



9. OIL AND GAS:

Senate passes bill to speed BLM drilling permits

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Published: Wednesday, September 17, 2014

The Senate last night by unanimous consent passed a bill to expand and permanently extend a program designed to speed the permitting of oil and gas wells on federal lands, a major win for industry, the Obama administration and Western lawmakers of both parties.

The chamber passed [S. 2440](#), by Sens. Tom Udall (D-N.M.) and John Barrasso (R-Wyo.), which would reauthorize and expand a Bureau of Land Management permit streamlining program established by the 2005 Energy Policy Act that is set to expire next year.

The 2005 law created BLM pilot offices in Wyoming, Utah, Colorado, New Mexico and Montana and allowed BLM to use a portion of lease rental revenues to speed oil and gas development in those offices.

The Udall-Barrasso bill would permanently extend the pilot program and allow BLM more flexibility to designate new pilot offices based on shifting permitting demands. It would also raise the industry fee for each drilling application from \$6,500 to \$9,500, while stipulating that the revenue stay with BLM's oil and gas program.

BLM would not be able to raise the fees until 2026 at the earliest, though they would be indexed to inflation.

Udall called the bill's passage "a great step forward" for New Mexico BLM's offices in Carlsbad and Farmington, which were included as pilot offices in the 2005 bill and see significant oil and gas demand.

He said, "I am hopeful the House will act quickly to give the BLM and industry the certainty they need to produce for New Mexico."

Barrasso similarly called the move "great news for Wyoming and other Rocky Mountain states who want to decrease permitting backlogs and increase oil and gas production on federal lands."

BLM Director Neil Kornze indicated strong support for the bill at a July hearing before the Energy and Natural Resources Committee, saying the 2005 pilot program had led to faster permitting and better interagency consultation ([E&E Daily](#), July 30).

He lauded the broader geographic flexibility offered under the bill, saying industry demand had shifted over the past decade. For example, BLM's top 10 offices with the highest industry interest in oil and gas development saw more than 86 percent of the total drilling permits processed in 2013, but only four of those offices were among the seven original pilot offices established in the 2005 bill, he said.

Kornze also urged quick passage, warning that the program's pending termination was already creating uncertainty in BLM's hiring process. More than 200 BLM positions "have a question mark around them," he said.

The Permit Processing Improvement Fund offers roughly \$18 million annually for BLM's pilot offices, Udall and Barrasso said. To pay for the program's extension, the legislation would adjust the interest rate that industry receives on overpayment of oil and gas royalties.

The bill is backed by the Independent Petroleum Association of America, American Petroleum Institute, Western Energy Alliance and Western Governors' Association.

Conservation groups have stayed mostly silent on the legislation, though Kate Zimmerman, the National Wildlife Federation's public lands policy director, in July said S. 2440 should be used as a legislative vehicle to approve BLM's request to impose new oil and gas inspection fees.

Since 2008, BLM has approved more than 27,000 drilling permits, known as applications for permit to drill (APDs).

While BLM claims average processing time for onshore APDs is the lowest it has been in eight years, industry and Republican critics argue that wait times are still much longer than on state or private lands, which provides a disincentive to drill on federal lands.