Department of the Interior
1849 C Street, N.W.
Washington DC 20240
energyreview@ios.doi.gov

April 15, 2021

Re: AXPC comments of DOI review of the federal oil and natural gas leasing program

Submitted via email - energyreview@ios.doi.gov

Dear Secretary Haaland:

I appreciate the opportunity to provide comment on behalf of the American Exploration and Production Council (AXPC) on the U.S. Department of Interior's (DOI) comprehensive review of the federal oil and gas program. AXPC is a national trade association representing the largest independent oil and natural gas exploration and production companies in the United States. Collectively, these companies provide billions annually in revenues generated from oil and natural gas development of federal lands. Many AXPC members also operate on tribal lands and have valued, working relationships with tribal nations; however, these written comments will focus only on the Bureau of Land Management's (BLM) oversight of federal oil and gas exploration and development.

AXPC members are committed to working with local, state, tribal, and federal governments to responsibly produce the Nation's natural resources, and care deeply about protecting cultural resources and the environment. Our companies are also highly conscientious about working with, and listening to, the communities and the people in the places where we operate. What we often hear from families and businesses in these communities near federal oil and gas development is that they depend on the good-paying jobs and local commerce that development brings, often in America's remote and rural areas. People in these towns are concerned that without these projects, their communities would severely suffer. They share fears that with the loss of these jobs and business activity, their towns would dry up – as there are no "replacement jobs" locally waiting for them.

Cutting oil and gas production on federal lands does not provide climate benefit – as production will likely just shift elsewhere – but it will take good-paying jobs from these people and these communities.

The responsible development of federal minerals, a fair return for taxpayers, and issues like climate change are important conversations to have, and AXPC does want to be a part of those conversations.

But as policy changes are considered, it is important that we take care to protect these people, and their livelihoods – who may otherwise be disproportionally impacted. AXPC desires to work collaboratively with the Interior Department and its agencies to help inform policy initiatives that promote environmental stewardship and drive the development of affordable and reliable energy for Americans.

Producing oil and natural gas on federal lands is a lengthy and complicated process, with multiple levels of analysis, public involvement, capital investment, federal and state review, and challenges. Currently, the U.S. is a global leader in both energy production and the reduction of emissions – a commendable achievement.[1] AXPC members believe that enormous benefits can result from continued oil and natural gas development on federal lands, as both our nation and the world will continue to need reliable, affordable energy for decades to come.[2]

A ban or significant curtailment of new federal oil and gas leasing on public lands will likely only lead to a greater reliance on oil imports and the use of coal abroad, resulting in higher overall emissions impacts.[3]

APXC members offer input from the perspective of the operators who largely bear the risks associated with producing taxpayer-owned resources, and who have made significant investments in environmental technologies and best practices. AXPC members would also like to offer our input and experience, to the extent DOI needs additional information on these topics as the Administration carries out this review.

## I. Industry Has Not Spent the Past Few Years Stockpiling Onshore Oil and Gas Leases.

Efficient development of leasehold is a priority for AXPC members. In regard to utilization of federal lease opportunities, the Department's own statistics demonstrate that there has been a steady trend of (1) less onshore federal acreage being leased over time; and (2) more existing onshore leases being held by production – resulting in increased revenue streams for the American people. In August 2019, the then Secretary of the Interior noted that, the United States had "the highest number of oil and gas production on federal leases since 2008. But it is also worth noting we have leased the least amount of acreage during that time."[4]

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[1] The oil and gas industry produces and provides nearly 70% of the energy that America uses. https://www.eia.gov/totalenergy/data/monthly/pdf/sec1_7.pdf

[2] The United States' energy demand is expected to continue to rise. U.S. Energy Information Administration, "*Annual Energy Outlook 2021*" https://www.eia.gov/pressroom/presentations/AEO2021_Release_Presentation.pdf February 3, 2021. *See also* https://www.iea.org/reports/world-energy-model/sustainable-development-scenario

