

**Statement of
Michael Nedd
Deputy Director, Operations
Bureau of Land Management
U.S. Department of the Interior**

**House Committee on Natural Resources
Subcommittee on Energy and Mineral Resources**

**Oversight on
*“Examining the Policies and Priorities of the Bureau of Land Management, the U.S. Forest Service, and the Power Marketing Administrations”***

March 12, 2019

Chairman Lowenthal, Ranking Member Gosar, and Members of the Subcommittee, I am pleased to join you today to discuss the Bureau of Land Management (BLM)’s policies, priorities, and accomplishments related to our onshore energy and minerals program. We are proud to share the work we have accomplished to increase responsible access to public lands, streamline administrative processes, and provide savings to the American taxpayers without sacrificing environmental protections. Through these efforts we have advanced an “all of the above” domestic energy strategy to promote America’s energy prosperity. Production of domestic energy keeps energy prices low for American families and businesses, reduces our dependence on foreign oil, creates American jobs, and generates billions of dollars in revenue to states and the Federal Treasury.

BLM’s Multiple Use Mission

The BLM manages approximately 245 million surface acres, located primarily in 12 western states, as well as 30 percent of the Nation’s minerals across 700 million subsurface acres. Managing this vast portfolio is a tremendous honor for the employees of the BLM, and our work depends on close cooperative relationships with partners and local communities.

The Federal Land Policy and Management Act (FLPMA) sets forth the BLM’s multiple-use and sustained yield mission, directing that public lands be managed for a variety of uses, ranging from conventional and renewable energy development, livestock grazing, conservation, mining, watershed protection, hunting, fishing, and other forms of recreation. Because of this, Federal lands support the production of goods and services that create jobs and promote economic development in communities across the Nation. This multiple use mission advances the President’s priorities for energy security, shared conservation stewardship, safe borders, and putting Americans back to work. For the purposes of this hearing, I will focus on the Administration’s priorities as they relate to an “all of the above” energy approach.

Under this Administration, the BLM has made it a priority to restore full collaboration and coordination with local communities, working with partners to promote multiple use on public

lands, and making the Department a better neighbor. The BLM's partnerships are truly cross-cutting, occurring at all levels of the agency and in key program areas. The BLM's great array of partners provides invaluable support, helping the agency deliver opportunities to engage the public in conserving, enjoying, and appropriately using the unique resources and services provided by BLM-managed lands. These partnerships have been particularly effective in efforts to restore ecosystems and landscapes, control the spread of invasive species, reduce wildfire risk, and enhance conservation and recreational opportunities. The BLM has also made it a top priority to review and streamline our business processes and information technology systems to serve our customers, as well as the public, better and faster.

America's Energy Agenda

The Administration has made environmentally responsible development of all domestic energy sources and minerals a priority. Executive Order (E.O.) 13783 (*Promoting Energy Independence and Economic Growth*) calls upon the Department, and other Federal agencies, to increase access to and reduce burdens on energy development on public lands. E.O. 13807 (*Establishing Discipline and Accountability in the Environmental Review and Permitting Process for Infrastructure Projects*) prompted an Administration-wide assessment to determine how best to address inefficiencies in current infrastructure project decisions that delay investments, decrease job creation, and are costly to the American taxpayer.

In response to these Executive Orders, the Department and the BLM have improved environmental reviews and permitting authorizations for energy and infrastructure projects. One such example is Secretary's Order (S.O.) 3355 (*Streamlining National Environmental Policy Act Reviews and Implementation of Executive Order 13807*), which provides a number of internal Departmental directives to increase efficiency of environmental reviews, including setting page and time limit goals on all National Environmental Policy Act (NEPA) analysis. In years past, BLM Environmental Impact Statements (EISs) had an average preparation time of approximately five years. The BLM has implemented S.O. 3355 by establishing a new 12-month approval process for EISs and their associated Federal Register notices. The BLM also coordinated with elected officials, engaged with Tribes, other Federal agencies, and the public, to identify additional opportunities to streamline planning and NEPA processes at the BLM. These efforts resulted in more than 100 specific streamlining recommendations, many of which have been or are currently being implemented.

