

U.S. House of Representatives

Committee on Natural Resources

Washington, DC 20515

February 1, 2018

The Honorable Gene Dodaro
Comptroller General of the United States
U.S. Government Accountability Office
441 G Street, NW
Washington DC

Dear Mr. Dodaro,

The Department of the Interior's Bureau of Land Management (BLM) is responsible for overseeing onshore oil and gas activities on federal lands. As part of its responsibilities, BLM field office staff—generally located in the western United States—process oil and gas applications for permit to drill (APD) submitted by oil and gas companies. BLM reviews APDs using an interdisciplinary team of specialists that consider both the technical aspects of drilling as well as opportunities to mitigate environmental impacts. Approved permits are valid for 2 years from the date of approval, as long as the lease does not expire during that time, and may be extended for up to 2 years at the discretion of the BLM if a written request is filed before the permit expiration date.

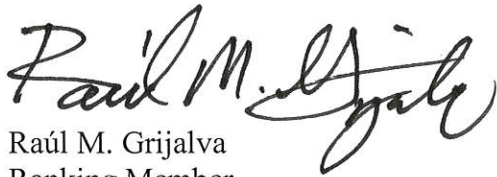
Over the years, industry has raised concerns about both the time it takes BLM to review and approve APDs as well as the backlog of APDs at particular BLM field offices. The U.S. Government Accountability Office (GAO) has done work on these issues in the past and found that BLM faces challenges with human capital and data reliability. In 2011, GAO added Interior's management of federal oil and gas resources to its high-risk list based, in part, on BLM's persistent problems in hiring, training, and retaining sufficient staff to meet its oversight and management responsibilities for oil and gas operations on federal lands. When GAO has attempted to analyze APD approval times, it found that BLM's data were of insufficient reliability and made a recommendation for BLM to improve the quality of the data. As of 2017, my understanding is that BLM had implemented GAO's recommendation. At the same time, however, reports in the press indicate that oil and gas companies have nearly 8,000 unused approved drilling permits, and BLM consistently approves more drilling permits than companies use in a given year. In fiscal year 2017, for example, BLM approved 2,486 APDs while companies started 1,424 wells. As BLM attempts to efficiently process APDs, it must be able to focus on APDs that industry is most likely to drill. Otherwise, BLM staff would be expending limited resources to process APDs that industry is unlikely to use.

Therefore, to help our committee, and Congress more generally, evaluate the resources committed by BLM to process APDs, we request that GAO report on the following:

- 1) How have BLM oil and gas APD review and approval times changed in the past five years, and what factors have led to those changes?
- 2) What is the current inventory of unused approved permits? Specifically,
 - (a) How old are the unused permits, including the number of approved permits granted extensions beyond the initial 2 years?
 - (b) What is the process for granting permit extensions?
 - (d) What are the reasons for permit extensions?
 - (e) To what extent are unused permits associated with certain operators or geographic areas?
- 3) What are the reasons that approved permits are extended or expire? What are the financial and opportunity costs to the BLM field offices that approve extensions or allow permits to expire?

Thank you for your attention to this request. If you have any questions or need further information, please contact Steve Feldgus at (202) 226-9971 or steve.feldgus@mail.house.gov.

Sincerely,



Raúl M. Grijalva
Ranking Member
House Committee on Natural Resources



Alan Lowenthal
Ranking Member
House Subcommittee on Energy
and Mineral Resources