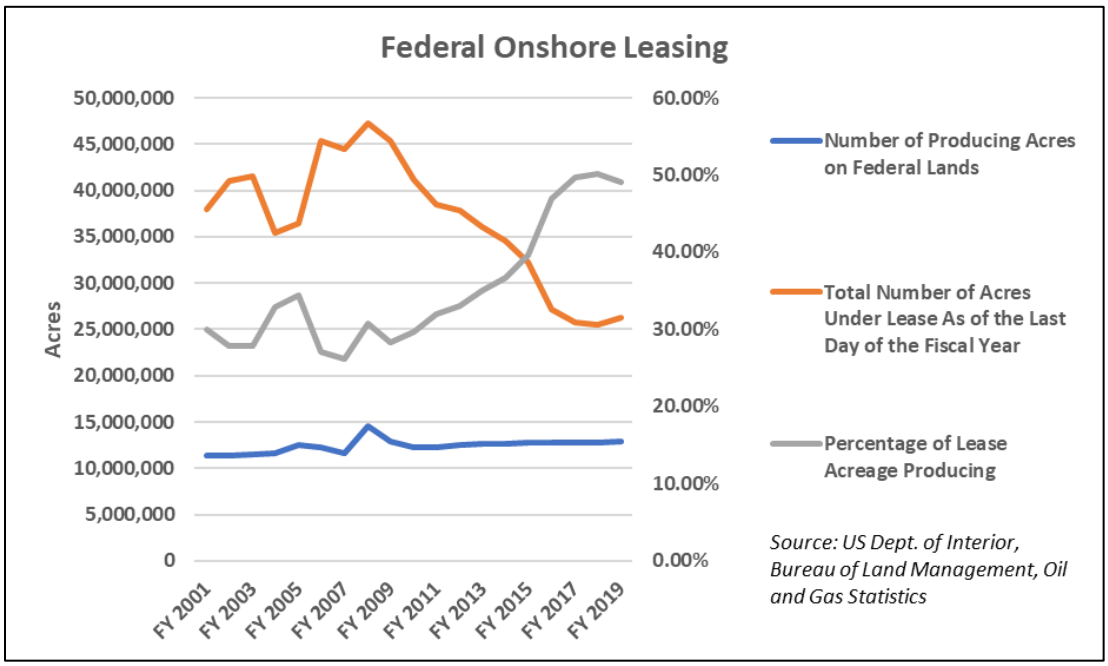
[3] Both EPA and EIA data show that emissions per unit of production from key U.S. producing basins fell by almost 70% between the years 2011 and 2019. https://www.epa.gov/ghgreporting/ghg-reporting-program-data-sets; https://www.eia.gov/petroleum/drilling/

[4] Derek Maiolo, *Interior Secretary David Bernhardt Touts Environmental Deregulation at Appearance in Steamboat Springs*, THE ASPEN TIMES, August 23, 2019, *available at* https://www.aspentimes.com/news/interior-secretary-david-bernhardt-touts-environmental-deregulation-at-appearance-in-steamboat-springs/

Specifically, Bureau of Land Management (BLM) data indicates that:

1. Between 2009 – 2019 the total number of on-shore acres leased by the federal government decreased by over 43 percent.
2. While during that same time period, the total number of federal onshore leases held-by-production significantly increased (see graph below).[5]
3. The current leased acreage is approximately 4 percent of the federal mineral estate of 700 million acres.

In other words, technological innovations and efficiencies have yielded more production with less impact, meaning operators are producing much more with far less. This trend, illustrated by the graph below, runs counter to the claim that companies have been stockpiling leases and not diligently working to bring them to production.




## II. Americans Receive Substantial Economic Benefits from Onshore Oil and Gas Leases.[6]

The enhanced value created by the trend of growing efficiency in federal mineral development is ultimately realized by American citizens, and on multiple levels, as Americans receive substantial direct and indirect economic benefits from onshore oil and gas leases.[7]

[5]U.S. Department of the Interior, "Oil and Gas Statistics" (Table 1, Table 5) https://www.blm.gov/programs-energy-and-minerals-oil-and-gas-oil-and-gas-statistics

[6] U.S. Energy Information Administration, *"U.S. Energy Facts Explained"* https://www.eia.gov/energyexplained/us-energy-facts/

[7] Considine, Timothy J, "*The Fiscal and Economic Impacts of Federal Onshore Oil & Gas Lease Moratorium and Drilling Ban Policies*" https://www.wyoenergy.org/wp-content/uploads/2020/12/Final-Report-Federal-Leasing-Drilling-Ban-Policies-121420.pdf December 14, 2020.

