Thank you again for the opportunity to present this Statement for the Record on H.R. 2752.

Mr. LAMBORN. And you are certainly welcome.

Ms. Miller, you may begin.

STATEMENT OF DEBORAH S. MILLER, FOUNDER AND MEMBER OF BOARD OF DIRECTORS, ALASKA WILDERNESS LEAGUE

Ms. MILLER. Good morning, Chairman and staff. Thank you for the opportunity to provide testimony to the Subcommittee on Energy and Mineral Resources on H.R. 1964, the National Petroleum Reserve Alaska Access Act. My name is Debbie S. Miller. I serve as a founder and a board member for the Alaska Wilderness League. I have lived in Alaska since 1975, as a teacher, author, mother of two grown daughters.

Over the past four decades, I have explored the Arctic on numerous trips in the Arctic National Wildlife Refuge, Gates of the Arctic National Park, and the National Petroleum Reserve Alaska, that I will refer to as the Reserve. These explorations and studies of the environment and wildlife have involved several thousand miles of travel by canoe, by raft, and on foot. My experiences in the Arctic have been the foundation and inspiration for many books and articles that I have authored for adults and children.

Most recently I explored the Reserve on three expeditions, traveling by canoe and on foot for more than 600 miles. Along four of the Reserve's beautiful rivers: the Nigu, the Etiviluk, the Colville and the Utukok. I worked with a team of photographers, scientists, a sound recording artist, and other writers, including biologist Jeff Fair, Rosemary Ahtuangaruak of Barrow, and distinguished anthropologist and long-time Alaskan, Dr. Richard Nelson. We worked together to create the first photo essay book about the Reserve, published by Braided River last July 2012.

I am submitting a copy of this book for the House Resources Library, and I hope that each member of the Committee and staffers will have the opportunity to review this book. It was a labor of love to describe the beauty, the rich diversity of wildlife and environments, and a cultural history that spans more than 13,000 years, including some of the oldest archeological sites in North America. It is a vast land, so immense that you can't measure its bigness. It is a land of forever sky, with an endless sweep of rolling tundra, long ridges, immense grasslands and wetlands, and the countless rivers that curl through the valleys and foothills across the North Slope for hundreds of miles to the Beaufort and Chukchi Seas.

It is a land of greats, including two of America's largest caribou herds, huge concentrations of grizzly bears, the biggest deposit of dinosaur bones in the Arctic, our largest intact grasslands, and the most expansive Arctic wetlands complex in the world, where hundreds of species of birds nest, molt, and stage their migrations from five different continents. This is a world-class region, in terms of Arctic habitats and wildlife. It is the birthplace for millions of animals, and the ancient land where humans first migrated to North America from Asia, crossing the Bering Land Bridge.

The Reserve, though old, is rich with life. We traveled for weeks through some of the wildest country remaining on the planet and rarely saw another human or airplane. The Reserve represents the Nation's largest unit of public land, an area about the size of Indiana, where local and Inupiaq residents still hunt and fish, practicing a subsistence lifestyle that reflects thousands of years of living and surviving near the top of the world.

I commend the Department of the Interior for their first plan, their efforts creating a very balanced, integrated activity plan for the Reserve. The Bureau of Land Management followed a rigorous and very public process, seeking out and receiving substantial input from local people, Alaskans in general and the citizens of the United States. During the drafting process, BLM received over 400,000 comments, a vast majority in support of a balanced management approach that included the protection of key special areas in the Reserve.

The BLM listened and crafted a well-thought-out plan for the future of the Reserve and America's Arctic. In the end, it created a plan that opens 11.8 million acres, roughly half of the Reserve, to oil and gas leasing, including some of the most promising high-potential lands for exploration. At the same time, BLM set aside half of the Reserve to protect the highest conservation and subsistence values of five designated special areas.

I do not support H.R. 1964 because it negates the excellent work and sound management choices that are represented in the current plan. This proposed legislation circumvents public process by nullifying a very strong visionary and balanced plan that has broad public support. This legislation would also authorize a redundant assessment of hydrocarbon resources within NPR–A after the USGS just recently completed such an analysis. This amounts to wasteful spending.

Thank you for letting me testify, and I would be happy to answer any of your questions.

[The prepared statement of Ms. Miller follows:]

PREPARED STATEMENT OF DEBORAH S. MILLER, TEACHER, AUTHOR, ARCTIC EXPLORER, GUIDE, MOTHER, AND FOUNDING BOARD MEMBER, ALASKA WILDERNESS LEAGUE

HR 1964—THE NATIONAL PETROLEUM RESERVE ALASKA ACCESS ACT

Thank you for the opportunity to provide testimony to the Subcommittee on Energy and Mineral Resources on H.R. 1964—"The National Petroleum Reserve Alaska Access Act". My name is Deborah S. Miller.

I've lived in Alaska since 1975, working as a teacher, author, and mother of two grown daughters. Over the past four decades, I've extensively explored the Arctic on numerous trips in the Arctic National Wildlife Refuge, Gates of the Arctic National Park, and the National Petroleum Reserve-Alaska. These explorations and studies of the environment and wildlife have involved several thousand miles of travel by canoe, raft, and on foot. My experiences in the Arctic have been the foundation and inspiration for many books and articles that I've authored for adults and children.

Most recently, I explored the National Petroleum Reserve-Alaska ("Reserve") on three expeditions, traveling by canoe and on foot for more than 600 miles, along four of the Reserve's beautiful rivers: the Nigu, Etiviluk, Colville and the Utukok. I worked with a team of photographers, scientists, a sound recording artist, and other writers, including biologist Jeff Fair, and Rosemary Ahtuangaruak of Barrow, and distinguished anthropologist and long-time Alaskan, Dr. Richard Nelson. We worked together to create the first photo-essay book about the Reserve, published by Braided River in July of 2012.

I helped found the Alaska Wilderness League in 1993 to ensure that policy-makers in D.C. and elsewhere had accurate information on which to make public land management decisions. The League has an extensive environmental justice program through which it brings Alaska Natives and other Arctic residents to D.C. to ensure that their voices are heard.

Today's hearing is partially focused on the topic of my most recent book—the National Petroleum Reserve-Alaska, which is the largest single land management unit in the United States. After WWI, the Reserve was set aside by President Harding in 1923 as Naval Petroleum Reserve #4 for emergency defense purposes. The Navy

was in the process of converting from coal to oil for its fuel supply. In 1976, Congress enacted the Naval Petroleum Reserves Production Act (NPRPA) and transferred management of the Reserve to the Department of the Interior. Under this act, Congress recognized the need to conserve the extraordinary natural resource values of the Reserve and explicitly authorized the Secretary of the Interior to establish "special areas" that contained "significant subsistence, recreational, fish and wildlife historical or scenic value" and to provide "maximum protection" to areas with exceptional surface values.[1]

At over 23 million acres, the Reserve is roughly the size of Indiana. It is a vast landscape that remains largely undeveloped. This large landscape can allow for a balanced approach between oil and gas development and the protection of the Reserve's unique values, just as Congress has called for in the NPRPA. These values include subsistence resources that are critical to meeting the needs of Alaska Natives, and other local residents.

The requirement that this balance be struck is firmly established in the letter and spirit of NPRPA and the 1980 Interior Department Appropriations Act that amended NPRPA and provided for leasing within the Reserve. NPRPA requires the Secretary of Interior to assume responsibility for protection of "significant subsistence, recreational, fish and wildlife, or historical or scenic value."[2] In the law, NPRPA specifically recognizes the importance of the Utukok River, Teshekpuk Lake area, and other areas found to have significant natural or historic values, by requiring any oil and gas activities in these areas to assure "maximum protection" of those values.[3]

In the 1980 Interior Department Appropriations Act that amended the NPRPA and opened the Reserve to leasing, Congress reiterated the importance of Special Areas[4] and directed the Secretary to provide for "conditions, restrictions, and prohibitions" to mitigate "reasonably foreseeable and significant adverse effects" on surface values.[5] Regulations governing the Reserve provide for the Bureau of Land Management ("BLM") to "limit, restrict, or prohibit use of and access to lands within the Reserve, including "Special Areas" and to take action to "protect fish and wildlife breeding, nesting, spawning, lambing of calving activity, major migrations of fish and wildlife, and other environmental, scenic, or historic values."[6] To summarize, Congress has long-recognized and directed that the Reserve's remarkable environmental and social values be identified and protected.

H.R. 1964 would directly contradict this long history of the congressionally recognized need to provide for balanced management of the Reserve to ensure protection of significant surface resources.

Exceptional Biological Resources in the Reserve

The Reserve contains a remarkable diversity of pristine and globally significant wild lands and biological resources that remain largely intact. The Reserve provides essential and critical habitat for a broad array of species and includes areas that support subsistence activities for more than 40 Alaska Native communities spread across northern and western Alaska.

The Reserve's wetland complex of ponds, lakes, rivers, streams, and lagoons provide nesting, feeding, molting and staging habitat for migratory bird populations of national and international significance. Marine mammals, including the polar bear, walrus, beluga whale, and several species of ice seal, use the Reserve's shorelines,

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[1] 42 U.S.C. § 6504.

[2] 42 U.S.C. § 6503 ("With respect to any activities related to the protection of environmental, fish and wildlife, and historical or scenic values, the Secretary of the Interior shall assume all responsibilities . . . [and] may promulgate such rules and regulations as he deems necessary and appropriate for the protection of such values within the reserve.").

