



## **Summary of H.R. 4480 The Domestic Energy and Jobs Act Titles III – VII**

### **Background**

In the first three years of the Obama Administration, the Department of the Interior has approved more permits to drill for oil and natural gas, and industry has begun drilling more wells, than during the first three years of the Bush Administration. Moreover, the U.S. has produced more oil from federal lands onshore last year than at any point going back to 2003. In fact, there are now more drilling rigs operating in the United States than in the rest of the world combined. In large part as a result of the Obama Interior Department “all-of-the-above” energy strategy, our dependence on foreign oil has fallen from 57 percent at the end of the Bush Administration to 45 percent last year.

Yet oil and gas companies still hold more than 25 million acres of public land onshore – an area roughly the size of the state of Kentucky -- on which they are not producing oil or gas. These companies are also sitting on more than 6,700 drilling permits that have been approved by the Interior Department that they are not using.

H.R. 4480 represents the culmination of the Republican Majority’s “Oil Above All” agenda by giving away nearly all of our public lands to Big Oil companies.

### **Title III (H.R. 4381)**

Title III of H.R. 4480, which is the text of H.R. 4381 as reported by the Natural Resources Committee, would overturn the multiple-use principle established in the Federal Land Policy and Management Act of 1976 (FLPMA). By requiring a plan that elevates energy production above hunting, fishing, recreation, grazing, conservation and the many other ways that the American people enjoy our public lands, Title III seeks to undermine the basic principal which has guided management of public lands for 35 years.

In 2010, more than 58 million people visited BLM lands, generating \$7.4 billion dollars to the economy. Nationwide it is estimated that 1.2 million jobs are provided annually by the outdoor industry, many hunting and fishing related. Yet, the plan that would be created by this bill would threaten that tremendous economic engine for our country.

#### **Title IV (H.R. 4382)**

Title IV would set an arbitrary requirement that the Department of the Interior offer oil companies at least 25 percent of whatever onshore areas industry nominates every year, regardless of whether or not drilling in these areas would be appropriate. Under this legislation, the Interior Department could no longer lease in areas nominated by the industry that have the greatest resource potential and where drilling makes the most sense. Under Title IV, there is no limit to the acreage that can be nominated by the oil industry. This legislation would therefore threaten other important uses of our public lands such as hunting, fishing, livestock grazing and recreational shooting by requiring leasing in areas that may threaten these important values.

This arbitrary requirement that a certain percentage of acres be offered for lease also completely disregards the fact that industry already has 25 million acres of public land under lease onshore on which it is not producing. Title IV would also invalidate the BLM's new leasing reforms, which are designed to increase certainty for the oil and gas industry and reduce the number of lease areas that are protested and have already reduced the number of protested parcels by 8 percent.

Title IV would also require the BLM to continue "actively leasing" in areas where land use plans are being updated or revised to protect wildlife or other resource values, deal with a growing population, or incorporate a new recreational activity.

#### **Title V (H.R. 4383)**

Title V of H.R. 4480 is both unwarranted and unwise. It would unnecessarily tie the hands of the Interior Department in reviewing drilling operations on public lands and make drilling less safe. This legislation would impose arbitrary deadlines on the Interior Department's review of applications for permits to drill onshore. Just as the Majority tried to do for offshore drilling, drilling permits would be automatically "deemed approved" after 60 days, even if the Interior Department had not finished its safety review or important consultations with tribes or under the National Historic Preservation Act. This provision is especially dangerous given that a Natural Resources Democratic staff review of drilling safety violations on public lands found that between 1998 and 2011, one-fifth of the drilling violations on public lands were related to blowout preventers or other well control equipment.

Title V also includes a likely unconstitutional requirement that would require any American citizen seeking to protest an oil and gas lease, drilling permit or right of way to post a nonrefundable \$5,000 "documentation fee." This is a blatant attempt to deny ordinary American citizens the ability to contest decisions by the federal government.

The legislation also contains provisions designed to close the doors of the courthouse to citizens who believe the federal government is not complying with the law.

### **Title VI (H.R. 2150)**

Democrats support responsible drilling in the National Petroleum Reserve Alaska (NPR-A). President Obama and House Democrats have already taken steps to encourage drilling in the NPR-A. Building on legislation introduced by House Democrats earlier this year, President Obama announced in May that he would direct the Department of the Interior to conduct annual lease sales in the NPR-A and the Department is already moving forward on that schedule. While Title VI includes a similar requirement to hold at least one lease sale per year in the NPR-A, we should make sure that we are drilling in challenging environments like the Arctic responsibly, not seeking to truncate proper review as this bill would do.

Despite the fact that there are no pending applications with the Bureau of Land Management to construct roads and pipelines, Title VI would set an arbitrary clock to issue such permits. This provision could prohibit proper NEPA review of proposals to construct major oil and gas pipelines in the Reserve in the future. This directive would also appear to require the Interior Department to compel other Cabinet-level agencies to act, something far beyond the scope of the Secretary's authority.

Title VI would further require the Secretary to develop regulations to require action on drilling permits within 60 days despite existing regulations that already require consideration of such applications within 90 days. Moreover, there are currently no pending applications at the Bureau of Land Management for permits to drill in the NPR-A and oil companies have actually been relinquishing their leases in the Reserve.

Title VI would also waste taxpayer resources by requiring the Interior Department to conduct unnecessary and duplicative studies. The bill would require the BLM to map out a spider-web of roads and pipelines across the entire reserve before we even know where future oil and gas production may take place would be wasteful and counterproductive. H.R. 2150 would also require the U.S. Geological Survey to complete an assessment of the technically recoverable oil and gas in the Reserve despite the fact that the USGS just completed such an assessment of the undiscovered oil and gas reserves in the NPR-A in October of 2010 and a study of the economically recoverable oil and gas in the Reserve last year.

### **Title VII (H.R. 2752)**

Title VII of H.R. 4480 is noncontroversial. It would give the Secretary of the Interior the ability to conduct further onshore oil and gas lease sales using internet-based auctions. Title VII would not require the Department to conduct internet lease sales; it would just give the Secretary the option of doing so. Democrats worked to include language that would also require the Department to evaluate different structures for lease sales which may provide an opportunity to better maximize bidder participation, ensure the highest return to the Federal taxpayers, minimize opportunities for fraud or collusion, and ensure the security and integrity of the leasing process.

**Prepared by the Committee on Natural Resources, Democratic Staff**