

Energy Permitting – Need for Adequate Interior FY 07 Oil & Gas Funding
Federal Lands Leasing and Permitting Budget - (\$ millions)

	05	06 (Bush)	06 Enacted	07 (Budget)	07 Need
BLM, Energy and Minerals					
Oil and Gas	\$87.36	\$87.29	\$88.962	\$115.3 *	\$135 **
USFS, National Forest System					
Minerals & Geology Mgt.	\$56	\$74	\$84.6 ***	\$ 81.2 ****	\$100

* Does not include approximately \$19-million in congressionally-directed EPACT 2005 rental payment money for “pilot” offices.

** Includes the EPACT 2005 funding, therefore the Administration Budget amount meets FY '07 BLM needs.

*** Included 25.4-million for abandoned mine work transferred to the account.

**** Includes \$21.8-million for abandoned mine work. The real oil & gas funding level, including permitting and administration, is \$59.4-million (a proposed \$ 200,000 reduction from the '06 enacted funding level.) The additional Forest Service FY '07 funding need is \$18.8- million.

Objective

To provide adequate funding to Department of the Interior Bureau of Land Management (BLM) and Department of Agriculture US Forest Service (USFS) federal mineral leasing accounts to enable these agencies to keep pace with the processing of a significantly increasing number of applications for permits to drill (APDs) and related inspection & enforcement and administration.

APDs (BLM, USFS and Indian)	'03	'04	'05	3/06 (Half-Year)*
Received	5063	6979	8351	4341
Approved	3961	6452	7018	3133
Pending/Backlogged	4192	3820	4435	4938

*Estimate are that in 2006 BLM will receive almost 9,400 (or 12%) more APDs than in the previous year. Forecasts for FY 07 are even higher – more than 10,500, or another 12% increase!

Background

The critical need for additional domestic energy supplies, especially natural gas, cannot be overstated. Many of the most promising domestic resources are located under federal lands. Resource agencies, particularly the BLM, are processing more applications for permits to drill (APDs) than ever to keep up with the demand for more energy from federal lands. But the need for agency action is growing faster than the agencies' ability to fulfill their energy mandates.

The number of APDs pending or backlogged as of year-end 2005 was higher than ever (+ 6% over 2003 for example) -- but APDs received (+ 65%) and approved (+77%) were higher still by orders of magnitude. Looking at FY 2006, the number of pending APDs (4,938 as of March 18) is growing further (another 11% when annualized) -- but in a period when APD filings continue to rise also.

Thanks to recent funding increases by Congress (including automatic use of onshore lease rental funds in seven Intermountain West high-activity “pilot” BLM field offices under the Energy Policy Act of 2005, or EPACT, Administration reprogramming and management actions by the BLM (including the current aggressive hiring and training programs underway in the face of strong industry demand for the same people) permitting trend can and should improve overall.

However, without adequate '07 funding given the record APD filings expected during the year, agencies will be overwhelmed and the number of pending or backlogged applications will continue to grow.

Recommendations

The Administration FY 2007 Budget request for the BLM Energy and Minerals Oil and Gas Account -- \$115.3-million -- should be approved.

An additional \$18.8-million should be added to the Administration's Forest Service Minerals and Geology Management account for a total of \$100-million.

Domestic Petroleum Council Contacts: Bill Whitsitt (DPC 202 742 4300) and Lem Smith (Kerr-McGee (720) 264-2887)

4-3-06