[3] 42 U.S.C. § 6504(a) (If exploration occurs within the Utukok River, the Teshekpuk Lake areas, and other areas containing any significant subsistence, recreational, fish and wildlife, or historical or scenic value (as designated by the Secretary), it must be conducted "in a manner which will assure the maximum protection of such surface values."); *see also* H.R. Rep. 94–81(I), 94th Cong., 2nd Sess. 1976, 1975 WL 12380 (acknowledging the value of the western side of the reserve as a calving ground of the Arctic caribou herd; the northeastern coastal plain area as the best waterfowl nesting area on the North Slope, and lands in and adjacent to the Brooks Range as being highly scenic).

[4] *See* Pub. L. 96–514, 94 Stat 2957 (1980) ("any exploration or production undertaken pursuant to this section shall be in accordance with section 104(b) of the [Petroleum Reserve Act] of 1976" which provided for protection of Special Areas).

[5] 42 U.S.C. § 6506a(b), Mitigation of adverse effects ("Activities undertaken pursuant to this Act shall include or provide for such conditions, restrictions, and prohibitions as the Secretary deems necessary or appropriate to mitigate reasonably foreseeable and significantly adverse effects on the surface resources of the National Petroleum Reserve in Alaska.")

[6] 43 CFR § 2361.1(e)(1).

lagoons, and barrier islands. The Reserve provides the calving grounds, insect relief areas, and migration corridors for the Teshekpuk Lake Caribou Herd and the Western Arctic Caribou Herd, which are vital subsistence resources for North Slope and Western arctic communities. Important populations of predators including grizzly bear, wolf, wolverine, and arctic fox are found throughout the Reserve. Other values include: designated Important Bird Areas of international significance, ancient archeological and paleontological sites; and extraordinary wilderness and wild river values that are found throughout this remarkable landscape.

During my three expeditions to the Reserve I observed nesting birds that had migrated from six different continents, such as the Northern Wheatear from Africa, or the American Golden Plover from Patagonia. I witnessed the migration of the Western Arctic Herd, where hundreds of cows with week-old calves swam across the river in front of our tent. It was amazing and humbling to discover ancient archeological sites, some dating back more than 10,000 years, and I was stunned to discover and hold an ankle bone of a duck-billed dinosaur that lived on the North Slope 75 million years ago! The Reserve has a rich history, and an incredible diversity of wildlife and habitats. The wilderness frontier that we traveled through was like no other in terms of its vastness and wildness.

National Petroleum Reserve-Alaska Integrated Activity Plan

In July of 2010 the BLM published a Notice of Intent to prepare an Integrated Activity Plan and associated Environmental Impact Statement for the National Petroleum Reserve-Alaska.[7] The notice kicked off more than 2½ years of scoping meetings, public hearings, and draft plans, concluding with the National Petroleum Reserve Integrated Activity Plan Record of Decision ("2013 ROD") on February 21, 2013. This was the final action of an extensive process that resulted in the first ever area-wide plan for the Reserve.

I was one of many Alaskans who testified at the scoping meeting in Fairbanks, and submitted written testimony in support of Management Alternative B of the draft integrated activity plan.

The National Petroleum Reserve-Alaska Final Integrated Activity Plan ("IAP") represents a well thought out and balanced approach toward management of the Reserve. The IAP opened up roughly half of the Reserve's acreage (encompassing 72 percent of Interior's estimate of the recoverable oil in the Reserve) to oil and gas leasing while protecting the other half as five Special Areas critical to wildlife and subsistence use. Further, the IAP also expressly does not foreclose the placement of a pipeline across the Reserve. Through this balanced approach the Department of Interior has found a reasonable balance for industry, conservation groups, Alaska Natives, sportsmen, recreationists, scientists, and other groups.

During the drafting process, the BLM received over 400,000 comments, a vast majority in support of the protection of key Special Areas in the Reserve. These individuals included Alaskans, sportsmen, scientists, Alaskan Tribes and many others from around the country that care about the values within this world-class American treasure. The Department of the Interior (DOI) responded to this overwhelming support, by putting forward a final IAP that allows for access to oil and gas resources on 11.8 million acres, while safeguarding other areas—the most critical wildlife habitat—as unavailable for oil and gas leasing.

The IAP is in keeping with the long history of Congressional support for a balanced approach to management of the Reserve.

Special Areas

Going back to 1976, and as reflected in the IAP, the BLM has appropriately implemented the congressional mandate to provide "maximum protection" for significant surface values and thus honor the area for more than just its potential oil and gas resources. The Reserve currently contains five designated Special Areas recognized by the BLM. These include: Teshekpuk Lake, the Utukok River Uplands, Kasegaluk Lagoon, the Colville River and Peard Bay.

Teshekpuk Lake Special Area

Teshekpuk Lake is the largest freshwater lake on the North Slope and the third largest lake in Alaska. The lake and its associated Special Area support a unique and globally significant assemblage of biological and subsistence resources. The Teshekpuk Lake Special Area includes the most important goose molting habitat in the Arctic and provides vital habitat for tens of thousands of geese that gather an-

[7] Notice of intent to prepare an Integrated Activity Plan Environmental Impact Statement for the National Petroleum Reserve Alaska was released on July 28 2010. See: *https://www.blm.gov/epl-front-office/projects/nepa/5251/14500/15450/default.jsp?projectName=DOI-BLM-AK-0000-2010-0001-EIS.*

nually in the area, including Brant, Greater white-fronted geese, Snow geese, and Canada geese. In the fall, the waterfowl that rely on the wetlands in this area migrate back south utilizing all four North American flyways and several international flyways.

The area around Teshekpuk Lake also includes the concentrated calving and insect relief areas for the Teshekpuk Lake Caribou Herd, which provides a critical subsistence harvest resource for North Slope communities, especially Barrow and Nuiqsut, a community that I have visited on two occasions. I wrote an in-depth article for the *Amicus Journal* about the effects of oil development on the lives of people in Nuiqsut. I was touched and troubled by some of the health and subsistence struggles that villagers face because of increased development around their community.[8]

The Western Arctic Caribou Herd Working Group, an organization comprised of subsistence users from small communities across northern and western Alaska, has identified and recommended that the lands surrounding Teshekpuk Lake should not be leased or developed for oil and gas.[9]

Utukok River Uplands Special Area

The Utukok River Uplands Special Area was originally established in 1977 and currently spans approximately 7.1 million acres containing much of the Western Arctic Herd's calving and insect-relief habitat. The herd numbered approximately 75,000 when the Special Area was established, and now at approximately 340,000, is Alaska's largest caribou herd and one of the three largest in North America. The IAP expanded the Utukok River Uplands Special Area by approximately 3.1 million acres to more fully encompass prime calving and insect-relief habitat for the herd within the Reserve.[10] The expansion of the Utukok River Uplands Special Area within the IAP is consistent with the recommendations from the Western Arctic Caribou Herd Working Group.[11]

In addition to the important caribou habitat, this special area has the highest concentration of grizzly bears in the Arctic, and healthy populations of wolverines and wolves, as well as many species of migratory songbirds, shorebirds, raptors and waterfowl, including the bar-tailed godwit, a shorebird that makes the longest known non-stop migration across the Pacific Ocean from Alaska to New Zealand!

The Utukok River Uplands Special Area includes the northern edge of the Brooks Range Mountains and foothills, as well as the expansive tundra grasslands that roll north toward the sea. This region holds outstanding wilderness values and many ancient archeological sites, some dating back more than 10,000 years ago. The Inupiaq word Utukok means "something old." Indeed, this is the area where the first North Americans lived who crossed the Bering Land Bridge from Asia. During my 2011 trip down the Utukok River, we discovered chert flakes from an archaeological site where human hands had crafted tools and weapons long ago. We felt incredibly humbled by this experience and I have tremendous respect for the Inupiaq people who continue to live in this region following their subsistence traditions.

Colville River Special Area

As originally established, the Colville River Special Area encompassed 2.3 million acres and provided some of the most significant Arctic habitats for raptors.[12] The majority of the lower river area supports the highest densities of raptors, passerines and moose on Alaska's Arctic Slope. The Northeast NPR–A Record of Decision expanded the Colville River Special Area by 2.44 million acres to incorporate two miles on either side of two major tributaries of the Colville River—the Kikiakrorak and Kogosukruk rivers. The IAP expanded the purposes for which the Colville River Special Area was established to protect all raptors, rather than the original intent of protection for arctic peregrine falcons.[13]

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[8] Ground zero. (oil industry effects on eskimos) June 22, 2001. Amicus Journal. Miller, Deborah S. See: *http://www.accessmylibrary.com/article-1G1-76586494/ground-zero-oil-industry.html.*

[9] Letter of R. Ashenfelter, Chair of the Western Arctic Caribou Herd Working Group to the Bureau of Land Management Planning Team re: the Integrated Activity Plan-Draft Environmental Impact Statement for the National Petroleum Reserve-Alaska, dated June 1, 2012.

[10] NPRA/IAP FEIS vol 1 p. 22.

[11] Letter of R. Ashenfelter, Chair of the Western Arctic Caribou Herd Working Group to the Bureau of Land Management Planning Team re: the Integrated Activity Plan-Draft Environmental Impact Statement for the National Petroleum Reserve-Alaska, dated June 1, 2012.

