

**DISCUSSION DRAFT H.R. \_\_\_\_\_,  
“ENHANCING STATE MANAGE-  
MENT OF FEDERAL LANDS  
AND WATERS ACT”**

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**LEGISLATIVE HEARING**

BEFORE THE

SUBCOMMITTEE ON ENERGY AND  
MINERAL RESOURCES

OF THE

COMMITTEE ON NATURAL RESOURCES  
U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED FIFTEENTH CONGRESS

SECOND SESSION

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**LEGISLATIVE HEARING ON DISCUSSION  
DRAFT H.R. \_\_\_\_, TO AMEND THE MINERAL  
LEASING ACT AND THE OUTER CONTI-  
NENTAL SHELF LANDS ACT TO ENHANCE  
STATE MANAGEMENT OF FEDERAL LANDS  
AND WATERS, AND FOR OTHER PURPOSES,  
“ENHANCING STATE MANAGEMENT OF  
FEDERAL LANDS AND WATERS ACT”**

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**Thursday, June 14, 2018  
U.S. House of Representatives  
Subcommittee on Energy and Mineral Resources  
Committee on Natural Resources  
Washington, DC**

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The Subcommittee met, pursuant to call, at 10:00 a.m., in room 1324, Longworth House Office Building, Hon. Paul A. Gosar [Chairman of the Subcommittee] presiding.

Present: Representatives Gosar, Lamborn, Wittman, Thompson, Tipton, Graves, Hice, Cheney, Bishop (ex officio), Lowenthal, Tsongas, Beyer, Soto, Barragán, Velázquez, and Grijalva (ex officio).

Mr. GOSAR. The Subcommittee on Energy and Mineral Resources will come to order.

The Subcommittee is meeting today to hear testimony on a discussion draft titled “Enhancing State Management of Federal Lands and Waters Act.”

Under Committee Rule 4(f), any oral opening statements at the hearing are limited to the Chairman, the Ranking Minority Member, and the Vice Chair. This will allow us to hear from our witnesses sooner and helps Members keep to their schedules.

Therefore, I ask unanimous consent that all other Members’ opening statements made be part of the hearing record if they are submitted to the Subcommittee Clerk by 5 p.m. today.

Without objection, so ordered.

I now recognize myself for a 5-minute opening statement.

**STATEMENT OF THE HON. PAUL A. GOSAR, A REPRESENTA-  
TIVE IN CONGRESS FROM THE STATE OF ARIZONA**

Mr. GOSAR. Today, the Subcommittee will discuss a written discussion draft that continues a conversation about the relationship between the Federal Government and the states most immediately affected by the development of federally-owned minerals.

This conversation began last fall, after the Department of the Interior announced a robust draft proposed schedule of offshore lease sales, which included 47 lease sales in nearly all regions of the American Outer Continental Shelf.

Many coastal governors, municipalities, and congressional delegations vocally expressed opposition to the plan, and attempted to pass certain measures that discourage or prevent mineral development on the federally-owned Outer Continental Shelf.

While states are highly involved in the offshore lease planning process, they do not have a veto power over lease sales. Congress has seen various bills and amendments attempting to impose a moratorium on OCS leasing, essentially imposing the localized will on a nationally-owned, widely enjoyed benefit. What seems to be lost in these initiatives, however, is an acknowledgment that such attempts to strand Federal assets comes at the expense of the American taxpayer.

The ideas presented today increase the state's role in Federal mineral management, while indemnifying the taxpayer if the state chooses to leave the Federal mineral undeveloped.

Both the onshore and offshore concepts presented attempt to increase the role of states in Federal mineral management by creating additional opportunities for states to facilitate or inhibit mineral development, while ensuring the American taxpayer realizes the value of the nationally-owned minerals.

Title I of this bill will allow states to assume exclusive jurisdiction over oil and gas development on specific parcels of federally-owned land. With the approval of the Secretary of the Interior, states may choose to increase or decrease production, or cease production on these parcels altogether.

Each state with existing onshore energy production has a robust regulatory framework for managing energy development. Allowing states to apply their management practices to Federal lands will eliminate duplicative regulatory requirements, reduce uncertainty for operators, and make these lands competitive with state and private lands once again.

If a state increases production on Federal lands, the state will receive 60 percent of the mineral revenues compared to 50 percent currently provided under the Mineral Leasing Act. However, if a state reduces production, that state will receive a reduced share of 20 percent and must pay a lost production fee to the Federal Treasury. If federally-owned lands within a state contain economically recoverable oil and gas resources, they have the potential to generate revenue for the Federal Government. These lands are owned by the public, meaning that keeping these resources off the market represents a cost to taxpayers nationwide. If a state chooses to forego development, the state will be required to offset the loss in revenue to the Federal Treasury.

Under Title II, coastal states will be empowered to make intelligent decisions about allowing or prohibiting development in Federal waters. The offshore proposal allows states to consider development on a detailed, block-by-block basis. To make informed decisions about management, DOI is directed to consolidate and supplement geologic and geophysical data on the OCS, and to use this information to plan lease sales and determine the value of the minerals beneath our oceans.

Coastal states are then offered the right to determine whether lease blocks are included in a final sale. The more blocks a state allows to proceed to a final sale, the higher the revenue sharing

percentage that state receives from revenues generated from the development off its coast. Should a state choose to withhold the block from a sale, the state must indemnify the U.S. Treasury for the value lost to the taxpayer.

We recognize that the current draft of the bill contains several flaws. For instance, it does not yet include the equitable redrawing of states' administrative boundary lines, nor are the calculations of reasonable indemnifications to the Federal Government and revenues to the state finalized. We will continue to engage all affected stakeholders on this complex, conceptual proposal, and we invite commentary and suggestions to ensure the conversation is inclusive and well-informed.

Once again, these concepts seek to start a conversation about the relationship between states and Federal offshore development. In the end, these proposals empower states to allow their decisions to result in financial benefits or costs to their residents—furthering the notion of federalism.

[The prepared statement of Mr. Gosar follows:]

PREPARED STATEMENT OF THE HON. PAUL A. GOSAR, CHAIRMAN, SUBCOMMITTEE ON  
ENERGY AND MINERAL RESOURCES

Today, the Subcommittee will discuss a discussion draft that continues a conversation about the relationship between the Federal Government and the states most immediately affected by the development of federally-owned minerals.

This conversation began last fall, after the Department of the Interior (DOI) announced a robust draft proposed schedule of offshore lease sales, which included 47 lease sales in nearly all regions of the American Outer Continental Shelf. Many coastal governors, municipalities, and congressional delegations vocally expressed opposition to the plan, and attempted to pass certain measures that discourage or prevent mineral development on the federally-owned Outer Continental Shelf.

While states are highly involved in the offshore lease planning process, they do not have a “veto” power over lease sales. Congress has seen various bills and amendments attempting to impose a moratorium on OCS leasing, essentially imposing the localized will on a nationally-owned, widely enjoyed benefit. What seems to be lost in these initiatives, however, is an acknowledgement that such attempts to strand Federal assets come at the expense of the American taxpayer.

The ideas presented today increase the state's role in Federal mineral management, while indemnifying the taxpayer if the state chooses to leave the Federal mineral undeveloped.

Both the onshore and offshore concepts presented attempt to increase the role of states in Federal mineral management by creating additional opportunities for states to facilitate or inhibit mineral development, while ensuring the American taxpayer realizes the value of the nationally-owned minerals.

Title I of this bill would allow states to assume exclusive jurisdiction over oil and gas development on specific parcels of federally-owned land. With the approval of the Secretary of the Interior, states may choose to increase or decrease production—or cease production on these parcels altogether.

Each state with existing onshore energy production has a robust regulatory framework for managing energy development. Allowing states to apply their management practices to Federal lands will eliminate duplicative regulatory requirements, reduce uncertainty for operators, and make those lands competitive with state and private lands once again.

If a state increases production on Federal lands, the state will receive 60 percent of the mineral revenues, compared to 50 percent currently provided under the Mineral Leasing Act. However, if a state reduces production, that state will receive a reduced share of 20 percent and must pay a “lost production fee” to the Federal Treasury. If federally-owned lands within a state contain economically recoverable oil and gas resources, they have the potential to generate revenue for the Federal Government. These lands are owned by the public, meaning that keeping these resources off the market represents a cost to taxpayers nationwide. If a state chooses to forego development, the state will be required to offset the loss in revenue to the Federal Treasury.

Under Title II, coastal states will be empowered to make intelligent decisions about allowing or prohibiting development in Federal waters. The offshore proposal allows states to consider development on a detailed, block-by-block basis. To make informed decisions about management, DOI is directed to consolidate and supplement geologic and geophysical data on the OCS, and use this information to plan lease sales and determine the value of the minerals beneath our oceans.

Coastal states are then offered the right to determine whether lease blocks are included in a final sale. The more blocks a state allows to proceed to a final sale, the higher the revenue sharing percentage that state receives from revenues generated from development off its coasts. Should a state choose to withhold the block from a sale, the state must indemnify the U.S. Treasury for the value lost to the taxpayer.

We recognize that the current draft of the bill contains several flaws. For instance, it does not yet include the equitable redrawing of state administrative boundary lines; nor are the calculations of reasonable indemnifications to the Federal Government and revenues to the states finalized. We will continue to engage all affected stakeholders on this complex, conceptual proposal, and we invite commentary and suggestions to ensure the conversation is inclusive and well-informed.

Once again, these concepts seek to start a conversation about the relationship between states and Federal offshore development. In the end, these proposals empower states to allow their decisions to result in financial benefits or costs to the their residents—furthering the notion of federalism.

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Mr. GOSAR. I now recognize the gentleman from California, Mr. Lowenthal, the Ranking Member for his 5 minutes.

**STATEMENT OF THE HON. ALAN S. LOWENTHAL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA**

Mr. LOWENTHAL. Thank you, Mr. Chairman.

And thank you to the witnesses for being here, and I hope our fourth witness comes soon.

It is Groundhog Day again in the Committee as we consider yet another bill that prioritizes the oil and gas industry over everyday Americans.

This discussion draft makes a clear statement: our shared public lands and waters are only worth the oil and gas that we can wring out of them. Nothing else is worth anything, not the ability to hunt, to fish, to bike, to canoe, or simply to enjoy our treasured natural places. Under this legislation, those are all worthless.

Our spectacular landscapes, our wild areas, our magnificent beaches, and our oceans—under this legislation, they are all worthless. Only oil and gas is worth anything. And the bill would reward states that get onboard and want to drill more, while harshly punishing states that prioritize conservation, protection, wildlife habitat, recreational opportunities, or their tourism economy, and it also punishes states wanting a clean environment.

Title I of this bill would hand public land management over to oil and gas companies in each state. We have seen language like this before in the Subcommittee, but we have never seen such a blatant expression of disdain for our existing laws and the public's right to have a say about what is going on.

The bill entirely waives the National Environmental Policy Act, the Administrative Procedure Act, the Endangered Species Act, and the National Historic Preservation Act for oil and gas activities.



In addition, it says that when our states take over, there would be no ability to protect other uses of the land or to limit where oil and gas drilling occurs. And, of course, states are given incentives to take over and drill more—an additional 11 percent of the oil and gas revenues if they do. In effect, this title is a bribe for states to take public lands out of the public's hands.

It might be hard to believe, but Title II of the bill is arguably even more extreme. Under the guise of local management, the discussion draft would allow the Federal Government to extort enormous sums of money from coastal states that want to protect their oceans and beaches from the threat of offshore drilling. While the concept is indeed novel, it is also reprehensible.

If a state wants to prevent a lease sale in its entirety, they would have to pay potentially billions of dollars, or more, to the Federal Government.

Due in part to the ambiguous wording of the bill, it is hard to determine the exact ransom amount, but estimates underscore the proposal's absurdity. My home state of California could easily have to pay—and I am going to state this clearly—over a trillion dollars for a 10-year reprieve.

We know the Administration likes to play favorites. Well, this bill would give them a chance to bankrupt blue states by threatening to hold lease sales off their coasts. If a state pays up, their beaches are safe. But if not—hey, beautiful coastline you have there, you have a beautiful coastline? Wouldn't it be a shame if something happened to it?

If Title I is the bribe, Title II is the shakedown. Coastal tourism and recreation economies generate billions of dollars and employ millions of people. States recognize both the financial and social value of coastal resources and know oil and gas development are not worth the risk.

I hope this discussion draft is more about trying to make a point than making a serious effort to legislate.

I understand some in the Majority see a double standard, where coastal states get their way on Federal waters while other states don't have the ability to manage Federal land on their own, but that argument is flawed. Coastal states don't get to unilaterally decide what happens in Federal waters.

We make our case to the Secretary. It is a strong case that our coastal economies are too valuable to risk them for a few barrels of oil, and we are backed by a majority of our constituents, but the Secretary is the one who ultimately decides what to lease. And states with public land also get to weigh in on how the land-use plans are developed.

The ideas behind this bill are flawed, and its enactment would be disastrous for everyone who uses or enjoys our public lands, our beaches, and our oceans.

I thank the witnesses for being here, and I yield back.

[The prepared statement of Mr. Lowenthal follows:]

PREPARED STATEMENT OF THE HON. ALAN S. LOWENTHAL, RANKING MEMBER,  
SUBCOMMITTEE ON ENERGY AND MINERAL RESOURCES

Thank you, Mr. Chairman, and thank you to the witnesses for being here.

It's Groundhog Day in the Subcommittee as we consider yet another bill that prioritizes the oil and gas industry over everyday Americans.