Over the past decade, DOI has disbursed on average $10 billion dollars annually from energy production on federal lands and waters to the U.S. and state governments.[8] According to the Office of Natural Resource Revenue (ONRR), between fiscal year 2001 and fiscal year 2019, revenues from onshore leases increased substantially.[9] In fiscal year 2019 alone, revenues from federal onshore oil and natural gas leases totaled around $4.2 billion.[10] These revenues are composed of:

- Royalties: $2.931 billion;
- Bonuses: $1.181 billion (bonuses are only paid when lease sales occur);
- Other revenue (including interest payments, Application for Permit to Drill fees): $67 million; and
- Rentals: $22 million.[11]

Disbursements of fiscal year 2019 revenues include approximately $2.002 billion to state and local governments; $1.539 billion to the Reclamation Fund; $39 million to the Permit Processing Improvement Fund; $172 million to other accounts; and $444 million to the Treasury General Fund.[12] Royalties are, thus, only one of type of payment received by the United States. Additional revenues are paid directly to Treasury for rental payments, bonuses, and taxes. Collectively, these payments constitute the government's share of funds received for federal oil and gas development, and the cumulative sum of these revenues is often referred to as "government take." Any potential policy changes being considered by DOI should first consider the total government take already being paid by industry – and not solely focus on royalty rates in isolation. As found in an IHS CERA Study,[13] *Comparative Assessment of the Federal Oil and Gas Fiscal System*, bonus payments paid to obtain leases in the competitive bidding process also constitute a significant revenue stream. The IHS CERA study pointed out that in comparison to other fiscal systems, the current federal oil and gas leasing system places greater reliance on front-ended bonus payments, which "provide no guarantee that the lessee will be able to discover oil and gas in paying quantities effectively shifting the risk of exploration onto the oil companies." Bonuses are paid up-front (prior to any development), and create a self-correcting mechanism, in that leasehold economics are assessed based on a combination of the up-front bonus cost and royalty rate. As a result, increases to royalty percentages will not be viewed in isolation by industry and could result in lower lease bonuses revenues or discourage investment. Federal onshore oil and gas revenues (including bonus payments) also contribute significantly to state budgets.[14] In 2019 alone, DOI reported that it disbursed close to $12 billion dollars from energy production on federal lands to the federal government and states.[15]

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[8] https://revenuedata.doi.gov/query-data

[9] Query Data: Natural Resources Revenue Data, Department of Interior, www.revenuedata.doi.gov

[10] U.S. Congressional Research Service. REVENUES AND DISBURSEMENTS FROM OIL AND NATURAL GAS PRODUCTION ON FEDERAL LANDS, (R46537; Sept. 22, 2020) by Brandon S. Tracy, *available at* https://crsreports.congress.gov/product/pdf/R/R46537

[11] *Id*.

[12] *Id*.

[13] https://www.boem.gov/sites/default/files/oil-and-gas-energy-program/Energy-Economics/Fair-Market-Value/CERA-Final-Report-November-2011.pdf

[14] https://www.heinrich.senate.gov/press-releases/heinrich-lujan-welcome-department-of-interiors-decision-to-return-to-standard-permitting-process-for-activities-on-public-lands-including-energy-development

[15] U.S. Department of the Interior, "Natural Resources Revenue Data" https://revenuedata.doi.gov/query-data/?dataType=Disbursements

In New Mexico, which accounts for 57 percent of federal onshore oil production and 31 percent of onshore natural gas production, 30 percent of the state's budget is funded by oil and gas development, much of which is attributable to federal lands development.[16]

Finally, oil and natural gas production on federal lands also supports hundreds of thousands of American jobs[17] and provides Americans with lower household energy costs.[18] A study conducted by OnLocation indicates that an indefinite or long-term development pause on federal lands policy would result in an elimination of nearly 1 million American jobs by the year 2022.[19] And, it is also worth noting that the oil and natural gas industry voluntarily contributes millions of dollars to voluntary conservation efforts. In just one example, in 2017 a number of AXPC companies operating in the Permian Basin partnered with the National Fish and Wildlife Foundation to form the Pecos Watershed Conservation Initiative (PWCI).[20] Since that time, these companies have committed nearly $5 million dollars for conservation projects in the Pecos River Watershed, which then was leveraged to garner match funding almost doubling the total funding for conservation projects in the area.

## III. The Issuance of Onshore Leases Does Not Prohibit Other Public Land Uses of the Surface Estate.[21]

Oil and natural gas development on federal land also regularly occurs alongside other uses, as directed by statute. In no way does the issuance of an onshore lease somehow "lock up the acreage" or prohibit other uses.[22] Any mischaracterization the oil and natural gas industry is somehow "locking up acreage" likely stems from fundamental misunderstanding regarding split estate ownership, and the interplay between the Federal Land Policy and Management Act of 1976 (FLPMA) and federal Mineral Leasing Acts. Under FLPMA and pursuant to federal land use plans, much of this onshore leased federal acreage remains open to "multiple uses." This compatibility helps maximize revenue to taxpayers and local governments from oil and gas leases and other nearby federal lands activities, such as grazing. In fact, frequently, surface activities of existing leases must give way to third-party rights-of-way or grazing leases.

