

Should the Federal Government or the States Manage Energy Production on Public Lands?

IOGCC Public Lands Committee
May 20, 2013

Historical Perspective

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1782-1802 In reliance on the 1780 Resolution, States cede title to the western lands to the United States *in trust*, but only to create new states and to pay the national debt.

THE 1828 WESTERN STATES

- ✓ The federal government is not disposing of our public lands as it promised;
- ✓ We can't tax the lands to adequately fund education
- ✓ Our ability to grow our economy and generate well-paying jobs is stifled; and
- ✓ The federal government is hoarding our abundant minerals and natural resources.

20th Congress, 1st Session, House of Reps., Rep. No. 125, Graduate Price of Public Lands, February 5, 1828

Mr. Duncan, from the Committee on the Public Lands, to which the subject had been referred, made the following

REPORT:

If these lands are to be withheld from sale, which is the effect of the present system, in vain may the People of these States of youth, and to the will, for many generations, and wealth, by means of sovereign States, of canals.

When these lands were sold, they rested upon the implied engagement of Congress to cause them to be sold, within a reasonable time. No just equivalent has been given those States for a surrender of an attribute of sovereignty so important to their welfare, and to an equal standing with the original States.

A remedy for such great evils may be found in carrying into effect the **spirit of the Federal Constitution**, which **knows of no inequality in the powers and rights of the several States**;

**APPLICATION OF MISSOURI FOR A CHANGE IN THE SYSTEM
OF DISPOSING OF THE PUBLIC LANDS.**

To the the State of Missouri never could have been brought to consent not to tax the lands of the United States whilst unsold ... if it had been understood by the contracting parties that a system was to be pursued which would prevent nine-tenths of those lands from ever becoming the property of persons in whose hands they might be taxed.

That the condit *injuri* *the pre* *between* could

United States whilst unsold; and not to tax the lands sold until five years thereafter, if it had been understood by the contracting parties that a system was to be pursued which would prevent nine-tenths of those lands from ever becoming the property of persons in whose hands they might be taxed.



Andrew Jackson Land Bill Veto Message

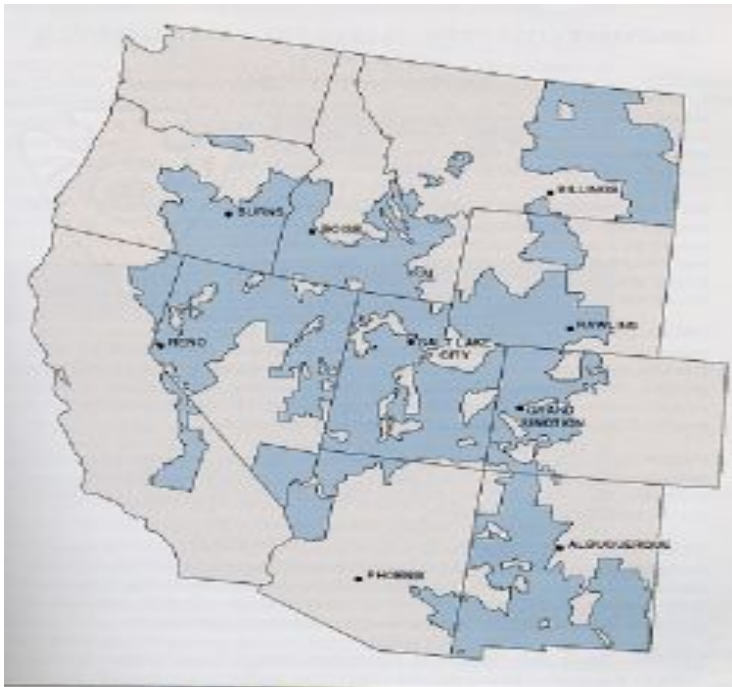
December 4, 1833

“I do not doubt that the real interest of each and all of the States in the Union, and particularly of the new States, is that the price of these lands shall be reduced and graduated, and that **after they have been offered for a certain number of years the refuse remaining unsold shall be abandoned to the States and the machinery of our land system entirely withdrawn. It can not be supposed the compacts intended that the United States should retain forever a title to lands within the States**

Historical Review

1934

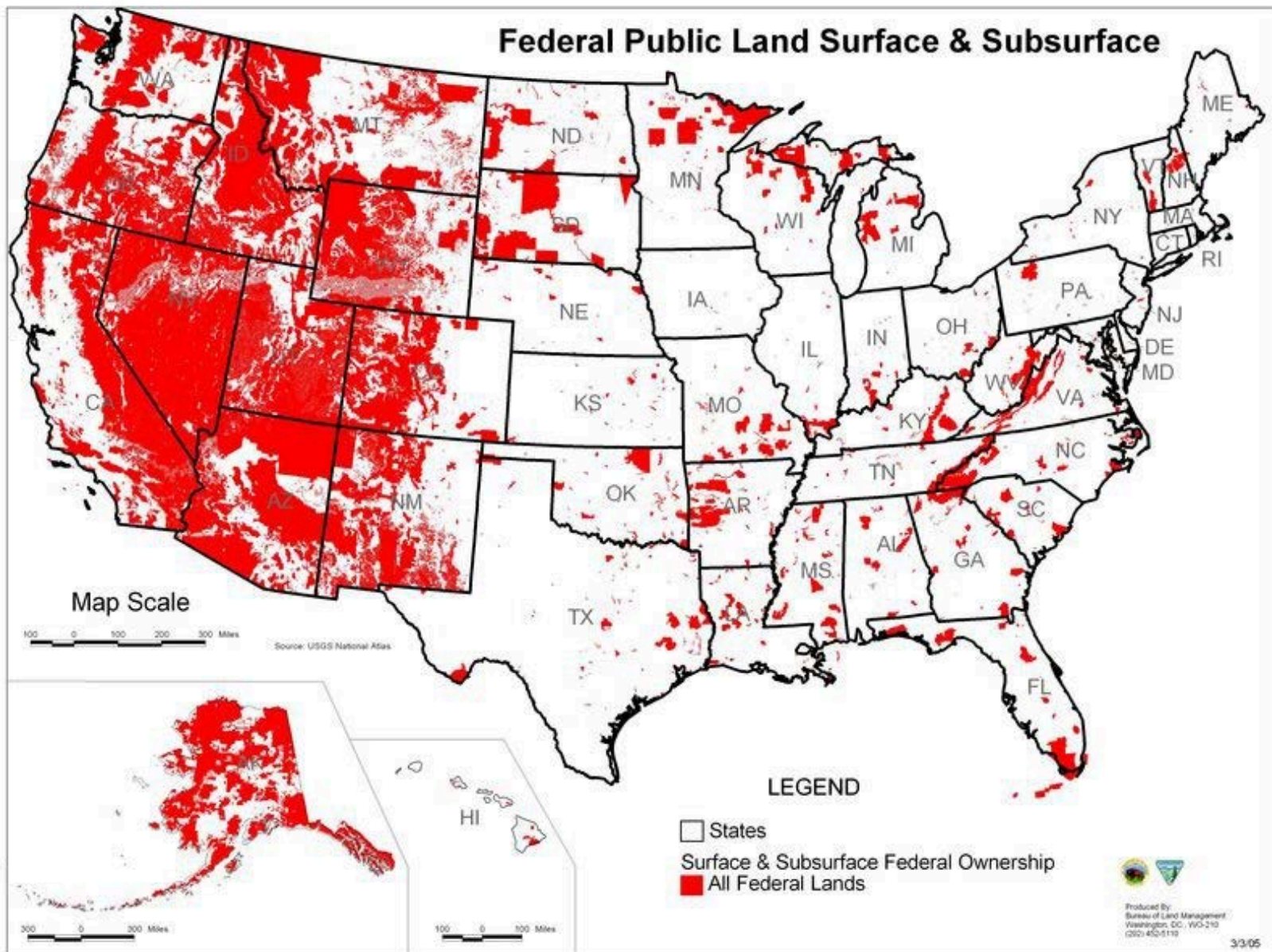
Taylor Grazing Act
(precursor to the
BLM) provided that
it was merely a
management act
“pending **final
disposal of the
lands.**”