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In addition, it says that where states take over, there would be no ability to protect other uses of the land, or to limit where oil and gas drilling occurs. And, of course, states are given incentives to take over and drill more: an additional 11 percent of the oil and gas revenues if they do. In effect, this title is a bribe for states to take public lands out of the public's hands.

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Due in part to the ambiguous wording of the bill, it's hard to determine the exact ransom amount, but estimates underscore the proposal's absurdity. My home state of California could easily have to pay over a trillion dollars for a 10-year reprieve.

We know this Administration likes to play favorites. Well, this bill would give them a chance to bankrupt blue states by threatening to hold lease sales off their coasts. If a state pays up, their beaches are safe. But if not . . . hey, beautiful coastline you've got there, would be a shame if something happened to it.

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We make our case to the Secretary. It is a strong case that our coastal economies are too valuable to risk them for a few barrels of oil. And we are backed by large majorities of our constituents. But the Secretary ultimately decides what to lease. And states with public land also get to weigh in on how land use plans are developed.

The ideas behind this bill are flawed, and its enactment would be disastrous for everyone who uses or enjoys our public lands, our beaches, and our oceans.

I thank the witnesses again for being here, and I yield back.

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Mr. GOSAR. I thank the gentleman.

I now will recognize our panel.

We have Nick Loris, Herbert and Joyce Morgan Fellow in Energy and Environmental Policy, Center for Free Markets and Regulatory

Reform, The Heritage Foundation, right here in Washington, DC; we have Matt Anderson, Director, Coalition for Self-Government in the West, Sutherland Institute, Salt Lake City, Utah; Mayor Ben Cahoon, Board of Commissions, Nags Head, North Carolina; and then Myron Ebell, Director, Center for Energy and Environment, Competitive Enterprise Institute, right here in Washington, DC.

Let me remind our witnesses that under our Committee Rules, they must limit their oral statements to 5 minutes, but their entire statement will appear in the record.

The microphones are not automatic. For the first 4 minutes, you will see a green light. When it turns yellow, you have a minute to summarize. And then when it hits red, please summarize so that we can get to questions.

I now recognize Mr. Loris for his 5 minutes.

**STATEMENT OF NICK LORIS, HERBERT AND JOYCE MORGAN  
FELLOW IN ENERGY AND ENVIRONMENTAL POLICY,  
CENTER FOR FREE MARKETS AND REGULATORY REFORM,  
THE HERITAGE FOUNDATION, WASHINGTON, DC**

Mr. LORIS. Chairman Bishop, Chairman Gosar, Ranking Member Lowenthal, and distinguished members of the Subcommittee, thank you for this opportunity to testify on the Enhancing State Management of Natural Resources on Federal Lands and Waters Act.

My name is Nick Loris, and I am the Herbert and Joyce Morgan Fellow at The Heritage Foundation. The views I express in this testimony are my own and should not be construed as representing any official position of The Heritage Foundation.

Both proponents and opponents of energy production on Federal lands and waters have expressed frustration over the current leasing and permitting process. Proponents of increased energy access have long derided decisions by previous administrations to lock up resources and make it painstakingly difficult to secure and use a lease.

More recently, opponents of offshore drilling in coastal states have voiced concerns that offshore oil and gas production have too much environmental risk and would adversely affect other sectors of their state's economy. This mutual dissatisfaction with the status quo presents an opportunity for change.

A fundamental problem with the current approach is that the Federal ownership and control of minerals have taken decision rights away from the states. Federal ownership results in static management to very dynamic energy markets. In this regard, I would like to make several observations.

First, the benefits of active state engagement with regard to energy production.

Offshore—even under the current broken system, Louisiana is a wonderful success story of a state that has robust oil and gas production but also strong commercial fishing, seafood, and tourism industries. With more than 80 percent of water-borne rigs off the state's coast and representing 30 percent of the commercial fishing in the continental United States, Louisiana has long demonstrated these industries work harmoniously.

Onshore—states have had remarkable success overseeing national resource development, both economically and

environmentally. States process applications for permits to drill in days or weeks whereas the Federal Government takes several months. Where states have authority over the regulatory process, oil and gas production has soared.

This energy revolution has been a tremendous boon for these states' economies and for the economy at large. Lower energy bills have reduced costs for businesses across the country and put money back into the bank accounts of hard-working American families.

The draft legislation would make important reforms to transfer responsibilities to the states for energy extraction on Federal lands. This will result in more accountable and effective management.

Reducing bureaucratic delay will result in an industry that is more responsive to price changes, creating more investment in jobs in the process. The second observation is the benefits the bill would generate by aligning economic and environmental incentives. When policies are site-specific, situation-specific, and employ local knowledge, they encourage better care of the environment and natural resources by putting them in the hands of people who have immediate stake in wise management.

Another significant feature of the draft bill is that it would properly align financial incentives for the states. Offering states a greater percentage of the revenue collected would encourage states to seriously consider the economic benefits of onshore and offshore energy production.

In fact, as recently as 2013, both Democratic Senators from Virginia offered legislation to open parts of the Atlantic to offshore development. A critical component of their legislation was to ensure that Virginia received royalty revenues similar to states operating in the Gulf Coast. Under this draft bill, should states pursue offshore development, they would capture an even greater share of the revenue.

My third observation is possible congressional action beyond the scope of this draft. Congress could go even further by applying the same reforms to all energy investments on Federal lands and waters.

States should have the same incentives and choices the draft legislation provides to oil and gas for all other energy projects, whether it is a solar farm in Nevada or offshore wind in the Atlantic.

Congress should also consider opening lease options to all interested parties. Under the current policy, only energy companies can bid on tracts of land and the Federal Government requires leaseholders to demonstrate intent to develop these resources.

Opening up the auction would invite more competition and help truly assess the value of the land and the resources beneath it. A more inclusive bidding process could also create more economic and environmental cooperation. An environmental organization could pair up with a grazer to bid on a parcel of land, or an energy company could coordinate with a conservationist group to use the land in which both parties benefit.

In conclusion, policy reform should open access to our abundance of resources, establish the framework for competitive markets to

respond to price signals, empower the states, and protect the American taxpayers.

I commend the Committee for introducing this draft legislation that would improve the current process by engaging the appropriate stakeholders and better aligning incentives for economic development and environmental protection.

Thank you, and I look forward to your questions.

[The prepared statement of Mr. Loris follows:]

PREPARED STATEMENT OF NICOLAS LORIS, HERBERT & JOYCE MORGAN RESEARCH  
FELLOW, THE HERITAGE FOUNDATION

My name is Nicolas Loris and I am the Research Manager in Energy and Environment and Herbert & Joyce Morgan Research Fellow at The Heritage Foundation. The views I express in this testimony are my own, and should not be construed as representing any official position of The Heritage Foundation.

I want to thank the members of the Committee on Natural Resources' Subcommittee on Energy and Mineral Resources for this opportunity to discuss enhancing state management of natural resources on Federal lands and waters.

Both proponents and opponents of increased access to natural resource extraction on Federal lands and waters have expressed frustration over the leasing and permitting process. Proponents have long derided the decisions by previous administrations to lock up resources or make it painstakingly difficult to secure and use a lease. More recently, several coastal states responded to the latest Department of the Interior (DOI) offshore drilling proposal by voicing concerns that oil and gas production would have possible environmental risks and negative impacts on other sectors of their respective state's economy.

Dissatisfaction from both parties presents an opportunity to improve the current system. Rather than have a system subject to the whims of whoever is in charge, successful, comprehensive reform should accomplish four objectives: (1) create a system that enables the energy industry to respond more quickly to rapidly changing market conditions; (2) involve states more directly in decision making; (3) protect the American taxpayer; and (4) align incentives for energy production and environmental protection.

THE ENHANCING STATE MANAGEMENT OF FEDERAL LANDS AND WATERS ACT

The Enhancing State Management of Federal Lands and Waters Act is a discussion draft that would amend the Mineral Leasing Act (MLA) and the Outer Continental Shelf Lands Act (OCSLA) to empower states to have more control over the leasing, permitting, and regulations of oil and gas production. Title I addresses onshore oil and gas development. If enacted, a state would apply to establish enhanced management regions that would authorize the state to develop energy resources on Federal land that is not Indian land, part of the National Park System, the National Wildlife Refuge System, or a congressionally designated area.

The legislation would allow states to develop programs that satisfy all applicable Federal laws required to produce energy on Federal lands. Therefore, states would have complete control of their energy programs. In the event that an enhanced management region generates more oil and gas production than the average of the previous 5 fiscal years, states receive a greater percentage of the revenue accrued from bonus bids, rentals, and royalties. If non-market factors yield less production in an enhanced management region, the Secretary of Interior can revoke authority or assess a lost production fee.

Title II of the discussion draft addresses offshore oil and gas development. The legislation would direct the Interior Secretary to conduct geological and geophysical mapping of the National Outer Continental Shelf (OCS) to establish a better estimate of oil and gas reserves off the U.S. coastline. In addition, the draft would authorize a state to approve or disapprove of each lease block offered in the DOI's lease sale if the area is within the state's administrative boundaries. If a state approves of all of the blocks in a lease sale, the state would receive 50 percent of the revenues from bonus bids, rentals, and royalties. If a state disapproves of lease blocks, the state would pay a fee to the Federal Government to compensate the taxpayer for lost revenues. The number of lease blocks a state disapproves of would determine the payment a state would make to the U.S. Treasury.

## THE IMPORTANCE OF ENERGY PRODUCTION AND FEDERALISM

The Enhancing State Management of Federal Lands and Waters Act and the outcome of a January 2018 meeting between Secretary of the Interior Ryan Zinke and Florida Governor Rick Scott (R) prompts an important question about federalism and states' rights in the context of energy production. Florida currently has a legislative ban on oil and gas production off the Florida coast until 2022.<sup>1</sup> Shortly after the Department of the Interior released its Draft Proposed Program (DPP) for the leasing of Federal lands under the National Outer Continental Shelf Oil and Gas Leasing Program for 2019–2024, Secretary Zinke met with Governor Scott.

Afterward Zinke tweeted that Florida would have no new oil and gas platforms off its coast, citing Governor Scott's position that the Sunshine State is heavily dependent on tourism for its economy.<sup>2</sup> The announcement prompted policy makers in other coastal states to request their own exemptions.<sup>3</sup> Secretary Zinke expressed intent to meet with all the relevant governors and the proposal entered the 60-day public comment period.<sup>4</sup> Conversely, lawmakers from Louisiana, which has a long history in offshore energy production, hailed the proposal as a boon for the state's economy.<sup>5</sup>

Although the Secretary's comment was not a formal action, it re-started a necessary discussion over federalism and the importance of state input. Pro-energy states, both onshore and offshore, have long disparaged Federal decisions to prohibit and delay energy development and job creation in their respective states. Previous Congresses and administrations have placed outright moratoriums on certain areas off America's coasts. Furthermore, costly bureaucratic delays on Federal lands for issuing leases and processing applications for permits to drill stalls production and economic growth. Without a doubt, frustration exists on both sides.

The fundamental issue is that Federal ownership and control of minerals offshore (and onshore) has taken decision rights away from states. Both economically and environmentally, states have proven to manage energy development prudently. For example, where states have authority over applications for permits to drill and conduct environmental reviews, oil and gas production has soared.<sup>6</sup> Energy companies have capitalized on the wealth of resources on private- and state-owned lands.<sup>7</sup> The energy industry and consumers alike benefit from most of the shale oil and shale gas—from which much of the domestic production is coming—not being under Federal control.<sup>8</sup>

However, Federal regulations and Federal land ownership have rendered vast quantities of recoverable oil and natural gas onshore and offshore either inaccessible or costlier to extract.<sup>9</sup> Permitting energy extraction on federally owned land will result in even more oil and gas extraction and create jobs in areas that may not otherwise see such economic growth. On average, the Federal processing of an application

<sup>1</sup> Laura B. Comay, "Five-Year Program for Federal Offshore Oil and Gas Leasing: Status and Issues in Brief," Congressional Research Service *Report for Congress*, No. 44692, January 8, 2018, <http://plus.cq.com/pdf/crsreports-5247017.pdf?1> (accessed June 11, 2018).

<sup>2</sup> Jennifer A. Dlouhy, "About-Face Tweet on Florida Drilling May Backfire on U.S. Agency," Bloomberg, January 10, 2018, <https://www.bloomberg.com/news/articles/2018-01-10/about-face-tweet-on-florida-drilling-may-backfire-on-u-s-agency> (accessed June 11, 2018).

<sup>3</sup> David Weigel, Darryl Fears, and John Wagner, "Decision to Exempt Florida from Offshore Drilling Prompts Bipartisan Uproar," *The Washington Post*, January 10, 2018, [https://www.washingtonpost.com/politics/decision-to-exempt-florida-from-offshore-drilling-prompts-bipartisan-uproar/2018/01/10/1f5bfa4-f625-11e7-beb6-c8d48830c54d\\_story.html?utm\\_term=.810b0cc528fd](https://www.washingtonpost.com/politics/decision-to-exempt-florida-from-offshore-drilling-prompts-bipartisan-uproar/2018/01/10/1f5bfa4-f625-11e7-beb6-c8d48830c54d_story.html?utm_term=.810b0cc528fd) (accessed June 11, 2018).

<sup>4</sup> Ibid.

<sup>5</sup> Matthew Daly, "Trump Moves to Vastly Expand Offshore Drilling Off U.S. Coasts; Louisiana Delegation Welcomes Move," *The Advocate*, January 4, 2018, [http://www.theadvocate.com/baton\\_rouge/news/politics/article\\_8ad8a726-f199-11e7-9130-4395863271c7.html](http://www.theadvocate.com/baton_rouge/news/politics/article_8ad8a726-f199-11e7-9130-4395863271c7.html) (accessed June 11, 2018).

