

**Statement of
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**Before the
U.S. House of Representatives
Committee on Natural Resources
Subcommittee on Energy and Mineral Resources**

**Legislative Hearing on
H.R. 767, Oil and Gas Pilot Project Offices**

March 21, 2013

Introduction

Thank you for the opportunity to testify on H.R. 767, which would amend the Energy Policy Act of 2005 to modify the Federal Permit Streamlining Pilot Project. The bill would expand the Federal Permit Streamlining Pilot Project to include all of the field offices within the jurisdiction of the BLM's Montana/Dakotas State Office. The BLM supports the goal of H.R. 767 to better conform the pilot office authority to current permitting demands. However, the BLM would like to work with the sponsor and the Committee on clarifying amendments as well as language that would provide additional flexibilities nationwide to utilize the pilot office authority to respond as permitting demands shift over time.

Background

Section 365 of the Energy Policy Act of 2005 established the Federal Permit Streamlining Pilot Project with the intent to improve the efficiency of processing oil and gas use authorizations and environmental stewardship on Federal lands. It designated seven pilot project offices: Miles City, Montana; Buffalo and Rawlins, Wyoming; Vernal, Utah; Grand Junction/Glenwood Springs, Colorado; and Farmington and Carlsbad, New Mexico.

Section 365 also established the Permit Processing Improvement Fund, an account of approximately \$18 million annually, to support the pilot project for 10 years. Specifically, it directed 50 percent of the income derived from Federal onshore oil and gas lease rental payments outside of Alaska to the Fund. For FY 2006 through FY 2015, the section made the Fund available to the Secretary of the Interior for expenditure without further appropriation to enhance coordination and processing of oil and gas use authorizations on Federal land under the jurisdiction of the designated pilot project offices.

In addition to the BLM, Section 365 authorized the Secretary to transfer monies from the Permit Processing Improvement Fund as necessary to the Fish and Wildlife Service, the Bureau of Indian Affairs, the Forest Service, the Environmental Protection Agency, the Army Corps of

Engineers, and the states of Wyoming, Montana, Colorado, Utah, and New Mexico. It also prohibited the BLM from establishing cost recovery fees for processing applications for oil and gas permits to drill. The President's 2013 budget proposed to repeal this fee prohibition. In lieu of the budget proposal, we note that the Congress has implemented permit fees through appropriations language for the last several years.

The agencies involved in the pilot project have made significant progress in a number of areas. Additional resources, such as personnel devoted to processing oil and gas use authorizations, have enabled the various bureaus and agencies to increase the pace of permitting and completing environmental reviews, particularly given the complex resource issues we face. The time taken for interagency consultations has been reduced due to improved communication and through programmatic streamlining efforts, which have been used in multiple projects and permits.

Also, the BLM has increased inspection and enforcement capability as a result of the hiring of additional skilled specialists in the pilot project offices. The increase in inspections has led to better compliance by the industry and a reduction in major violations due to the increased number of inspectors in the field. Increasing the number of inspectors has allowed the BLM to identify issues early; intervene in nascent violation situations; and improve interim reclamation work on lands disturbed by oil and gas operations. The pilot project offices are also better staffed to help new industry permitting specialists understand the BLM's requirements for obtaining an oil and gas use authorization.

H.R. 767

H.R. 767 would substitute the BLM's Montana/Dakotas State Office for the current pilot project office in Miles City, Montana, with the goal of broadening the geographic scope of the pilot project authority. This broadened geographic scope would allow BLM to better allocate some resources based on current permitting demands and new exploration and development of oil and gas fields and plays. For example, this flexibility would be especially useful for processing permits received in the North Dakota Field Office in Dickinson, North Dakota, which received 701 applications for permits to drill (APDs) in FY 2012, compared to 147 APDs received in FY 2009.

In addition, the BLM would like to work with the sponsor and the Committee on language that would allow greater flexibilities nationwide to adjust permitting resources based on demand. There are many BLM field offices that are not part of the pilot project, but are receiving hundreds of APDs per year. Of the 10 field offices that received the most APDs during FY 2012, only five are currently designated as pilot project offices. For example, in FY 2012, the Pinedale Field Office in Pinedale, Wyoming, received 325 APDs; the Bakersfield Field Office in Bakersfield, California, received 286 APDs; and the Oklahoma Field Office in Tulsa, Oklahoma, received 157 APDs. Although these offices have received high volumes of APDs, none are currently designated as pilot project offices, and none would be designated as such under the bill. At the same time, some of the currently designated pilot project offices have received relatively few APDs in recent years; for example, the Grand Junction Field Office received only 47 APDs in FY 2012.

Conclusion

Thank you for the opportunity to provide testimony on H.R. 767. I would be happy to answer any questions you may have.