Historical Review

The Federal Land Policy and Management Act of 1976 (FLPMA) ***"Congress declares that it is the policy of the United States that the public lands be retained in Federal ownership, unless ... it is determined that disposal of a particular parcel will serve the national interest."*** FLPMA, sec. 102(a)(1)

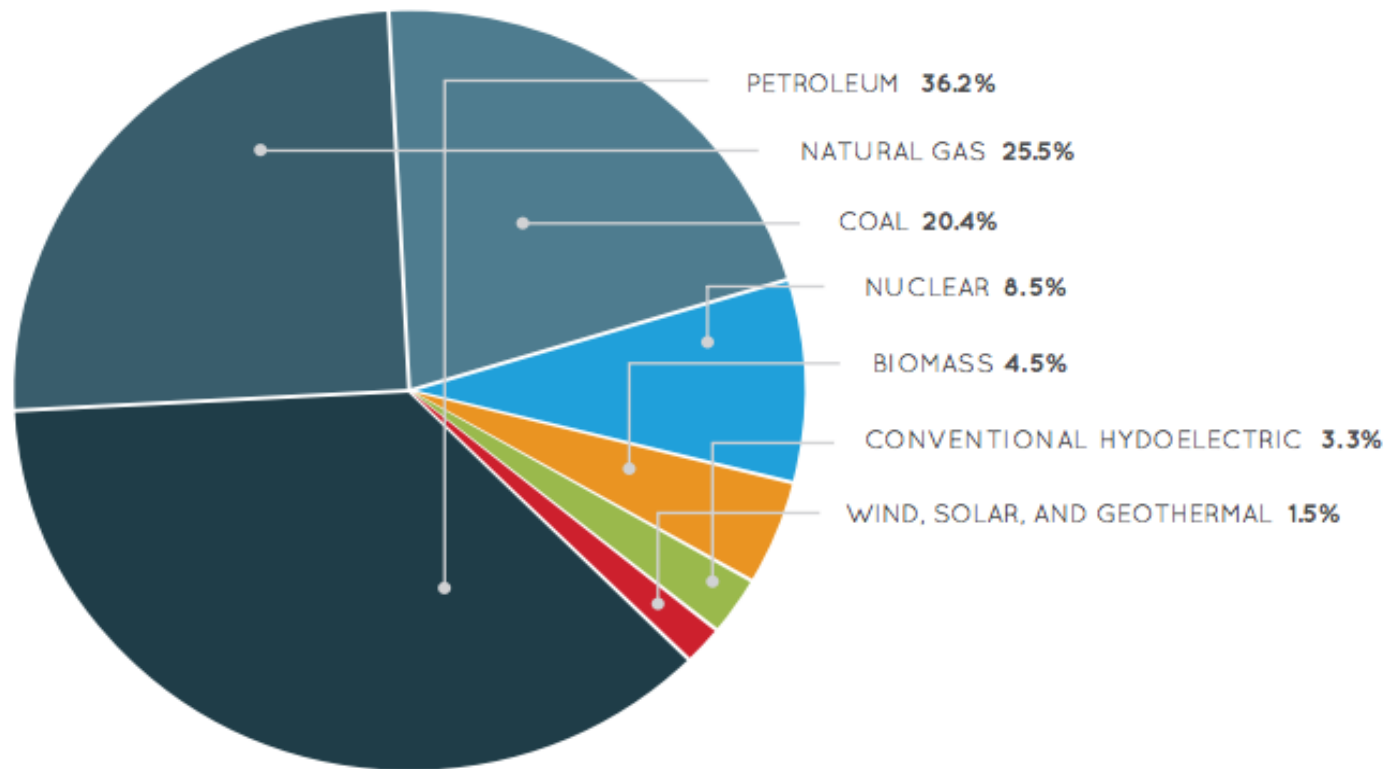
Federal Public Land Surface & Subsurface



“There is no substitute for energy. The whole edifice of modern society is built upon it...It is not “just another commodity” but the precondition of all commodities, a basic factor equal with air, water, and earth.”