<sup>6</sup> Marc Humphries, "U.S. Crude Oil and Natural Gas Production in Federal and Nonfederal Areas," Congressional Research Service *Report for Congress*, No. 42432, June 22, 2016, <https://fas.org/sfp/crs/misc/R42432.pdf> (June 12, 2018).

<sup>7</sup> Institute for Energy Research, "Energy Production on Federal Lands Lags Behind Private and State Lands," July 21, 2015, <http://instituteforenergyresearch.org/analysis/energy-production-on-federal-lands-lags-behind-private-and-state-lands/> (accessed June 12, 2018).

<sup>8</sup> U.S. Department of Energy, Energy Information Administration, "Maps: Exploration, Resources, Reserves, and Production," <https://www.eia.gov/maps/maps.htm> (accessed June 12, 2018).

<sup>9</sup> Mark Green, "Expanding Offshore Access Is Key to U.S. Energy Security," *Energy Today*, May 1, 2017, <http://energytomorrow.org/blog/2017/05/01/expanding-offshore-access-key-to-us-ener> (accessed June 12, 2018).

for permit to drill (APD) in the last year of the Obama administration was 257 days, while state processing is typically 30 days or less.<sup>10</sup>

State control, local governance, and private-sector participation would result in more accountable, effective management. While the Federal Government can simply shift the costs of mismanagement to Federal taxpayers, states have powerful incentives for better management of resources on Federal lands. State governments can be more accountable to the people who will directly benefit from wise management decisions, especially as it pertains to natural resource management. According to a 2015 Property and Environment Research Council report, “On average, states generate more revenue per dollar spent than the Federal Government on a variety of land management activities, including timber, grazing, minerals, and recreation.”<sup>11</sup>

Moreover, incentives to invest in and steward the environment are stronger when people have direct ownership and responsibility.<sup>12</sup> The Bureau of Land Management (BLM) and Forest Service (FS) lands lost \$4.38 per acre from 2009–2013, while trust lands in four western states earned \$34.60 per acre.<sup>13</sup> In terms simply of recreation, states again do a better job of making a return on their investment. Idaho and Montana averaged \$6.86 per dollar spent on recreation on state trust lands; in contrast, the BLM earned \$0.20 and the FS \$0.28 per dollar spent, resulting in a net loss.<sup>14</sup> While states and local communities may not always make perfect decisions, the best environmental policies are site- and situation-specific.

Moreover, transferring decision rights to states and the private sector could lead to an industry that is more responsive to price changes. According to a working paper from Utah State University economist Eric C. Edwards,

Even though 99 percent of Federal drilling permits are eventually approved, bureaucratic delay imposes costs through delay and dampening. Drilling response is slower, and thus wells on Federal lands do not respond to high oil and gas prices as quickly as private lands. These delays also lead to lower overall price responses—fewer overall wells drilled in response to price increases. Our findings indicate that the potential for improving the responsiveness of Federal lands to price signals could be achieved through a reduction in delay in the BLM permitting process.<sup>15</sup>

While the study examines Federal lands, similar logic could apply to Federal waters. Remedying this situation could compensate states appropriately through expanded royalty revenue collection. With the exception of Alaska, states receive 50 percent of the revenues generated by onshore oil and natural gas production on Federal lands.<sup>16</sup> Congress should apply this allocation offshore as well, including for current operations in the Gulf of Mexico. If Congress successfully transfers the permitting and environmental review to the states, the states should receive an even larger share of the royalty revenue collected.

Drilling off states’ coasts and allowing them a larger share of the royalty revenue would encourage more state involvement in drilling decisions. Offshore drilling would also promote state and local government participation in allocating funds, helping to close deficits, enabling coastal restoration and conservation, and using funds for schools.

More financial stake and control over the regulatory process would encourage states to seriously consider the economic benefits and minimal risk associated with offshore energy production. In fact, as recently as 2013, both Democratic Senators from Virginia offered legislation to open parts of the Atlantic to offshore

<sup>10</sup> News Release, “Zinke Signs Secretarial Order To Streamline Process For Federal Onshore Oil And Gas Leasing Permits,” U.S. Department of the Interior, July 6, 2017, <https://www.doi.gov/pressreleases/zinke-signs-secretarial-order-streamline-process-federal-onshore-oil-and-gas-leasing> (accessed June 12, 2018).

<sup>11</sup> Holly Fretwell and Shawn Regan, “Divided Lands: State vs. Federal Management in the West,” Property and Environment Research Center, PERC Public Lands Report, March 2015, Figure 1, [http://www.perc.org/sites/default/files/pdfs/150303\\_PERC\\_DividedLands.pdf](http://www.perc.org/sites/default/files/pdfs/150303_PERC_DividedLands.pdf) (accessed June 12, 2018).

<sup>12</sup> For more information, see Nicolas D. Loris, “Chapter 5: Economic Freedom, Energy, and Development,” *2015 Index of Economic Freedom* (Washington, DC: The Heritage Foundation and Dow Jones & Company, Inc., 2015), <https://www.heritage.org/index/pdf/2015/book/chapter5.pdf>.

<sup>13</sup> Fretwell and Shawn Regan, “Divided Lands: State vs. Federal Management in the West.”

<sup>14</sup> *Ibid.*

<sup>15</sup> Eric C. Edwards, Trevor O’Grady, and David Jenkins, “The Effect of Land Ownership on Oil and Gas Production: A Natural Experiment,” Working Paper, December 2016, <https://papers.sioe.org/paper/2022.html> (accessed June 12, 2018).

<sup>16</sup> Elizabeth Malm, “Federal Mineral Royalty Disbursements to States and the Effects of Sequestration,” The Tax Foundation, *Fiscal Fact Sheet* No. 371, May 30, 2013, <https://files.taxfoundation.org/legacy/docs/ff371.pdf> (accessed June 12, 2018).

development.<sup>17</sup> A critical component of their legislation was to ensure Virginia received royalty revenues similar to states in the Gulf Coast region. States may choose not to develop offshore oil, gas, wind, or ocean energy projects, and forego the economic benefits increased energy production brings.

#### MULTIPLE YEAR PLANNING PROCESSES IGNORE MARKET REALITIES

Oil and gas production is a time-consuming and capital-intensive operation. A company must win the lease sale or acquire the mineral rights, obtain the permits, conduct seismic surveys, build the necessary infrastructure, and drill and case the well. The entire process can take multiple years and the oil and gas industry makes investments considering multiple time horizons. However, the current 5-year planning process is not the way commercial energy investments should be (let alone are, in reality) determined.

By taking a static approach to dynamic energy markets, the Federal Government's current policy disregards how markets function. Energy markets are exceedingly complex and prices play a critical role by efficiently allocating resources to their highest valued use. Investment decisions change as prices change. Oil prices can fluctuate significantly from one month to the next, let alone over a 5-year window. For example (after adjusting for inflation):

- From 2007–2008, the price of oil increased from \$66 per barrel to \$94 per barrel.
- From 2008–2009, the price dropped to \$56 dollars per barrel, before increasing to \$74 per barrel in 2009–2010.
- From 2011–2013, the price increased to above \$94 per barrel.
- From 2014–2015, the price decreased from \$87 per barrel to \$44 per barrel.
- By 2016, significant increases in supply and less-than-projected demand pushed the price down to \$38 per barrel.<sup>18</sup>

Businesses should be able more efficiently respond to such fluctuations in price rather than waiting on a lengthy planning process and specific lease-sale schedule. As energy companies plan for the near- and long-term, the Federal Government should conduct lease sales if a commercial interest exists and it does not jeopardize national security. It is incumbent upon the company to develop the resources safely and responsibly.

Energy policy should not be predicated on what analysts, Members of Congress or Federal regulators think is going to happen. Instead, policy should open and establish the framework for competitive markets and involvement from the relevant states, while ensuring the protection of property rights and the environment.

#### THE PROBLEM OF FEDERAL OWNERSHIP AND PUBLIC INTEREST DETERMINATIONS

Oil and gas production is booming in some regions of the United States, while the rate of production in others has slowed or even decreased. The divergent trajectories in production primarily boil down to one word: ownership. Much of the growth is occurring on private and state-owned lands. Despite the tremendous abundance of oil and gas beneath Federal lands and off America's coasts, oil and gas output on federally owned lands has been mostly stagnant or declining. Companies operating in the United States have been the world's largest producers of oil and natural gas for 6 years; as a result, the Nation is reaping the tremendous economic benefits that such large-scale production generates. This success emerged organically from innovation in the private marketplace to unlock energy resources formerly thought inaccessible rather than from any specific government policy to promote these technologies and processes.

The OCSLA's congressional declaration of policy states that the Outer Continental Shelf is a "vital national resource reserve held by the Federal Government for the public, which should be made available for expeditious and orderly development, subject to environmental safeguards, in a manner which is consistent with the maintenance of competition and other national needs."<sup>19</sup> The phrase "held by the

<sup>17</sup>News Release, "Sens. Warner and Kaine Submit Legislation to Expand Offshore Energy Leases," Office of Senator Mark R. Warner, May 22, 2013, [https://www.warner.senate.gov/public/index.cfm/pressreleases?ContentRecord\\_id=3508f696-8280-47d2-97aa-356ec3050f9b](https://www.warner.senate.gov/public/index.cfm/pressreleases?ContentRecord_id=3508f696-8280-47d2-97aa-356ec3050f9b) (accessed June 12, 2018).

<sup>18</sup>See U.S. Energy Information Administration, "U.S. Crude Oil First Purchase Price," January 2, 2018, [https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=F000000\\_3&f=A](https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=F000000_3&f=A) (accessed June 12, 2018).

<sup>19</sup>43 U.S.C. § 1332.



Federal Government for the public” is at the crux of the problem. The Federal Government should not hold mineral rights for the public.

The establishment of national needs, national interest, or public interest determinations is broadly problematic for energy development and projects. Decisions that should be left to the private sector and by price signals are instead left to the Federal Government. For instance, national and public interest determinations have been manipulated into pretexts to obstruct energy development and energy infrastructure.<sup>20</sup>

Unlike air or national security, minerals are not a public good. Public goods are non-rival and non-excludable. A non-rival good can be consumed at extremely low rates of marginal cost. Non-excludable goods are goods that people cannot be easily prevented from consuming. The energy that people use to light their schools, heat their homes, and move their vehicles is excludable and rival. For example, Katie cannot have access to gasoline unless she pays for it. Moreover, when Katie purchases a gallon of gas, that gallon cannot be simultaneously consumed by another consumer. Natural resources like oil and natural gas are privately produced and privately consumed.<sup>21</sup> Just as the Federal Government does not make public or national interest determinations for the clothes its citizens purchase, neither should it do so for the energy they produce and consume.

Another serious problem with public interest and national interest determinations is concentrating the decisions in the hands of government officials and regulators. No concrete definitions exist for national or public interest determinations, which introduces subjectivity into the determination. For example, the Natural Gas Act empowers the Federal Government to reject the import or export of natural gas to non-free trade agreement countries if that import or export is not “consistent with the public interest.”<sup>22</sup> However, the law never specifies what criteria should be considered when addressing the public interest. The State Department contends with similar opaqueness for the national interest determination when deciding on cross-border pipelines. Moreover, the OCSLA gives no outline or detail for what the DOI should consider as “national needs.”

The vagueness of these considerations allows government officials to make decisions that properly belong to companies in the private sector. Rather than meeting certain criteria, these determinations empower regulators to arbitrarily make that determination for the rest of the Nation. Government officials will not always make determinations on whether to develop resources based on the public interest or even objective, transparent science; instead, they may base them on their own subjective values.

The Obama administration’s revised 2017–2022 leasing plan is also evidence of such subjectivity. Private actors incentivized by the profit motive will know much better than regulators in Washington as to where, when, and why drilling should take place. That does not preclude the need for an environmental review and permitting process, or consideration of national security impacts, but the permitting process should not be embedded in a 5-year planning process that outlines where companies may produce energy in accord with a subjective, extremely vague public interest determination.<sup>23</sup>

#### OPENING AUCTIONS TO ALL PARTIES

Two of the objectives of the Enhancing State Management of Federal Lands and Waters Act are to empower states and provide a fair return for taxpayers for producing or not producing public resources that, in their current state, belong to all Americans. As detailed in the previous section, a number of problems arise from public ownership of resources, many of which privatization would solve. Another problem is entrusting government officials to make decisions for the American people in the name of public interest. As free-market environmentalist Jane S. Shaw writes in discussing public choice theory, “although people acting in the political marketplace have some concern for others, their main motive, whether they are

<sup>20</sup> For more information on this, see Nicolas Loris, “Removing Restrictions on Liquid Natural Gas Exports: A Gift to the U.S. and Global Economies,” Heritage Foundation *Backgrounder* No. 3232, July 27, 2017, <https://www.heritage.org/sites/default/files/2017-07/BG3232.pdf>.

<sup>21</sup> Environmental statutes and regulations internalize the negative externalities associated with the burning of conventional fuels.

<sup>22</sup> 15 U.S. Code § 717b.

<sup>23</sup> Nor does it mean that state regulatory regimes will always make sound policy decisions. New York’s ban on hydraulic fracturing and Florida’s request for an exemption are examples of that.

voters, politicians, lobbyists, or bureaucrats, is self-interest.”<sup>24</sup> In other words, government officials are people, too.