[12] Kessel and Cade 1956 and 1958, Cade 1960, White and Cade 1971.

[13] NPRA/IAP FEIS vol. 1 p. 22.

Along the Colville River and the Etivluk River we spotted nesting raptors on the bluffs that flank these rivers every day. It was a thrill to see rough-legged hawks, gyrfalcons and arctic peregrine falcons on a regular basis.

Kasegaluk Lagoon Special Area

Kasegaluk Lagoon Special Area, as established in 2004 during the George W. Bush administration, encompasses approximately 97,000 acres and includes the lagoon, its barrier islands and an area 1 mile inland from the shore of the lagoon. It was designated for its high values for marine mammals, wilderness character, and notable primitive recreation opportunities, and is a rich ecosystem on the Arctic Slope with marine tidal flats, a unique feature in the Arctic.[14]

Peard Bay Special Area

The IAP established the Peard Bay Special Area. The Peard Bay Special Area encompass 1.6 million acres to protect haul-out areas and nearshore waters for marine mammals and habitat for waterbird and shorebird breeding, molting, staging, and migration.[15]

These Special Area designations incorporate the principles of conservation biology, focusing on ecosystem and watershed integrity and protection, buffer zones around critical wildlife habitats, and protected corridors for movement of animals between diverse uplands and coastal areas or between seasonal areas of use. The designations are also based on the best available information regarding habitat and adaptation needs of wildlife and ecosystems that face dramatic shifts as the result of climate change. The designations also reflect the benefits for retaining wilderness values by leaving large ecosystems intact for wildlife and subsistence users.[16] The current Special Area designations within the IAP are consistent with the intent of congress as provided for under the NPRPA.

For the reasons noted above, Congress specifically recognized the Teshekpuk Lake and Utukok Uplands areas as warranting "maximum protection" when it enacted the National Petroleum Reserve Production Act in 1976.[17] Under NPRPA, Congress clearly established that while energy development was an important reason for initial establishment of the reserve in 1923, it is now a purpose that must be balanced with "conditions, restrictions, and prohibitions" to ensure protection of the Reserve's extraordinary ecological values and subsistence resources. Past presidential administrations, both Republican and Democrat, have embraced the need for protection of these Special Areas.[18] The IAP continues this bi-partisan support for balanced management through an expanded Teshekpuk Lake and Utukok Uplands Special Area and the creation of the Peard Bay Special Area. The following is a summary of the Special Area designations within the Reserve:

- In the 1976 NPRPA, congress recognized that Teshekpuk Lake and Utukok Uplands areas as warranting "maximum protection".
- In 1977, Secretary of Interior Cecil Andrus designated three Special Areas within the Reserve—the Teshekpuk Lake, the Colville River and the Utukok River Uplands Special Areas.
- Consistent with the 1998 Northeast Planning unit Record of the Decision, the Teshekpuk Lake and Colville River Special Areas were expanded.
- Consistent with the 2004 Record of Decision for the Northwest NPR–A planning unit, the George W. Bush administration created the approximately 97,000 acre Kasegaluk Lagoon Special Area.
- The IAP expanded the Teshekpuk Lake and Utukok River Uplands Special Areas and established the Peard Bay Special Area.

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[14] NPRA/IAP FEIS vol 1. p. 365.

[15] NPRA/IAP FEIS vol. 1 p. 22.

[16] Gale A. Norton, Secretary of the Interior, January 22, 2004, Northwest NPR–A IAP/Final EIS, Vol. 1, page II–8; and, Record of Decision, p. 20. The wilderness values of the NPR–A were well detailed in the National Petroleum Reserve in Alaska Task Force, 1978, *National Petroleum Reserve in Alaska, Values and Resources Analysis, Wilderness Resources,* U.S. Department of the Interior, National Petroleum Reserve in Alaska, 105(c) Land Use Study, Study Report 2, section 4.

[17] See Pub. L. 94–258, 90 Stat 304 (1976) ("Any exploration within the Utukok River, the Teshekpuk Lake areas, and other areas designated by the Secretary of the Interior containing any significant subsistence, recreational, fish and wildlife, or historical or scenic value, shall be conducted in a manner which will assure the maximum protection of such surface values to the extent consistent with the requirements of this Act for the exploration of the reserve.")

[18] Past presidential administrations as philosophically disparate as those of former President Jimmy Carter and former President George W. Bush have embraced the need for protection of these areas. The Carter administration established the Teshekpuk Lake, Utukok Uplands and Colville River Special Areas in 1977. The George W. Bush administration created Kasegaluk Lagoon Special Area within the 2004 Record of Decision for the Northwest NPR–A plan.

Oil and Gas Leasing & Exploration in the Reserve

Consistent with the Congressional requirement within NPRPA to "conduct an expeditious program of competitive leasing of oil and gas in the Reserve"[19] the BLM has conducted numerous oil and gas lease sales within the Reserve. The IAP opens potential oil and gas leasing for approximately 11.8 million acres within the Reserve, including 72 percent of the total recoverable oil reserves.

Following President Obama's directive in May of 2011[20] that annual oil and gas lease sales be conducted in the Reserve, BLM offered 3 million acres in December of 2011. That sale generated 17 winning bids covering more than 120,000 acres. Another lease sale on November 7, 2012, offered 4.5 million acres and received 14 winning bids on 160,088 total acres. There are now 191 authorized oil and gas leases in the Reserve, encompassing roughly 1.5 million acres.[21] The following is a historic summary of the leasing program that has taken place in the Reserve:

- There have been 12 lease offerings in the Reserve since 1982.
- Over half of those lease sales were in the past decade and the vast majority of the 13.4 million acres within the Northeast and Northwest Planning areas have been offered for lease multiple times.
- There have been six lease sales in the Northeast Planning Area alone (1999, 2004, 2008, 2010, 2011 and 2012).
- The most recent Reserve lease sale offering was conducted by the Obama Administration on November 7, 2012 and was the fifth lease sale in 6 years.

Consequently there has been ample opportunity for oil and gas exploration in the Reserve.

Industry Interest in the Reserve

As a result of the 12 lease sales that have taken place since 1982 and the 5 that have taken place in the last 6 years, over 7 million acres have been leased across large portions of the Reserve. In conjunction with these sales, extensive surveys have been conducted, and dozens of exploration wells have been drilled.

However, in the past several years, the trend has been for industry to relinquish leases as opposed to the purchase additional tracts within the Reserve. The November 7, 2012 lease sale generated very little interest from industry. Of the 398 tracts compromising roughly 4.5 million acres, only a total of 14 were purchased by 2 companies totaling a little over 160,000 acres.[22]

Standards for Future Development Within the Reserve

The IAP opens up 11.8 million acres of the Reserve as available for oil and gas leasing. As the BLM continues to move forward with lease sales in the Reserve, we believe that it is critical for the agency to ensure that future infrastructure is located and constructed in the least invasive manner possible to ensure the Reserve's recognized values are protected.

In particular, BLM should act to ensure that decisions about the location and construction of roads and other oil and gas related infrastructure are made pursuant to strong standards. Permanent roads in particular, are a concern, as they can result in a multitude of negative impacts, including destruction of habitat, disturbance of fish and wildlife, displacement of subsistence resources, and increased competition for those resources. Roadless development is now an accepted and viable option, used in many parts of the world including the sensitive tundra wetlands of the Arctic.

During the planning process there was discussion and speculation regarding the potential construction of a western Arctic pipeline to extend across the Reserve to help facilitate oil and gas production in the Outer Continental Shelf. At the same time, the IAP EIS did not analyze impacts of pipeline scenarios. Any future proposal to locate and construct such a pipeline across the Reserve must, therefore, go through a separate permitting process, including an analysis under the National Environmental Policy Act.

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[19] 42 U.S.C. § 6506a.

[20] During his May 14, 2011 Weekly Address, President Obama announced new plans to increase domestic oil production. He directed the Department of Interior to conduct annual lease sales in the National Petroleum Reserve-Alaska. See: *http://www.whitehouse.gov/the-press-office/2011/05/13/weekly-address-president-obama-announces-new-plans-increase-responsible-*.

[21] As of April 4 2013, there are 191 active lease tracts in the NPR–A. See: *http://www.blm.gov/pgdata/etc/medialib/blm/ak/aktest/energy/npra_maps.Par.76062.File.dat/2012 NPR-A Oil & Gas Leases Rpt 02-20-2013.pdf.*

[22] November 7, 2012 NPR–A lease sale bid recap. See: *http://www.blm.gov/pgdata/etc/medialib/blm/ak/aktest/energy/2012K_NPR-A_Lease_Sale_Docs.Par.53369.File.pdf/2012_NPR-9A_Lease_Sale_Bid_Recap.pdf.*

H.R. 1964—The National Petroleum Reserve Alaska Access Act

There are several elements to the draft legislative proposal under review by the Subcommittee on Energy and Mineral Resources (H.R. 1964) "The National Petroleum Reserve Alaska Access Act"). These include provisions that would:

- Effectuate a fundamental change to existing policy in the NPRPA that would undermine the requirement for balance that Congress has appropriately established in law for management of the Reserve, the Nation's single largest land management unit;
- Require the Secretary of Interior put forward a new IAP, thus nullifying the IAP that was the result of multi-year planning process where BLM evaluated the values and uses of the reserve thus forcing DOI to duplicate their efforts and waste considerable resources;
- Establish arbitrary fixed timelines for permit decisions and other authorizations regardless of their complexity;
- Require the Department of the Interior to undertake a redundant study of oil and gas resources within the NPRA after having just recently completed such an analysis.