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[16] Adrian Hedden, *Collapse of Oil Industry in New Mexico Could Last Years*, THE JOURNAL, Nov. 27, 2020, *available at* https://the-journal.com/articles/194050

[17] https://www.api.org/news-policy-and-issues/news/2020/09/09/new-mexico-federal-leasing-ban

[18] "Consumer Expenditures--2019." U.S. Bureau of Labor Statistics, September 9, 2020. https://www.bls.gov/news.release/cesan.nr0.htm

[19] OnLocation,Inc., "*The Consequences of a Leasing and Development Ban on Federal Lands and Waters"* https://www.api.org/~/media/Files/News/2020/09/Consequences_of_a_Leasing_and_Development_Ban_on_Federal_Lands_and_Waters.pdf September 2020.

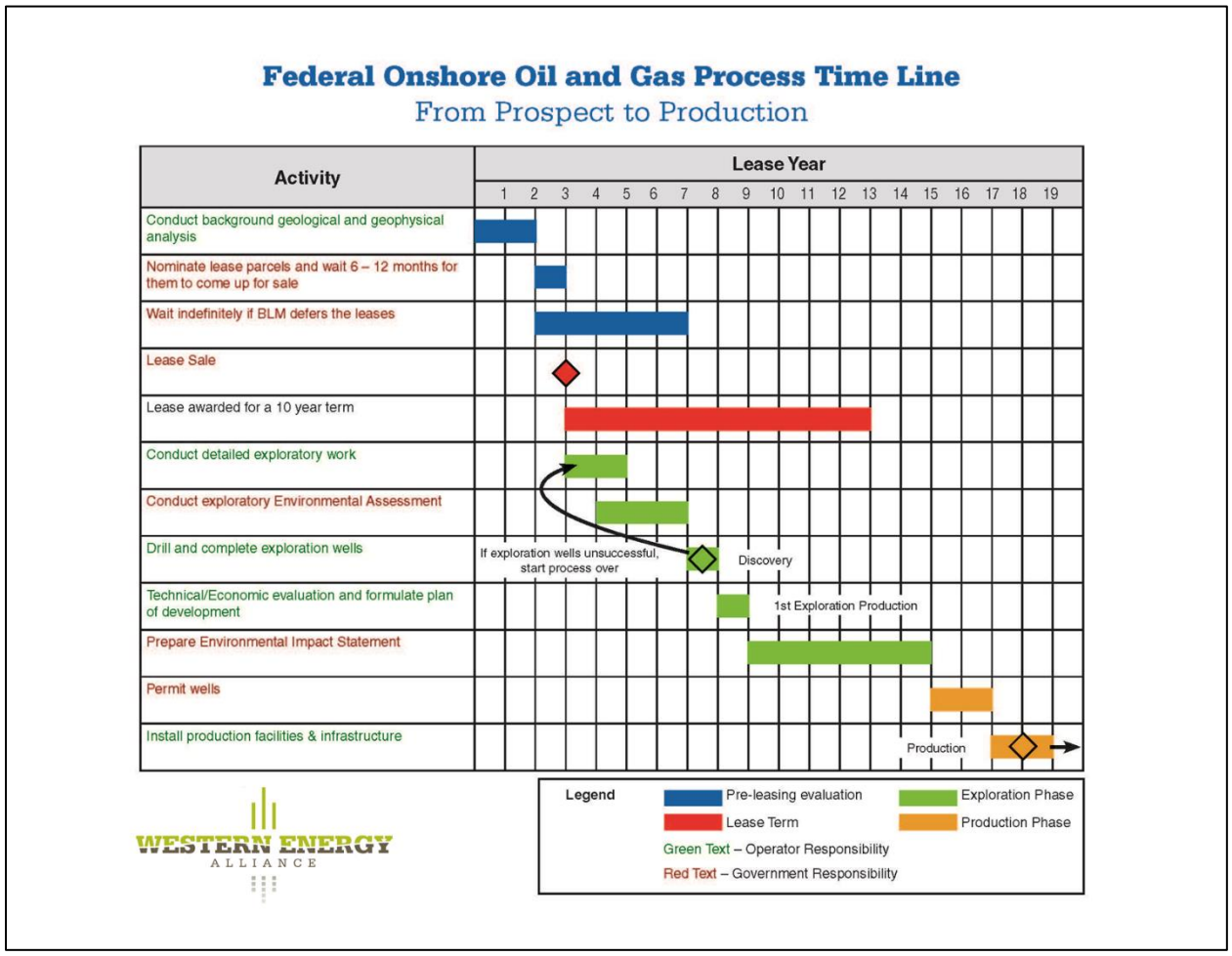
[20] https://www.nfwf.org/programs/southwest-rivers-program/pecos-watershed-conservation-initiative

[21] In 2019, onshore oil production on federal lands was 9% of the total, compared to 6% of total production in 2010. *See* Tracy, *supra* n.2, at 2.