Absent privatization, one way Congress could more accurately value the land and resources is to open the lease auctions to all interested parties. Currently, only energy companies can bid on lease auctions and the Federal Government requires leaseholders to demonstrate intent to develop the resources. Restricting who bids and requiring the winner develop the parcels eliminates competition and fails to assess the relative value of the land. Conservationists, recreationists, alternative energy companies, ranchers, or environmentalists may value the land more for their intended use than for oil and gas development. As economist Michael Giberson and research fellow Shawn Regan write in their public comment on Federal oil and gas royalties, “No method reliably integrates the variety of diverse, predominantly subjective, and sometimes conflicting values into a single, uncontroversial auction reserve price.”<sup>25</sup>

Opening the leasing process to all interested parties would not only create more competition but also potentially more cooperation. An environmental organization could pair up with a grazer to bid on a block of land. An energy company could coordinate conservationist groups to use the land in which both parties can benefit. Natural resource extraction would likely still occur, but oil and gas production will occur because the energy companies value the land and resources more than other contending interests do. As values change (for instance, if oil prices rise), buyout programs and lease re-offerings would ensure that competing interests remain involved in current and future land-use decisions. One challenge will be to establish a mechanism to compensate taxpayers for lost royalty revenues, which the BLM could accomplish by assessing grazing, recreation, or other land-use fees.

Giberson and Regan write, “In a number of cases private conservation groups have negotiated with parties over specific grazing rights or oil and gas leases on Federal lands in an effort to protect environmental values. As long ago as 1992 the Conservation Fund purchased grazing rights in the Glen Canyon National Recreation Area in southern Utah. By 2003, at least a half-dozen conservation and sportsmen organizations had grazing permit buyout programs. In 2012 the Trust for Public Land, a conservation group, worked with a variety of other groups and donors to purchase and retire oil and gas leases representing 58,000 acres in Wyoming’s Hoback Basin from Plains Exploration and Production Co.”<sup>26</sup>

#### ENERGY, ECONOMIC DIVERSITY, AND ENVIRONMENTAL SAFETY

For 6 years, the United States has been the world’s leading producer in petroleum and natural gas hydrocarbons, which has produced astounding economic benefits and put money back into the wallets of American families. In fact, in November 2017 the U.S. crude oil supplies surpassed 10 million barrels per day, breaking a record high from nearly 50 years ago. The extraordinary technological advancements in resource extraction have the United States in position to overtake Saudi Arabia and Russia as the world’s top oil producer. The latest projection from the Energy Information Administration estimates that U.S. production could reach nearly 12 million barrels per day in 2019.<sup>27</sup>

The story is made more amazing by the fact that Federal energy policy actively hindered this energy renaissance as it was taking place. Centuries’ worth of oil, natural gas, and coal resources lie beneath private property as well as under lands owned by state governments. While federally owned lands are also full of energy potential, a bureaucratic regulatory regime has mismanaged land use for decades. The tremendous economic benefits of open energy markets and the proven track record of the individual states’ regulatory structures dictate a re-examination of the way the Federal Government manages resources on Federal lands.

Both onshore and offshore energy production has the potential to boost and diversify states’ economies. Whether it is hunting, fishing, recreation, or seafood production, energy production and other industries can work in harmony. Texas,

<sup>24</sup> Jane S. Shaw, “Public Choice Theory,” *The Concise Encyclopedia of Economics* (Library of Economics and Liberty, 1993), <http://www.econlib.org/library/Enc1/PublicChoiceTheory.html> (accessed June 12, 2018).

<sup>25</sup> Michael Giberson and Shawn Regan, “Public Interest Comment in Response to U.S. Department of Interior’s Advanced Notice of Proposed Rulemaking,” comment submitted in response to *Federal Register*, Vol. 80 (June 5, 2015), p. 22148, June 5, 2015, <https://www.regulations.gov/document?D=BLM-2015-0002-0019> (accessed June 12, 2018).

<sup>26</sup> *Ibid.*

<sup>27</sup> U.S. Energy Information Administration, “Short-Term Energy Outlook (STEO),” May 2018, [https://www.eia.gov/outlooks/steo/pdf/steo\\_full.pdf](https://www.eia.gov/outlooks/steo/pdf/steo_full.pdf) (accessed June 12, 2018).

California, North Dakota, Oklahoma, Pennsylvania, Colorado, Alaska, and others have demonstrated this for periods spanning more than a century and a half.

When it comes to offshore production, Louisiana is the poster child for a state that benefits from an abundance of offshore natural resources but also has strong industries in seafood and tourism. With more than 80 percent of waterborne U.S. rigs off Louisiana's coast,<sup>28</sup> and with oil and gas production in the Gulf Coast region accounting for approximately 18 percent of oil production and 4 percent of natural gas production in the United States,<sup>29</sup> the state has generated significant economic benefits. The energy industry contributes tens of billions of dollars annually to the economic welfare of the state and is a critical part of the state's culture and way of life. In 2014, the industry generated \$44 billion for the state economy and another \$36 billion when including related infrastructure and refining activity.<sup>30</sup>

In addition to energy production, seafood and tourism industries stand out as significant contributors to Louisiana's economy. Louisiana represents 30 percent of the commercial fishing for the continental United States and are substantial producers of shrimp, oysters, crawfish, and crabs.<sup>31</sup> Many of the seafood businesses are smaller, family-owned operations that have a long and rich history. Annually, the industry creates \$2.4 billion in economic growth for Louisiana.<sup>32</sup> In 2016, 46.7 million people visited Louisiana, generating \$16.8 billion.<sup>33</sup>

These industries work in harmony. Every year, residents of the Gulf region come to Morgan City, Louisiana, to celebrate the lifeblood of the region's economy: seafood and oil. The Louisiana Shrimp and Petroleum Festival's website emphasizes "the unique way in which these two seemingly different industries work hand-in-hand culturally and environmentally in our area."<sup>34</sup> The festival is a tradition that dates back more than 80 years. Even the adverse effects of the Deepwater Horizon oil rig accident did not disrupt the harmony of the state economy. In many respects, the spill strengthened the bond between the oil and seafood industry, with shrimpers and fishers alike extremely vocal in support of lifting the offshore drilling ban after the spill.<sup>35</sup> At the time, Harlon Pearce, owner of one of the largest seafood processors in the state and Chair of Louisiana's Seafood Promotion and Marketing Board, said, "I am not in favor of the moratorium. You've got to be down here to see and feel what I'm telling you. It's our brothers, uncles, and cousins that are working in the oil industry."<sup>36</sup> Ewell Smith, executive director of the Board, said, "If you've seen Grand Isle or those [other fishing communities], you've seen how much oil and gas and seafood co-exist in this state."<sup>37</sup>

The Rigs to Reef program is another example of how energy businesses operating in the Gulf also help the environment. The program converts old platforms into artificial reefs.<sup>38</sup> The reefs provide enormous ecological benefits, as a typical eight-legged structure provides habitat for 12,000–14,000 fish.<sup>39</sup> The more than 470 platforms that serve as artificial reefs in the Gulf are inviting for both anglers and

<sup>28</sup> Louisiana Economic Development, "Louisiana's Energy Advantages," <https://www.opportunitylouisiana.com/key-industries/energy> (accessed June 12, 2018).

<sup>29</sup> News Release, "Secretary Zinke Announces Plan For Unleashing America's Offshore Oil and Gas Potential."

<sup>30</sup> The Louisiana Mid-Continent Oil and Gas Association and the Louisiana Association of Business and Industry, "Request for Information on 2019–2024 Outer Continental Shelf Oil & Gas Leasing Program," August 17, 2017, [http://labi.org/assets/images/media/LMOGA\\_LABI\\_Comments\\_OCS\\_Five\\_Year\\_Program\\_Final3589.pdf](http://labi.org/assets/images/media/LMOGA_LABI_Comments_OCS_Five_Year_Program_Final3589.pdf) (accessed June 12, 2018).

<sup>31</sup> Ibid.

<sup>32</sup> Louisiana Seafood, "The Backstory," <http://www.louisianaseafood.com/industry> (accessed June 12, 2018).

<sup>33</sup> The Louisiana Mid-Continent Oil and Gas Association and the Louisiana Association of Business and Industry, "Request for Information on 2019–2024 Outer Continental Shelf Oil & Gas Leasing Program."

<sup>34</sup> Louisiana Shrimp and Petroleum Festival, "History," <http://www.shrimppandpetroleum.org/history> (accessed January 25, 2018).

<sup>35</sup> Josh Harkinson, "Oil Rigs and the Fishermen Who Love Them," Mother Jones, June 24, 2010, <https://www.motherjones.com/environment/2010/06/oil-rigs-moratorium-louisiana-fishermen/> (accessed June 12, 2018).

<sup>36</sup> Ibid.

<sup>37</sup> Ibid.

<sup>38</sup> U.S. Department of the Interior, Bureau of Safety and Environmental Enforcement, "Rigs to Reefs," <https://www.bsee.gov/what-we-do/environmental-focuses/rigs-to-reefs> (accessed February 12, 2018).

<sup>39</sup> Ibid.

divers,<sup>40</sup> (California, which has more than two dozen offshore platforms off its coasts, is considering implementing a similar program.<sup>41</sup>)

Whether it is Federal, state or privately owned land, energy production underneath America's soil in harmony with other sectors of the economy. With the abundance of energy off America's coastline, other states have the opportunity to imitate the symbiotic relationship between the energy industry and other critical sectors of the economy in Louisiana.

#### A BETTER PATH FORWARD

The statutes guiding oil and gas development on Federal lands and Federal waters are in need of comprehensive reform. The Enhancing State Management of Federal Lands and Waters Act would accomplish two important objectives in delegating more authority to the states and using financial incentives to inform states' decisions. States share the cost of the maintenance of Federal lands, whether by the liability of no management, the lost opportunity of poor management, or the infrastructure needed to support development of resources. States have a proven record of managing resources, and already have the regulatory structures in place to do so on Federal lands within their boundaries as well. Not only would new management multiply benefits for all Americans, it would also encourage better care of the environment and natural resources by putting them in the hands of people who have an immediate stake in wise management. Washington-centric approach to management stifles creative, collaborative solutions to competing interests that could be resolved at local, state, or regional levels without the added baggage of national political battles and Federal regulatory processes. While states and local communities may not always make perfect decisions, the best environmental policies are site-specific and situation-specific and emanate from liberty.

Several ways in which policy makers could improve the draft legislation are to:

- **Specify that if the Secretary of Interior does not make a decision to approve or disapprove of an application for an enhanced management region program, that the plan is approved.** Forcing the DOI to issue a decision will prevent the agency from sitting on the application.
- **Confirm that the Department of the Interior is the lead agency for any section of land where management includes both the Forest Service and Bureau of Land Management.** Problems have arisen with competing land-use plans between the Forest Service and the Bureau of Land Management in the past. Designating a lead agency will help avoid any duplication or confusion.
- **Apply the same reforms to all energy sources and technologies.** States should have the same incentives and choices the draft legislation provides to oil and gas production, whether it is a solar farm in Nevada or an offshore wind farm in the Atlantic.
- **Eliminate the 5-year planning process for offshore leasing.** The current 5-year planning process ignores how businesses operate in the face of rapid market and technological changes. Through legislation, Congress should eliminate the 5-year plans and authorize the DOI to conduct lease sales if interest for development exists while weighting the consultation with heavily impacted states in offering those lease sales. Such a reform would allow the safe development of energy off America's coasts while empowering state stakeholders. Removing the lengthy and unnecessary planning process would create a system that is more responsive both to price changes and to the needs and interests of states. The permitting would also need to meet any Department of Defense requirements.
- **Empower companies, groups, and people that are not energy companies to bid on lease sales.** If a conservationist organization values non-production or an alternative use of land or waters, they should be permitted to bid in the auction. Opening up the bidding process would incentivize more competition and potentially more cooperation and could alleviate some of the non-production fees a state would have to pay for failing to develop oil and gas reserves.

<sup>40</sup> Ibid.

<sup>41</sup> Nuala Sawyer, "California's Defunct Oil Rigs May Become Thriving Ocean Reefs Under New Legislation," *San Francisco Examiner*, February 17, 2017, <http://www.sfoxaminer.com/californias-defunct-oil-rigs-may-become-thriving-ocean-reefs-new-legislation/> (accessed June 12, 2018).

- **Ensure that states have access to resources within their boundaries or off their coasts in the event that the current Administration is hostile to energy production.** States have expressed concern over the Department of the Interior's aggressive push to open access to the abundance of resources in the OCS. A number of political and economic factors could force that to change. Just as the Federal Government should not force energy production upon the states, the Department of the Interior (and Department of Agriculture) should not obstruct a state's desire to produce energy and create jobs within their borders and administrative boundaries. Congress and the Federal Government should, at the very least, ensure access to provide the choice to the states to develop natural resources and alternative forms of energy.
- **Transfer the environmental review and permitting process for off-shore energy development to the states.** Similar to the draft legislation's proposal that would allow states to assume exclusive jurisdiction over the leasing, permitting, and development of oil and gas operations for enhanced management regions, Congress should amend the OCSLA and SLA to do the same for offshore operations if a state desires to assume responsibility. The state regulatory program would be sufficient in lieu of Federal requirements (e.g., from the Clean Air Act and the National Environmental Policy Act). To support their reviews, state regulators can request technical or safety expertise from the Bureau of Ocean Energy Management and the Bureau of Safety and Environmental Enforcement and use previous DOI environmental assessments. In addition, state regulators would work in conjunction with the Environmental Protection Agency and the U.S. Coast Guard to assess environmental impact and maritime safety and security. States assuming responsibility would also receive a higher percentage of the royalties.