The Department also issued four Secretarial Orders to reduce unnecessary and burdensome regulations while maintaining environmental protections. The most overarching order is S.O. 3349 (*American Energy Independence*), which directed bureaus to examine specific actions impacting oil and gas development, and any other actions affecting other energy development. S.O. 3354 (*Supporting and Improving the Federal Onshore Oil and Gas Leasing Program and Federal Solid Mineral Leasing Program*) directed the BLM to hold quarterly oil and gas lease sales, and to identify ways to promote the exploration and development of Federal onshore oil and gas and solid mineral resources.

In addition, on May 31, 2017, the Department issued S.O. 3352 (*National Petroleum Reserve – Alaska*) to jump-start energy production in the National Petroleum Reserve – Alaska (NPR-A)

and update resource assessments for areas of the North Slope. As a result, on December 22, 2017, the Secretary released an updated resources assessment for the NPR-A, which estimates technically recoverable oil and gas resources to be 8.7 billion barrels of oil and 25 trillion cubic feet of natural gas. Since this report's release, the BLM has generated approximately \$2.6 million in revenue. The BLM also continues planning efforts to lease tracts in the 1002 area of the Coastal Plain as authorized by the Tax Cuts and Jobs Act of 2017, Public Law 115-97. On December 20, 2018, the BLM published the Draft EIS. The BLM has since held several public meetings and the public comment period for the Draft EIS remains open until March 13, 2019.

In response to the Secretary's Orders, the BLM reviewed all regulations related to domestic oil and natural gas development on public lands, resulting in several rulemaking and policy changes. In December 2017, the BLM published a final rule to rescind the 2015 final rule on hydraulic fracturing after finding that all 32 states with Federal oil and gas leases had existing regulations that address hydraulic fracturing. Further, in January 2018, the BLM issued revised leasing reform policy that aims to streamline the leasing process and ensure quarterly oil and gas lease sales are held when lands are available for lease. Finally, after receiving significant public input, in September 2018, the BLM announced a final rule that revised the 2016 Waste Prevention Rule (commonly known as the Venting and Flaring Rule).

Public Lands' Contribution to Energy Security & Economic Prosperity

We are proud of the priorities established over the past two years, and the many policies we have implemented to promote sustainable and responsible energy and mineral development from the Nation's public lands. Highlighted below are specific examples of such efforts.

Oil & Natural Gas

The BLM's approach to oil and natural gas production on public lands has focused on being both better business partners and environmental stewards. Onshore oil and gas production on BLM-managed public lands is an essential contribution to the Nation's energy supply and plays a significant role in supporting hundreds of thousands of jobs for hard-working Americans. The BLM has approximately 26 million surface acres currently under lease for oil and gas development, including over 96,000 active wells on about 24,000 producing leases. The BLM oversees onshore oil and gas development on Federal lands and lands held in trust for the benefit of various tribes and for many individual allottees. Collectively, these lands contain world-class deposits of energy and mineral resources, which power millions of homes and businesses and support the broader economy. The [U.S. Department of the Interior Economic Report FY 2017](#) estimates the Federal onshore oil and natural gas program alone provides approximately \$59.6 billion in economic output and supported an estimated 284,000 jobs nationwide for Fiscal Year (FY) 2017.

The BLM is a key revenue producer for Federal and state governments by providing a significant non-tax source of funding to state and Federal treasuries, and is an important economic driver for local communities across the country. In 2018, production from Federal lands generated in excess of \$3 billion in Federal royalties, rental payments and bonus bids. Nearly half of this revenue was shared with the state where the oil and gas activity is occurring, while the rest went

to the U.S. Treasury. States and counties utilize these important funds to support the building and maintaining of roads, schools, and other community needs.

Under the Department's commitment to responsible energy development, the BLM now consistently conducts quarterly lease sales, as required by the Mineral Leasing Act. In calendar year 2018, BLM state offices generated over \$1.1 billion from oil and gas lease sales, an amount nearly equal to the BLM's budget for FY 2018. It also represented the highest-grossing year on record, nearly tripling what had been the agency's highest year ever in 2008. The 28 oil and gas lease sales held in calendar year 2018 resulted in 1,412 parcels leased, covering almost 1.5 million acres.