[22] The government can foster the co-development of renewables and oil and gas on the same lands, or allow for other public uses of federal lands where on-shore oil and gas development occurs. *See*, *e.g.*, DEP'T OF THE INTERIOR ORDER NO. 3285A1, RENEWABLE ENERGY DEVELOPMENT BY THE DEPARTMENT OF THE INTERIOR, (2010) *available at* https://www.doi.gov/sites/doi.gov/files/elips/documents/3285a1-renewable_energy_development_by_the_department_of_the_interior.pdf. DEP'T OF THE INTERIOR ORDER NO. 3283, ASSIGNMENT OF RENEWABLE ENERGY GENERATION RESPONSIBILITIES, (2009); *see also* Oil, Gas and Potash Leasing and Development Within the Designated Potash Area of Eddy and Lea Counties, NM, 77 Fed. Reg. 71,814 (Dec. 4, 2012), *available at* https://www.govinfo.gov/content/pkg/FR-2012-12-04/pdf/2012-29393.pdf.

## IV. More Time and Effort is Required to Develop Federal Oil and Natural Gas Leases.

Due, in-part, to complexities involved with managing the multiple-use mandate for public lands in FLPMA, DOI has acknowledged that its regulatory requirements to drill for oil and gas on federal lands differ substantially from state and private landowner requirements.[23] More time and capital investment is needed to drill on federal land, compared to fee land, given the multiple layers of National Environmental Policy Act (NEPA) analysis throughout the development process and the complexity of layered federal and state regulation and permitting as depicted in the chart below.[24]




The reality is that a vast majority of non-producing leases are still in their primary term – as provided for in valid and binding lease agreements issued and approved by BLM. These leases give lessees the right, and impose the obligation, to explore, develop, and produce commercial quantities of hydrocarbons from the lease.

[23] *See* Letter from C. Stephen Allred, Assistant Sec. BLM Land & Minerals Management, to Mr. Frank Rusco, Acting Director, GAO Natural Resources & Environment (Sept. 24, 2008).

[24] Western Energy Alliance has permitted AXPC to share this chart within its comments.

A federal lease terminates at the expiration of the primary term if the lessee is not performing diligent drilling operations. This risk of expiration is borne completely by oil and gas companies – not the lessors.[25]

A lease currently listed as non-producing does not mean that operations have been dilatory or inactive on that leasehold. The length of time required to explore for, develop, and produce marketable quantities is a function of risk, significant investment, and regulatory due process, which can be drawn out by administrative delays, uncertainties, and legal challenges. Not every lease contains oil or natural gas resources, nor does every non-producing lease represent untapped resource potential. It takes several years of scientific and engineering evaluation and a sizable investment for a company to analyze the underlying geology, perform the necessary technology and engineering assessments, and arrange the logistics of an exploration or development project before a company can determine if a lease contains commercial quantities of oil and natural gas.

DOI has long recognized that Industry must consider a variety of factors when selecting both parcels to lease and when/where to pursue development. These factors include:

- Geologic prospectivity,
- State and federal regulatory approval timelines (such as the time that it takes to obtain Application for Permit to Drill (APDs) and Rights-of-Way;
- The availability of equipment and crews;
- Location relative to market and transportation constraints;
- Take away capacity for pipelines; and
- The risk of development delays.[26]

In past years, DOI has explained that its lease terms were designed with "diligence in mind" after taking into consideration the timelines necessary to comply with federal regulations for development.[27] The same logic applies to federal permits. Since each well drilled represents a new data point in the larger context of delineating the target resource, permits in certain areas may be later realized as uneconomic to utilize and not renewed by the holder, at the expense of the company upon application.

Any potential changes to the federal oil and gas program or royalty rates should recognize the increased regulatory burden for companies who develop on federal lands versus nonfederal lands, as well as the significant differences between these systems. The leasing and development of federal minerals is more complex than the leasing and development requirements for fee and state acreage. Increasing regulatory burdens and royalty rates will only further disadvantage federal leases, as compared to state or private leases.