#### CONCLUSION

For decades, excessive regulations and bureaucratic inefficiencies have stymied oil and gas production and prevented the full effects of the energy boom. It can take anywhere from 5 to 10 years for a company to move from approval to production, with no guarantee that the permit obtained will lead to successful crude oil production.<sup>42</sup> Much of this is due to regulatory red tape and Federal control over resource production. Authorizing states to manage onshore and offshore resource production for a greater percentage of the revenue will create a system that permits industry to better respond to changing market conditions. The Enhancing State Management of Federal Lands and Waters Act would implement significant reforms that involve states more directly with the decision-making process, protect the American taxpayers, and align incentives for energy production and environmental protection.

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Mr. GOSAR. Thank you, Mr. Loris.  
I now recognize Mr. Anderson for his 5 minutes.

#### STATEMENT OF MATT ANDERSON, DIRECTOR, COALITION FOR SELF-GOVERNMENT IN THE WEST, SUTHERLAND INSTITUTE, SALT LAKE CITY, UTAH

Mr. ANDERSON. Good morning, Chairman Bishop, Chairman Gosar, Ranking Member Lowenthal, and members of the Subcommittee on Energy and Mineral Resources. Thank you for the invitation to speak this morning.

The West is home to some spectacular landscapes. Towering red rock mesas, endless seas of sage brush, and majestic mountains make the West's public lands as diverse as they are beautiful. This diversity and splendor is not lost on those who call the West home. In fact, no one knows or loves these public lands more than locals whose history, culture, and future depend on the health,

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<sup>42</sup> American Petroleum Institute, "Offshore Leasing, Exploration, and Development Process," 2013, <http://www.api.org/?/media/Files/Oil-and-Natural-Gas/Exploration/Offshore/Offshore-Process-Feb-2013.pdf> (accessed January 25, 2018).

accessibility, and the life-sustaining resources of these lands. Simply put, public lands are our whole world.

Despite this reality, a narrative persists that state management of Federal lands will set aside environmental stewardship and recreational activities in favor of unrestrained logging, grazing, and extraction practices.

My testimony aims to debunk this by focusing on the extraordinary efforts being taken by western states to balance conservation and recreation alongside economic interest.

When it comes to recreation, western states recognize the increased demand, both in the terms of number of people and types of recreational activities. Today, there are more hikers, mountain bikers, snowmobilers, and off-road enthusiasts than ever before in the West.

We see that western states are stepping up to the plate and meeting recreational demands through innovative and popular solutions on state lands.

Despite the perception that state trust lands are managed solely for resource extraction, western state trust land agencies are accommodating recreational demands while still meeting the fiduciary responsibilities. In fact, most western state trust lands allow recreational use, either free or through the purchase of moderately priced permits.

Some western states have also elected to lease parcels for specific recreational opportunities, like mountain biking, to provide a better recreational experience than can be found on Federal lands.

Some state trust agencies are even purchasing land to enhance recreation. For example, Montana's land banking program allows the sale of state trust lands that have low recreational value, and the revenues are used to purchase lands with more recreational opportunities.

The purchased parcels are required to generate more revenues than those sold so land banking meets financial and recreational demands. Since 2003, 68,000 acres of Montana trust lands have been sold, 84 percent of which were surrounded by private lands and largely inaccessible.

In return, nearly 65,000 acres of legally-accessible land with recreational opportunities have been purchased.

Western state parks also provide exceptional recreational opportunities and are incredibly popular. In fact, although the West state parks make up only one-fifth as much land as national parks in the West, they bring in nearly 80 percent as many visitors on a per acre basis. This is largely due to the types and quality of recreational opportunities they provide that are enhanced by developed amenities, like lodges, visitor centers, campgrounds, and other guest services. But these parks don't solely focus on recreation. They are also known for wildlife habitat and environmental preservation.

Western states are doing much more than designating and retaining state parks to preserve the environment, and my home state of Utah is no exception.

Utah has the largest active watershed and wildlife habitat restoration program in the United States. The Utah Legislature has partnered with local hunters and the Federal Government to invest

about \$14 million annually for conservation and was restored almost 1.5 million acres since 2005.

In 2014, the Utah State Legislature passed the Utah Wilderness Act, recognizing the importance of protecting the wilderness areas and providing a path for preserving state lands as state wilderness areas. And most recently, many of Utah State officials have thrown their support behind House Bill 4532, which prohibits mineral extraction within 1.35 million acres of the Bears Ears region.

These types of efforts are being led and conducted across the West. You see, Westerners understand and embrace the reality that local decision making and sensible land management are not mutually exclusive and appreciate this recognition by the Enhancing State Management of Federal Lands and Waters Act.

However, we at Sutherland maintain that more can and should be done if this legislation's intent is to make localism the guiding principle of Federal land management. If states are wise and experienced enough to make decisions regarding oil and gas drilling on public lands, then don't they have the capacity to manage recreational opportunities, logging, grazing, wildlife, and environmental protection as well?

As is evidenced by the cited example, there is no hard and fast rule as to what gets priority on public lands under state management. Instead, local voices, expertise, values, and circumstances guide the sustainable uses over state land management and should do the same for Federal multiple-use public lands. Under this approach, states become the agent of the Federal Government in setting multiple-use priorities on publicly-controlled Federal lands to the benefit of the public, state and Federal budgets, and the lands themselves.

Localism would drive better public land management by leveraging local knowledge and manpower while maintaining the opportunity for Federal guideposts to protect against bad actors. In short, if localism is a good approach for oil and gas drilling, then why not further uses on our public lands. Thank you.

[The prepared statement of Mr. Anderson follows:]

PREPARED STATEMENT OF MATTHEW ANDERSON, DIRECTOR OF THE COALITION FOR  
SELF-GOVERNMENT IN THE WEST, A PROJECT OF SUTHERLAND INSTITUTE

Good morning, Chairman Bishop, Chairman Gosar, Ranking Member Lowenthal, and members of the Subcommittee on Energy and Mineral Resources. Thank you for the invitation to speak.

The West is home to some spectacular landscapes. Towering red rock mesas, endless seas of sagebrush and majestic mountains make the West's public lands as diverse as they are beautiful. This diversity and splendor is not lost on those who call the West home. In fact, no one knows or loves these public lands more than locals whose history, culture and future depend on the health, accessibility and the life-sustaining resources of these lands. Simply put, public lands are our whole world.

Despite this reality, a narrative persists that state management of Federal lands will set aside environmental stewardship and recreational activities in favor of unrestrained logging, grazing and extraction practices. My testimony aims to debunk this by focusing on the extraordinary efforts being taken by western states to balance conservation and recreation alongside economic interests.

When it comes to recreation, western states recognize the increased demand, both in terms of the number of people and the types of recreational activities. Today, there are more hikers, mountain bikers, snowmobilers, and off-road enthusiasts than ever before in the West. We see that western states are stepping up to the

plate and meeting recreational demand through innovative and popular solutions on state lands.

Despite the perception that state trust lands are managed solely for resource extraction, western state trust land agencies are accommodating recreational demands while still meeting their fiduciary responsibilities. In fact, most western state trust lands allow recreational use—either free or through the purchase of a moderately priced permit. Some western states have also elected to lease parcels for specific recreational opportunities, like mountain biking, to provide a better recreational experience than can be found on Federal lands. Some state trust agencies are even purchasing land to enhance recreation. For example, Montana’s Land Banking Program allows the sale of trust lands that have low recreational value, and the revenues are used to purchase lands with more recreational opportunities. The purchased parcels are required to generate more revenues than those sold, so land banking meets financial and recreational demands. Since 2003, 68,000 acres of Montana trust lands have been sold, 84 percent of which were surrounded by private lands. In return, nearly 65,000 acres of legally accessible land with recreational opportunities have been purchased.

Western state parks also provide exceptional recreational opportunities and are incredibly popular. In fact, although the West’s state parks make up only one-fifth as much land as national parks in the West, they bring in nearly 80 percent as many visitors on a per-acre basis. This is largely due to the types and quality of recreational opportunities they provide that are enhanced by developed amenities like lodges, visitor centers, campgrounds and other guest services. But these parks don’t solely focus on recreation; they also manage for wildlife habitat and environmental preservation.

Western states are doing much more than designating and maintaining state parks to preserve the environment, and my home state of Utah is no exception. Utah has the largest active watershed and wildlife habitat restoration program in the United States. The Utah Legislature has partnered with local hunters and the Federal Government to invest approximately \$14 million annually for conservation and has restored almost 1.5 million acres since 2005. In 2014, the Utah State Legislature passed the Utah Wilderness Act—recognizing the importance of protected wilderness areas and providing a path for preserving state lands as state wilderness areas. And most recently, many of Utah’s state officials have thrown their support behind HB 4532, which prohibits mineral extraction within 1.35 million acres of the Bears Ears region. These types of efforts are being led and conducted across the West.

You see, Westerners understand and embrace the reality that local decision making and sensible land management are not mutually exclusive and appreciate this recognition by the Enhancing State Management of Federal Lands and Waters Act.

However, we at Sutherland Institute maintain that more can and should be done, if the legislation’s intent is to make localism the guiding principle of Federal land management. If states are wise and experienced enough to make decisions regarding oil and gas drilling on public lands, then don’t they have the capacity to manage recreational opportunities, logging, grazing, wildlife and environmental protection as well?

As is evidenced by the cited examples, there is no hard and fast rule as to what uses get priority on public lands under state management. Instead, local voices, expertise, values and circumstance guide the sustainable uses of our state land management and should do the same for our Federal multiple-use public lands. Under this approach, states become the agent of the Federal Government in setting multiple-use priorities on federally controlled public lands, to the benefit of the public, state and Federal budgets, and the lands themselves. Localism would drive better public land management by leveraging local knowledge and manpower, while maintaining the opportunity for Federal guideposts to protect against bad actors. In short, if localism is a good approach for oil and gas drilling, then why not for other uses?

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Mr. GOSAR. Thank you, Mr. Anderson.  
I now recognize Mr. Cahoon for his 5-minute testimony.



**STATEMENT OF MAYOR BEN CAHOON, BOARD OF  
COMMISSIONERS, NAGS HEAD, NORTH CAROLINA**

Mr. CAHOON. Good morning, Chairman Gosar, Ranking Member Lowenthal, and honorable Committee members. My name is Ben Cahoon, and I am the mayor of Nags Head, North Carolina, and I am a Republican.

I greatly appreciate the opportunity to testify before you today. My testimony will cover the impacts of seismic air gun blasting and offshore drilling, the legal and transparency problems associated with seismic air gun blasting, the absurdity of creating new financial penalties for coastal states that oppose drilling, the devastating economic consequences that offshore drilling and seismic testing could bring to our coast, the threat to existing national security operations, and the large and widespread bipartisan opposition to offshore drilling and seismic air gun blasting.

Proponents of seismic air gun blasting often mischaracterize an old quote from Dr. Bill Brown of BOEM, claiming that seismic air gun blasting has no impact on marine mammal populations. However, there is a substantial body of peer-reviewed science showing that seismic air gun blasting negatively affects marine mammals, potentially even at the population level. For example, whales exposed to seismic air gun noise stop producing vocalizations that are essential to their feeding, avoiding predators, breeding, and raising their young.

Scientific studies show behavioral and physiological impacts to marine life. These include killing zooplankton causing mass mortality and immune system damage to scallops, causing oysters to stop feeding and breeding, depressing long-line cod and haddock catch by 70 to 80 percent, and a 78 percent decline in reef fish abundance after seismic air gun blasting was conducted in the area.

Proponents for testing and drilling often argue that seismic tests are necessary to provide coastal communities with data about oil and gas deposits off their shores to assess whether it makes economic sense to move forward with drilling for those resources. But that information is considered propriety by the private companies conducting them. Local decision makers won't have access to it nor will the public. Not even Members of Congress can get their hands on it.

Currently, there are at least five companies awaiting final permits from BOEM to conduct seismic testing along the Atlantic Coast. Most of these companies are foreign and will not be investing in our communities. Therefore, BOEM is literally putting foreign business interests ahead of our hard-working American workers who are dependent on healthy ocean ecosystems for survival.

This bill would create financial penalties for coastal states where there has been no offshore drilling in decades. I will cover the overwhelming opposition in more detail later, but nearly every East and West Coast governor has spoken out against this Administration's proposal to open nearly all waters to new offshore drilling for the first time in over 30 years. Creating financial penalties for these states, where coastal businesses depend on clean and healthy oceans, would just establish a revenue scheme to transfer money

from the states to the Federal Government. Coastal states should not be penalized for protecting their existing economic interests.

Based on a rough estimate, using the methodology outlined in the draft legislation, states could be forced to pay hundreds of millions of dollars just to protect their thriving coastal economies. It is inappropriate, and once again, Washington is pushing its beliefs onto local citizens instead of listening to their vehement opposition.

Oil and gas development poses a real threat to the fishing, tourism, and recreation-based businesses along the East and West Coasts that each year generate around \$180 billion in gross domestic product and support nearly 2.6 million jobs.

The President's newly proposed national OCS program also proposes to offer leases in areas that have extensive military operations, thus risking our national security training and readiness.

The draft plan deviates from the long-standing tradition of deference to the Department of Defense when offering leases in Federal waters. Secretary Zinke famously met with Florida Governor Rick Scott on the tarmac of the Tallahassee airport, where the Secretary announced that, due to the Governor's opposition to Florida being included in the 5-year plan and Florida's unique coastal environment and tourism, the state would be removed from the 5-year plan. That is great that the Governor and Secretary are listening to state and local leaders, but nearly every other state along the Atlantic Coast has requested the same meeting and treatment Governor Scott received.

