



Testimony of Daniel T. Naatz

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House Natural Resources Committee,
Subcommittee on Energy and Mineral Resources

Testimony on H.R. 1555, H.R. 7831 and H.R. 7882

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Thank you, Chairman Stauber, Ranking Member Ansari and the members of the Subcommittee on Energy and Mineral Resources. My name is Dan Naatz. I am the Executive Vice President and Chief Policy Officer of the Independent Petroleum Association of America (IPAA), and I am here today to testify in support of H.R. 1555 sponsored by Representative Bice, H.R. 7831, sponsored by Representative Kennedy and H.R. 7882 sponsored by Chairman Stauber.

IPAA is a national trade association representing thousands of American independent oil and natural gas producers. Our members, who operate in thirty-three states as well as offshore, are the primary producers of the nation's oil and natural gas and account for 85 percent of America's oil production and 90 percent of its natural gas output. These independent producers are a driving force in our economy and support roughly 4.5 million jobs in the United States. IPAA member companies are innovative leaders that broke the code to usher in the shale oil and natural gas revolution in the United States. Furthermore, our average member company employs twenty people. These small businesses are unique and are best served by having a cooperative federal regulatory system with input from the states and the federal government rather than a one-size-fits-all structure coming from Washington.

Currently, of the 640 million acres of land that are federally owned in the United States, roughly four percent are leased for oil and natural gas development. Despite this small percentage, oil and natural gas have an enormous monetary impact on the federal treasury. All federal oil and gas royalty, rental fees and bonus bid revenue is split roughly half between the U.S. Treasury and the states where development occurs. That revenue helps fund critical investments in communities across the United States and supports jobs, schools, conservation efforts, and infrastructure projects. The amount of annual revenue that federal mineral development provides to the U.S. Treasury is second only to that provided by the Internal Revenue Service.

Included here are details on IPAA's support for three important pieces of legislation that are being considered today.

H.R. 1555 – “To amend the Mineral Leasing Act to streamline the oil and gas permitting process and to recognize fee ownership for certain oil and gas drilling or spacing units, and for other purposes.”

IPAA strongly supports H.R. 1555, the “Bureau of Land Management Mineral Spacing Act” sponsored by Representative Bice. This important legislation would streamline the permitting process for energy development, remove duplicative regulations, and respect the rights of private mineral holders when dealing with split estates. IPAA members have a commitment to the places they call home – they live where they operate and want the air they breathe and water they consume to be clean. They follow the rules that govern them, but there's frustration when they face overly burdensome, redundant bureaucracy.

Currently, BLM triggers National Environmental Policy Act (NEPA) analysis for wells on state or private lands if any of the oil and natural gas resources being drilled are federally owned. This occurs even when the federal government has a small/minority mineral interest. For too long, the BLM has used this federal nexus as a way for the agency to become involved in state and private mineral development decisions. In addition, once the federal interconnection is established, the full cavalcade of Washington's regulatory agencies can become involved in projects. Even when there is the smallest percentage of federal ownership, an operator must go through an entire NEPA review that would otherwise not be required. At a time when Congress is working to reform our nation's permitting system for infrastructure projects, this outdated policy moves in the opposite direction creating more overlapping bureaucracy and red tape.

H.R. 1555 brings common sense to the federal mineral leasing process. It removes the BLM permitting requirement in instances when less than half of the subsurface minerals within a drilling spacing unit are owned by the federal government and when the government does not own or lease any surface rights within the impacted area. The legislation makes no changes to the current royalty system and allows the federal government to receive royalties from oil and natural gas production within a particular drilling or spacing unit. Finally, the bill ensures that drilling and exploration activities are subject to all state laws, regulations and rules governing oil and natural gas production within that state. This legislation reduces bureaucracy, clarifies the permitting of oil and natural gas wells across the Intermountain West, and encourages responsible energy development.

H.R. 7831 - "To extend the period for collection of fees for applications for permits to drill under the Mineral Leasing Act."

IPAA has a long history of support for the concepts found in H.R.7831 sponsored by Representative Kennedy. The Energy Policy Act of 2005 set up a pilot program for BLM oil and natural gas permit processing improvement. At the time, there was a boom in onshore federal oil and natural gas exploration and BLM offices were backlogged in processing applications for permits to drill (APDs). The initial program established field-based "pilot offices" in high demand areas and added staffing and agency coordination. By 2007, the program had roughly 150 approved positions to handle the workload (Source: [Energy Policy Act - 4/17/07 | U.S. Department of the Interior](#)). The program began working towards a cost recovery model, which IPAA has always supported. Instead of relying on congressional appropriations, the program was funded through a higher APD fee indexed to inflation. Effectively, industry pays for the additional staff to process APDs. The program was reauthorized with these changes as part of the National Defense Reauthorization Act of 2015, extending the Permit Processing Improvement Fund (PPIF) and continuing the fee-based funding model.

It is important to note that the PPIF has garnered bipartisan support in both chambers in previous reauthorizations as the concept is sound – industry pays their own way. The PPIF provides practical outcomes with more predictable permitting and better

coordination among energy producers and federal agencies. Without Congressional action, the authority for the PPIF is set to expire at the end of FY 2026. IPAA urges Congress to pass H.R. 7831 expeditiously so this vital program can continue.

H.R.7882 – “To provide for the leasing of certain deposits of minerals located within the City of Carlsbad, New Mexico.”

IPAA also supports H.R. 7882 sponsored by Congressman Stauber that would provide for leasing of oil and natural gas resources within the city limit boundaries of Carlsbad, New Mexico. The municipality supports this measure and has advocated for changing existing federal policy. Currently, the Mineral Leasing Act (MLA) prohibits the BLM from leasing federal resources underlying incorporated cities, towns, and villages. However, with the advent of modern horizontal drilling technology, wells can be drilled several miles laterally to access the federal mineral acres under the City of Carlsbad.

Approximately 1,600 federal mineral acres under the City of Carlsbad are unleased. As a result, oil and natural gas producers operating around Carlsbad must avoid federal acreage when drilling underneath the city. This not only causes inefficiencies for the operators but also substantial loss of revenue for the federal government and the State of New Mexico. The City of Carlsbad has long enforced a drilling ordinance for wells drilled within the Carlsbad city limits and provides abundant safeguards for health and safety protocols as well as robust public comment opportunities for any project.

The City of Carlsbad has been extensively consulted about this legislation and supports the measure. In November 2025, City of Carlsbad Mayor Rick Lopez wrote the BLM New Mexico State Director and urged the agency to take action to remove the drilling restrictions for minerals underlying the city. However, the removal of the restriction cannot be accomplished via regulatory avenues and needs a legislative fix to enact the change. IPAA agrees with Mayor Lopez and urges passage of this legislation as soon as possible to allow these federal minerals to be included in a federal lease sale, be sold to the highest bidder, and accessed safely and efficiently.

IPAA member companies are committed to finding creative solutions to problems that exist within the scope of oil and natural gas production on federal lands. We commend the House Natural Resources Committee for seeking innovative legislative pathways to resolving these issues that will enhance the ability of America to continue to have a robust onshore oil and natural gas program.

Thank you for the opportunity to join you today.