

**Testimony of the Honorable Mark A. Christensen
Chairman, Campbell County Board of Commissioners
On behalf of the
Wyoming County Commissioners Association**

United States Senate Committee on Energy and Natural Resources

*“Breaking the Logjam at BLM: Examining Ways to More Efficiently Process Permits for Energy
Production on Federal Lands.”*

July 29, 2014

Good afternoon Madam Chair, Ranking Member Murkowski, Senator Barrasso, and distinguished members of the committee. Thank you for the opportunity to address you today regarding opportunities to more efficiently process permits for energy production on federal lands.

My name is Mark Christensen, I am the Chairman of the Board of County Commissioners in Campbell County, Wyoming, located in northeastern Wyoming. I am also here on behalf of the Wyoming County Commissioners Association representing all 23 Wyoming counties. Campbell County produces approximately 10.6 quadrillion BTU’s of energy annually, providing from one county about 10% of the entire country’s energy demand.

While a great many of those BTU’s come from the enormous deposits of low sulfur coal in the Powder River Basin, Campbell County is also the top producer of crude oil in Wyoming. Almost all of this is produced on federal lands. To produce energy to fuel America at this volume, we are heavily dependent on the efficiency and effectiveness of our local BLM field office in Buffalo, Wyoming. That is why we are grateful to Senators Udall and Barrasso, as well as the bi-partisan co-sponsors of S.2440, the BLM Permit Processing Improvement Act of 2014.

History of the Pilot Project Program in Campbell County

The pilot project program is particularly important to us in Campbell County because the BLM Buffalo field office was one of seven pilot project offices designated by Congress in the Energy Policy Act of 2005 (EPAAct 05). During the earliest years of the 21st century, Wyoming in general, but Campbell County in particular, experienced a dramatic boom in Coal Bed Methane, or CBM, drilling. CBM is a natural gas extracted from coal seams not yet mined. It is a process that produces high quality, pipeline-ready gas that requires little processing before sale.

Applications for permits to drill (APDs) began to quickly stack up in the Buffalo field office. With a staff at the time of less than 30 people, the BLM’s Buffalo field office was simply unprepared to handle the volume of work about to fall on them. By 2003, the Buffalo field office had a backlog of around 3,000 APDs with no end in sight.

Campbell County, along with our neighbor counties and private sector stakeholders, actively sought relief from Congress through our federal delegation; and at least for us, our delegation and Congress truly delivered by creating the pilot project program in EPAAct 05. As a result, the

Buffalo field office was able to more than triple their staff, and increase the number of dedicated oil and gas staff from 5 to around 25.

Ten years later, I am here today because our on-the-ground experience with the pilot project leads us to believe that it should no longer be a pilot program, and should no longer be limited to 7 offices. As a county association, we join our state partners at the Western Governors' Association in support of S.2440.

BLM Permit Processing Improvement Act of 2014

The legislation before you today would remove the “pilot” from the pilot program, and make necessary changes to allow for greater funds in offices with high permitting demands. Additionally, the legislation gives greater flexibility to the BLM to direct these funds to new areas as production demands shift. I want to take a moment to discuss both of these important changes as it relates to my county and state.

First, directing resources back to states and field offices that will generate significant revenue for the federal government is sound fiscal policy, and also sound energy and environmental policy.

In 2013, oil and gas production in Wyoming generated over \$400 million dollars in royalty revenue for the federal government. When you add in the rest of Wyoming's minerals, the total revenue collected and kept by the federal government was well in excess of \$1 billion dollars. Yet, the BLM's state office in Wyoming had a total 2013 budget of only \$115 million dollars for all their programs statewide. S.2440 would help correct that imbalance by specifically directing permit fees to return to the states where those fees are collected, providing a major return on investment to the U.S. Treasury.

It isn't simply a matter of the dollar for dollar imbalance of what Wyoming generates and what BLM's Wyoming state office receives, rather; directing APD fees back to a state with high APD demand will help generate more timely permits. More timely permits will result in even greater federal royalties to the U.S. Treasury in a time when non-tax revenue is highly coveted. A concrete example of how the bill would result in faster permit times is simply to understand the work flow of a single APD filed in the Buffalo field office, where the length of time to issue an APD from Notice of Survey is approximately 300 days and the time once all information is received is approximately 9 days. This is a major improvement from pre-pilot project days, though we believe additional improvement may still be possible.

A critical component to the timely processing and approval of APDs is site visits. In Wyoming, often these site visits require driving for several hours, often on gravel roads. When grouped together as they often are, these visits are long and remove the BLM employee from the office for days at a time. Those are days not spent doing the necessary analysis and work to ensure that permits are completed accurately. As permits are filed by the hundreds or even thousands, the permit backlog becomes unbearable as it did back in 2003. Added staff capacity made possible by the bill before you today means more teams covering site visits, allowing for a much more efficient process.

