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**Testimony Before the  
U.S. 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**

The dramatic growth in domestic oil and natural gas production has been truly transformational. States such as North Dakota and New Mexico are reaping huge economic rewards including significant tax and royalty revenue. North Dakota has experienced large budget surpluses over the last few years and has cut personal taxes because of the oil and natural gas industry. Other states in the West could experience that same type of economic growth if the administration would encourage development in areas where it has the most control – on federal public lands.

The huge increase in U.S. oil and natural gas production over the last several years is the result of private sector investment in technology and improved techniques applied largely on private lands. 96% of the oil production growth since 2007 has been on private and state lands, according to the Congressional Research Service. A recent Energy Information Administration (EIA) report shows that overall fossil fuel production on federal lands is down 7% from the last fiscal year. The report shows a 9% drop in federal onshore natural gas production, with most of the decrease coming from Wyoming where the percentage of federal production is the highest. Oil production on federal lands in the West is up 29% since 2008, but that significantly lags the 93% increase on adjacent private and state lands.

S. 2440 the BLM Permit Processing Improvement Act of 2014 is a partial solution to reversing that trend. I would like to thank Chairman Landrieu for holding this hearing today, and Senator Tom Udall for the bill along with co-sponsoring Senators Barrasso, Bennet, Enzi, Hatch, Heinrich, Heitkamp, Heller, Hoeven, Inhofe, Lee, Tester, Udall and Walsh. The level of bipartisan support is truly encouraging.

By ensuring a portion of the Application for Permit to Drill (APD) fee paid by oil and natural gas companies goes directly to APD processing at the originating field office, the bill will provide much-needed resources to the Bureau of Land Management (BLM). By directing that funding to APD processing, the bill will ensure BLM has the resources to support revenue-generating oil and natural gas development, while strengthening western economies and the nation's energy security.

Action is required on S. 2440 this year because the Pilot Office program for permitting, created by the Energy Policy Act of 2005, expires at the end of the 2015 fiscal year. The ten-year reauthorization provides an opportunity to inject some much needed flexibility into the program. The seven pilot offices designated in EPAct may have been busy in 2005, but ten years later market conditions have changed dramatically. Some pilot offices have seen activity fall off

while other field offices that were relatively sleepy in 2005 have experienced huge increases in workload.

If the program is allowed to lapse without a replacement, BLM will experience a significant reduction in the resources necessary to process APDs, and we would experience even longer processing times and less production on federal lands. The EAct 2005 Pilot Office program, which directs rental fees to the seven named Pilot Offices, provided permit funding in a limited way. S. 2440 aims to replace that funding while providing more flexibility to ensure funds are spent at the field offices with the heaviest APD workflow, not just a static list of seven.

Western Energy Alliance supports the bill's \$3,000 increase in the APD fee, from the current \$6,500, and the reduction in the interest rate for royalty overpayments to direct those funds to APD processing. Even though producers already return \$54.12 for every taxpayer dollar BLM spends administering the entire onshore program, we are willing to agree to those two cost increases because the bill provides regulatory certainty that rulemaking to increase APD fees will not take place for the next ten years. In addition, targeting the funds more directly to BLM field offices according to APD workflow is important to Alliance members.

Western Energy Alliance urges the Committee to act this year on S.2440. We hear reports from busy BLM field offices that they are already starting to feel the pinch of the impending September 2015 deadline. Field managers cannot hire replacements to handle APD workloads when positions become available because they do not know whether the funding for those hires will continue beyond 2015. Rural communities across the West, such as Farmington, New Mexico, Vernal, Utah and Pinedale, Wyoming depend on oil and natural gas development on federal lands for a significant portion of their economic prosperity. Passage of S. 2440 will help ensure job creation in western communities.

### **About Western Energy Alliance**

Western Energy Alliance represents over 480 companies engaged in all aspects of environmentally responsible exploration and production of oil and natural gas across the West. The Alliance represents independents, the majority of which are small businesses with an average of fifteen employees. Because of the predominance of public lands in the West, our members regularly operate on public lands to provide to the American people the energy owned by all. Our members are proud to provide 25% of America's natural gas and 21% of its oil production while disturbing only 0.07% of public lands.

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