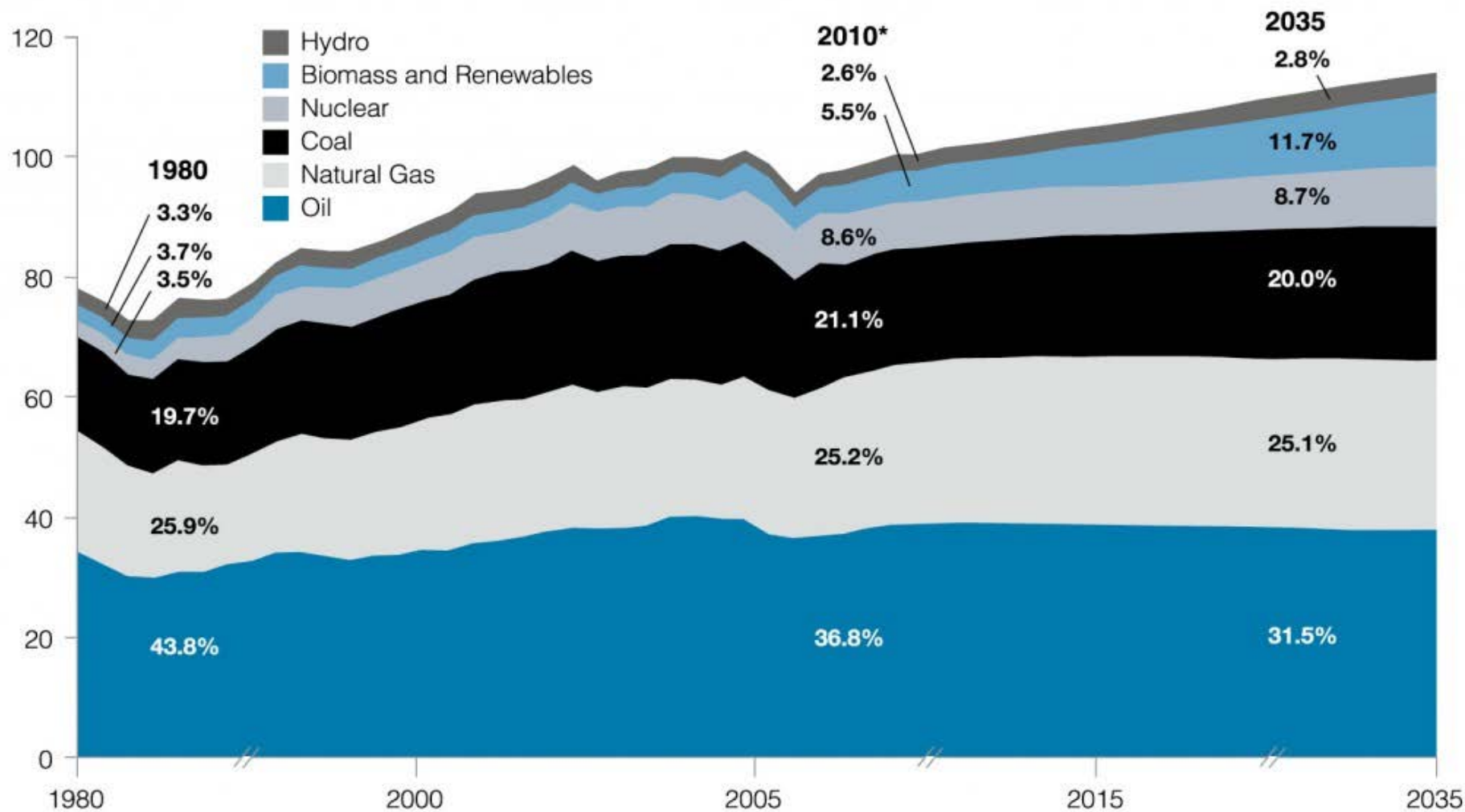
E. F. Schumacher, 1973

U.S. ENERGY CONSUMPTION BY SOURCE 2011



SOURCE: EIA, MONTHLY ENERGY REVIEW, MARCH 2012, TABLE 1.3
PRIMARY ENERGY CONSUMPTION BY SOURCE (QUADRILLION BTU), 7
[HTTP://WWW.EIA.GOV/TOTALENERGY/DATA/MONTHLY/PDF/MER.PDF](http://www.eia.gov/totalenergy/data/monthly/pdf/mer.pdf)

Future U.S. Energy Demand (Quadrillion Btu)

