

## **Restoring Community Input and Public Protections in Oil and Gas Leasing Act, H.R. 3225**

H.R. 3225 would fix a broken oil and gas leasing system to better provide transparency for the public, protect American taxpayers and our public lands, waters and wildlife. Countless provisions of the Mineral Leasing Act of 1920 (MLA) and related laws retain antiquated language that cuts the public out of opaque leasing procedures, fails to provide a fair return to taxpayers, and allows for abuse and mismanagement of the leasing process.

Oil and gas development is the dominant use of our public lands and has been for decades. Other uses of public lands such as conservation, recreation and even renewable energy development are being shortchanged as a result. From stockpiled leases to drilling permits that sit in limbo for decades, there are many problems with how we manage oil and gas development on public lands. H.R. 3225 would help put the public interest first by:

### **Ensuring fair market value for use of public lands**

Americans are supposed to receive “fair market value” whenever oil and gas is produced from public lands. This means that the federal government must routinely evaluate and strengthen its fiscal policies – including updating royalty rates, rental rates, and minimum bids – to ensure that taxpayers, and not private interests, are the primary beneficiaries of public lands development.<sup>1</sup> Yet, the Department of the Interior has not updated fiscal policies in decades. H.R. 3225 would modernize these policies and better protect American taxpayers. This includes:

- Raising the onshore oil and gas royalty rate from 12.5 percent to 18.5 percent for all new oil and gas leases which is what most western states charge for development on state land;<sup>2</sup> according to the Congressional Budget Office, this change alone could generate roughly \$400 million in new revenue for federal and state taxpayers.<sup>3</sup>
- Ending the practice of non-competitive leasing, which has allowed companies to stockpile public land for cheap. In 2018, the Bureau of Land Management (BLM) leased twice as much land non-competitively as it did in 2017, and issued more non-competitive leases than in any other year in the last decade.<sup>4</sup>
- Increasing the national minimum lease bid from \$2 per acre to \$5 per acre, and requiring the Secretary of the Interior to adjust it for inflation at least once every four years.
- Raising the onshore rental rates for oil and gas leases from their current values of \$1.50 for the first 5 years, and \$2 for the second five years, to \$3 for the first 2 years, and \$5 in each subsequent year.

### **Increasing public participation**

The Trump administration has stifled and suppressed the public’s opportunity to weigh in on oil and gas leasing decisions, shortening comment periods and foregoing adequate public notice before leasing occurs. H.R. 3225 will change that -- restoring opportunities for the public to have a say in how their public lands should be managed that were stripped away in recent years under President Trump and

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<sup>1</sup> Putting the Public First: A Principled Vision for Oil and Gas Development on our Public Lands; [https://www.wilderness.org/sites/default/files/media/file/Report\\_PuttingThePublicFirst%2003.18.pdf](https://www.wilderness.org/sites/default/files/media/file/Report_PuttingThePublicFirst%2003.18.pdf)

<sup>2</sup> Raising Federal Rates Could Decrease Production on Federal Lands but Increase Federal Revenue. GAO; <https://www.gao.gov/assets/690/685335.pdf>.

<sup>3</sup> Options for Increasing Federal Income From Crude Oil and Natural Gas on Federal Lands. CBO; [http://www.cbo.gov/sites/default/files/114th-cong-ress-2015-2016/reports/51421-oil\\_and\\_gas\\_options.pdf](http://www.cbo.gov/sites/default/files/114th-cong-ress-2015-2016/reports/51421-oil_and_gas_options.pdf).

<sup>4</sup> Backroom Deals: The Hidden World of Noncompetitive Oil and Gas Leasing. Center for American Progress; <https://www.americanprogress.org/issues/green/reports/2019/05/23/470140/backroom-deals/>.

codifying them into law. This bill revitalizes pragmatic leasing procedures that encourage public participation and proactive outreach with state agencies, private landowners, and other stakeholders, rather than the current system in which BLM passively offers parcels of industry's choosing, and is then forced to respond to protests and lawsuits from negatively impacted members of the public.

### **Improving transparency**

H.R. 3225 would require individuals or companies to disclose their identity when nominating or bidding on parcels to lease. Currently, an anonymous bidding system is used, which makes it easier for oil and gas companies to shield their identities when nominating public lands for leasing. As a result, the public is left in the dark about just who is trying to lease public lands for drilling and whether or not they have a history of polluting our air and water and damaging public lands and wildlife.<sup>5</sup>

### **Protecting natural and cultural resources**

H.R. 3225 requires the Department of the Interior to develop smart-from-the-start Master Leasing Plans for areas on public lands where the industry is interested in leasing, but further analysis or information is required to address the impacts of oil and gas development. Master Leasing Plans have been used to successfully manage and resolve resource conflicts on public lands throughout the West, with broad support and input from local communities, businesses, sportsmen and many others. Unfortunately, the Trump administration has shut down the program and reinstated leasing in many areas where additional planning and outreach with local communities and stakeholders is desperately needed.<sup>6</sup> Further, the bill also requires BLM and the US Forest Service to continue to manage lands under lease for multiple-uses, including conservation and recreation until a company begins operations on the lease. This would force the agencies to acknowledge that even when lands are under lease, they must still manage for, and promote, other uses such as outdoor recreation and wildlife conservation.

### **Slowing down the rush to lease in the name of “energy dominance”**

The Trump administration has offered up millions of acres of our public lands to the oil and gas industry at unprecedented rates; many of these areas are some of the wildest places in our nation, support economically important recreation resources, and are critical for wildlife species, like elk, mule deer, and sage-grouse.<sup>7</sup> H.R. 3225 will slow down this rush to lease our public lands for drilling, by reducing the number of lease sales in each state from four to a maximum of three and limiting each BLM field office to one lease sale per year.

### **Protecting landowners**

H.R. 3225 requires the Department of the Interior to notify surface landowners and holders of special recreation permits when oil and gas leases are offered on lands that would affect their property or permits. It also puts in place safeguards to protect landowners when the federal minerals beneath their property are leased, by requiring a surface use agreement between the oil and gas operator and the landowner guaranteeing that the operator will minimize its impact, clean up after itself, and pay for any damages it leaves behind.

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<sup>5</sup> <https://www.americanprogress.org/issues/green/reports/2018/01/04/444501/trump-administration-selling-public-lands-internet/>

<sup>6</sup> <https://west.stanford.edu/news/blogs/and-the-west-blog/2018/master-leasing-plans>

<sup>7</sup> <https://wilderness.maps.arcgis.com/apps/Cascade/index.html?appid=3c85766bc4c44579a2a7bb133b70e774>