

Subcommittee on Energy and Mineral Resources

Paul Gosar, Chairman
Hearing Memorandum

September 1, 2017

To: All Subcommittee on Energy and Mineral Resource Subcommittee Members

From: Majority Committee Staff, Ashley Nichols (x5-9297)
Subcommittee on Energy and Mineral Resources

Hearing: **Legislative hearing on H.R. 2907 (Rep. Scott Tipton)**, To amend the Mineral Leasing Act to require the Secretary of the Interior to develop and publish an all-of-the-above quadrennial Federal onshore energy production strategy to meet domestic energy needs, and for other purposes.
September 6, 2017 at 10:00 AM; 1334 Longworth HOB

H.R. 2907 (Rep. Scott Tipton), “*Planning for American Energy Act of 2017*”

Summary of the Bill

On June 23, 2017, Representative Scott Tipton (R-CO) introduced H.R. 2907, the Planning for American Energy Act of 2017. This bill directs the Secretary of Interior to develop an all-of-the-above energy production plan strategy for all onshore Federal lands every 4 years.

Cosponsors

Rep. Paul Gosar (R-AZ)

Invited Witnesses

Mr. A.J. Ferate

Vice President of Regulatory Affairs
Oklahoma Independent Petroleum Association
Oklahoma City, Oklahoma

Mr. John Ruple

Associate Professor of Law (Research)
Wallace Stegner Center Fellow
University of Utah S.J. Quinney College of Law
Salt Lake City, Utah

Mr. Mike Smith

Executive Director
Interstate Oil and Gas Compact Commission
Oklahoma City, Oklahoma

Mr. Paul Ulrich
Vice Chairman
Petroleum Association of Wyoming
Casper, Wyoming

Background

Under current law, the Administration is required to submit to Congress a plan for the offshore oil and gas leasing program every five years.¹ This requirement ensures that comprehensive planning for the responsible development of our offshore energy resources occurs at regular intervals. However, such a planning requirement for onshore energy resources does not exist.

The United States contains a robust domestic supply of energy resources, each of which has an important role to play in achieving energy independence. Responsible development of the nation's diverse energy resources, along with investment in innovative technologies, are critical to ensuring long term energy security. Without a coherent strategy for developing those resources on public lands, Federal policymaking often results in inefficient and erratic energy production.

Impediments to Energy Development on Federal Land

For too long, permitting uncertainty, irregular leasing programs, and overly burdensome regulatory requirements have stifled energy production on public land. Producers encounter costly delays as resource-rich parcels of land undergo duplicative environmental reviews and permits are left to languish at the Bureau of Land Management (BLM) for as many as 220 days at a time.²

As a result, producers are opting to develop State and private lands, rather than contending with the bureaucratic uncertainty associated with operating on Federal land. In fact, the federal share of crude oil production fell from 36% in 2009 to 22% in 2015 and the federal share of natural gas production fell from 28% in 2006 to 15% in 2015.³ In the renewable sector, the BLM has identified 20.6 million acres of public land with wind potential,⁴ yet only 1.4% of installed wind energy capacity was found on public lands in 2012.⁵

¹ 43 U.S.C. §1331-1356b.

² Bureau of Land Management. Oil and Gas Statistics. Average Application for Permit to Drill (APD) Approval Timeframes: FY2005-FY2015.

https://www.blm.gov/sites/blm.gov/files/oilandgas_ogstatistics_chart_averageAPDapprovaltimeframes.pdf

³ Michael Ratner. 21st Century U.S. Energy Sources: A Primer (May 19, 2017).

<http://www.crs.gov/reports/pdf/R44854>

⁴ U.S. Department of Energy. WINDEXchange. <https://apps2.eere.energy.gov/wind/windexchange/wind-projects-public-lands.asp>

⁵ American Wind Energy Association. Public Lands and Wind Energy.

<http://www.awea.org/Issues/Content.aspx?ItemNumber=858>.

The Planning for American Energy Act

H.R. 2907 seeks to address inefficiencies in the current approach to onshore energy development on Federal land by implementing an all-of-the-above Quadrennial Federal Onshore Energy Production Strategy (Strategy) based on projected energy demand over a 30-year period. This legislation would require coordinated interagency planning efforts to analyze long-term energy needs and set forth specific actions to ensure national objectives are met.