For all of the reasons discussed above, the provisions of this legislation are neither necessary nor beneficial. I urge the House Subcommittee on Energy and Mineral Resources to defer further action on the proposal.

Conclusion

The Reserve, our Nation's largest unit of public lands, is an extraordinary landscape that contains an exceptional array of internationally significant surface values. The recently completed IAP appropriately balances oil and gas leasing consistent with the long-standing Congressional recognition that the Reserve contains more than just oil and gas. Congress has properly required that oil and gas development in the Reserve should proceed in a manner that balances energy development with other public interests, specifically the protection and conservation of the Reserve's Special Areas and exceptional biological resources. The IAP reflects this intent.

As future development is considered there are important issues of national and local interest regarding where and how any such development is undertaken. Given the immense size of the Reserve, balance can be achieved between development and protection of the Reserve's Special Areas, which contain extraordinary surface values.

The DOI is to be commended for adopting a very fair and balanced approach to resource development and protection of the Special Areas in the Reserve through the approved IAP in concert with the law.

Mr. LAMBORN. You are very welcome. Thanks for being here.

Mr. Spehar.

STATEMENT OF JAMES G. SPEHAR, FORMER MAYOR, GRAND JUNCTION, COLORADO

Mr. SPEHAR. Thank you, Mr. Chairman. It is a pleasure to be here in front of my son's Congressman and my own Congressman, and I thank you for the invitation. I am pleased to be here also, because energy jobs are important in my personal, professional, and public lives. Coal mining brought my great-grandfathers to western Colorado six generations ago. I have owned small businesses in both boom and bust cycles in my home town of Grand Junction, Colorado. I also helped govern my community as a county commissioner, city councilman, and mayor in both good times and bad.

I have worked hard to create good jobs, as a former member of the Colorado Economic Development Commission, and the past board member of our local economic development organization. And I have worked with other communities as a former President of the Colorado Municipal League and a past board member of Associated

Governments of Northwest Colorado, an epicenter of energy development in the West.

What have I learned that is important to today's discussion of H.R. 1965 and H.R. 1394? First, take care of jobs you already have. Next, quality of life ultimately trumps everything else in job recruitment. Third, you can't sustain or develop jobs where markets don't support them. And, finally, never put all of your eggs in one basket.

H.R. 1965 and H.R. 1394 create issues in each of those areas. They seem to prioritize energy development over other uses of our public lands, upending the multiple-use philosophy. That threatens jobs in agriculture, tourism, and outdoor recreation, hunting and fishing, and other existing multi-million-dollar economic drivers that also rely on our Federal lands.

We appreciate every good job where I come from, but have learned the hard way about the dangers of putting most of our eggs in the energy basket. We have experienced four significant boom and bust cycles in my lifetime, and I have personally witnessed three of those cycles. As a result, communities in Mesa County are focused on diversifying our economy.

For western Colorado, conservation has been a critical economic tool and, in Federal policy, must be placed on equal ground with energy development to have long-term sustainable economic growth. One of our significant international manufacturers was introduced to Grand Junction when the owners came to recreate. That reinforces to me that quality of life and access to public lands are important economic tools.

Members of my own family are among ranchers holding public land grazing leases. Water originating on public land irrigates feed crops and sweet corn, wine grapes and fruit trees, and supports significant tourism. Those important job generators rely on public lands and should not be relegated below energy development in the management of those lands.

H.R. 1965 and H.R. 1394 would substitute Federal Government mandates for marketplace realities. The major constraints on production on public lands result from low prices for dry natural gas. The Director of the Energy Information Administration put it this way recently. He said, "Liquids-rich oil shale resources, where we are seeing rapid increases in production, are found largely outside of Federal lands."

We cannot legislate geology. We cannot force companies to shift their focus from the booming fields of the Bakken in North Dakota, or from mostly private lands in the Eastern United States to less profitable Federal lands in the West. Both H.R. 1965 and H.R. 1394 also presume too few drilling permits on Federal lands and too little public land available for leasing. But the U.S. Bureau of Land Management reports that the industry has more than 7,000 permits on public lands that are currently not utilized, also more than 26 million offshore acres and more than 20 million onshore acres that are currently leased but idle.

Unfortunately, the legislation under consideration today would roll back the progress already being felt from 2010 leasing reforms which have reduced protests and created more efficient processes.

H.R. 1965 forces speculative commercial oil shale leasing in the absence of confirmed research demonstrating successful technologies. Mandates and quotas do not offer taxpayers either the best market-based financial return for the use of their public lands, nor the best assurances that necessary protections for water, air, wildlife, and communities are in place. That is why three successive State administrations in Colorado, both Republican and Democrat, have supported requiring completion of RD&D projects prior to commercial leasing.

Our current Governor put it this way when the recent Department of the Interior decision was announced. "We need to be thorough and have a full understanding of potential impacts to the environment and our community," Governor Hickenlooper said, "before we take steps toward large-scale commercial leasing of oil shale."

Western Colorado learned hard lessons about the dangers of government intervention when, despite a $1.2 billion loan guarantee by the Reagan Administration, the last oil shale boom went bust on Black Sunday in May of 1982. Some local communities only recently paid off bond debt from infrastructure for sewer and water built to support that boom.

My purpose is not to argue against a robust and successful oil and energy industry; we all want good jobs, energy independence, and a more certain future. But it is important to remember the lessons of the past. We can do better. Thank you for your time and consideration. I look forward to your questions.

[The prepared statement of Mr. Spehar follows:]

PREPARED STATEMENT OF JAMES G. SPEHAR, FORMER MAYOR AND CITY COUNCIL MEMBER, GRAND JUNCTION, COLORADO, PAST PRESIDENT, COLORADO MUNICIPAL LEAGUE, FORMER MESA COUNTY (COLORADO) COMMISSIONER

H.R. 1965—FEDERAL LANDS, JOBS AND ENERGY SECURITY ACT AND H.R. 1394—PLANNING FOR AMERICAN ENERGY ACT OF 2013

This written submission and my oral comments before the U.S. House of Representatives Subcommittee on Energy and Mineral Resources on the above referenced legislation are informed by many different perspectives.

Energy extraction, coal mining, brought my great grandfathers from Eastern Europe to western Colorado, six generations ago. I have operated small businesses in both boom and bust energy industry cycles in my hometown of Grand Junction, CO, and have helped govern my community, which serves as the headquarters for much of the energy development in northwest Colorado, in both good economic times and bad as a county commissioner and city councilman and mayor. I have learned from other Colorado communities as a board member and past president of the Colorado Municipal League as well as on the board of directors of Associated Governments of northwest Colorado.

My work as a former member of the Colorado Economic Development Commission and helping direct local economic development efforts as a past board member of the Mesa County Economic Development Commission (now the Grand Junction Economic Partnership) reinforced the importance of both job creation and retention.

For nearly two decades, I have done consulting work on growth, energy, economic development, and workforce issues with local governments, their regional associations, State agencies, multi-national energy companies and others. I assisted one of my early clients, Shell, with community outreach in early stages of their oil shale effort prior to the company becoming one of the original holders of multiple research and development leases on Federal lands.

It is because of that varied background that I understand and identify with the efforts of Representative Tipton and Representative Lamborn in their focus on jobs, energy security and the need to plan aggressively for energy development. But my experiences also prompt me to urge caution as the subcommittee considers the approaches to these important issues as contained in H.R. 1965 and H.R. 1394.

In general, these bills appear to prioritize energy development over other uses of our public lands, upending the multiple use philosophy and potentially threatening other important local jobs in agriculture, tourism and outdoor recreation, hunting and fishing and other multi-million dollar economic drivers that also rely on Federal lands. The risk is that we ultimately end up swapping an existing job in historic and less cyclical industries for a new one in an industry known for uncertainty, thus creating a less stable long term local economy.

In western Colorado, the ever-increasing presence of recreation based jobs bolsters the economy. Just as importantly, small businesses, large companies and skilled workers call western Colorado home because of the quality of life provided by access to nearby public lands. Arbitrary leasing quotas would limit multiple uses in favor of the boom and bust nature of extractive industries.

It is also true that public land policies of the current administration have not favored protection over development. President Obama and President George W. Bush have overseen more acres leased for development than have been conserved and the 112th Congress just last year became the first Congress since World War II not to pass a single piece of land conservation legislation.

Since record keeping began by the BLM, more than 95 million acres have been leased for oil and gas development while only 25 million acres have been protected. Balance for the many diverse users that underpin the West's economies must be considered in bills such as those being considered today.

H.R. 1965 and H.R. 1394 also seem to substitute Federal Government requirements for marketplace realities. Right now, the only major constraints on oil and gas production on Federal lands are the result of low commodity prices and the fact that, as Energy Information Administration Director Adam Sieminski testified before the Energy and Commerce Committee last year, rapidly liquids-rich shale where we resources where we are seeing rapid increases in production are found largely outside of Federal lands.

