

Industry sends regulatory wish list to Interior

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Obama administration policies to protect natural resources in oil and gas leasing are stifling job creation and energy production at a time of rising gasoline prices, industry groups told the Interior Department this week.

As a result, oil and gas-rich lands and waters lay dormant instead of helping meet the nation's growing energy appetite, the American Petroleum Institute and Western oil and gas groups said.

The seven energy groups were responding to President Obama's call earlier this year for ideas to tweak or eliminate regulations that hamper U.S. businesses.

"This was an opportunity to lay out the suite of recommendations we believe are in the nation's interest in improving regulatory efficiency and consistency in accessing federal resources," said Richard Ranger, senior policy adviser for API, in an interview.

Among their recommendations is a call for Interior to repeal a suite of oil and gas leasing reforms and a December 2010 secretarial order requiring the Bureau of Land Management to review lands and consider restrictions to protect wilderness qualities.

Both onshore and offshore producers recommend that Interior increase the use of so-called categorical exclusions that waive environmental reviews when impacts are likely to be minimal.

"There has definitely been a retreat" in the use of categorical exclusions, Ranger said. For example, use was curtailed as part of BLM's oil and gas leasing reforms finalized last May, and Interior ended the use of categorical exclusions for deepwater exploration plans last August.

"Categorical exclusions remain a legitimate tool in the [National Environmental Policy Act] tool kit," he said.

The groups also recommend specific ways that Interior can accelerate the processing of leasing and drilling permits to create regulatory certainty oil and gas firms need to finance projects.

Most of API's recommendations -- which also include streamlining the archaeological review process and limiting who can legally protest decisions -- can be implemented without congressional action, Ranger said.

The group also recommends allowing the public to comment on regulatory notices such as those imposed by Interior's Bureau of Ocean Energy Management, Regulation and Enforcement in the wake of the BP PLC oil spill last April. The agency should evaluate new rules to ensure they do not violate existing lease terms, API said.

The changes are needed to fix an oil and gas program that is in "disarray," according to the Denver-based Western Energy Alliance. The group cited findings by the U.S. Geological Survey that federal lands hold 69 percent of the nation's undiscovered oil and 51 percent of its natural gas.

The oil and gas leasing reforms -- while already successful in reducing the rate of environmental protests -- have more than doubled the time it takes companies to acquire leases, the group said.

"Clearly, we need to protect sensitive resource values," says a letter signed by the Western Energy Alliance and five other oil and gas advocacy groups. "But at the same time, we need to protect our nation's future through sensible land use decisions and policies that provide for growth and development of domestic energy resources."

The proposals are part of a broader push to ensure industry access to federal minerals and come weeks after API organized lobbying visits from industry employees in six states to tout the safety of hydraulic fracturing, a drilling technique that stimulates natural gas production but has come under increasing fire from environmental groups and some public health officials.

But while likely to increase energy production, the industry proposals fail to ensure balanced management of public lands and would "turn back the clock" on Obama administration protections, said Nada Culver, senior counsel for the Wilderness Society and director of the group's BLM Action Center in Denver.

"These 'recommendations' tick off ways to ignore or outright sanction damage to cultural resources, wildlife habitat, wilderness, clean air and clean water, just to name a few," she said. "These are not acceptable sacrifices."

The industry recommendations also fail to acknowledge that the majority of leases on public lands and waters are not producing oil and gas and that industry has been issued 7,200 onshore drilling permits that it is yet to use, Culver said.

"They claim we need to produce more oil and gas from our public lands," Culver said. "Yet we know they are shutting in wells until natural gas prices go up."