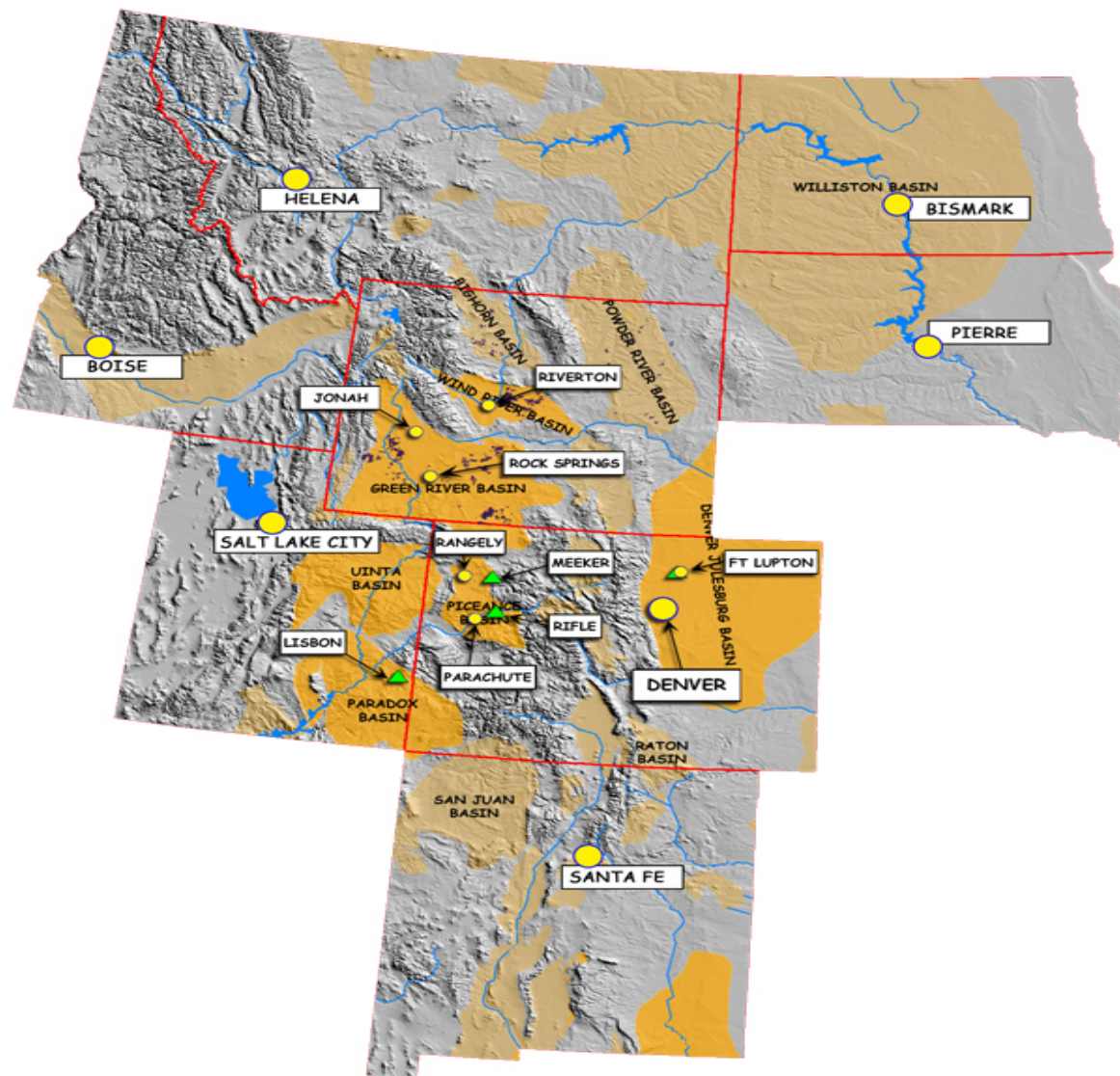


Source: EIA, *Annual Energy Outlook 2012*, Tables A1 and A17

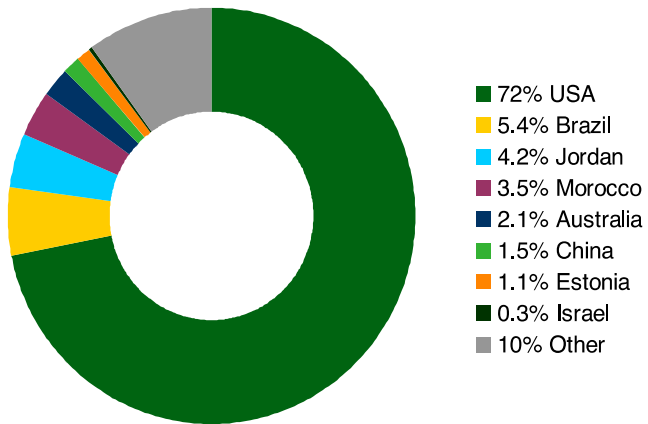
Shale Gas Plays, Lower 48 States



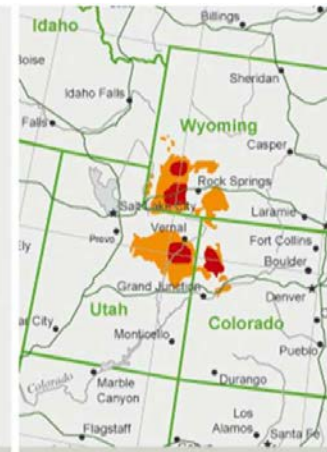
Source: Energy Information Administration based on data from various published studies.
Updated: March 10, 2010



Why talk about oil shale?



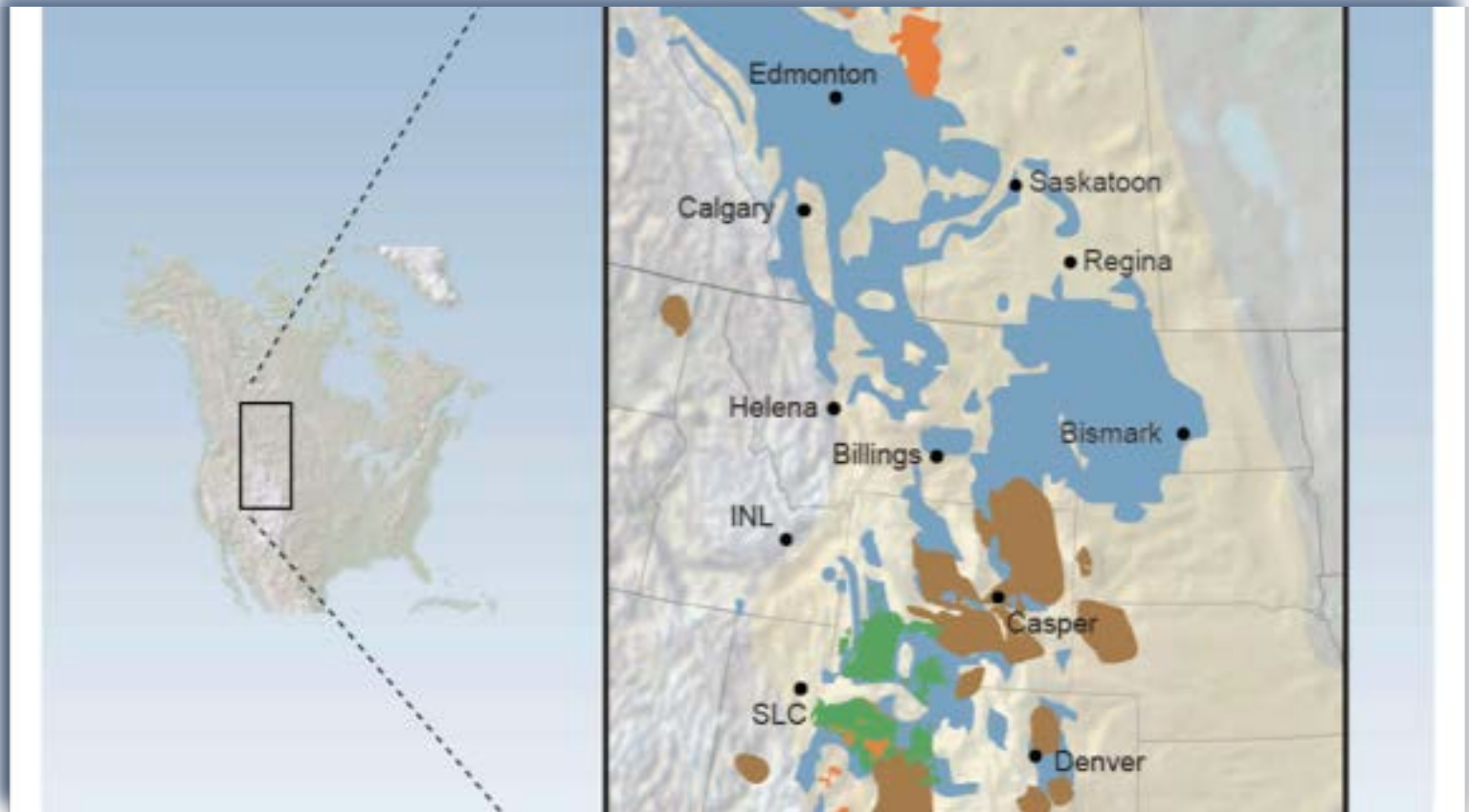
Source: The Boston Globe, 2005-12-11



Low calorific value oil shale
Oil shale resource stratum more than 3m thick giving more than 25 gallons per tonne