Like it or not, we cannot legislate geology, nor can we force companies to shift their focus to less productive and less profitable Federal lands.

Specific to H.R. 1394, requiring the Department of the Interior to develop a "domestic strategic production objective" for onshore energy production and then "take all necessary actions" to meet that objective could, in a time when supplies are increasing or demand is static, force continuing or perhaps even increasing production leaving local communities vulnerable to chocks from market collapses in those economies, giving a false sense of direction to the future development of those resources and resulting in additional exports that might ultimately threaten rather than assure domestic energy security.

Certainly subcommittee members are aware that, despite efforts to increase domestic energy production and decrease reliance on imported energy supplies, one of our Nation's fastest growing exports is finished fuel products. U.S. exports of all finished fuels have more than doubled since 2006, averaging 107 million gallons per day for the first 8 months of 2012 and removing from the domestic market gasoline and diesel that might otherwise result in lower pump prices and reduced dependence on foreign imports. According to the Energy Department, the United States is a now a net exporter of fuel for the first time since 1949,

Just last Friday, May 17, acknowledging a glut of natural gas as a result of increased domestic production, the Department of Energy gave permission for a terminal in Freeport, Texas, that was originally built to handle imports of liquid natural gas to instead ship LNG to Japan. Fourteen other domestic terminals are reportedly seeking export permits. If all are approved, their total capacity would be 28.7 billion cubic feet per day according to a Barclays's report.

That means the United States could export more than 40 percent of the 70.1 billion cubic feet per day the Energy Information Administration estimates will be produced by domestic gas wells in 2014.

All of which begs the question of whether it is wise to attempt to force increased energy production on Federal lands when much of that product will flow overseas, creating short term economic gain but reducing domestic supplies, increasing consumer costs at home and diminishing prospects for U.S. energy independence.

Western Colorado learned the hard way about the dangers of government intervention without having the market solidly on your side when billion dollar loan guarantees and promises of a booming work force came crashing down on "Black Sunday" in May 1982, leaving communities liable for local infrastructure costs, some of which have only recently been paid off.

Both H.R. 1965 and H.R. 1394 also appear to presume too few necessary drilling permits on Federal lands and too little public land available to be leased for energy development. The U.S. Bureau of Land Management reports that the industry has accumulated more than 7,000 permits on public lands that are currently not being

utilized and more than 26 million offshore acres and more than 20 million onshore acres that are currently leased but idle.

A Recent Congressional Research Service Report which gained media attention explained the Federal permitting question as follows: "Some critics of this lengthy timeframe highlight the relatively speedy process for permit processing on private lands. State agencies permit drilling activity on private lands within their State, with some approving permits within 10 business days of submission. But oftentimes, some surface management issues are negotiated between the oil producer and the individual land/mineral owner. A private versus Federal permitting regime does not lend itself to an "apples to apples" comparison."

That same report questions the need for Federal policies like the bills under consideration today stating, "There is however, continued interest among some in Congress to open more Federal lands for oil and gas development and increase the speed of the permitting process. But having more lands accessible may not translate into higher levels of production on Federal lands, as industry seeks out the most promising prospects and highest returns."

The legislation under consideration today, I would assume, is meant to make the system more efficient. Yet the practical implications of many of the provisions proposed would have the opposite effect. In western Colorado, a number of recent leasing proposals have drawn controversy not from environmentalists but by interests ranging from farmers and ranchers to municipal water providers, Republican county commissioners and even archeological concerns. Proposals put forth by the Colorado BLM Director have even included leasing a local town dam, and in areas where new forms of organic farming exist, sparked by the demand for organic produce that the market has called for in recent years, that didn't exist 30 years ago when the original Resource Management Plan was written.

Colorado has been woefully behind other States, even Utah and Wyoming, in instituting many of the leasing reforms developed in 2010. These reforms have been driving down protests and making for a more efficient and shorter process for industry elsewhere in the country, but because Colorado hasn't moved forward with tools such as Master Leasing Plans, the process has remained troubled and inefficient for all parties involved. Unfortunately, the legislation under consideration today would roll back the progress already being felt by the 2010 leasing reforms.

According to the BLM "The percentage of BLM leases protested declined again in fiscal year 2012, which ended Sept. 30, continuing a trend that began in 2009. Protests were lodged on fewer than 18 percent of the 2,064 parcels offered for sale during FY 2012, the lowest percentage since FY 2003, when the filing of protests began to accelerate. Protests, which can cause delays, court battles and increase development costs, reached a high of more than 47 percent in 2009. In response to this gridlock, in May 2010, Interior Secretary Ken Salazar undertook reforms to the leasing program that have resulted in fewer protests."

It is also worth asking if forced leasing, either by requiring specific percentages of land to be leased for drilling or by speculatively leasing Federal land for oil shale development in the absence of confirmed research demonstrating successful technologies, offers taxpayers either the best market-based financial return for use of their public lands or the best assurance necessary protections are in place.

While efficiency ought to be the goal of all of us who have been involved in government at every level and a reasonable expectation on the part of those we serve, getting things done as quickly at the lowest cost should not come at the expense of public safety, environmental responsibility or by shifting the burden to existing local taxpayers for infrastructure and services required by industry.

For many years, the avowed goal for research, development and demonstration projects in the oil shale industry, as repeatedly stated by industry leaders, has been to create technologies and processes that are environmentally responsible, socially acceptable and economically sustainable. There has also been an expressed desire for certainty that, if successful in meeting those stated goals, they will be allowed to proceed with profitable production.

Let me suggest that environmental responsibility, social acceptability, economic sustainability and certainty regarding infrastructure and service expectations are just as important for the communities that host energy industries. In some important respects, H.R. 1965 would hinder achievement of those goals.

Merely increasing the speed does not assure the journey will be successful. Fast-tracking commercial leasing for oil shale development is problematic for several reasons.

It ignores the fact that most major companies involved in the research, development and demonstration projects continue to say a commercial production is 7–10 years in the future, something they've been saying ever since I first began my own oil shale work more than 15 years ago.

It ignores the fact that technical issues, not lack of availability of land or burdensome regulations, have caused more than a year's worth of delay in firing up the heaters for the AMSO/Total research, development and demonstration project in northwest Colorado.

It does not recognized that in Utah, where companies such as Red Leaf and Enefit intend to use modern versions of older mining and retorting technologies, those companies are several years away from production despite having access to State, Federal and private lands sufficient to sustain their planned operations for many decades.

That is also true in Colorado, where newer in situ processes are being tested. Anticipated conversion of acreages available to Colorado RD&D lessees who might eventually demonstrate successful technologies will also allow profitable long term operations while creating market based cost structures for additional leasing, providing more realistic returns to taxpayers for minerals extracted from public lands.

H.R. 1965 fails to acknowledge that easier opportunities using existing technologies such as hydraulic fracturing have brought new shale oil and shale gas, products entirely different from oil shale, into the market, impacting market supplies and prices and therefore making the economics of heating rock to produce liquid that must then be refined into usable oil even more difficult.

Speculatively leasing large tracts of land for commercial oil shale development while at the same time short-circuiting the review process and limiting public participation in it presumes supposed benefits before viable technologies assure success while ignoring the necessity of dealing proactively with impacts.

On the ground, the reality is that local communities must provide services and infrastructure to support oil shale development, impacts which peak during the construction and start up phases long before revenues from production royalties and property taxes on new facilities kick in. That leaves existing local taxpayers and their governments on the hook absent some mechanism for up-front assistance.

Though the last oil shale boom-bust cycle demonstrated the need for that sort of help, there is no mechanism in H.R. 1965 to provide for advance payments against future royalties, lease bonus payments, or other methods of assisting local governments in hosting a significant start up industry in the 3–5 years before that industry begins to pay its own way.

Nor is there any mechanism to do as community leaders from northwest Colorado have been requesting since 2009 and commission a study of the potential cumulative impacts of imposing a commercial oil shale industry on top of existing energy and energy-supporting industries that include natural gas exploration, development and processing as well as pipeline construction, coal mining and power generation. Absent such a pro-active study, it appears that consideration of these impacts will be relegated to a shortened and much-restricted analysis under H.R. 1965 with reduced opportunity for public participation.

It is also unfortunate that H.R. 1965 would revert the oil shale regulatory scheme back to the rules of the Bush Administration, subverting a years-long review now in the final stages of resolution. The BLM's own 2008 Programmatic Environmental Impact Statement (PEIS) acknowledges the lack of then-current information available regarding many issues. Subsequent analysis has brought an improved understanding in many areas and is reflected in the updated PEIS and proposed rules and regulations.

Of particular concern is the royalty structure contained in the 2005 Energy Policy Act, cutting initial oil shale royalty rates by more than half. Half of royalty payments are returned to States and local governments where the activity occurs. Reducing those rates diminishes the financial ability of local communities to support infrastructure and services a new industry finds necessary to create and sustain jobs.

At a minimum, royalty rates for oil shale should equal the 12.5 percent charged for other minerals on Federal lands. Even then, the partial distribution of those assessments on production back to State and local governments will come 3–5 years after they have faced increased infrastructure and service costs associated with the heaviest impacts, which occur during the construction and start-up phases. Anything less than 12.5 percent exacerbates that problem, unreasonably burdens current taxpayers and could have a potential negative impact on existing sustaining industries.