The BLM is also working diligently to improve its permitting process and our efforts are generating real results. In FY 2018, the BLM approved 3,991 Applications for Permit to Drill (APDs) on Federal and Indian lands. By prioritizing permitting, modernizing its databases, and shifting resources across the BLM offices, the average APD processing time for an administratively complete application continues to drop – now averaging 63 days spent with the BLM and 176 days overall. As recently as 2016, the average APD processing time was 257 days, of which 139 days were spent with the BLM. Additionally, the BLM has reduced APDs pending over three years by approximately 60 percent, from 556 APDs in March 2018 to 214 APDs in January 2019. The BLM maintains the goal of processing 90 percent of administratively complete APDs on BLM-managed surface within 90 days of receipt and processing 90 percent of administratively completed APDs on lands managed by other surface management agencies within 180 days of receipt.

Coal

The BLM is responsible for leasing the Federal coal mineral estate on approximately 570 million acres under the authority of the Mineral Leasing Act. In an effort to better serve the public and eliminate unnecessary burdens on energy production, the Department issued S.O. 3348, *Concerning the Federal Coal Moratorium*, which overturned the 2016 moratorium on Federal coal leases. As a result, Federal coal resources continue to be an important component of the Nation's energy mix. In FY 2018, coal was used to generate approximately 28 percent of the Nation's electricity and coal production on Federal lands provided nearly 40 percent of our Nation's coal.

The BLM has a responsibility to all Americans to ensure the coal resources it manages are administered in a responsible way to help meet our Nation's energy needs while ensuring taxpayers receive a fair return from the sale of their public resources. In FY 2018, coal lease sales and production from Federal lands resulted in the collection of approximately \$570 million in Federal royalties, rental payments, and bonus bids. The [U.S. Department of the Interior Economic Report FY 2017](#) estimates that coal contributed \$11.8 billion in economic output and supported an estimated 39,000 jobs in FY 2017.

Renewable Energy

The BLM supports the America First Energy Plan, an “all of the above” plan which includes renewable energy. The BLM oversees development on public lands of three primary renewable energy sources: solar energy, wind energy, and geothermal energy. To date, the BLM has approved a total of 127 renewable energy projects with the potential to provide nearly 18,000 megawatts (MW) of generation capacity. Laws enacted in most western states require energy companies to supply a portion of their energy from renewable resources. As a result, the BLM anticipates a continued interest in public lands for renewable energy development.

The BLM manages more than 20 million acres of public lands with high solar potential in six States (California, Nevada, Arizona, New Mexico, Colorado, and Utah). The BLM has approved 37 solar projects totaling approximately 10,000 MW of installed capacity. In the last two years, the BLM has approved two solar projects – Sweetwater Solar (80 MW) in Wyoming and Palen Solar (500 MW) in California – on public lands. In FY 2019, the BLM anticipates approving an additional four projects generating approximately 1,400 MW of solar energy in California and Nevada.

The BLM also manages 20.6 million acres of public lands with wind potential in 11 western states. The BLM has approved 40 wind energy projects on public lands with 5,600 MW of total approved capacity, enough to power one million homes. One active project in Wyoming, the Chokecherry Sierra Madre Wind Energy Project, would include up to 1,000 wind turbines capable of generating up to 3,000 MW. When fully operational, the project will be the largest onshore wind energy facility in North America. In FY 2019, the BLM anticipates approving an additional 100 MW of wind energy in New Mexico.

The BLM has the delegated authority to manage geothermal leasing on more than 240 million acres of public lands with geothermal potential in 11 western States and Alaska. The BLM currently manages more than 800 geothermal leases, with 72 leases in producing status generating over 2,000 MW of installed geothermal energy. This amounts to over 40 percent of the total U.S. geothermal energy capacity. Over the past two years, the BLM has approved one geothermal project – McGinness Hills Project (48 MW) in Nevada. In FY 2019, the BLM anticipates approving 96 MW of geothermal capacity.