Offshore drilling in any new areas is not the answer. Unfortunately, this legislation would place an absurd penalty on coastal states requiring states to pay the Federal Government to protect their coast, potentially costing taxpayers millions of dollars. Creating a ransom for coastal states to protect their coastal economy's way of life and military readiness violates core conservative principles.

I urge this Committee to reject this draft and any calls to penalize coastal states for protecting their coastal economies.

I thank you for the opportunity to testify here today, and I look forward to answering your questions.

[The prepared statement of Mr. Cahoon follows:]

PREPARED STATEMENT OF THE HONORABLE BENJAMIN CAHOON, MAYOR OF  
NAGS HEAD, NORTH CAROLINA

Good morning, Chairman Gosar, Ranking Member Lowenthal, and honorable Committee members. My name is Ben Cahoon, and I am the Mayor of Nags Head, North Carolina, and I am a Republican. I greatly appreciate the opportunity to testify before you today about the importance of protecting our coasts from expanded offshore drilling and seismic airgun blasting. My testimony today will cover: (1) the impacts of seismic airgun blasting and offshore drilling; (2) the legal and transparency problems associated with seismic airgun blasting; (3) the absurdity of creating new financial penalties for coastal states that oppose drilling; (4) the devastating economic consequences that offshore drilling and seismic testing could bring to our coast; (5) the threat to existing national security operations; and (6) the large/widespread, bipartisan opposition to offshore drilling and seismic airgun blasting.

Dangerous exploration for offshore oil involves seismic airguns shooting loud blasts of compressed air through the ocean and into the seafloor.<sup>1</sup> These loud blasts are repeated every 10–12 seconds<sup>2</sup> for days, weeks or months at a time.<sup>3</sup> These seismic airguns are one of the loudest sources of noise in the oceans.<sup>4</sup> According to the National Oceanic and Atmospheric Administration (NOAA), the sound from seismic airguns can be recorded from sites more than 1,860 miles away, equivalent to the distance from Washington, DC all the way to Las Vegas.

Scientists agree that seismic airgun blasts could alter marine mammals' behavior, affecting their migration patterns, mating habits and how they communicate with each other. Most animals in the ocean use sound the way animals on land use eye-sight; saturating their environment with noise will have an impact. NOAA estimates that marine animals like dolphins and whales could be harmed hundreds of thousands of times.

Proponents of seismic airgun blasting often mischaracterize an old quote from Dr. Bill Brown of BOEM, claiming that seismic airgun blasting has no impact on marine mammal populations—"populations" being the key qualifier. However, there is a substantial body of peer-reviewed science showing that seismic airgun blasting negatively affects marine mammals, potentially even at the population level. For example, whales exposed to seismic airgun noise stop producing vocalizations that are essential to feeding, avoiding predators, breeding, and raising their young. In the baleen whales, these impacts can occur across vast distances, as much as 100,000 square kilometers or more around a single seismic array. Recent science shows that there are population level impacts.<sup>5</sup>

Furthermore, scientific studies show behavioral and physiological impacts to marine life. These include a 2017 study documenting seismic airgun blasting killing zooplankton up to three-quarters of a mile away;<sup>6</sup> a 2017 study documenting seismic airgun blasting causing mass mortality in scallops and severely impacting the remaining scallops' immune systems;<sup>7</sup> a 2017 study documenting that seismic airgun blasting increases stress levels, which according to the study, causes the oysters to stop feeding and breathing;<sup>8</sup> a 2017 study documenting seismic airgun blasting decreasing the white blood cell counts in spiny lobsters, leading to higher rates of immune infections;<sup>9</sup> a study documenting seismic airgun blasting depressing longline cod and haddock catch by 70–80 percent;<sup>10</sup> and a 2017 study documenting a 78 percent decline in reef-fish abundance after seismic airgun blasting was conducted in the area.<sup>11</sup>

<sup>1</sup>Goold C, Fish P (1998) Broadband spectra of seismic survey air-gun emissions with reference to dolphin auditory thresholds. *Acoustical Society of America*. 103(4), 2177–2184.

<sup>2</sup>National Research Council (2003) Ocean Noise and Marine Mammals. Washington, DC: *The National Academies Press*.

<sup>3</sup>Blackwell S, et al. (2015) Effects of Airgun Sounds on Bowhead Whale Calling Rates: Evidence for Two Behavioral Thresholds. *PLoS ONE* 10.6.

<sup>4</sup>Badelt B (2015). The Inventor of the Seismic Air Gun Is Trying to Supplant His Controversial Creation. *Hakai Magazine*. Available: <https://www.hakaimagazine.com/article-short/inventor-seismic-air-gun-trying-supplant-his-controversial-creation>.

<sup>5</sup>E.g., Castellote, M., Clark, C.W., and Lammers, M.O., Acoustic and behavioural changes by fin whales (*Balaenoptera physalus*) in response to shipping and airgun noise. *Biological Conservation* 147: 115–122 (2012); Cerchio, S., Strindberg, S., Collins, T., Bennett, C., and Rosenbaum, H., Seismic surveys negatively affect humpback whale singing activity off Northern Angola. *PLoS ONE* 9(3): e86464 (2014); Blackwell, S.B., Nations, C.S., McDonald, T.L., Thode, A.M., Mathias, D., Kim, K.H., Greene, C.R., Jr., and Macrander, M., Effects of airgun sounds on bowhead whale calling rates: Evidence for two behavioral thresholds. *PLoS ONE* 10(6): e0125720 (2015).

<sup>6</sup>McCauley R, et al. (2017) Widely used marine seismic survey air gun operations negatively impact zooplankton. *Nature Ecology & Evolution*. Article number: 0195. doi:10.1038/s41559-017-0195.

<sup>7</sup>Day R, et al. (2017) Exposure to seismic air gun signals causes physiological harm and alters behavior in the scallop *Pecten fumatus*. *Proceedings of the National Academy of Sciences of the United States* 114(40): E8537–E8546, doi: 10.1073/pnas.1700564114.

<sup>8</sup>Charifi M, et al. (2017) The sense of hearing in the Pacific oyster, *Magallana gigas*. *PLoS ONE* 12(10): e0185353. <https://doi.org/10.1371/journal.pone.0185353>.

<sup>9</sup>Fitzgibbon Q, et al. (2017) The impact of seismic air gun exposure on the haemolymph physiology and nutritional condition of spiny lobster, *Jacus edwardsii*. *Marine Pollution Bulletin*. 125: 146–156.

<sup>10</sup>Engas A, et al. (1996) Effects of seismic shooting on local abundance and catch rates of cod (*Gadus morhua*) and haddock (*Melanogrammus aeglefinus*). *Canadian Journal of Fisheries and Aquatic Sciences*, 53:2238–2249. doi: 10.1139/cjfas-53-10-2238.

<sup>11</sup>Paxton A, et al. (2017) Seismic survey noise disrupted fish use of a temperate reef. *Marine Policy*. 78:68–73. doi: 10.1016/j.marpol.2016.12.017.

When the industry proceeds from seismic surveys to exploratory drilling or production, the risks of harm become even greater for coastal communities that rely upon a clean coast. Once drilling begins, we know that accidents happen in a world where human error, mechanical imperfections and coastal hurricanes all play unexpected roles. When you drill, you spill. It is inevitable.

We saw what happened in the Gulf of Mexico in 2010 when the exploratory BP Deepwater Horizon rig spilled millions of barrels of oil into the Gulf. It was a disaster, but at least the Gulf's bowl-like shape contained the spill in that region. A similar spill off the Atlantic Coast would be a disaster of epic proportions. If oil entered the Gulf Stream, it could be carried into the Chesapeake Bay, the Hudson River Valley, the Gulf of Maine, and the Grand Banks, which are some of the richest fishing grounds in the world.

The Gulf of Mexico BP Deepwater Horizon blowout showed that oil cannot be removed from salt marshes and other wetland systems. It can remain in the sediments for decades. Coastal salt marshes in North Carolina are among the most productive ecosystems in the world and are nursery grounds for many estuarine and marine species. Toxic substances from oil spills, both chronic and acute, will put all of these organisms at risk.

Even if a major spill never occurs—and both the oil industry and the Federal Government admit that spills are inevitable—there's still an adverse impact to North Carolina's coast in that the land-based infrastructure necessary to support offshore drilling is dirty and highly industrial. Also, the infrastructure required to transport offshore oil is devastating. For example, a series of canals built across Louisiana wetlands to transport oil has led to vast destruction of marshlands. Healthy marshlands are a critical component of our ecosystem.

Sometimes we hear elected officials claim that they want to explore and drill for natural gas only, while leaving the oil in the ground. One doesn't explore for just gas. According to current law, oil and gas companies are required to operate their wells to "maximize ultimate recovery."<sup>12</sup> When oil and gas occur together in a reservoir, as the oil is produced, the gas cap expands helping to remove the oil, essentially pushing it out of the pore spaces in the rocks. When exploration wells are drilled, one finds oil and/or gas and/or water and/or nothing. Then the oil company determines if it's economical to produce the reserves they found, and if so, submits a plan to BOEM about how they will produce the well.

#### LEGAL AND TRANSPARENCY ISSUES WITH SEISMIC AIRGUN BLASTING

Proponents for testing and drilling often argue that seismic tests are necessary to provide coastal communities with data about oil and gas deposits off their shores to assess whether it makes economic sense to move forward with drilling for those resources. But that information is considered proprietary by the private companies conducting them. Local decision makers won't have access to it, nor will the public. Not even Members of Congress can get their hands on it.

Currently, there are at least five companies awaiting final permits from the Bureau of Ocean Energy Management (BOEM) to conduct seismic testing along the Atlantic Coast. Most of these companies are foreign and will not be investing in our communities. In fact, Reuters reported that a French-based company, CGG, is dependent on the Atlantic contract to avoid bankruptcy.<sup>13</sup> Therefore, BOEM is literally putting foreign business interests ahead of hard-working American workers who are dependent on healthy ocean ecosystems for survival.

#### ABSURDITY OF FINANCIAL PENALTIES FOR COASTAL STATES

This bill would create financial penalties for coastal states where there has been no offshore drilling in decades. I'll cover the overwhelming opposition in more detail later, but nearly every East and West Coast governor has spoken out against the Trump administration's proposal to open nearly all waters to new offshore drilling for the first time in over 30 years. Creating financial penalties for these states, where coastal businesses depend on clean and healthy oceans, would just establish a revenue scheme to transfer money from states to the Federal Government. This approach is outrageous, and I urge this Committee to reject this attempt to hold states like mine hostage. Coastal states should not be penalized for protecting their existing economic interests.

<sup>12</sup> 30 CFR § 250.1150. Available: <https://www.gpo.gov/fdsys/pkg/CFR-2013-title30-vol2/pdf/CFR-2013-title30-vol2-sec250-1150.pdf>.

<sup>13</sup> French oil services firm CGI files for bankruptcy. *Reuters* (2017). Available: <https://www.reuters.com/article/france-cgg/french-oil-services-firm-cgg-files-for-bankruptcy-idUSL8N1JB6H8>. Accessed January 17, 2018.

Based on a rough estimate, using the methodology outlined in the draft legislation, states could be forced to pay hundreds of millions of dollars just to protect their thriving coastal economies, including massive penalties to the Federal Government for not opening their coastline to dirty and dangerous offshore drilling.

It's inappropriate, and once again, Washington is pushing its beliefs onto local citizens, instead of listening to their vehement opposition.

#### ECONOMIC IMPACT AND RISKS OF EXPANDED OFFSHORE DRILLING AND SEISMIC AIRGUN BLASTING

Oil and gas development poses a real threat to the fishing, tourism, and recreation-based businesses along the East and West Coasts that each year generate around \$180 billion in gross domestic product and support nearly 2.6 million jobs. The BP Deepwater Horizon oil spill caused 10 million lost days of beach, fishing, and boating activity. Many leisure travelers stayed away from Florida's Gulf Coast in the months following the spill, even in areas that did not have oil on their beaches.

The Federal Energy Information Administration now predicts the Nation will be a net energy exporter within a decade—for the first time since the 1970s. There's no need for offshore oil production off North Carolina's coast, especially in light of the costs noted above.

The American Petroleum Institute says oil and gas drilling could result in \$3.3 billion to North Carolina over a two-decade period. That sounds like a fairly big number, but according to "Visit North Carolina," which is a part of the Economic Development Partnership of North Carolina, tourists in North Carolina spent nearly 10 times that amount—more than \$20 billion—in 2016 alone.<sup>14</sup> Even the most lucrative oil and gas scenario would generate roughly 1 percent of the economic impact tourism has on the state. Further, these industries do not live harmoniously. Along the Gulf Coast, beach goers are provided with wipes to clean the oil and tar balls from their feet after walking on the beach. To the residents of North Carolina, that scenario is unacceptable, as our beaches are major revenue generators and part of our way of life. Moreover, tourism revenue increases every year with no signs of that trend slowing; the same cannot be said of the demand for oil.

The economically recoverable amount of oil and gas that could be produced off North Carolina's coast, according to Department of the Interior estimates, would meet U.S. demand for roughly 65 of oil and 57 days of gas, and there's no guarantee that the drilling will pan out at all. There's so little oil, and the risk is far too great. It's not worth the risk for North Carolina when we look at how much GDP and how many jobs are generated by healthy ocean ecosystems including fishing, recreation and tourism. In 2016 alone, these industries generated over \$2.5 billion in GDP and nearly 57,000 jobs.<sup>15</sup> Risking our ocean and way of life is not worth the economic trade-off.