We are all in favor of good jobs, energy independence and a more promising future. But it is important to remember the lessons of the past, when haste and Federal pressures fostered the oil shale boom that ended with the economically disastrous "Black Sunday" bust in May of 1982.

That is why the administrations of three Colorado governors, both Democrat and Republican, have argued at home and here in Washington as the 2005 Energy Pol-

icy Act and the 2008–2009 oil shale leasing rules were being promulgated, for a deliberate research and development-based process of determining the ultimate viability of oil shale development. That strategy is not apparent in H.R. 1965.

The purpose of my oral and written testimony is not to argue against a robust and successful energy industry, but only to make certain that inevitable impacts and community needs are given equal consideration as we move forward. I thank you for inviting me and for your time and consideration.

Mr. LAMBORN. OK, I want to thank all of you for being here, and for your testimony.

And for Ms. Miller and Mr. Spehar, I like the fact that you mentioned balance. That is what we are here for, to try to strike the right balance. I think, if we are careful, we can do it all. We can recreate, we can preserve, but we can use resources to supply energy to help our economy if we are careful and smart in how we do it. So, I also think this pendulum has swung too far toward no production and slowing production down. That is why my bill and some of the other bills are before us today.

But let me turn to you, Mr. Glenn. And you have come a long ways also, I appreciate that. And you, Ms. Miller, have come a long ways, 5,000 miles, that is a long set of airplane flights.

Mr. Glenn, you said that in drafting the final IAP there was insufficient meaningful consultation by the BLM with native land owners and municipalities after the record of decision had been authored. Can you elaborate on why this was insufficient, in your opinion?

Mr. GLENN. Sure, thank you. There are millions of acres of land owned by the village corporations and the regional corporation. We don't have Indian reservations in Alaska. Instead, Congress has established these corporations, and each of us who are Native Alaskans are members, or shareholders of the corporations. They are land owners within the NPR–A.

And then there are cities, city councils, tribal councils, and then our municipality, the real lion of residents, quality of life services, is the North Slope Borough. And you heard from the mayor earlier. None of these groups were sufficiently consulted with the BLM before the record of decision was created.

Now, to their credit, since the record of decision they have promoted the idea of a working group in NPR–A that includes all of those groups that I just mentioned. It is just a shame that rubric was not created before the record of decision was made. So we think they were selective in who they talked to, and they didn't talk to native land owners or municipalities.

Mr. LAMBORN. OK, thank you. Mr. Ekstrom, I am going to ask you a question I have asked many other witnesses in similar hearings in the past. You describe how to get a permit on Federal service lands takes almost 300 days, 298 days, and yet it is a lot better dealing with States, with State land or States with private land. Can you explain why there is such a difference?

Mr. EKSTROM. Mr. Chairman, I can. The State regulators are much closer to their constituents than Federal regulators, and they understand and advocate for the economic value that accrues to the State when the permit is issued, and when the development occurs. Frequently, with the overlay of Federal permit in addition to a State permit being required, you have stipulations and you have

kind of a one-size-fits-all mentality that requires an incredible amount of satisfying bureaucracy that typically does not apply to a specific area within perhaps North Dakota or Colorado.

The specific area I referred to on my map is the Pawnee Grasslands, which is largely developed and has a lot of producing property on it. And we are talking about a permit that might be for 40 acres that is inside of a drilling unit. Why that takes so long, I am not aware. But we suspect that part of it has to do with the culture within the organization that we have applied for the permit to.

Mr. LAMBORN. Also, as a follow-up, if the Federal process were streamlined, as the legislation would lead to, would there be more interest in exploring and developing energy on Federal lands, which I believe would lead to more income to the Treasury and a boost to the economy?

Mr. EKSTROM. Mr. Chairman, there is no question about that. Our mandate internally at the organization which employs me is that we will avoid Federal acreage as much as possible, due to these unseemly delays that do not employ capital effectively. Our capital, our expenditures, seek their most efficient use. And so, the Federal acreage is not an efficient use, so it is naturally drawn to State and private acreage instead.

Mr. LAMBORN. OK, thank you. Representative Holt?

Dr. HOLT. Thanks. Mr. Spehar?

Mr. SPEHAR. Yes.

Dr. HOLT. First, Mr. Lamborn previously introduced a bill similar to H.R. 1965 that ensured that the percentage of fees collected for wind and solar energy right-of-way authorizations would be used "to facilitate the processing of wind energy and solar energy permit applications on BLM lands." In other words, the money collected would be used for renewable energy permitting.

In the current version, H.R. 1965, as introduced, Section 112 says that the revenues would be used by Interior specifically—it no longer says that the revenues would be used specifically for this permitting. What do you think about that change?

Mr. SPEHAR. Well, obviously, Congressman Holt, there needs to be sufficient funding to assure that these permits and applications are processed in a timely manner. All of us, whatever level of government, want to see efficiency and all of that.

My concern about royalty rates and all of that in the legislation is that they anticipate reducing royalty rates to encourage production. The problem with that is that half of those royalties are supposed to flow back to State and local governments, to allow them to deal with the impacts of the production. And discounting those royalty rates takes money out of the hands of the local governments and the State governments. It is intended to help feed the beast, if you will. The——

Dr. HOLT. But for the royalties that go back to the BLM, you don't particularly advocate that they be used, then, for renewables?

Mr. SPEHAR. I really haven't looked deeply into that issue.

Dr. HOLT. OK, thanks. Ms. Miller, you note in your testimony that more than three decades ago Congress required that the Secretary assume responsibility for protecting significant subsistence, recreational, fish, wildlife, or historical or scenic values. Now, of course, what Congress does Congress can undo. And I suppose we

could absolve the Secretary from that responsibility to protect significant recreational fish, wildlife, and historical values.

But recognizing that still stands, do you think that H.R. 1964 would undermine that decades-old requirement to balance energy development with environmental protection, historic preservation, recreational, and other use——

Ms. MILLER. I do. I think it——

Dr. HOLT [continuing]. In the NPR–A?

Ms. MILLER. I do think it undermines it from the standpoint that the Department of the Interior just spent 2½ years, through a public process involving 400,000 comments—I attended the scoping hearings in Alaska, I provided written testimony for the public hearings on the proposed alternatives. When I went to the scoping hearing there were 50 people in the room that all offered comments about this plan. They worked very hard at this, as far as getting input from Alaskans.

I also would add, too, that there are 40 villages in Northern Alaska and Interior Alaska that depend on the Western Arctic caribou herd, and this is a herd that numbers about 350,000. It has a range that is the size of Montana. We are talking a huge area. So there are many villages that depend on this herd for a subsistence harvest resource. And those villages, representatives from many of those villages made up what was called the Western Arctic Caribou Herd Working Group, and they made recommendations to the BLM. They also passed 30 different resolutions reflecting 90 communities that supported the recommendations in the integrated activity plan, supporting the protection of the Utikok special area for the caribou, for the nursery grounds, supporting Teshekpuk Lake, which is also important for the Teshekpuk caribou herd for——

Dr. HOLT. And specifically with this language, do you think it undermines the Secretary's responsibility——

Ms. MILLER. Well, it——

Dr. HOLT [continuing]. That we gave——

Ms. MILLER [continuing]. Clearly undermines it. It——

Dr. HOLT. Secretary——

Ms. MILLER [continuing]. Throws out a good, balanced, 50/50 plan, which provides 11.8 million acres open for oil and gas leasing, or 72 percent of the oil resources would be available to industry to extract, 11 million acres would be protected. And these are the most sensitive, biologically important lands, these special areas in the Reserve. One of them, the Kasegaluk Lagoon, actually was established under George W. Bush, under his Administration.

The other four, extremely important habitat for caribou, for birds that come from six different continents if you go throughout the Reserve, grizzly bears—we are talking a rich land. And the archeological values, there is no place like the Reserve in terms of ancient history of indigenous people, the very first people that——

Dr. HOLT. Thank you for coming all this way and presenting your good testimony.

Ms. MILLER. Thank you very much.

Mr. LAMBORN. OK. Representative Tipton?

Mr. TIPTON. Thank you, Mr. Chairman, and I would like to particularly welcome two Coloradoans. And one in particular out of our district, Mr. Spehar. Thanks for being here.

I did want to be able to clarify one point. In page two of your testimony in reference to H.R. 1965 and 1934, you state that the legislation seems to prioritize energy development over other missions under the BLM. Can you point in the bill, H.R. 1394, where it prioritizes?

Mr. SPEHAR. Without digging into the piece of legislation here, I think in my mind, Congressman Tipton, the tone of it seems to elevate energy development above some of these other important economic drivers that we have. I am certain that is not your intent, and I——

Mr. TIPTON. It is not. The good news of legislation is if you don't prioritize it, it is not there. And if we do look—and I had pointed out to Ms. Connell, and it is just really for informational purposes, in Section 2(a)1 of the bill we specifically note that this is going to be a balanced approach, we do not circumvent any of the FLPMA process or the balanced approach for the BLM. It is simply to be able to responsibly develop these resources and to be able to get people back to work in our area. And coming out of Grand Junction, one of the highest unemployment rates in our district and in our State, I know you understand the importance of that.

So, Mr. Ekstrom, I would like to be able to talk to you, because you had talked really about jobs and responsible development of these resources. We have colleges right now that are graduating students that are now able to look for work. Just how important is accessing and responsibly developing these resources? How important is this to job creation?