H.R. 2907 ensures interagency coordination in the development of the Strategy and specifically requires the Secretary of Interior to consult with the Administrator of the U.S. Energy Information Administration (EIA), the Secretary of Agriculture and the Secretary of Energy.

The EIA, housed within the Department of Energy, is responsible for collecting, analyzing, and disseminating independent energy data.⁶ While the EIA regularly issues short and long term energy forecasts, H.R. 2907 would require the EIA to take a longer view of U.S. energy needs and estimate projected energy demands over a 30-year period. The EIA would also be required to consult on specific actions that should be taken over a four-year period to meet projected energy needs. Consultations would also take place with the Secretary of Agriculture concerning energy development on lands administered under the Department and with the Secretary of Energy regarding the status of energy transmission, storage and distribution infrastructure.

The interagency process established under H.R. 2907 will establish actionable priorities for onshore energy resource development designed to meet projected energy needs. Accordingly, the Strategy will inform the policymaking process and promote the efficient allocation of resources across relevant Departments.

Major Provisions of the Bill

- Amends the Mineral Leasing Act to require the Secretary of Interior (the Secretary) to develop and publish a Quadrennial Federal Onshore Energy Production Strategy once every 4 years.
- The Secretary is required to develop this strategy in consultation with: (1) the Administrator of the Energy Information Administration (EIA), who will provide projected energy demands for the next 30 years, the methodology used to arrive at their projection, and recommendations on actions to take during the next 4 year period to meet that projection; (2) the Secretary of Agriculture with regards to the land administered by such Secretary; and (3) the Secretary of Energy with regard to transmission, storage, and distribution infrastructure.

⁶ U.S. Energy Information Administration. Mission and Overview.
https://www.eia.gov/about/mission_overview.php (Accessed August 29,2017).

- The Secretary is required to solicit input from States, federally recognized India Tribes, and local governments where energy projects are proposed to be located, as well as the general public.
- The Strategy should include 1) directives regarding Federal land energy development and departmental resources needed to promote energy security; 2) projected domestic demand for energy resources over a 30 year period by energy resource type; and 3) domestic strategic production objectives for onshore oil and gas, coal, strategic and critical energy minerals, renewables, unconventional sources and helium, including on Tribal lands, as well as any other energy resources that the Secretary chooses to include.
- In developing the Strategy, the Secretary should consider how Federal lands will contribute to ensuring energy security; the ability of existing energy transmission, storage, and distribution infrastructure to efficiently utilize energy production from Federal lands; and the proportion of energy production derived from Federal land compared to non-Federal land.
- Federally recognized Tribes may include their own production objectives as a part of the Strategy.
- The Secretary is required to report to Congress annually detailing the progress that has been made in meeting the projection objectives laid out in the Strategy, problems that may hinder achieving these objectives, and suggestions to Congress to help address these problems.
- The Secretary must submit the Strategy to Congress and the President 60 days before publication along with comments from States, Tribes and local governments and explanations as to why some recommendations were not accepted.

Administration Position

Unknown at this time.

Cost

CBO has not scored the legislation.

Effect on Current Law (Ramseyer)

Showing Current Law as Amended by H.R. 2907

[new text highlighted in yellow; text to be deleted bracketed and highlighted in blue]

The Mineral Leasing Act (30 U.S.C. 181 et seq.)

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SEC. 44. QUADRENNIAL FEDERAL ONSHORE ENERGY PRODUCTION STRATEGY.

- (a) Requirement To Publish Quadrennial Federal Onshore Energy Production Strategy- The Secretary shall develop and publish once every 4 years a Quadrennial Federal Onshore Energy Production Strategy.
- (b) Consultations Required- In developing the Strategy, the Secretary shall consult with--
 - (1) the Administrator of the Energy Information Administration with regard to--
 - (A) the projected energy demands of the United States for the next 30-year period;
 - (B) the methodology used to arrive at such projection; and
 - (C) actions to be taken during the next 4-year period with the goal of meeting such demands;
 - (2) the Secretary of Agriculture with regard to lands administered by such Secretary; and
 - (3) the Secretary of Energy with regard to energy transmission, storage, and distribution infrastructure.
- (c) State, Federally Recognized Indian Tribes, Local Government, and Public Input- In developing the Strategy, the Secretary shall solicit the input of--
 - (1) the State, federally recognized Indian Tribe, or local government where each energy project included in the Strategy is proposed to be located; and
 - (2) the public.
- (d) Contents of Strategy-
 - (1) IN GENERAL- The Strategy shall direct onshore Federal land energy development and department resource allocation in order to promote the energy security and national security of the United States in accordance with the principles of multiple use and sustained yield.
 - (2) PROJECTED DOMESTIC DEMAND FOR ENERGY RESOURCES- The Secretary, in consultation with the Administrator of the Energy Information Administration, shall include in the Strategy an

