



TESTIMONY

OF

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TO

COMMITTEE ON NATURAL RESOURCES

SUBCOMMITTEE ON ENERGY AND MINERAL RESOURCE
U.S. HOUSE OF REPRESENTATIVES

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The Independent Petroleum Association of America (IPAA) appreciates the opportunity to discuss the “Opportunities for the Nation and States to Harness Onshore Resources Act” (ONSHORE Act) and looks forward to working with the committee to enact legislation that will enhance our nation’s ability to explore for and produce mineral resources on federal lands.

IPAA represents thousands of independent oil and natural gas explorers and producers across the nation, as well as the service and supply industries that support their efforts. Independent producers develop 90 percent of U.S. oil and natural gas wells – producing 54 percent of America’s oil and 85 percent of America’s natural gas. The average independent producer has been in business for 26 years and employs 12 full-time and three part-time employees. IPAA’s members are truly the face of small business in the oil and natural gas industry and support millions of direct and indirect jobs across the United States.

We welcome the efforts of the House Natural Resources Committee and the Trump Administration to encourage safe and responsible American energy production on federal lands. While oil and natural gas production in the United States has increased dramatically over the last several years, the growth has occurred largely on state and private lands. Unfortunately, over the same time, production from onshore federal leases has declined. Oil and natural gas projects on federal lands face months of delay due to regulatory obstacles from the federal government that require a given producer to face countless challenges and slow the process to a crawl. Significant federal delays only deter companies from wanting to operate on federal lands, translating into lost federal revenue from the royalties generated. This is critical funding for Western states who rely on oil and gas revenues to fulfill budget priorities for local communities.

Since the beginning of the Trump Administration, IPAA has submitted extensive comments to the Department of the Interior outlining regulatory reform measures that would help increase access to America’s oil and natural gas resources on federal onshore lands. From enacting reasonable reforms to the “National Environmental Policy Act” (NEPA) to looking for opportunities to delegate federal authority to state regulatory agencies, it is clear that the current program governing oil and natural gas activities on federal lands is in need of a significant overhaul. The ONSHORE Act provides important solutions to many of the problems hampering the safe, continued development of mineral resources on federal lands.

IPAA strongly supports efforts to delegate primary regulatory authority for oil and natural gas activities on federal land to the states. The Intermountain West states have robust oil and gas regulatory programs and have a proven record of managing oil and gas activities safely and effectively. Recently, the Interstate Oil and Gas Compact Commission (IOGCC) issued a resolution urging Congress to establish a process for delegating primacy to the states for the regulation of oil and gas operations. We support the IOGCC resolution and believe the mechanism outlined in the ONSHORE Act provides a workable process to achieve that objective.



Over the last several years, the Bureau of Land Management's (BLM) relationship with states, local governments and stakeholders has been severely tested. Congress must ensure the agency is fully cooperating with state and local communities when making land use planning decisions. During the Obama Administration, the BLM turned the agency's "multiple-use" mandate on its head and focused instead on land conservation to the detriment of all other activities from which all American taxpayers benefit. Rather than working with stakeholders at the local level, the BLM made decisions based on edicts from the national office. IPAA supports all efforts to require BLM to more fully engage the states when taking actions that impact multiple use activities in their areas, including delegating primacy to the states for regulation of oil and gas activities.

IPAA also supports language in the ONSHORE Act addressing permitting on non-federal lands. BLM currently triggers NEPA analysis for wells on state or private lands if any of the oil and natural gas resources being drilled are federally owned. This occurs even when the federal government has a small/minority mineral interest. For too long, the BLM has used this federal nexus as a way for the agency to become involved in state and private mineral development decisions. This federal overreach causes delay and disruption in projects where the government's interest is small, yet its regulatory impact can be great. In addition, once the federal interconnection is established, the full cavalcade of Washington's regulatory agencies can become involved in projects. Simply because the federal government holds a minority mineral interest in a drilling project should not allow it to impose burdensome restrictions or delay projects where it has a limited role. Limiting BLM's regulatory authority to situations where federal surface and/or a majority of federal minerals are being developed would not only bring equity to the process, it would also help bring equilibrium to a system that is currently out of balance.

Oil and natural gas projects on federal lands face months of delay due to regulatory obstacles with NEPA analysis. We applaud the recent announcement by the Interior Department to reform and streamline the NEPA process and believe a thorough review of the abuses of NEPA to delay planning or permitting decisions should be undertaken. However, we also believe legislative efforts are needed to define specific agency actions where a lower threshold of environmental analysis could be used. IPAA urges the committee to develop workable reforms to NEPA that will bring the law closer to its original intent of analyzing projects that require "major federal actions" rather than the current process, which is simply being used to delay and disrupt activities on federal lands by a determined minority.

The "Energy Policy Act of 2005" attempted to address the abuse of the NEPA process by establishing a number of categorical exclusions for BLM to use to satisfy NEPA requirements. We urge the Natural Resources Committee to follow-up on the work done in 2005 and pass legislation that would define specific actions where a lower threshold of environmental analysis could be utilized. In addition, BLM should be required to have a set schedule for the NEPA process that will facilitate timely environmental reviews. This will not only provide greater business certainty in the process, but also reduce costs to both the agency and independent producers.



Finally, IPAA commends the committee for including a provision in the ONSHORE Act to provide state and tribal authority for the regulation of hydraulic fracturing. The states and tribes have a proven track record of safely and effectively regulating hydraulic fracturing operations. States and tribes understand the geology and hydrology of their regions far better than federal officials in Washington, D.C. Rather than establishing a duplicative, “one-size-fits-all” regulatory regime governing hydraulic fracturing, we commend the committee for deferring to state and tribal regulations, permitting and guidance for all activities related to hydraulic fracturing. In addition, the ONSHORE Act also establishes a process for transparency of state regulations that safeguards further protections for lands and resources and ensures the states and tribes are regulating hydraulic fracturing operations safely and effectively. By any measure, the states and tribes have proven that they have the expertise, knowledge, and capability to regulate hydraulic fracturing activities and there is little need for additional federal intrusion into this process.

IPAA member companies are committed to finding creative solutions to problems that exist within the scope of oil and natural gas production on federal lands. The current federal regulatory process governing oil and natural gas production on federal lands is clearly broken. We commend the House Natural Resources Committee for seeking innovative solutions to these issues that will enhance the ability of America to once again have a robust onshore oil and natural gas program on federal lands. IPAA and our members are committed to being smart, responsible stewards of federal lands and we believe many of the provisions of the ONSHORE Act will help us achieve that important goal.