Mr. EKSTROM. Mr. Chairman, I believe it is fundamental to job creation. We have had this experience in North Dakota and dramatically demonstrated, we have a National Energy Center of Excellence established at Bismark State College. We have had a Department of Petroleum Engineering established at the University of North Dakota. The first graduates are coming out of there. They were recruited 2 years previous, when they were enrolled in this program. They were encouraged to bring their fellows with them. The University of North Dakota now has approximately 40 enrollees in petroleum engineering, where the program did not exist 5 years ago. So it is fundamental.

In addition, what we are seeing is certificated employees coming out of the Bismark State College, 2-year certificates, associate degrees that are technically adept and technically trained to do the jobs that we have in the field. They are hired immediately. We have an unemployment rate that is effectively zero unemployment in North Dakota. The official number is somewhere around 2 percent. By promoting and advocating this development within the country in a reasonable and responsible way, we are able to put to work anyone who wishes to work. With the ability to pass a drug test and possession of a valid driver's license, you can get a job in oil and gas.

Mr. TIPTON. So, do you think that a comprehensive, responsible, all-of-the-above energy plan that is laid out in H.R. 1394, is that going to be able to help put people back to work when we need jobs in this country?

Mr. EKSTROM. Mr. Chairman, without question it will dramatically improve the job outlook in this country.

Mr. TIPTON. These are good-paying jobs. I think that oil and gas industry, the average mean wage is $92,000. You think a few college graduates might like that?

Mr. EKSTROM. The professional wage is approximately that. Those are graduates from the Colorado School of Mines. The average wage for all workers in oil and gas in the Intermountain West is approximately $65,000.

Mr. TIPTON. Good jobs.

Mr. EKSTROM. Yes.

Mr. TIPTON. One thing I think we are all concerned about when we fill up at the gas pump, when we are trying to pay our bills at home, is the idea of what the cost is of the fuels that we are paying for. Is it a false assumption to assume that if we are creating this energy on American soil, even though we are part of the global economy, that we wouldn't see prices actually drop in this country?

Mr. EKSTROM. Representative Tipton, there is no question about that. A dramatic increase in supply generally leads to a dramatic decline in price.

Mr. TIPTON. Thank you, and I yield back.

Mr. LAMBORN. OK. I want to thank the witnesses for being here and for giving your testimony. Members of the Committee may have additional questions for the record, and I would ask that you respond to these in writing.

Before we adjourn, I want to ask you——

Dr. HOLT. Before you adjourn, may I ask for a colloquy with the gentleman from Colorado?

Mr. LAMBORN. Can you both do that after we adjourn, just to each other?

Dr. HOLT. I thought it would be good to have it on the record.

Mr. LAMBORN. I have got some deadlines here. Sorry about that.

Mr. TIPTON. But I would be happy to visit with you any time.

Mr. LAMBORN. I would ask unanimous consent that we also enter into the hearing record a letter from the Wilderness Society dated today, May 22.

If there is no objection?

[The lettter submitted for the record by Mr. Lamborn follows:]

LETTER SUBMITTED FOR THE RECORD BY THE HONORABLE DOUG LAMBORN FROM THE WILDERNESS SOCIETY

MAY 22, 2013.

The Honorable DOUG LAMBORN, *Chairman,*
Subcommittee on Energy & Minerals,
Committee on Natural Resources,
U.S. House of Representatives,
Washington, DC 20515.

The Honorable RUSH HOLT, *Ranking Member*
Subcommittee on Energy & Minerals,
Committee on Natural Resources,
U.S. House of Representatives,
Washington, DC 20515.

DEAR CHAIRMAN LAMBORN AND RANKING MEMBER HOLT:

The Wilderness Society respectfully requests that this letter regarding: H.R. 1964, the *"National Petroleum Reserve Alaska Access Act";* H.R. 1965, the *"Federal Lands Jobs and Energy Security Act";* and, H.R. 1394, the *"Planning for American Energy Act of 2013"* be included in the May 22, 2013, Subcommittee on Energy and Minerals hearing record regarding these three bills.

Introduction

As with almost identical proposals considered by this Subcommittee last year, these three bills are "solutions in search of a problem." They are based upon at least three false premises: first, that current Federal policies are unnecessarily hindering oil and gas development on onshore Federal lands; secondly, that passage of these bills will create significant numbers of jobs; and third, passage will somehow lower the price of gas and oil to consumers. None of these premises are true.

Today, the domestic oil and gas industry is thriving. The industry controls Federal leases on over 37 million acres of Federal public lands; they have operations on over 12 million acres of Federal onshore leases; two-thirds of all onshore acres leased remain inactive despite the increase in overall production; there are over 96,000 producing oil and natural gas wells on our public lands; thousands of Federal drilling permits are approved each year; and though the industry has acquired thousands of Federal drilling permits over the past several years, they are sitting on nearly *7,000* approved Federal drilling permits that, for reasons known only to itself, it is not using. And, while domestic natural gas prices are at historic lows, the persistent high price of gasoline is determined by world oil market dynamics, not by how much Federal land is made available for leasing, or by how many Federal drilling permits are issued in each year.

Though none of these bills will result in lower energy prices for consumers, if passed they would increase the risk of harm to other natural resource values from oil and gas operations on Federal lands, reduce the opportunities for the public to participate in oil and gas management decisions, and make oil and gas extraction activities the *de facto* highest priority use of Federal public lands. They would repeal the recent reforms in the Bureau of Land Management's (BLM) oil and gas leasing and development policies. These reforms were adopted to create more certainty about where leasing and development is appropriate on the public lands, and were badly needed to restore a semblance of balance between the BLM's dual responsibilities to facilitate the careful development of our publicly-owned oil and gas resources, and to protect the multitude other natural resource and environmental values that these lands harbor.

Additionally, one of the bills—H.R. 1965—minimizes, eliminates and penalizes public participation in leasing and drilling decisions on our public lands, thereby undermining the legitimacy of a decision-making process that gives the owners of these lands—the public—the right to participate in decisions about how our public lands are managed. If passed, these bills would turn us back to the days when energy policy was dominated solely by oil and gas development instead of an approach which recognizes that multiple use requirements needed to accommodate balance and resolve competing energy, conservation, and recreational values of our public lands.

There is simply no reason for Congress to place its thumb on the scale to advantage one user of our public lands—the oil and gas industry—over all others, as these bills would do. Our specific comment's on the three bills follows.

H.R. 1964

We oppose passage of H.R. 1964 for the reasons set forth below.

Sec. 5 of the bill would nullify the existing record of decision, integrated activity plan (IAP), and environmental impact statement (EIS) and give the Secretary of the Interior 6 months to come up with a new IAP/EIS that promotes "maximum development of oil and gas resources." The new IAP/EIS would be required to select one of the alternatives analyzed but not selected in the 2012 EIS, any of which would result in an additional loss of 20–33 percent of high-value caribou calving habitat. In other words, the bill seeks to legislate the EIS's outcome.

The 2012 plan was based on sound scientific research that analyzed wildlife distribution and uses of the important habitat within the NPRA, as well as subsistence use by numerous Native communities. The plan's protective measures were informed by over 400,000 comments from scientists, conservation groups, and Native communities. The plan balances conservation and development interests, and allows for oil and gas leasing on 11.8 million acres containing 72 percent of NPR–A's economically recoverable oil.

Sec. 3 would unnecessarily require the Secretary to hold at least one lease sale annually (from 2013 to 2023) in areas of NPRA most likely to produce commercial quantities of oil and natural gas. This is an unnecessary provision as President Obama directed the Department of the Interior in 2011 to hold annual lease sales within the NPRA.

Sec. 4(a) of the bill would require Federal agencies to "facilitate and ensure permits" for all surface development activities, including for the construction of pipelines and roads. Sec. 4(c) would require the Secretary of the Interior to submit to

Congress a plan providing for rights-of-way for "pipeline, road, and any other surface infrastructure that may be necessary" to ensure that "all leasable tracts in the Reserve are within 25 miles of an approved road and pipeline right-of-way."

The bill presumes that roads are required for NPRA development including alongside transmission pipelines. There are no roads alongside several long-distance transmission pipelines on the North Slope, nor are roads used to access every North Slope oil and gas prospect.

Sec. 4(b) would require permits for roads and pipelines associated with a project to be issued within 60 days of approving a permit to drill, and within 6 months of the application for the permit to drill. Sec. 7(2)(B) appears to require *all permits* to be issued within 60 days of the submission of an application. Based on the language of Sec. 7, it is not clear whether the Secretary would have authority to deny a permit application. Regardless, 60 days is not enough time to assess the permanent impacts on the landscape and wildlife populations associated with a proposed road and obtain public comments under the NEPA.