estimate, based upon commercial and scientific data, of the projected domestic demand for energy resources over the 30-year period beginning on the date of the publication of such Strategy. The estimate shall be disaggregated by the energy resource types listed in subparagraphs (A) through (H) of paragraph (3) and expressed in British thermal units or megawatts, as appropriate.

(3) DOMESTIC STRATEGIC PRODUCTION OBJECTIVE- The Secretary shall include in the Strategy a domestic strategic production objective based on the estimate in paragraph (2) for the development of the following energy resource types on Federal onshore lands:

(A) Oil and natural gas.

(B) Coal.

(C) Strategic and critical energy minerals.

(D) Electricity, in megawatts, from each of wind, solar, biomass, hydropower, and geothermal energy.

(E) Energy from unconventional energy production, such as oil shale.

(F) Helium.

(G) Oil, natural gas, coal, and other renewable sources from the Tribal lands of any federally recognized Indian Tribe that elects to participate in facilitating energy production on its lands.

(H) Other energy production technology sources or advancements in energy, as determined by the Secretary.

(4) CONSIDERATIONS- In the Strategy, the Secretary shall consider--

(A) how Federal lands will contribute to ensuring national energy security, with a goal for increasing energy independence and production during the next 4-year period;

(B) the ability of existing energy transmission, storage, and distribution infrastructure to efficiently utilize energy production from Federal lands; and

(C) the proportion of total energy production derived from Federal land compared to non-Federal land for each of the energy resources listed in subparagraphs (A) through (H) of paragraph (3).

(e) Tribal Objectives- It is the sense of Congress that federally recognized Indian Tribes may elect to set their own production objectives as part of the Strategy. The Secretary shall work in cooperation with any federally recognized Indian Tribe that elects to participate in achieving its own strategic energy objectives.

(f) Report Required- The Secretary shall submit a report annually to the Committee on Natural Resources of the House of Representatives and the Committee on Energy and Natural Resources of the Senate that--

- (1) examines the progress made toward meeting the domestic strategic production objective set forth in the Strategy;
- (2) identifies projections for production and capacity installations and any problems with leasing, permitting, siting, or production that may prevent meeting the domestic strategic production objective set forth in the Strategy; and
- (3) provides suggestions to address any shortfalls in meeting the domestic strategic production objective set forth in the Strategy.

(g) Congressional Review- At least 60 days before publishing a proposed Strategy under this section, the Secretary shall submit such Strategy to the President and to Congress, together with any comments received from States, federally recognized Indian Tribes, and local governments. Such submission shall state why any specific recommendation of a State, federally recognized Indian Tribe, or local government was not accepted.

(h) Definitions- In this section:

- (1) MULTIPLE USE- The term “multiple use” has the same meaning given such term in section 103 of the Federal Land and Policy Management Act of 1976 (43 U.S.C. 1702).
- (2) SECRETARY- The term “Secretary” means the Secretary of the Interior, unless the context requires otherwise.
- (3) STRATEGY- The term “Strategy” means the Quadrennial Federal Onshore Energy Production Strategy required to be developed and published under subsection (a).
- (4) STRATEGIC AND CRITICAL ENERGY MINERALS- The term “strategic and critical energy minerals” means minerals that are necessary for the production of energy and the building and maintaining of the energy infrastructure of the United States, including minerals necessary--
 - (A) for pipelines, refining capacity, electrical power generation and transmission, and renewable energy production;
 - (B) to support domestic manufacturing, including materials used in energy generation, production, and transportation; and
 - (C) to ensure the national security of the United States.
- (5) SUSTAINED YIELD- The term “sustained yield” has the same meaning given such term in section 103 of the Federal Land and Policy Management Act of 1976 (43 U.S.C. 1702).

SEC. [44] 45. SHORT TITLE. This Act may be cited as the “Mineral Leasing Act”.