

Trump Administration proposes oil, gas regulation updates

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WASHINGTON – In support of President Donald J. Trump’s America-First Energy Strategy, the Bureau of Land Management announced proposed revisions to three key regulations governing oversight of oil and gas production and reporting July 29. The proposed regulations are designed to reduce bureaucracy, recordkeeping and measurement requirements, while ensuring that taxpayers receive accurate royalties from oil and gas produced on Federal and Tribal lands.

“These proposed enhancements streamline regulations to ensure that our oversight of energy production on America’s public lands is consistent and fair,” Deputy Secretary of the Interior Kate MacGregor said.

“We’re continuing our work to ensure safe, abundant, and affordable energy for all Americans,” William Perry Pendley, BLM Deputy Director for Policy and Programs, said. “The BLM promotes responsible and safe oil and gas development on public lands and is committed to making sure these valuable resources are reported properly and measured accurately.”

Federal royalties generated from onshore oil and gas production on federal lands totaled nearly \$4.23 billion in Fiscal Year 2019. In addition, production on Tribal lands generated nearly \$1.14 billion. Revenue from production royalties are distributed entirely to Tribes and shared with the states in which those revenues are generated, making the oil and gas industry an indispensable source of revenue for schools, healthcare, infrastructure and other public services across the West. These updates support the Administration’s work to relieve burdens adversely impacting investments that generate these royalties.

In total, oil and gas development on BLM-managed lands supported more than 300K jobs and contributed \$71.5 billion in output to the U.S. economy in fiscal year 2018.

These contributions make it critical for the agency to ensure accurate measurement and reporting of production, while reducing requirements to protect jobs and facilitate energy production. Oil and gas measurement performance requirements have been updated to account for production volumes and risk to mismeasurement. More accurate measurement is required at higher producing leases. Such updates are necessary because vast royalties are generated from smaller, local operations that were disproportionately impacted by the previous regulations.

The proposed rule would revise three regulations to ensure proper handling of oil and gas production, which is essential for accurate measurement, proper reporting and overall production accountability. Taken together, the proposed new rules would remove or modify requirements, address logistical issues and eliminate inconsistencies. For example, the proposed rule reduces requirements for water-draining operations which are duplicative of existing seal requirements.

“Our goal is to ensure maximum accountability and efficiency, while making sure that operators are able to develop America’s energy resources on public lands for the benefit of the American people and local communities across the nation. We will use the feedback and information we receive from the public and stakeholders to further refine and improve this proposal before making any final decision,” Pendley said.

Through these proposed changes, the BLM will ensure accurate reporting while significantly reducing recordkeeping requirements. Further, the proposals increase grandfathering of measurement equipment and inspection frequency, where accuracy and performance has already been verified.

The rulemaking follows the BLM’s review of the 2016 final rules for conformance with Executive Order 13783 *Promoting Energy Independence and Economic Growth*, and Secretary’s Order 3349 *American Energy Independence*,

which require agencies to ensure that regulations do not unnecessarily encumber energy production, constrain economic growth, or prevent job creation. Based upon that review, the BLM found that the revisions would streamline regulations for oil and gas operators working on Federal and Indian lands.

Publication of the proposed regulations in the *Federal Register* will open a 60-day public comment period. The BLM will notify the public and stakeholders when the regulations publish, as well as publicizing the opening and closing dates of the comment period and instructions on how to comment. Before finalizing any regulations, the BLM will review and respond to substantive public comments and may use any new information gathered to help guide the development of the revisions.

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