Sec. 6 would require the Secretary of the Interior to issue new regulations within 6 months to "establish clear requirements to ensure that the Department of the Interior is supporting development of oil and gas leases in the National Petroleum Reserve-Alaska." This language is vague, and it is not clear how it would be interpreted. The Department of the Interior already has regulations providing specifically for oil and gas leases in NPRA (*See* 43 CFR Pt. 3130. *See also* 43 CFR 2360, Subpart 2361 (Management and Protection of the National Petroleum Reserve in Alaska) . Since the bill only amends Section 107(a) of the Naval Petroleum Reserves Production Act (NPRPA) of 1976 (42 U.S.C. 6506a(a)), the regulations would still need to adhere to language elsewhere in NPRPA calling for protection of the environment.[1]

Sec. 8 would require the U.S. Geological Survey, in cooperation with the State of Alaska and the American Association of Petroleum Geologists, to complete within 2 years "a comprehensive assessment of all technically recoverable fossil fuel resources" within NPRA, "including all conventional and unconventional oil and natural gas." In 2002, the U.S. Geological Survey estimated mean volumes of 9.3 billion barrels of oil (BBO) and 55.7 trillion cubic feet (TCFG). In 2010, USGS reduced this estimate to 896 million barrels of oil (MMBO) and about 53 trillion cubic feet TCFG. The 90 percent reduction of estimated oil reserves was due in part to "recent NPRA exploration drilling which found gas rather than oil."[2] With limited new drilling in recent years, a new assessment is unlikely to show greatly different results than what was found in 2010.

In summary, the new NPRA integrated activity plan provides an exemplary balance between oil and gas development on the NPRA with the protection of wildlife and wild land values. It is a "win-win" solution for both the oil and gas industry and protection of the environment. We see no reason for Congress to move forward with H.R. 1964, which would unnecessarily undermine the balanced approached to oil and gas development in the NPRA established by the new integrated activity plan.

H.R. 1965

Sec. 111 of H.R. 1965 unnecessarily constrains the BLM's ability to appropriately review the contents of Applications for Permits to Drill (APDs) beyond the statutory timeframes already established under Sec. 366 of the Energy Policy Act of 2005 (EPCA). Worse, the provisions provides for the automatic approval of an APD after 60 days, if the agency has not made a decision on it by then. The rationale for this provision is based on the false premise that quicker action on APDs by the BLM will result in more drilling projects getting underway faster than under the BLM's present practices. That assumption ignores the fact that the oil and gas industry has obtained from the BLM nearly 7,000 more drilling permits than it is using.

Sec. 121 is apparently intended to discourage citizens from exercising their right to administratively appeal oil and gas leasing and permitting decisions by requiring

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[1] *E.g.,* 42 U.S.C. 6504(a) ("Any exploration within the Utukok River, the Teshekpuk Lake areas, and other areas designated by the Secretary of the Interior containing any significant subsistence, recreational, fish and wildlife, or historical or scenic value, shall be conducted in a manner which will assure the maximum protection of such surface values to the extent consistent with the requirements of this act for the exploration of the reserve."); 42 U.S.C. 6506a(b) ("Activities undertaken pursuant to this act shall include or provide for such conditions, restrictions, and prohibitions as the Secretary deems necessary or appropriate to mitigate reasonably foreseeable and significantly adverse effects on the surface resources of the National Petroleum Reserve in Alaska.").

[2] USGS Economic Analysis Updated for the National Petroleum Reserve in Alaska (NPRA) (May 4, 2011), available at *http://www.usgs.gov/newsroom/article.asp?ID=2784.*

citizens to pay a $5,000 "documentation fee" for all protests of leases, rights of way, or APDs. Of course, most citizens who may be affected by oil and gas leasing and permitting decisions on the public lands do not have the financial resources of the oil and gas industry to represent their interests in such matters, so the $5,000 fee is effectively a penalty assessment for citizens seeking to merely exercise their right to appeal.

In furtherance of the notion that energy development, and in this case oil and gas development, should be the predominate use of our Federal public lands, Sec. 202 of H.R. 1965 requires that the BLM offer for lease at least 25 percent of all lands nominated by the oil and gas industry each year, prohibits the issuance of leases on these lands from being protested, and prohibits the applicability of NEPA to leasing decisions on these lands. It also requires the BLM to make available all lands that are currently "open" to leasing under existing land use plans within 18 months of enactment. It requires the BLM to offer leases in areas undergoing land use plan revisions, thereby severely inhibiting the agency's discretion to protect the host of other resource values that the agency is responsible for addressing under the Federal Land Policy and Management Act. And Section 205 overturns Instruction Memorandum 2010–117, which re-established the policy that oil and gas development is one of many multiple-uses of the public lands that the BLM is responsible for managing under the Federal Land Policy and Management Act.

Subtitle D of the bill advances the idea that energy development is the highest priority use for onshore Federal public lands in a number of unfortunate and unnecessary ways. It severely undermines judicial review opportunities pertaining to energy projects on Federal lands by limiting venue, the filing period for court actions, the standard of review, injunctive relief, and by eliminating attorney fees under the Equal Access to Justice Act. For example, Sec. 142 states that, "In any judicial review of a covered civil action, administrative findings and conclusions relating to the challenged Federal action or decision shall be presumed to be correct, . . ." This remarkable, prejudicial, and probably unconstitutional language directs the court's review of cases challenging energy development decisions regardless of the overall merits of a plaintiff's complaint. Section 146 goes on to improperly narrow the scope of injunctive relief available to the courts, including arbitrarily limiting such relief to 60 days, with limited opportunities for relief periods to be briefly extended. Finally, Section 147 prohibits the award of attorney's fees under the Equal Access to Justice Act for plaintiffs who successfully challenge energy project decisions.

In summary, Title II of H.R. 1965 allows the oil and gas industry to make management decisions for the public lands owned by all Americans, rather than have those decisions made by the Federal agency charged with the responsibility of being stewards of these lands for all of us. It encourages the industry to speculate and "lock up" lands with marginal or non-existent development potential, which then hamstrings the BLM's ability to protect other values of the public lands. Moreover, the bill bars citizens—the owners of these lands—as well as other interested parties, like State and local governments, from administratively protesting leasing decisions if leases were improvidently issued. And drilling permit applications on those lands are automatically eligible for "categorical exclusion" from review under the National Environmental Policy Act under the auspices of Sec. 390 of the Energy Policy Act of 2005, with no additional environmental review or opportunities for public input.

Title III essentially codifies the Bush Administration's oil shale leasing policy, a policy that would have unnecessarily made millions of acres of Federal lands containing oil shale deposits available for disposal to oil shale speculators. As we have noted before, millions of acres of oil shale resources are already under the control of private entities (see, *National Strategic Unconventional Resource Model,* U.S. Department of Energy Office of Petroleum Reserves, April 2006, p. 6.), including oil shale deposits on public lands, representing hundreds of billions of barrels of oil equivalent. Yet, no successful commercial oil shale development has ever occurred on these lands. So there is no factual basis to the presumption that the only thing holding back a commercial oil shale industry is the lack of a commercial Federal leasing program.

H.R. 1394

Finally, with respect to H.R. 1394, although the general idea that the Federal Government should strategically plan for energy development on the public lands is a laudable one, the bill unfortunately prioritizes fossil fuel development over renewable energy development, and—as with H.R. 1965—essentially elevates energy development as the highest priority use of our public lands.

Both H.R. 1965 and H.R. 1394 undermine Congress' basic statutory directive to the BLM for how our public lands should be managed. That direction is found in

Section 102(a)(8) of the Federal Land Policy and Management Act, sometimes known as "FLPMA's Golden Rule":

It is the policy of the United States that the public lands be managed in a manner that will protect the quality of scientific, scenic, historical, ecological, environmental, air and atmospheric, water resource, and archeological values; that, where appropriate, will preserve and protect certain public lands in their natural condition; that will provide food and habitat for fish and wildlife and domestic animals; and that will provide for outdoor recreation and human occupancy and use.

Since H.R. 1965 and H.R. 1394, if enacted, would make energy development the highest "single use" of our Nation's public lands, we strongly oppose these bills.

Sincerely,

DAVID ALBERSWERTH,
Senior Policy Advisor.

Mr. LAMBORN. And if there is no further business to come before the Committee, the Committee stands adjourned.

[Whereupon, at 12:19 p.m., the Subcommittee was adjourned.]

[Additional Material Submitted for the Record}

The following material submitted for the record has been retained the the Committee's official files.

By William W. Britain:

—EnergyNet backgroung brochure
—EnergyNet, MARKETPLACE QUARTERLY, 1st QUARTER, 2013
—EnergyNet, MARKETPLACE QUARTERLY, 2nd QUARTER, 2013
—EnergyNet, The BLM Live Internet Auction Act: The dicsussion of the benefits this legislation could bring to the Bureau of Land Management, *http://www.energynet.com/blm—internet—auction.pl*
—EnergyNet, The Continuous Oil & Gas Property Marketplace, Harvard Professor Market Analysis
—ENERGYNET.COM, INC., Committee Report, Oil and Gas Lease Internet Auction Pilot (OGLIAP), Kevin McDonald, 10/12/2009
—ENERGYNET.COM, INC., Post-Sale Statistical Analysis Oil and Gas Lease Internet Auction Pilot (OGLIAP), Kevin L. McDonald, 9/21/2009
—ENERGYNET.COM, INC., Updated Research and Industry Feedback Oil and Gas Lease Internet Auction Pilot (OGLIAP), 3/3/2010
—The following Web site URL leads to a 10-minute video presentation regarding the benefits of the BLM Live Internet Auctions Act: *http://www.energynet.com/blm_internet_auction.pl*

BY: Deborah S. Miller:

—ON ARCTIC GROUND, Tracking Time Through Alaska's National Petroleum Reserve

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