

BLM chief promises to defend leaseholders' drilling rights

Phil Taylor, Environment & Energy Publishing, 3-10-11

Bureau of Land Management Director Bob Abbey this week told House lawmakers he will defend the right of oil and gas leaseholders on public lands as he implements new management reforms and a secretarial order to protect roadless lands.

At a hearing before a House Natural Resources subcommittee, Abbey defended his agency's \$1.13 billion budget request for fiscal 2012 -- a 1 percent increase over current funding -- and assured Republican critics that his agency's "wild lands" order would not be used to lock up acres leased for oil and gas development.

Abbey also said BLM's oil and gas leasing reforms finalized last May will help reduce the number of protests against lease sales and offer greater certainty to industry.

Abbey was responding to questions from Rep. Paul Broun (R-Ga.) over whether he would defend the property rights of oil and gas leaseholders in spite of an increasing number of protests filed by environmental groups in the West.

"Buyers are given a property right that the government is sworn to protect," Broun said. He asked Abbey whether BLM was obligated to issue leases within 60 days of their sale, as prescribed by the Mineral Leasing Act.

Abbey said the 1920 law provides a "timeframe" for issuing leases but that his agency "routinely has to address protests." Leasing reforms include opportunities for earlier public comment and could include master leasing plans designed to help reduce future protests and provide greater certainty, he said.

In recent years, environmental groups have stalled the vast majority of leases sold on BLM lands in Wyoming and other Western states, drawing a lawsuit last fall from oil and gas companies that argued the agency is stifling development and breaking federal law.

Rep. Tom McClintock (R-Calif.) suggested BLM should be called the "Bureau of Land Closures" and questioned why the agency was taking a new inventory of wilderness-quality lands but not of lands with oil and gas resources.

Abbey reported that recent inventories have found moderate to high mineral potential on 280 million acres of federal mineral estate and that oil and gas production on federal lands increased in 2010 over 2009 levels.

"Many of the companies are making all-time profits," Abbey said, adding that his agency expects oil and gas development on BLM lands will generate \$4.3 billion in 2012.

Abbey also reiterated that his agency's wild lands policy would not affect any existing leases and would not be used to block proposed horizontal drilling to reach federal minerals underneath protected lands.

The wild lands proposal, in fact, is not a new policy, said Rep. Raúl Grijalva (D-Ariz.), the ranking member on the National Parks, Forests and Public Lands Subcommittee.

"The wild lands policy to me is reinserting in there what former Secretary [Gale] Norton took out," Grijalva

said. "That is, the ability to inventory wilderness."

BLM's budget seeks to defray the cost of administering oil and gas inspections through \$38 million in new inspection fees as well as a new fee on nonproducing leases and a review of oil and gas royalty rates, which currently stand at 12.5 percent.