While 2003 was frustrating, what we didn't face then was the dramatic pressure of private lands oil and gas development in places like North Dakota and Texas. Today, operators know that if they cannot get a timely permit in Wyoming, they have somewhere else to go. In fact, all the data on oil and gas production in the United States indicates that is already happening. Oil and gas production on federal lands decreased again last year as capital fled to these private lands plays. That is bad news for federal coffers and terrible news for local economies in heavy public lands states and counties.

The energy companies within our state and county compete for capital with divisions across the U.S. Delays in the timely permitting of APDs makes states with federal lands, and the federal lands and/or mineral estates, less attractive for development. In a state and county which rely on severance taxes and ad-valorem taxes from the extraction of minerals, timely approvals of APDs is critical to the long-term health and prosperity of our citizens and our communities.

It is important to realize that the bill before you today is also sound energy and environment policy. BLM offices like the Buffalo field office have a great many responsibilities to manage public lands for multiple uses, including recreation and wildlife conservation. When an office is completely overwhelmed by sudden and dramatic increases in oil and gas related work, all of their programs are impacted even if they are not directly related to oil and gas operations. This should be a concern to those interested in rangeland monitoring, sage grouse conservation activities, maintaining recreational activities, and the many other tasks of the BLM.

The final important component of S.2440 that I want to briefly mention is the flexibility granted to the Secretary of the Interior and to state offices to redirect funds to new offices as demand dictates. Again, Wyoming has a unique perspective on this.

Thanks to the leadership of U.S. Representative Cynthia Lummis, last year the pilot project dollars directed toward the Buffalo field office were redirected one rung up on the administrative ladder to the BLM's High Plains district office in Casper, Wyoming. This minor adjustment allowed BLM to shift resources from Buffalo to Casper to help meet the new demands coming from Converse County, my neighbor to the south. The Casper field office expects about 5,000 APDs to come their way from new oil and gas development in Converse County. It only makes sense to allow the flexibility of meeting new demands when they arise.

The rates of growth we are talking about are significant. Year-over-year oil production increase for Campbell County and Converse County between calendar year 2012 and calendar year 2013 was 33% and 49% respectively. A comparison for the first five months of 2014 indicates a production increase of 30% when compared to the 2013 production for Campbell County, with an additional 25% production increase for Converse County. This increased production benefits not just the State of Wyoming and its counties, but the entire U.S. because of the large federal land and mineral ownership in Wyoming, and shifts the reliance for energy from foreign sources to domestic.

Industry Money isn't Everything

We strongly support speedy passage of S.2440 for all the reasons already mentioned. We are particularly pleased by the oil and gas industry's willingness to increase permit fees in order to make this reauthorization possible. To us this is just another example of how the oil and gas industry of today is making great strides at being good neighbors in the communities they operate in.

However, because the theme of this hearing is on examining ways to break the logjam of permits on federal lands, I would be remiss if I didn't mention that producing quality environmental impact documents and accurate and timely permits cannot entirely depend on industry dollars alone. Local governments, state governments, private sector interest groups and federal agencies all must play a constructive role.

For us in Wyoming, we take that role seriously and engage with our federal partners at every possible opportunity. For those of us in a position to do so, we also have been willing to spend money from our own coffers to improve and bolster data on sensitive or protected species. Today, Campbell County is exploring ways to help the BLM gather comprehensive, region-wide data on raptors so that all of us are on the same page when it comes to where these birds are, and how activity affects their behavior. We have already completed an initial study identifying nests within Campbell County and Johnson County, and are working now to expand upon this project through a partnership with the Buffalo field office which would bring Campbell County monies into the effort. These kinds of partnerships are occurring all over Wyoming with industry, local governments, and environmental stewardship groups.

If we want to take another large step toward reducing bottlenecks, it is exactly this kind of cooperative approach that should be encouraged and incentivized. By necessity, this will mean actively seeking to discourage and remove incentives for litigation. Decisions on land use in the West will almost always cause tension. However, that tension need not cause conflict, and litigation is by its very nature, conflict. Groups that spend all their time and effort in the courtroom are a major contributor to the overall backlog. Rather than trying to affect policy behind the closed doors of a courtroom, we are all better served by doing the difficult work of finding consensus and putting boots-on-the-ground toward actual environmental stewardship.

I add that Wyoming is at the forefront with regard to laws and regulations which deal with environmental impact, and we take the environment within our state very seriously. Ranchers may have been Wyoming's original land stewards, but today, the energy industry is a major part of this process. Protection of Wyoming's environment also makes good financial sense. Though Wyoming's number one economic generator is mineral extraction, tourism is number two.

Madam Chair, thank you again for the opportunity today. I am happy to answer any questions you may have.