#### THREAT TO EXISTING NATIONAL SECURITY OPERATIONS

The President's newly proposed National OCS Program also proposes to offer leases in areas that have extensive military operations, thus risking our national security training and readiness. The draft plan deviates from the long-standing tradition of deference to the Department of Defense (DoD) when offering offshore drilling leases in Federal waters. The Atlantic and Eastern Gulf of Mexico are home to critical coastal military facilities, including Norfolk Naval Station—the largest naval station in the world. In the Atlantic Ocean, DoD conducts extensive readiness operations including live fire tests, air-to-surface bombing exercises, homing torpedo testing, supersonic test flights, laser targeting operations, and both Naval Air and Sea Systems Command. DoD's 2015 report on mission compatibility with offshore leasing indicated that significant restrictions on oil and gas activity in the Mid-Atlantic and South Atlantic planning regions would be necessary to ensure that DoD activities would not be impaired.

Furthermore, DoD has made it clear that the continuation of the moratorium on oil and gas leasing in the Eastern Gulf of Mexico is essential to vital military readiness activities. An April 2017 letter from the Office of the Under Secretary of Defense states, "The Department of Defense (DoD) cannot overstate the vital importance of maintaining this moratorium." The letter continues, "The moratorium on oil and gas 'leasing, pre-leasing, and other related activities' ensures that these vital military readiness activities may be conducted without interference and is critical

<sup>14</sup> <https://partners.visitnc.com/contents/sdownload/67490/file/2016-Economic-Impact-of-Travel-on-North-Carolina-Counties-revised.pdf>.

<sup>15</sup> Clean Coast Economy, by Oona Watkins and Kevin He, Oceana, March 2018.

to their continuation. Emerging technologies . . . will require enlarged testing and training footprints, and increased DoD reliance of the Gulf of Mexico Energy Security Act's moratorium beyond 2022." A separate June 2017 letter from the Air Force states, "The moratorium is essential for developing and sustaining the Air Force's future combat capabilities."

The Department of Defense hosts a wide variety of training and testing activities critical to military readiness and our national security. The Department's own public statements make it clear that new leasing could create conflict with long-standing operations throughout the Atlantic. It makes no sense to put my home state of North Carolina or any new areas at risk when the proposal presents a direct threat to our national security.

#### BIPARTISAN OPPOSITION TO OFFSHORE DRILLING AND SEISMIC AIRGUN BLASTING

By bringing offshore drilling to shores where Americans have already spoken vehemently against it, this proposed legislation undermines Congress' commitment to local and state decision making.

Recently, Secretary Zinke met with Florida Governor Rick Scott on the tarmac of the Tallahassee Airport, where in front of several TV cameras, the Secretary announced that due to the Governor's opposition to Florida being included in the 5-year plan, and Florida's unique coastal environment and tourism, the state would be removed from the 5-year plan. While that is great that the Governor and Secretary are listening to state and local leaders, nearly every other state along the Atlantic Coast has requested the same meeting and treatment Gov. Scott received. In fact, on the East Coast, governors from Florida, South Carolina, North Carolina, Virginia, Maryland, Delaware, New Jersey, New York, Rhode Island, New Hampshire, Connecticut, and Massachusetts all oppose the draft 5-year plan for 2019–2024. It should be noted that the governor of Georgia has recently shifted his position from supporting more offshore drilling off their coast to expressing concerns with this new national OCS program. Additionally, it will not be clear whether Florida is removed, formally, until the Proposed Program is released.

As of today, opposition and concern over offshore drilling activities includes:

- Bipartisan opposition and concern from governors of Florida, Georgia, South Carolina, North Carolina, Virginia, Maryland, Delaware, New Jersey, New York, Connecticut, Rhode Island, Massachusetts, New Hampshire, Washington, Oregon and California
- More than 275 East Coast and Pacific Coast municipalities
- Bipartisan opposition from more than 1,700 local, state and Federal elected officials
- An alliance representing over 43,000 East Coast businesses and 500,000 fishing families
- An alliance representing over 1,000 West Coast businesses
- The New England, Mid-Atlantic, South Atlantic and Pacific fishery management councils
- Commercial and recreational fishing interests such as the Southeastern Fisheries Association, Fisheries Survival Fund, Southern Shrimp Alliance, The Billfish Foundation and the International Game Fish Association
- NASA, the Department of Defense, U.S. Air Force and the Florida Defense Support Task Force

Offshore drilling in any new areas is not the answer. Unfortunately, this legislation would place an absurd penalty on coastal states, requiring states to pay the Federal Government to protect their coast, potentially costing taxpayers millions of dollars. Creating a ransom for coastal states to protect their coastal economies, way of life, and military readiness violates core conservative principles. I urge this Committee to reject this draft and any calls to penalize coastal states for protecting their coastal economies.

I thank you for the opportunity to testify here today, and I look forward to answering your questions.

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Mr. GOSAR. Thank you, Mr. Cahoon.  
I now recognize Mr. Ebell for his 5 minutes.  
Welcome.

**STATEMENT OF MYRON EBELL, DIRECTOR, CENTER FOR  
ENERGY AND ENVIRONMENT, COMPETITIVE ENTERPRISE  
INSTITUTE, WASHINGTON, DC**

Mr. EBELL. Thank you, Chairman Gosar, and thank you for inviting me to testify today.

I apologize for being late. I am very interested by your draft discussion bill. I think a lot of thought has gone into it, and a lot of thought is going to go into it in the future as you work out the details.

I would like to say that as part of the President's agenda to get the economy moving again, this is a very important part. The energy renaissance in the United States, because of the shale oil and gas revolution, is going to go forward whether this bill happens or not. America is going to become, and I think already is today, the world's leading energy producer. Over 80 percent of the world's energy comes from coal, oil, and natural gas. That was true 30 years ago. It was true 20 years ago. It is true today.

It is projected to be true 10, 20 and 30 years from now. But the pie keeps getting bigger; that is, the world's energy demands keep growing. Most of that energy is going to come from coal, oil, and natural gas.

So, whether or not the Federal lands and offshore areas take their place as major energy producers, the United States is going to be leading the way. But as someone who comes from a Federal lands state and has watched the mismanagement of our Federal lands lead to economic decline for decades, our mineral resources in some parts of the West are a very important part of getting rural economies going again.

Not only does energy production on Federal land create wealth for the whole economy, it creates wealth for local people. Having seen the stagnation of oil and gas production on Federal land is very worrying, and I think your proposal to turn it over to the states, the management of oil and gas leasing, is a very good way to get around the mismanagement that the BLM doesn't seem to be able to fix.

As far as the coastal provisions, in my testimony, I have emphasized the need for the first section, which is to do a comprehensive geologic survey, the mapping section of your bill. It is very important in making public policy to base it on information and not on the lack of information. And as you know, on all of the Federal lands issues, there is a lack of systematic information. In fact, the BLM land annual that shows land ownership is highly defective. We need a survey of all the Federal lands and what lands have been withdrawn in various categories, including mineral withdrawals.

I would like to conclude by going to the second section of the offshore proposal, the idea that if a state wants a moratorium on offshore development, they can actually get it; they don't have to try to apply political pressure so that one state gets a special deal and another state does not. They can actually say: we want a moratorium, and here is what we are willing to pay for it.

So, I think this is a real solution to a very thorny issue of federalism. And I applaud the Committee's creative thinking on this. I wish I had thought of it. I am glad you did. And I think,

in addition to revenue sharing, adding royalty sharing to the offshore states, which provides a powerful incentive to want to have offshore oil production, that, in addition to that incentive, having the ability of the state to actually say, "No, we don't want it," really balances the incentive very well.

I think you have done a really good job putting those two things together. The offshore states do deserve royalty sharing just as the Federal land states, like New Mexico and Wyoming, who, as you know, a huge part of their budget is dependent upon Federal royalty sharing.

So, thank you.

[The prepared statement of Mr. Ebell follows:]

PREPARED STATEMENT OF MYRON EBELL, DIRECTOR, CENTER FOR ENERGY AND ENVIRONMENT, COMPETITIVE ENTERPRISE INSTITUTE, WASHINGTON, DC

Chairman Gosar, Ranking Member Lowenthal, and members of the Committee, thank you for inviting me to testify today on the draft discussion bill, "Enhancing State Management of Federal Lands and Waters Act." My name is Myron Ebell, and I am director of the Center for Energy and Environment at the Competitive Enterprise Institute (CEI), a non-profit, non-partisan public policy institute that focuses on regulatory issues from a free-market and limited-government perspective. CEI accepts no government funding. CEI and I have been involved in a wide range of Federal lands and energy policy issues since the late 1980s.

I especially appreciate the opportunity to comment on this bill while it is still in the drafting process. Let me begin with the offshore energy title. The first section of the offshore title amends the Outer Continental Shelf Lands Act of 1953 to require the establishment within 1 year of a program "to conduct geological and geophysical mapping of the outer continental shelf, including mapping of reserves of oil and gas." In my view, this is a critical provision. The most recent National Assessment published in August 2017 of technically recoverable undiscovered resources made by the Bureau of Ocean Energy Management of 90 billion barrels of oil and 327 trillion cubic feet of natural gas in the 1.7 billion acre Federal offshore estate is no doubt a well-informed guess, but it is really only a guess. Much of the data comes from geologic studies that are one, two, or even three decades old, and the assessment is thus based on outdated technology and scientific understanding that has been superseded by subsequent research. A comprehensive survey based on current geological knowledge and using up-to-date techniques, including seismic testing, is long overdue.

When similar geological surveys have been proposed in the past, they have never gotten started in the face of objections that they will cost too much and take too long. Undoubtedly, the same objections will be raised again in an effort to remove this provision from the bill. In my view, the objections of time and money are real, but are far outweighed by the value of having much better information about the extent and location of America's offshore energy resources. Incomplete and inadequate knowledge of federally-controlled resources is not of course restricted to offshore resource and regularly contributes to poor management decisions by the Federal land agencies on a wide variety of issues.

As for the time it will take to map OCS potential oil and gas reserves, I suggest that now is a good time to begin. The Department of the Interior under Secretary Zinke's leadership should be enthusiastic about it and eager to get started. A complete map may take several years, but the most promising areas for major oil and gas reserves can be mapped first. As for the cost, I suggest that the Congress could stop appropriating funds for land acquisition under the Land and Water Conservation Fund and use the money for this and other projects that contribute to improving management of the land and subsurface resources that the Federal Government already owns. I hope that an amendment to the Interior-EPA appropriations bill to provide initial funding for the mapping program will be offered when the bill comes to the Floor.

The second section of the offshore title contains one provision that CEI has supported for a long time—sharing Federal revenues from offshore oil and gas production with the coastal states. This issue was last debated in Congress in 2006 when then-Natural Resources Committee Chairman Richard Pombo failed to enact general offshore royalty-sharing legislation and had to settle for enacting a provision that shares 37.5 percent of Federal royalties on new production with Louisiana,



Texas, Mississippi, and Alabama—the four Gulf states off whose coasts oil and gas was being produced in the Federal OCS at the time.

CEI strongly supports sharing Federal offshore royalties with the coastal states where production occurs. Sharing royalties with coastal states means that they will be treated in much the same way as states with oil and gas production on Federal lands within the state. This seems only fair. Federal lands states receive a share of Federal royalties under the Mineral Leasing Act of 1920 as amended. For most states, the amount is half of gross revenues from oil and gas leasing. Gross revenues come from the auction price of the lease (the bonus bid), a nominal annual rental fee, and the Federal production royalty, which is 12.5 percent.

Sharing Federal royalties provides a powerful incentive over the long term for states to support offshore oil and gas production off their coasts. It turns out that most states are as profligate in their spending as the Federal Government, but unlike the Federal Government most states must balance their budgets. This means that they are constantly seeking new sources of revenue. Receiving a share of Federal royalties looks very attractive compared to raising taxes. Raising taxes depresses economic activity, whereas offshore oil and gas production increases economic activity (and thereby also increases indirect tax revenues) and at the same time would provide direct royalty payments to the state.

As well as providing a powerful incentive to the states, the discussion draft also includes provisions designed to give coastal states veto authority over offshore oil and gas production off their coasts. Under current law, coastal states cannot stop offshore drilling. At the same time, most coastal state governments currently oppose offshore drilling. These states are left with trying to exert political pressure, as in the case of Florida Governor Rick Scott, or making empty threats, as in the case of California Governor Jerry Brown. The discussion draft would give these states the legal right to prevent drilling off their coasts for a period of their choosing by paying a lost production fee to the Federal Treasury. The size of the payment would be calculated according to several factors.

I don't want to comment on the details of this section, which is lucky because the details are messy and most of them appear still to be in the process of being worked out. However, in concept, I think these provisions address in a highly creative way a real conflict in our federalist system by balancing Federal rights and state interests. On the one hand, it is not right for any state to be able to stop resource production in the Federal OCS. These resources are after all owned by all Americans, and therefore all Americans should be able to benefit from their use through increased economic activity and additional tax revenues. On the other hand, some states have strong reasons to oppose drilling off their own coasts. These provisions respect these states by granting them the privilege of prohibiting production by paying for it.