WESTERN ENERGY CORRIDOR

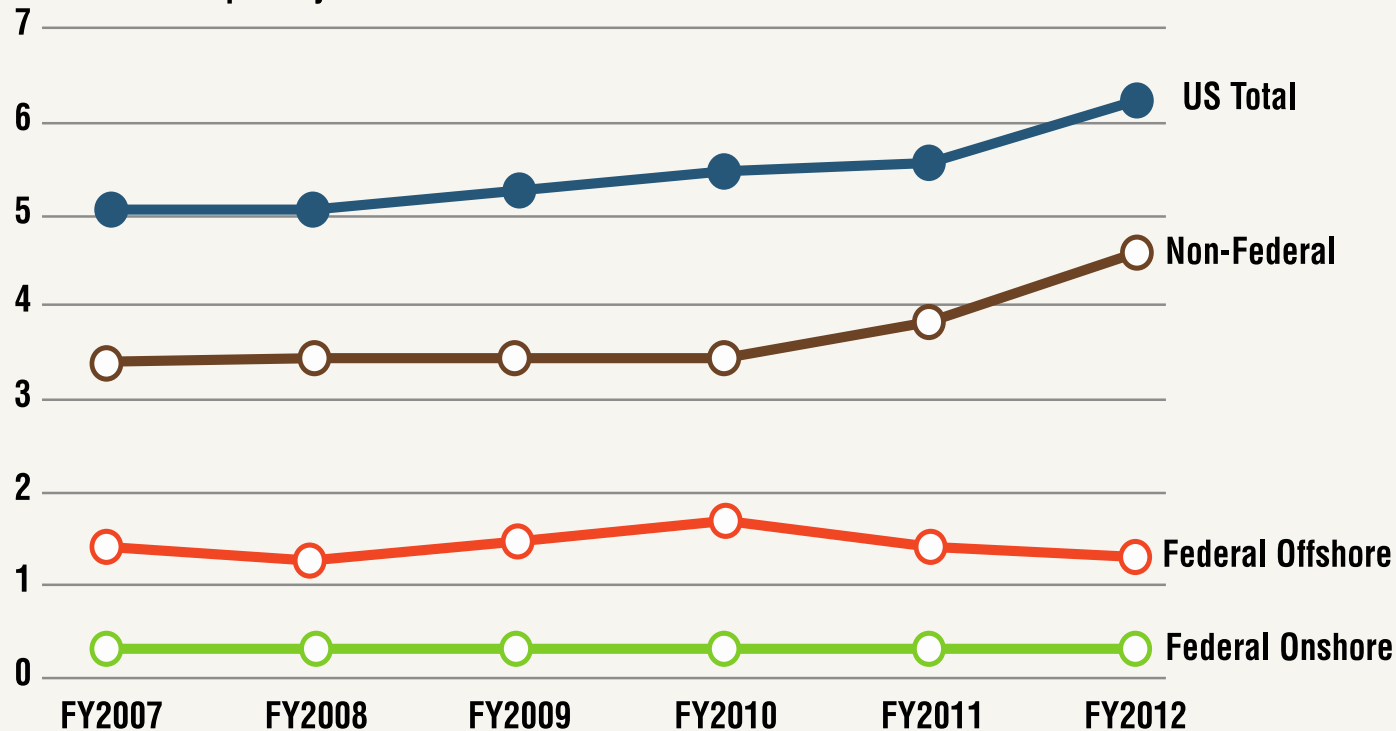
World Class Energy



U.S. Oil and Lease Condensate Production

Federal and Non-Federal Areas, FY2007-2012

Million barrels per day



U.S. Natural Gas Production

Federal and Non-Federal Areas, FY2007-2012

Billion cubic feet

30,000

25,000

20,000

15,000

10,000

5,000

0

FY2007

FY2008

FY2009

FY2010

FY2011

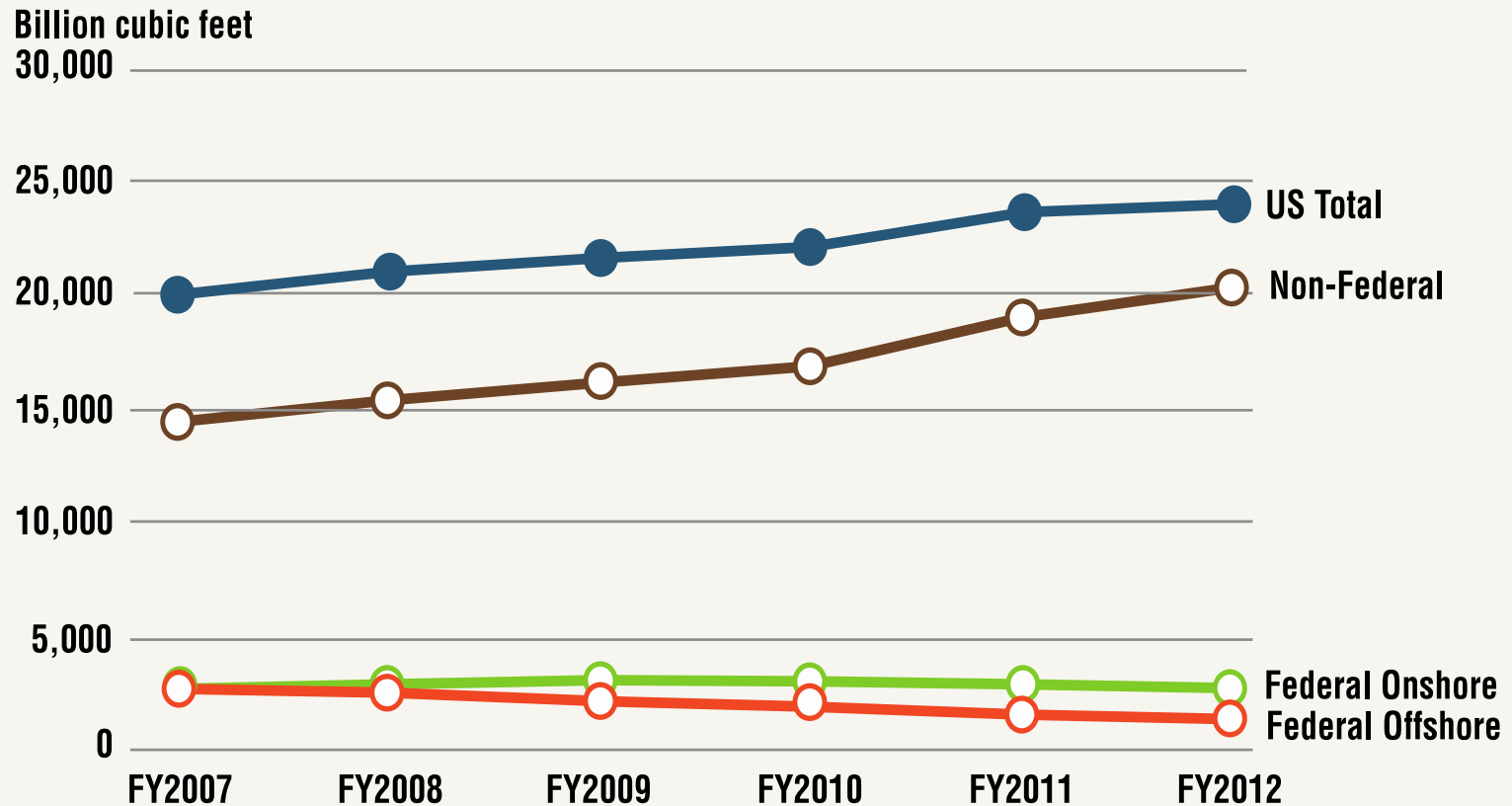
FY2012

US Total

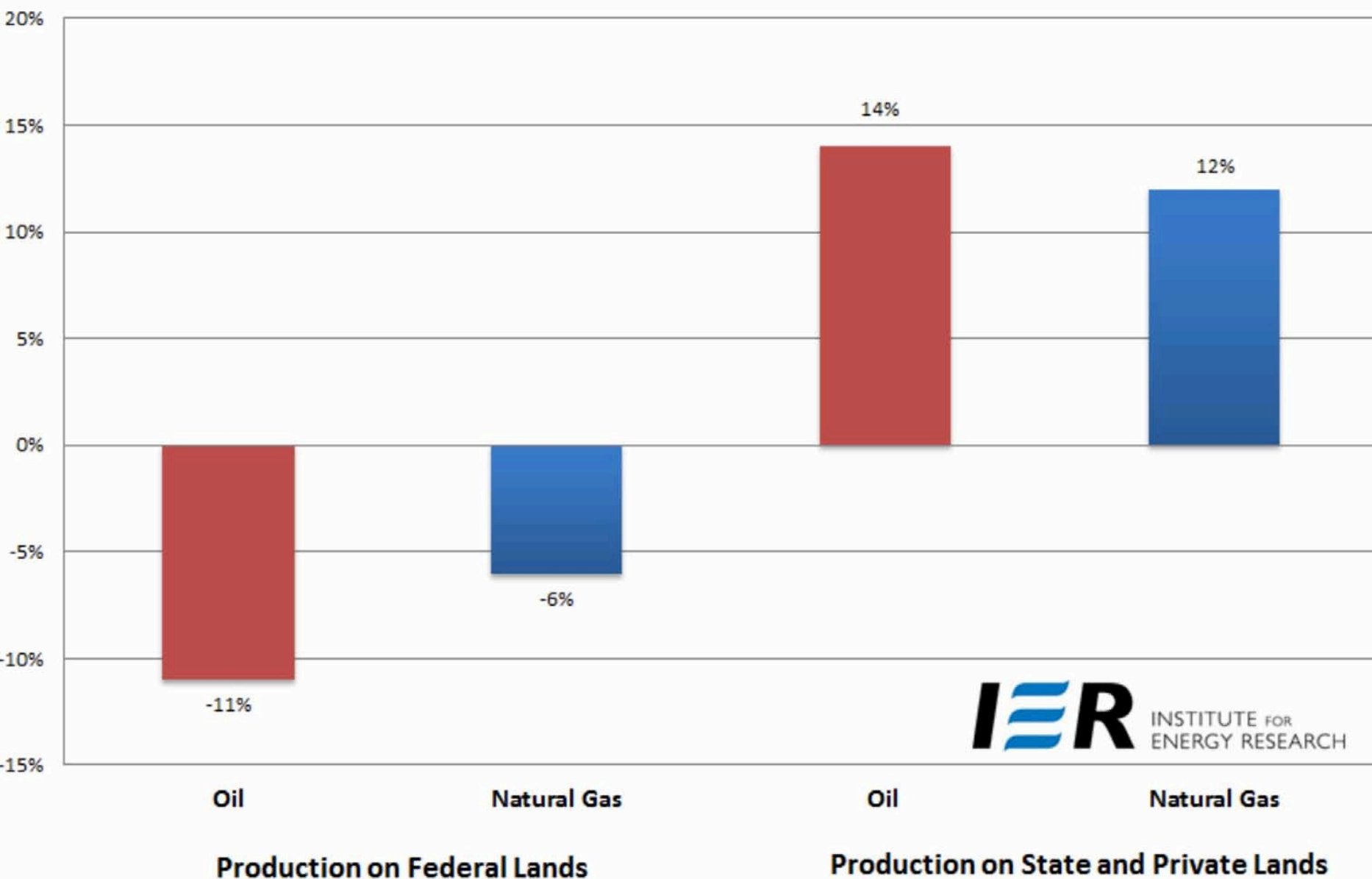
Non-Federal

Federal Onshore

Federal Offshore



Change in Oil and Gas Production on Federal vs. State and Private Lands, FY2010-FY2011



Federal policies disadvantage public lands states in the West



BLM Land Use Planning
Manuals and Handbooks II

Final Statewide Oil and Gas EIS and Proposed Amendment

VOLUME I
Final Statewide Oil and Gas EIS and Proposed Amendment

January
2003

Bureau of Land Management



BLM
UT-000

RMPs being updated

Bureau of Land Management (BLM)

DRAFT Resource Management Plan and
Environmental Impact Statement for the Price Field Office

