



Statement of Dan Naatz
Vice President, Federal Resources
The Independent Petroleum Association of America

Hearing before the 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 Independent Petroleum Association of America (IPAA) supports S. 2440, the “BLM Permit Processing Improvement Act of 2014,” and urges the Senate Committee on Energy and Natural Resources to take quick action on this important legislation.

IPAA is a national trade association representing the thousands of independent oil and natural gas explorers and producers, as well as the service and supply industries that support their efforts. Independent producers drill about 95 percent of American oil and natural gas wells; produce more than 50 percent of American oil, and more than 85 percent of American natural gas.

“The BLM Permit Processing Improvement Act” is a bipartisan piece of legislation that reauthorizes and makes reforms to the successful BLM pilot project initiative authorized in the Energy Policy Act of 2005 (EPACT). It is vital that the Senate take action on this legislation during the 113th Congress because the program has a 10-year sunset provision and is set to expire in 2015. U.S. shale oil and natural gas development has been a game changer for our nation’s energy picture. Efficient production on federal lands will not only help enhance American energy security, but provide millions of dollars of much-needed revenue to federal and state governments.

The pilot office program has a proven track record of success in the seven field offices where it was originally implemented under EPACT. When the program was launched, the seven offices identified in EPACT processed nearly 70 percent of the applications for permits to drill (APD) that were received by the BLM. This legislation expands on that successful model and improves the program by providing additional flexibility to the Secretary of the Interior to designate new project offices, accounting for shifting industry priorities as new plays are discovered on federal lands. The bill also allows the APD fee

to remain at the BLM state office, providing the agency even more flexibility to respond to activity levels and responsibilities.

Production of oil and natural gas on federal lands will remain a key part of America's energy portfolio in the coming years. In addition, this exploration and production benefits the U.S. economy through job growth, government revenues, and enhanced American energy security. However, oil and natural gas production on federal lands continues to decline, and BLM permitting times get ever-longer. Last month, the Department of the Interior released a report from its own Inspector General's (IG) office citing inefficiencies with the BLM permitting process. Specifically, the IG report found that inefficiencies within the BLM impede production, dates for completion of individual APDs are rarely set or enforced, and the review process may continue indefinitely. The report found that on average the APD approval process on BLM lands takes 228 calendar days, and in many offices around the Intermountain West, the numbers are much higher. Although S. 2440 will not be able to solve all of the issues outlined in the IG's report, it can make a significant difference in addressing key permitting questions.

IPAA would like to thank Senators Tom Udall and John Barrasso for their leadership regarding S. 2440. We would also like to thank the Chair of the Energy and Natural Resources Committee Mary Landrieu, Ranking Member Lisa Murkowski and all of the members of the Committee for making passage of this important bill a priority.

Industry's goal is, and has always been to achieve reasonable time frames for APD processing on public lands and reduce undue permitting backlogs. This bipartisan legislation is a commonsense measure that will help achieve that goal. The bill is the result of long, bipartisan negotiations in which all parties had to compromise to achieve results. The bill reflects the best traditions of the Senate, and we ask that the Energy Committee move this legislation to the Senate floor as soon as possible.