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[25] Provided that *de facto* lease suspensions are given under the law in certain situations and similar to most other agreements, accommodations are afforded for force majeure situations. *See* 30 U.S.C. § 226(f); 30 U.S.C. § 209.

[26] *See* Letter from C. Stephen Allred, Assistant Sec. BLM Land & Minerals Management, to Mr. Frank Rusco, Acting Director, GAO Natural Resources & Environment (Sept. 24, 2008); *see also* Oil and Gas Leasing; Royalty on Production, Rental Payments, Minimum Acceptable Bids, Bonding Requirements, and Civil Penalty Assessments, 80 Fed. Reg 22,148 (April 21, 2015) (to be codified at 43 C.F.R. pt. 3100) *available at* https://www.govinfo.gov/content/pkg/FR-2015-04-21/pdf/2015-09033.pdf.

[27] *See* Letter from C. Stephen Allred, Assistant Sec. BLM Land & Minerals Management, to Mr. Frank Rusco, Acting Director, GAO Natural Resources & Environment (Sept. 24, 2008).

## V. The Evaluation and Development Process Takes Time and Is Often Susceptible to Delays Beyond the Lessee's Control.

Producing oil and natural gas on federal lands requires robust scientific and engineering analysis at multiple times throughout what is a lengthy and complicated process, including throughout the leasing, project planning, and permitting stages. Before federal acreage is leased and companies can actively explore for or develop oil and natural gas on federal lands, the federal government undergoes complex, multi-step processes to ensure environmental protections are in place, the public is consulted, and appropriate leasing stipulations are applied. Initially, in determining even which areas may be open for leasing, BLM develops Resource Management Plans (RMP)s that are characterized by BLM as blueprints to keep public landscapes healthy and productive.[28] The public is invited to participate in crafting these plans, which also are subject to the requirements of NEPA for sufficient environmental review, so as to inform federal decision-making of potential impacts. These environmental reviews conducted by the agency offer the opportunity for public comment and participation.

The federal leasing process starts when federal acreage is nominated in an area designated by BLM as open for oil and gas leasing within the appropriate RMP process. BLM reviews expressions of interest (EOI) to determine whether the parcel is available for leasing and again conducts environmental and cultural resource impact analysis pursuant to NEPA on the specific parcel. Only then does the agency then announcing the land available to lease and the date of the lease sale. Public input is encouraged and addressed in this step of the process as well.

After a lease is acquired, companies invest significant time and resources to determine what they have and whether it can be economically produced. Geophysical exploration can cost millions of dollars and takes considerable time to conduct due to logistical challenges, such as permitting and negotiating agreements with surface owners; then additional time is needed to analyze and process the geophysical data itself. Once companies have sufficient confidence in the subsurface resource potential and location, only then can they move toward permitting an initial well.

The Application for Permit to Drill submitted to BLM must include extremely detailed information that companies must take time to compile and to provide, including, but not limited to, the type, location, and plan for drilling the well, surface use plans and associated rights-of-way, roads, pipelines, and production facilities, evidence of bond coverage, proof of operators' certification, and onsite inspection information. BLM cannot approve an APD until the operator meets the requirements of certain laws and regulations, including NEPA, the National Historic Preservation Act (NHPA), and the Endangered Species Act (ESA), which are each separate processes that can involve lengthy reviews. Additionally, BLM must approve an operator's reclamation plan prior to construction at an oil and gas site. After this extensive planning and review, BLM often still adds more conditions of approval to the APD, to which operators must then also comply.

[28] https://www.blm.gov/programs/planning-and-nepa

Development timeframes are also frequently stretched by protests, state director reviews, and legal challenges at every step of the process. This time period is frequently extended by challenges from activist interest groups at every step of the process, especially onshore. These groups have challenged nearly every federal lease sale in the Rocky Mountain West since 2016, as well as a large portion of those from 2015. Industry trade groups are directly engaged in numerous lawsuits dealing with federal leasing that will affect operators' abilities to access federal public lands now and into the future. These challenges add significant time to the development process, result in de factor lease suspensions, and create substantial risk to federal lease development. The following include some examples of this lease sale litigation:

