

Statement of John Baza, Director, Utah Division of Oil, Gas and Mining, Utah Department of Natural Resources re. Multiple Discussion Drafts relating to Oil and Gas Drilling Permits

Testimony

Chairman Gosar, Ranking Member Lowenthal, and members of the committee, thank you for the opportunity to speak to you today. My name is John Baza and I am the Director of the Utah Division of Oil, Gas and Mining within the Utah Department of Natural Resources. My division of Utah State Government (which I will refer to as “OGM”) is the principal regulator for the petroleum and mineral extractive industries in the State of Utah. Our statutory charge is fostering the responsible development of Utah’s mineral resources while avoiding impacts that are detrimental to the public safety and welfare, and to preserve the environment to provide subsequent use of the lands affected by such development. Because the bills being discussed today relate to oil and gas activities on federal lands, I will focus mainly on the oil and gas regulatory processes that we perform pertaining to those activities.

The approval of drilling and production operations on federal lands in Utah runs along two parallel tracks: one track is the federal BLM process of reviewing and approving drilling applications for any well drilled upon a BLM mineral lease. The second track is a similar state process performed by OGM that not only includes permitting on federal land, but on state, tribal and private land as well. This state process is conducted under state law that requires OGM to process drilling permits, and also be the repository of public data related to the drilling and production of any well within the boundaries of the state. Companies doing business in Utah often feel that this is redundant, requiring separate drilling permit approvals from both the BLM and OGM for wells drilled on federal land in Utah.

To further compare the parallel processes, OGM has developed a history of approving most applications to drill (or APDs) in 30-90 days. Some APDs that are more complex or sensitive may take longer, but these are the exceptions and not the standard. Yet for federal lands, BLM drilling approvals in Utah often take 12-18 months. And lest you think the BLM process is more robust, that’s simply not true. I assure you that the OGM process that has been in existence in one form or another since the year 1955, is focused on achieving responsible development with due regard to public health and safety and protection of the environment, and has met those goals with remarkable consistency. In fact, I would challenge anyone to compare wells drilled on federal leases adjacent to those drilled on state or private leases to find any notable differences in operational conditions, land use impacts, or potential for environmental impact from those wells. So it is reasonable to ask, if outcomes are identical, then what justifies such vastly different processes to achieve the same results? I believe that thoughtful and creative thinkers could find ways to accomplish the necessary objectives of requiring safe and protective oil and gas development on all lands, including those on federal mineral estate. As I have reviewed draft language for the bills in question today, especially the proposed bill by Representative Curtis of Utah, I feel that they are trying to accomplish those same objectives. There needs to be an element of risk potential included in the federal drilling analysis and approval process. If wells

are to be drilled in lower risk areas that have already been analyzed for environmental impact or in well-established areas of drilling and production, then let's find a more streamlined path to resource development than what exists today.

To put these concepts in perspective, let me provide you with some current statistics in Utah. There are 16,203 existing oil and gas wells in Utah. Of these, 9,222 (57%) are on federal lands, 2,947 (18%) are tribal, and 4,034 (25%) are on state or private lands. For the state and private wells, OGM is the sole regulatory authority monitoring the drilling and production from those wells. Yet federal minerals land area in Utah amounts to more than 66% of land acreage in the state. This suggests that there may be some "missed opportunities" for valuable yet reasonable mineral resource development on federal lands if lengthy permit processing times could be improved.

With this in mind, I provide OGM's support for the process improvements suggested by the draft bills. I might add that there may be more streamlining concepts that could be considered as suggested by a January 16, 2018, letter from six U.S. governors (including Governor Herbert of Utah) to Secretary Zinke of the Department of Interior. For your convenience, I have included that letter in my written testimony.

Thank you again for your time and I stand ready to answer any questions.