

U.S. House of Representatives
Committee on Natural Resources
Washington, DC 20515

August 29, 2024

Mr. Gene Dodaro
The Comptroller General of the United States
U.S. Government Accountability Office
441 G Street, N.W.

Dear Mr. Dodaro:

The Department of the Interior is responsible for implementing and overseeing the federal oil and gas program, including protecting communities from environmental harm, liability in case of bankruptcy, and ensuring the American taxpayer receives a fair return on oil and gas leasing on federal lands. To effectively oversee the oil and gas leasing program and accurately collect royalties, Interior's Bureau of Land Management (BLM) and Office of Natural Resources Revenue (ONRR) must have complete and accurate data about the company structure and federal leases of corporations that said agencies oversee.

If BLM and ONRR cannot comprehensively track the leases and production of a parent company and its subsidiaries, the agencies cannot properly enforce regulations and royalty compliance. Of specific concern, the Mineral Leasing Act of 1920 and BLM regulations limit the number of federal acres that can be leased by any one entity, reflecting congressional concern about diminishing competition and lowered returns on the leased public resources. However, GAO and others have found that, at times, companies held acreage in excess of these regulatory limits.

We are concerned that changes and consolidation in the oil and gas industry resulting from bankruptcies, mergers, and acquisitions may make it more difficult for BLM and ONRR to accurately assess the cumulative leases held and royalties owed by a company and its subsidiaries.

More specifically, BLM and Interior's Office of Natural Resources Revenue (ONRR), the agency responsible for collecting and verifying companies' royalty payments, may not have consistent and accurate data on leaseholders and their affiliates. This could create challenges for BLM in tracking cumulative acreage and for ONRR in considering an entity's subsidiaries when assessing the accuracy of their reported royalties.

In August 2023, a non-governmental watchdog reported that some of the largest oil and gas companies hold more leases on public lands—in some cases, hundreds more leases—than reported in BLM's data. According to the report, comparing BLM leasing data with Securities and Exchange Commission filings revealed that 21 companies, through 300 subsidiaries, hold nearly half of all federal oil and gas leases. The report also stated that the top five publicly traded federal leaseholders control a quarter of all federal leases and have underreported or underpaid royalties to ONRR.

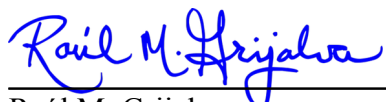
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In light of questions about Interior's data on leasing entities and their affiliates, the committee would like to better understand BLM's capacity to ensure compliance with regulatory lease acreage limits, and the effect on ONRR's ability to assess royalty compliance by a company and all its affiliates as a whole:

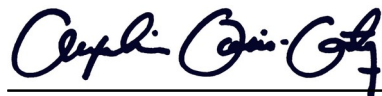
1. What entities and subsidiaries hold onshore oil and gas leases on federal lands and how, if at all, has the number of entities changed over the past 10 years?
2. How effective are Interior's policies and data systems for ensuring federal leaseholders do not surpass the regulatory acreage limits, and to what extent do lease acreage limits affect industry competition?
3. To what extent does Interior track federal leases affected by bankruptcies, mergers, and acquisitions, and how does this inform Interior's oversight?
4. How, if at all, does Interior's data on enforcement actions for noncompliance with federal regulations and royalty payments affect the agency's compliance oversight and ability to hold operators accountable from a performance and federal revenue perspective?

Thank you for your attention to this request. If you have any questions or need further information, please contact Kelsey Hartman with the House Natural Resources Committee minority staff at kelsey.hartman@mail.house.gov.

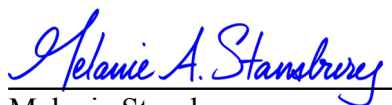
Sincerely,



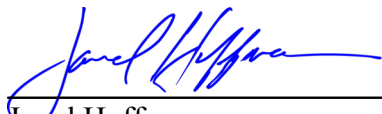
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