1. ***WildEarth Guardians v. Bernhardt*** in the D.C. District Court involves all federal lease sales in 2015 and 2016 in Colorado, Utah, and Wyoming.[29]
2. ***Western Watersheds v. Bernhardt*** in the Idaho District Court challenges the Wyoming Feb., June and Sept. 2017, March, June and Sept. 2018, and Feb. 2019 lease sales; the Montana June and Dec. 2017, March 2018, and March 2019 sales; the Sept. 2017 and Sept. 2018 Utah sales; and the June and Sept. 2018 Nevada sales.[30]
3. ***Montana Wildlife Federation v. Bernhard*** in the District of Montana challenged Wyoming and Montana lease sales from Dec. 2017 and March and June 2018 lease sales.[31]
4. ***WildEarth Guardians v. Bernhardt*** in the New Mexico District Court involves 2018 lease sales in New Mexico, including the record-breaking $972 million sale, which provided substantial funding to both New Mexico and the federal government.[32]
5. ***WildEarth Guardians v. Bernhardt*** in the D.C. District Court covers 23 lease sales across the West from 2016-2019.[33]

By the time development occurs, many AXPC members have invested ***significant*** time and capital, including expenditures for science and engineering resources and the utilization of new environmental stewardship technologies. These companies take seriously their role as stewards of federal lands and employers in the communities where their employees live and work. And these companies will continue to work with federal agencies to thoroughly analyze and, where appropriate, mitigate the potential positive and negative impact of their developments.

## VI. Federal Lands Development Can Continue to Help the U.S. Lead on Climate Solutions.

The development of federal minerals contributes to the U.S. response to the risks of climate change both through the exhibited progression of emissions reduction on federal lands and by supporting the increasing use of natural gas for power.[34]

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[29] *WildEarth Guardians v. Bernhardt*, No. CV 16-1724 (RC), 2020 WL 6701317 (D.D.C. 2020)
[30] *W. Watersheds Project v. Bernhardt*, No. 1:18-CV-00187-REB, 2019 WL 3022188 (D. Idaho 2019)
[31] *Montana Wildlife Fed'n v. Bernhardt*, No. CV-18-69-GF-BMM, 2020 WL 2615631 (D. Mont. 2020), *appeal dismissed*, No. 20-35609, 2020 WL 6194597 (9th Cir. 2020)
[32] *WildEarth Guardians v. Bernhardt*, No. 1:19-CV-00505-RB-SCY, 2020 WL 6799068 (D.N.M. 2020).
[33] *WildEarth Guardians v. Bernhardt*, No. CV-20-56 (RC), 2020 WL 6255291 (D.D.C. 2020)
[34] U.N. Climate Change "GHG data from UNFCCC" (CO2 Total w/o LULUCF 2000-2018)
https://unfccc.int/process-and-meetings/transparency-and-reporting/greenhouse-gas-data/ghg-data-unfccc/ghg-data-from-unfccc

According to 2018 study by the U.S. Geological Survey (USGS), the extraction of oil and natural gas from federal lands accounts for just 0.6 percent of total U.S. greenhouse gases (GHGs),[35] while providing the American taxpayer, states, and local communities with billions in annual revenue. The same study showed that emissions of $CO_2$ and methane from federal fossil fuel development have declined 6.1 percent and 10.5 percent respectively since 2005. Further, when considering the entire lifecycle of production through consumer consumption, USGS found that emissions from federal oil and gas development came only to 7 percent of total U.S. GHGs, an intensity that is proportionally less than the 22 percent and 12 percent of total production that federal oil and natural gas contribute.

These numbers point to the role that responsible development of federal lands can play as part of the solution, whereas stopping this development merely shifts production to other areas of the country or overseas, doing nothing to reduce global emissions. AXPC members have contributed to these efforts; for example, 100 percent of AXPC's membership has committed to participate in innovative industry-led initiatives like The Environmental Partnership.[36] From 2005 to 2019, the U.S. Energy Information Administration (EIA) reports that $CO_2$ emissions in the U.S. from total energy consumption declined by 14.2 percent across the economy, with much of that reduction due to the transition from coal to natural gas in the power sector.[37] Additionally, over the past decade, methane emission rates relative to production in the key producing U.S. basins have declined nearly 70 percent.[38]

The United States can continue to lead in climate solutions through technology, innovation, and promoting the global use of U.S.-produced natural gas. Over the past decade, natural gas production nearly doubled, while U.S. total energy-related $CO_2$ emissions declined significantly. According to the U.S. Environmental Protection Agency, from 2005 to 2018, total U.S. energy-related $CO_2$ emissions fell by 12 percent, while global energy-related emissions increased nearly 24 percent during this same period.[39] Methane emissions from oil and natural gas systems also are down 23 percent since 1990. The increased use of natural gas has also played a role in the reduction of criteria pollutants, including ozone precursors. Given the significant overall share of U.S. production is federal, operations on federal lands have contributed to much of that progress.