Volume 1 – Chapter 1-8

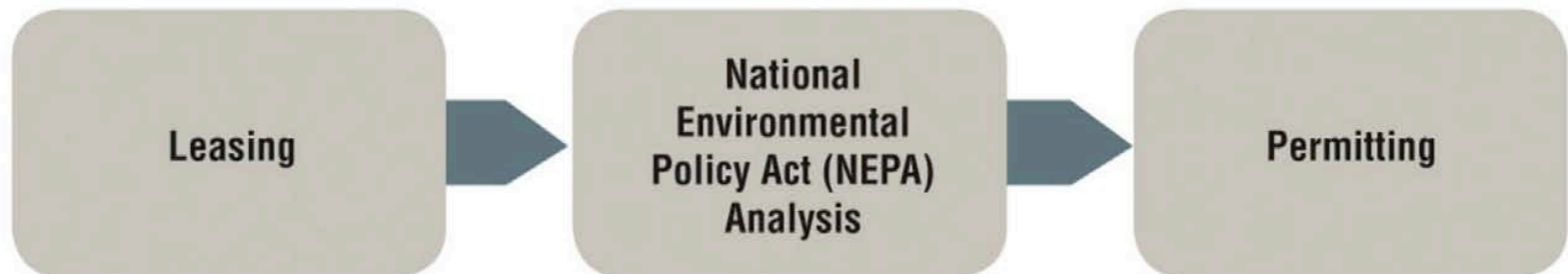
BLM-UT-GI-04-002-1610



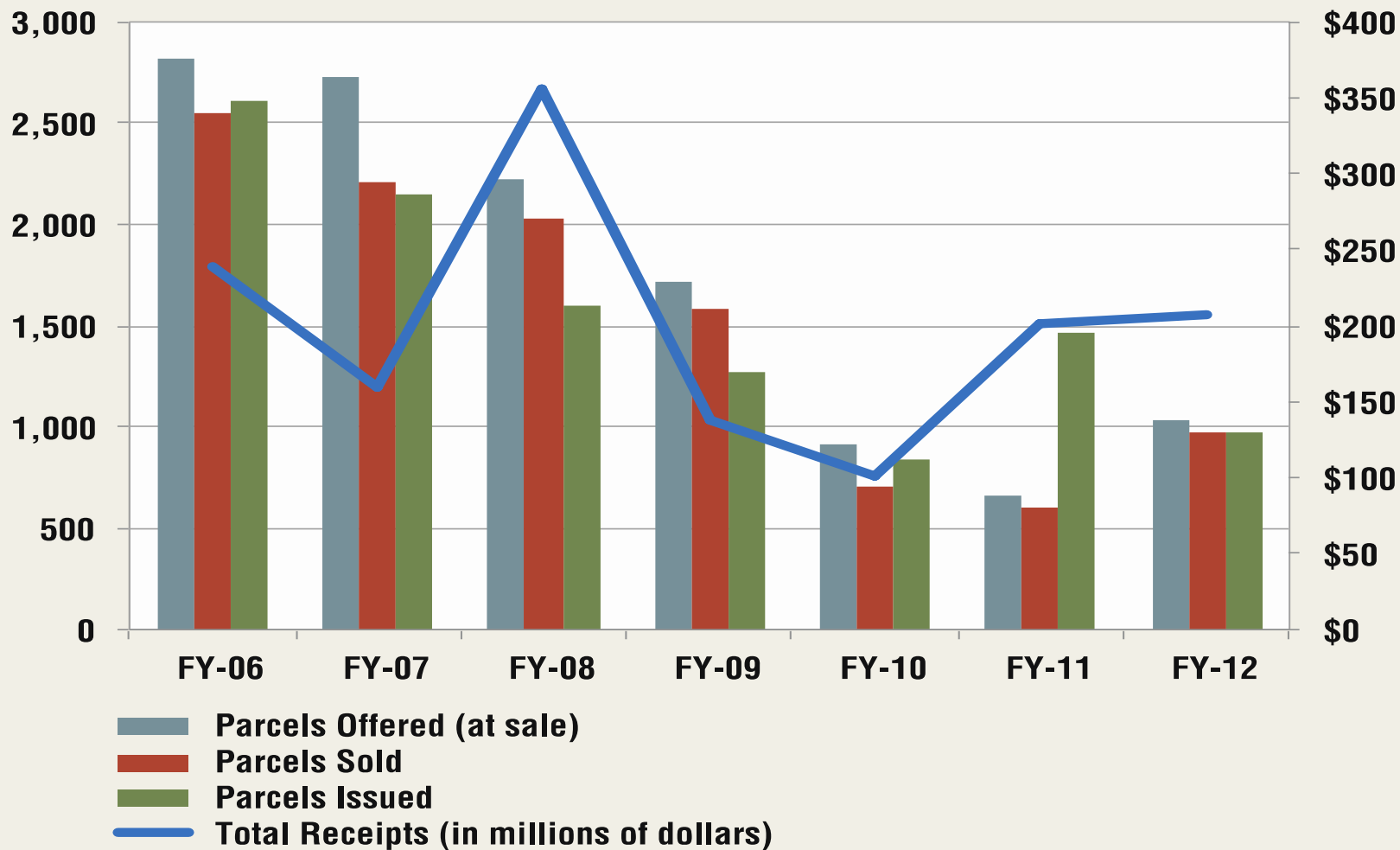
July 2004

UT-070-2002-11

Current federal onshore process is limiting energy production and economic growth



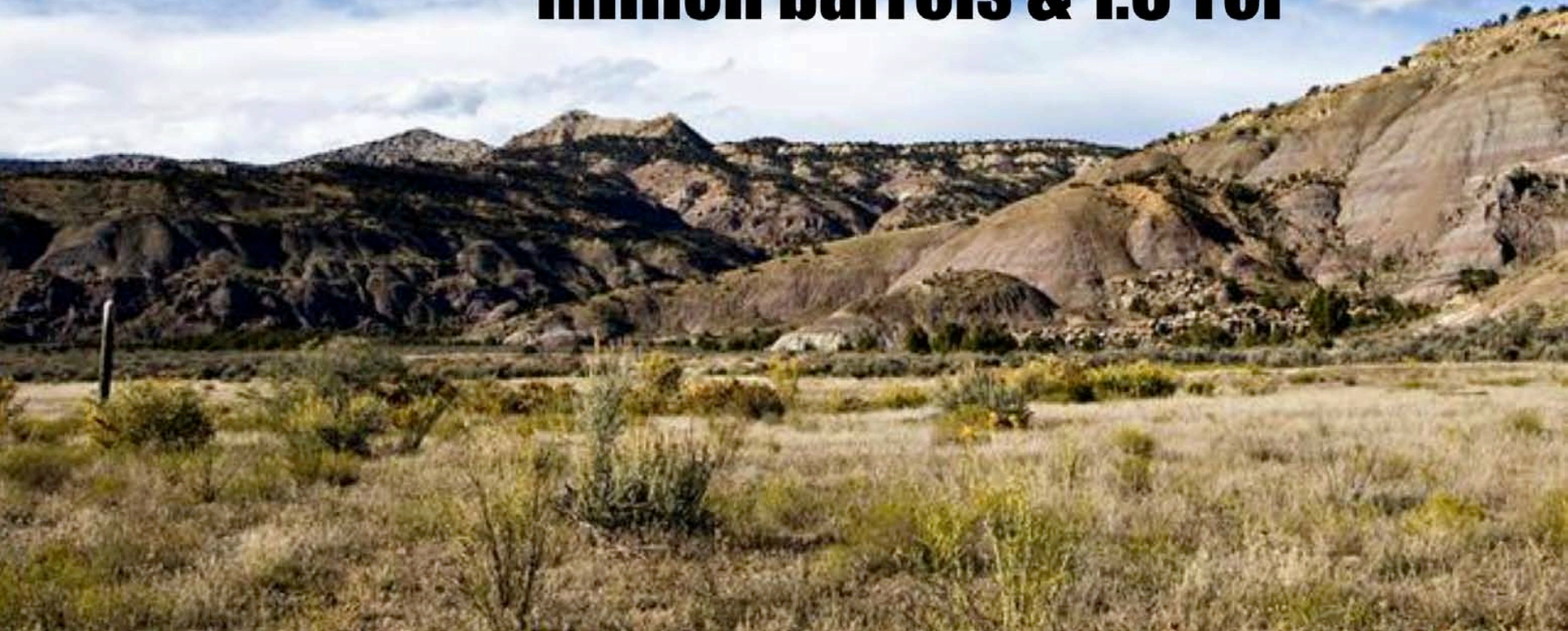
Federal Leasing Activity in the West (FY06-12)