Energy Transmission & Rights-of-Way

Facilitating energy transmission is a critical component of the BLM’s mission to achieve energy independence. As the largest Federal land manager in the West, the BLM plays a leadership role in planning for critical energy corridors, as well as siting transmission facilities. In compliance with the Energy Policy Act of 2005, the BLM designated approximately 5,000 miles of West-wide energy corridors on public lands in the 11 contiguous western states through a 2009 Record of Decision that amended 92 land use plans. The corridors, referred to as “West-wide” or “Section 368” energy corridors, are intended for expedited permitting of electric transmission and distribution lines for oil, gas, and hydrogen pipelines. The BLM is currently leading a comprehensive, inter-agency review of this western Federal energy corridor network, which includes collaboration with state, tribal and local governments, the energy industry, non-

governmental organizations, and local communities. This inter-agency effort will result in relevant corridor network updates and inter-agency process improvements. The BLM is on track to complete the inter-agency review of the energy corridor network by the end of 2019. The BLM continues work to improve the designation of existing and future energy corridors in land use plans and increase the efficiency of rights-of-way (ROW) administration.

The BLM manages a total of 118,000 ROW grants issued for a variety of uses, including electrical power generation, transmission and distribution systems, systems for the transmission and reception of electronic signals, broadband, highways, railroads, pipelines (other than oil and gas pipelines), and other facilities or systems which are in the public interest. For example, in 2019, the Department, under the direction of E.O. 13821, *Streamlining and Expediting Requests to Locate Broadband Facilities in Rural America*, and the “Presidential Memorandum on Supporting Broadband Tower Facilities in Rural America on Federal Properties Managed by the Department of the Interior,” launched a new effort designed to increase broadband internet access on Federally-managed lands. The Department’s broadband report and accompanying BLM website provide information on communications uses and existing assets that can be leveraged to expand services for rural and underserved communities throughout the United States. The BLM plans to prioritize ROW actions and cadastral services that support and advance the Administration’s energy strategy, promote broadband access, economic development, provide for recovery of undiscovered or lost revenues, assist in national security, and promote public health and safety.

The BLM also seeks to modernize ROW administration by processing national ROW applications more efficiently. To this end, the BLM has implemented new guidance that streamlines certain vegetation management activities on and adjacent to powerline ROWs on public lands. This effort, which complies with Public Law 115-141, enhances reliability of the electrical grid and reduces the threat of catastrophic wildfires. The BLM is continuing to work closely with utility companies to offer predictability and efficiency in order to best serve communities, ensure grid reliability, and reduce wildfire risk.

Other Mineral Development

Non-energy mineral development on Federal lands is essential to the American economy. The BLM manages three major categories of non-energy minerals on Federal lands: locatable, saleable, and leasable. Locatable minerals are subject to the Mining Law of 1872 and typically include gold, silver, copper and other hardrock minerals. Saleable minerals, such as sand and gravel are subject to the Materials Act of 1947. Lastly, non-energy leasable minerals are typically subject to the Mineral Leasing Act and include minerals such as phosphate, sodium, potassium, and sulphur. In FY 2017, non-energy minerals produced from Federal land generated \$13.4 billion to the economy and supported an estimated 48,000 jobs.

The Administration has also focused on reversing the trend of increasing American dependence on foreign imports of critical minerals that are essential to American prosperity and national security by issuing E.O. 13817, *A Federal Strategy to Ensure Secure and Reliable Supplies of Critical Minerals*. The Department issued S.O. 3359, *Critical Mineral Independence and Security*, which implements the President's Order. As part of S.O. 3359, the Department issued a

final list of minerals deemed critical to the United States, on May 18, 2018. The final list includes: aluminum (bauxite), antimony, arsenic, barite, beryllium, bismuth, cesium, chromium, cobalt, fluorspar, gallium, germanium, graphite (natural), hafnium, helium, indium, lithium, magnesium, manganese, niobium, platinum group metals, potash, the rare earth elements group, rhenium, rubidium, scandium, strontium, tantalum, tellurium, tin, titanium, tungsten, uranium, vanadium, and zirconium. These minerals qualify as “critical minerals” because each has been identified as essential to the economic and national security of the United States, has a supply chain vulnerable to disruption, and serves an essential function in the manufacturing of a product, the absence of which would have significant consequences for the economy or national security. Notably, many of these critical minerals are found on BLM-managed lands.

Conclusion

The Department remains committed to promoting responsible energy production that helps create and sustain jobs, promotes a robust economy, and contributes to America’s energy independence. Thank you for the opportunity to present this testimony. I will be glad to answer any questions.