With technology, innovation, and public-private partnerships, we can continue to deploy a broad range of large-scale, low-cost emissions reduction technologies on federal lands. These technologies are helping operators produce oil and natural gas with lower carbon intensity and will continue to improve. The Department is in a unique position to encourage "research and development" projects by developing regulatory frameworks that streamline approvals for projects designed to further reduce emissions. This may include advanced commingling production designs, which can reduce methane emissions and surface disturbance.

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[35] Federal Lands Greenhouse Gas Emissions and Sequestration in the United States: Estimates for 2005- 2014, USGS, 2018.
[36] https://theenvironmentalpartnership.org/
[37] U.S. Energy Information Administration, *"Monthly Energy Review"* https://www.eia.gov/totalenergy/data/monthly/pdf/mer.pdf March 2021.
[38] API, *"API Statement on Social Cost of GHG Emissions"* https://www.api.org/news-policy-and-issues/news/2021/02/26/social-cost-of-carbon February 21, 2021.
[39] U.S. EPA, "Latest Inventory of U.S. Greenhouse Gas Emissions and Sinks Shows Long-Term Reductions, with Annual Variation" April 13, 2020 https://www.epa.gov/newsreleases/latest-inventory-us-greenhouse-gas-emissions-and-sinks-shows-long-term-reductions-0#:~:text=The%20United%20States%20is%20a,24%25%20from%202005%20to%202018.

The Department also could develop regulations that allow for future production on federal lands to pair with and complement other emissions-reducing technologies, such as carbon capture utilization and storage, which has great promise to significantly reduce emissions. Furthermore, industry standards and best practices work together with federal and state regulations to create additional environmental protections. These practices cover many different aspects of the industry operations and are regularly updated as a part of industry's ongoing effort toward continued improvement. AXPC would be able to discuss industry best practices in greater detail with DOI as it researches the federal oil and gas program.

## VII. State Regulations Expertise Should Be Consulted and Considered.

Finally, DOI should also consider the environmental protections afforded through state regulatory schemes. BLM rules and standards for drilling and production require all operations on federal land to comply with state and local regulations in order to protect life, property, and the environment. State rules and regulations are oftentimes structured to address the specific hydrology, geology, production volumes, and unique features of the state. These requirements oftentimes include extensive monitoring and reporting requirements that further validate that ongoing oil and natural gas production activity does not create widespread impacts to water resources, air, and the surrounding surface environment. AXPC believes strongly that BLM should recognize the contributions provided through these regulatory frameworks and avoid duplicative provisions that would add complexity and burden on state and federal agencies as well as the regulated entity, without adding meaningful environmental or community benefit. Similarly, BLM should consult and consider state expertise in its evaluation of the federal oil and gas program. States with significant federal lands development are profoundly impacted by agency actions and policy decisions. Additionally, state regulators often have decades of expertise dealing with many of the issues the agency is presently evaluating and should be sought out for solutions and guidance. For example, addressing the challenge of orphan wells, states, through organizations like the Interstate Oil and Gas Compact Commission (IOGCC), have gathered decades of expertise about addressing the challenge and the sensitivities that should be considered. In particular, these states have expressed concerns to federal regulators to caution against situations where regulations themselves are driving companies out of business and exacerbating the problem.

AXPC would encourage DOI to engage with state leaders and experts as they consider the impacts and opportunities of changes to the federal oil and gas leasing program occurring within state borders and purview.

## Conclusion

AXPC members are proud to produce federal oil and natural gas resources and do not take lightly their responsibility to steward those lands and waters with diligence. Nor do they underestimate the importance of developing federal resources in a manner that yields a fair return to American taxpayers. The U.S. oil and natural gas industry has developed and deployed myriad technological advancements to reduce surface disturbance, emissions, water usage, and broader environmental impacts, all while increasing production.

Much of this efficiency has occurred when operating on federal lands. In its review, we hope that DOI will support, not hinder, the continuation of those innovations and build upon a regulatory framework that fosters new technologies which can complement renewable installations, carbon capture and utilization/sequestration, and other innovations that can assist the Administration in meeting its climate goals while continuing to support a strong economy with access to affordable energy.

Given the significant capital investments made in the past, as well as those to be made in the future on federal leases and permits, our members request that this comprehensive review: yield sensible, reasonable policies that can allow operators to utilize existing and future lease rights; continue to develop emission-reducing innovations on those leases; and return a needed commodity and valuable revenue to the American people.

AXPC appreciates the opportunity to provide these written comments. The association and its members are ready and willing to share perspectives and information as the Department undergoes its comprehensive review and considers new policy to support the nations' energy, environmental, and economic goals.

Sincerely,

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