Source: BLM

Master Leasing Plans

**Could place off limits 92
million barrels & 1.6 Tcf**



NEPA Only Required on Federal Lands



Leasing

National
Environmental
Policy Act (NEPA)
Analysis

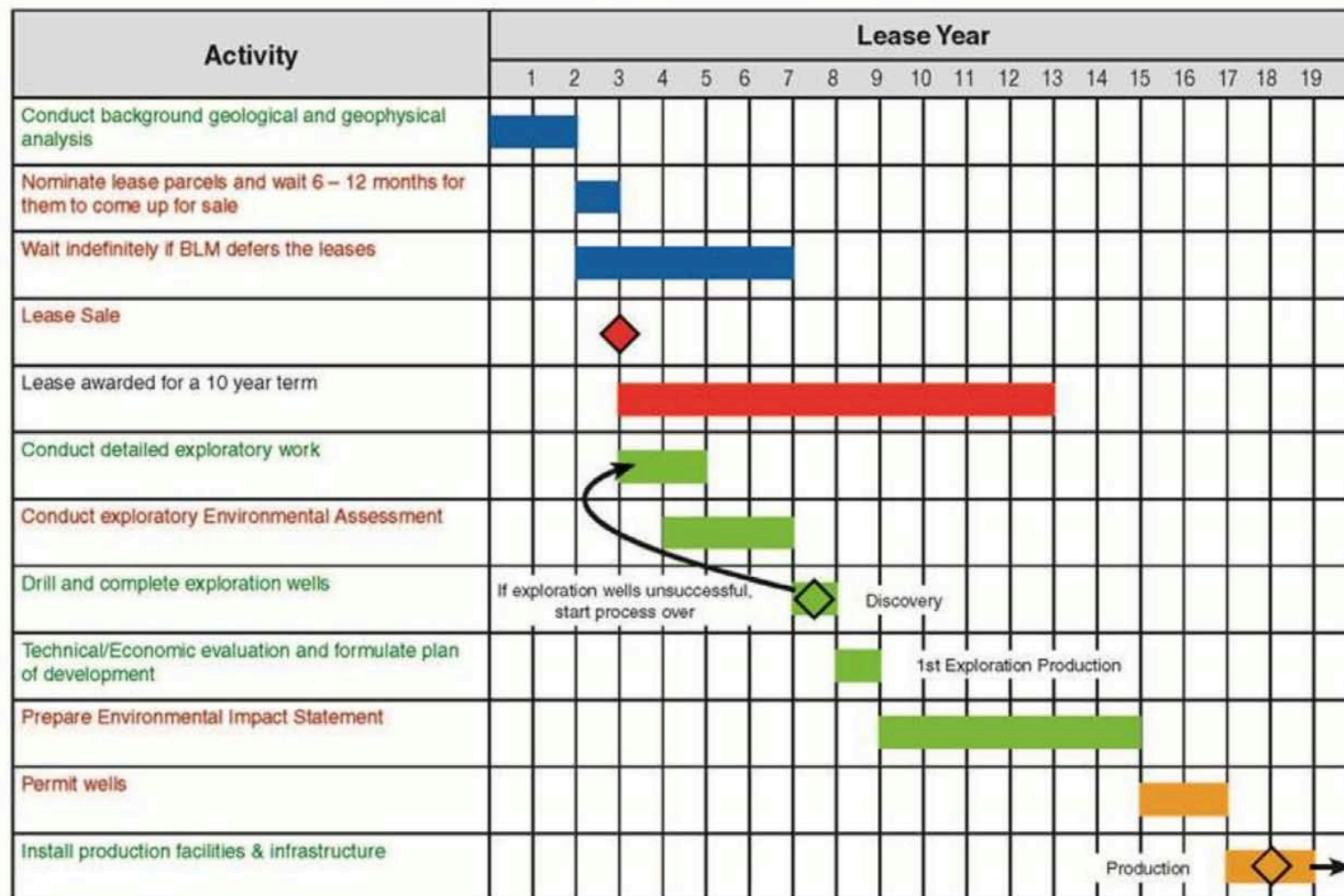
Permitting



**BLM permitting - 307 days
v. about 30 days for states**

Federal Onshore Oil and Gas Process Time Line

From Prospect to Production



Legend

█ Pre-leasing evaluation

█ Lease Term

Green Text – Operator Responsibility

Red Text – Government Responsibility

█ Exploration Phase

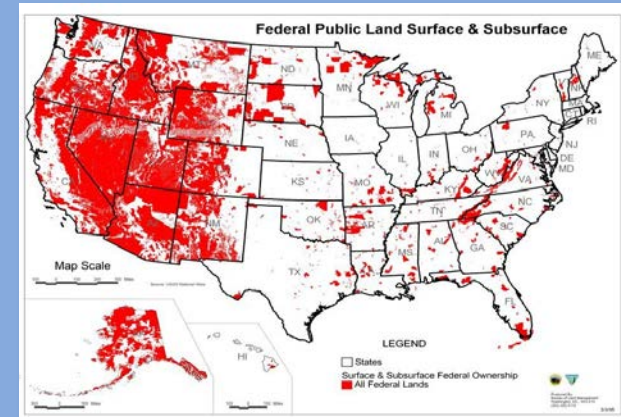
█ Production Phase

**BLM Fracking Rule
\$1.6B Annual Cost**



Impact of Federal Land Ownership on Energy Production

- 13 Western States Average - 51.9%
- 37 Other States Average - 4.1%



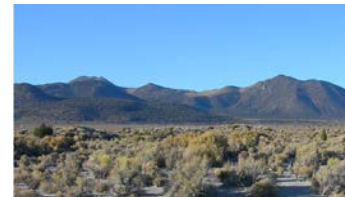
Regulation



Access



Wilderness



School Trust Lands



Enabling Act



Taxes



Royalties



Competitiveness



Your Thoughts

Processes for Managing Energy Production

- **Federal Government**
- **States**

Who does it Best?