Now, I would like to comment on the onshore title in the discussion draft. The onshore title proposes to work around Federal mismanagement of the oil and gas leasing program on Federal lands by allowing states to take over management in areas of their choice, which the bill calls "enhanced management regions." My general view is that almost any aspect of Federal land management would be done better by any of the Federal lands states; and therefore I am in full support of this particular delegation of management. Oil and gas production on Federal lands stagnated during the previous administration, largely as a result of deliberate administration policies. Despite dramatically different policies from the Trump administration, obstacles to increasing Federal oil and gas production remain. As far as I am aware, the single biggest obstacle is processing and approving Applications for Permit to Drill (APDs) by local Bureau of Land Management offices. APDs must be approved before exploration wells can be drilled on lease tracts that have been acquired through BLM's competitive bidding process.

All the evidence points to the fact that states process drilling permits on private and state lands much more quickly and efficiently than the BLM processes drilling permits on Federal lands. Thus I feel confident that states that want to administer tracts of Federal land that they choose for leasing, permitting, and production of oil and gas will do a better job than the BLM. The incentive and penalty structure in the bill will help ensure that production will increase under state management.

During the Obama years, the shale oil and gas revolution boosted U.S. production dramatically from a low of 4 million barrels of oil a day in 2008 (after peaking at 10 million barrels in 1970) to over 10 million barrels a day in 2017 today. This increase resulted from technological innovations made by creative people working in a free market. It occurred independently of government policies and to a large extent despite government policies. Together with vast coal reserves, the United States is well on the way to becoming the world's energy superpower. The economic benefits to the American people have been immense and look set to continue for

decades to come. However, as a result of the previous administration's policies, oil and gas production on Federal lands and the OCS has lagged. It's time to catch up.

Increasing Federal energy production is an important part of President Trump's energy agenda, which is in turn a key part of his agenda to get the economy moving again. Much has already been done by the Department of the Interior to get Federal production back on an upward track. This Committee has already done good work that if enacted into law would make significant contributions to that effort. The Enhancing State Management of Federal Lands and Waters Act promises to make another major contribution to removing obstacles to vastly increasing oil and gas production on the Federal estate. I look forward to working with the Committee to advance this important legislation.

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Mr. GOSAR. Thank you, Mr. Ebell.

I thank the panel for their testimony, reminding the members of the Committee that Committee Rule 3(d) imposes a 5-minute limit on the questions. I will now recognize myself.

Mr. Loris, in your testimony, you mentioned, "that oil and gas production is booming in some regions of the United States while the rate of production in others has slowed or even decreased," and that this is often a result of one thing, "ownership."

Can you tell us some of the factors a company might consider when deciding whether to produce on Federal, state, or private lands?

Mr. LORIS. Yes, sure. There are a whole number of factors, honestly. You have the price of oil, the geographic region, but a big part of it boils down to who owns the mineral rights, and therefore, if you look at the trajectory on the timeline for applications for permits to drill on Federal lands, it has only increased. It is above 220 days on average now. Where, again, as I mentioned in my written and oral testimony, it is days or weeks for state and privately-owned lands.

That is a huge incentive to go toward those lands and away from Federal lands. There have even been cases where energy companies have told me they have gone away from private- and state-owned lands that are adjacent or interspersed with Federal lands because they don't want to deal with the Federal Government's cumbersome process.

Mr. GOSAR. Mr. Anderson, it seems the Federal Government has imposed a one-size-fits-all approach to regulating oil and gas industry and other land-use practices as well.

Can you explain how such an approach ignores the unique characteristics of each state and impedes the state's ability to accommodate localized conditions?

Mr. ANDERSON. Absolutely. You know no state is like one another. Culturally, I think the state of Massachusetts is very different from my state of Utah.

Furthermore, the geography in each state is very unique. And even within a state like mine in Utah, our geography is very diverse. We have grasslands, red rock and deserts, and mountains. So, there is this huge geographic diversity that is there and is difficult to manage if you have one-size-fits-all.

A great example of this one-size-fits-all approach for Federal management is recreation. Federal land managers, because they are so rigid, often have a hard time being able to prioritize one use over another. Not all recreation activities are conducive to one

another. For example, horses are spooked by dirt bikes on trails, and they are unable to prioritize for us. That is just one example of many of how Federal rigid land management just isn't allowing locals to really meet their needs.

Mr. GOSAR. Mr. Anderson, you bring up a good point.

Would you consider that the state jurisdiction and oversight is inferior to the Federal Government's?

Mr. ANDERSON. Absolutely. When you are able to bring in local history, culture, and a variety of other factors and circumstances, you are able to meet the needs of the people who live there. And that does not mean that we have to have environmental or recreational degradation as a result.

Mr. GOSAR. Mr. Loris and Mr. Ebell, coastal states cite localized industry such as tourism as one of the main reasons for opposing mineral development on the OCS.

How could we balance these concerns while ensuring fair value to the return of the U.S. taxpayers? Let's go with Mr. Ebell first.

Mr. EBELL. Thank you, Chairman Gosar.

I think one of the reasons why royalty sharing is a good idea is because it is recognized that offshore oil and gas presents costs. And I think the environmental permitting process for all kinds of resource projects tries to take that into account.

The regulatory regime for offshore oil and gas production tries to minimize risks, but they do occur. I think Louisiana is a good example of the fishing industry working and succeeding at the same time with a much larger, economically speaking, in terms of the value created.

The offshore oil and gas industry for many, many decades, going back to the 1950s, has produced tens of billions of dollars of oil, and the fishing industry has still flourished.

I think you can see that the two can co-exist but that there is a balancing there, and you have to take both into account. I think your provision to allow states that are really convinced that there is no way to have both, that there is no way to have other amenities or tourism or fishing and have oil production, that they can actually stop it.

Currently, they can't, right? They can complain. They can jump up and down, hold their breath, try to exert political pressure, but they can't stop it.

Your bill would allow states that really think that there is no way to balance the two and to have both at the same time could buy their way out. I think that is a very important provision.

Mr. GOSAR. My time is expired.

The gentleman from California is recognized for his 5 minutes.

Mr. LOWENTHAL. Thank you, Mr. Chairman.

Mr. Loris, on page 7 of your written testimony, and you have also mentioned it in your oral testimony, you say that "oil and gas output on federally owned lands has been mostly stagnant or declining."

In fact, production from onshore Federal lands went up 78 percent under President Obama, and offshore oil hit an all-time high in January of 2017 and continues to climb. In New Mexico, production went up faster on Federal lands than on private lands.

Are you not aware of this data? Did you not check this data before making that statement?

Mr. LORIS. I would like to see that data, but if you look at where the shale revolution is on state and privately-owned lands——

Mr. LOWENTHAL. Federal production went up 78 percent under the Obama administration on Federal lands. Are you not aware of that, is what I am asking?

Mr. LORIS. I know that energy production on Federal lands has increased, but it is still dwarfed by the amount of production that is happening on state and privately-owned lands.

Mr. LOWENTHAL. So, you consider that stagnant?

Mr. LORIS. I would need to see the relative numbers compared to what they were in the past, but given the decisions by the Administration to impose a moratorium and de facto moratorium, I do think there are opportunities where——

Mr. LOWENTHAL. You are talking about previous administrations, all the way back through the Bush administration.

Mr. LORIS. Sure, yes, absolutely.

Mr. LOWENTHAL. Thank you.

Mayor Cahoon, as you mentioned, in your town of Nags Head, they oppose the inclusion of North Carolina in BOEM's draft proposed program and, in February, adopted a resolution opposing seismic testing and offshore drilling.

You mentioned this in your testimony, but I would like you to tell us some more—in your estimation, does the value of tourism, recreation, and fishing industries along North Carolina's coast outweigh any of the potential economic benefits from offshore drilling? And how do you feel about the part of the bill where your state would be extorted if you had to not comply or you chose not to?

Mr. CAHOON. Thank you very much for your question.

In our county, which is a relatively small county in North Carolina, our population is a little less than 40,000 people. Almost a third of those people are employed in the tourism industry, and that small population generates \$1.1 billion in domestic tourism spending, which is Number four in North Carolina.

In our community, you are either engaged in the tourism industry, the fishing industry, or people like me, architects, doctors, lawyers, everybody who lives there lives there as a by-product of the tourism industry.

For us, offshore drilling is a bit of a sword of Damocles. The risk of damage may be small, but when there is a spill, we have no fall-back. We are a little different on the coast of North Carolina from many other areas of the United States. If you look at a map, we are a thin strip of barrier islands. Behind us are the sounds and then behind that, are rural sparsely populated counties with no other industries to fall back on.

If there is a spill, we are dead. We have no livelihood, and we basically lose everything that we have. We have opposed testing and oil drilling going all the way back to the 1980s, the town of Nags Head has actually passed eight resolutions in opposition to offshore testing and drilling.

Mr. LOWENTHAL. What about the part of the bill that says if North Carolina chooses not to go along with drilling, that you have to pay a great sum of money back to the Federal Government?

Mr. CAHOON. Yes, sir. Well, that certainly seems like an inappropriate mechanism to me. And it fundamentally avoids the question of just making the decision about whether offshore drilling is the right thing to do or not. If we are going to have an energy policy and we are going to decide that we need the oil, why are we letting states then take some of that oil back off the table in exchange for a payment. But more fundamentally as a mayor, I worry about what our state would do to find those resources.

We would certainly have a charged political discussion in the state of North Carolina to find those funds. Those funds are going to come from somewhere. They may be taken from towns or additional taxes imposed.

Mr. LOWENTHAL. Thank you. I have run out of time, and I yield back, but thank you for your testimony.

Mr. GOSAR. I thank the gentleman from California.

The gentleman from Colorado is recognized, Mr. Lamborn.

Mr. LAMBORN. Thank you, Mr. Chairman. Thank you for having this hearing.

I would like to make a general comment and then ask Mr. Anderson a question or two.

While oil and gas production has increased in recent years overall, as Mr. Lowenthal mentioned, this growth has occurred largely on state and private lands. So, uncertainty associated with the issuance of required permits presents additional challenges to producers seeking to develop on Federal land. And we know that mineral revenues are a crucial source of income for the states, so when we have permitting backlogs and delayed leasing decisions, these are lost opportunities for economic development and job creation. And we know that 50 percent of mineral revenues are returned by the Federal Government to the states.

So, Mr. Anderson, when the Federal Government fails to effectively manage oil and gas permitting on Federal lands in the state of Utah, where you are familiar, resulting in backlogs and unpredictable leasing timelines, how does that impact state and local budgets?

Mr. ANDERSON. Our public lands are a puzzle. There are a lot of working pieces, and you have to have all these pieces together to paint the whole picture.

When we are unable to extract resources from our public lands, it has both a short-term and a long-term impact.

I want to give you a fantastic example of eastern Utah in the Uintah Basin. I go out there and visit it quite frequently. Uintah Basin is far removed from airports and major highways, and it is quite isolated. And the recreational opportunities just aren't there like they are in Zion National Park or Canyonlands or other places in our state. So, the area is very reliant on resource extraction. A lot of the money, when there is a boon that comes to those from these mineral royalties, helps sustain them when we see the roller coaster that inevitably happens with this form of extraction.

Now, am I suggesting that oil and gas extraction should be the only economic use of our public lands? No, and quite frankly, it is not ideal for the Uintah Basin. That said, that is the hand that they have been dealt. They don't have the opportunity to promote recreation to make money, so they need those royalties. And they

need it to fund their schools and their infrastructure and many other things that come back to them.

Mr. LAMBORN. Let's talk about state management of lands. Should we be able to pass this bill and give the states more of a say in their destiny, what is the record of Utah in allowing for public access to lands? Is it strictly for energy development, or is every other kind of use allowed as well?

Mr. ANDERSON. Absolutely not. The state of Utah engages in a host of land management practices.

A great example is, in 2015, the state of Utah passed a piece of legislation asking every county to come up with a resource management plan for both the county, state, and Federal lands within their borders. It gave the opportunity for locals to come in and give their opinions. These were passed by the counties and the county commissioners. Then it was passed along to the state level. Locals were, again, given the opportunity to comment, and now we have our Utah State Resource Management Plan for the entire state.

And it has a host of different things in there. Recreation, wilderness areas, water, air, you name it. So, absolutely.

Mr. LAMBORN. So, is it reasonable to assume that, given the fact that states managed their state lands according to the principles of multiple use, that the states would do the same on Federal lands, not just Utah but other states, should we be able to pass this legislation, while giving more certainty to energy producers?

Mr. ANDERSON. Yes. As I mentioned in my testimony, nobody loves these lands more than the people who call them home, and I believe they will protect them. They have to live with the consequences that are made on them. Multiple-use management is an integral part of who we are as Westerners, and I believe that it would continue to be if the states were able to manage these places.

Mr. LAMBORN. I thank you for your great responses.

Mr. Chairman, I yield back the balance of my time.

Mr. GOSAR. The gentlewoman from Massachusetts, Ms. Tsongas, is recognized for 5 minutes.

Ms. TSONGAS. Thank you, Mr. Chairman.

Welcome to our witnesses. Generation after generation of Americans have endorsed the idea that our public lands and waters should be managed for the benefit of all Americans, despite the fact that many of those public lands are necessarily resident in particular states so managed for all Americans to support a wide range of activities.

These multiple uses include recreation activities, such as hunting, hiking, and camping, along with responsible resource extraction and economic development, fishing, grazing, timber harvesting, and mining.

Unlike state lands, which are often managed to maximize profits, public lands, the lands that belong to all Americans, do not exist for the sole purpose of generating revenue.

I want to highlight the words of Pope Francis who recently met with oil industry executives at the Vatican. He said, "The need for greater and more readily available supplies of energy to operate machinery cannot be met at the cost of polluting the air we breathe. The need to expand spaces for human activities cannot be

met in ways that would seriously endanger our own existence or that of other living species on Earth.”

He is also speaking to the environmental values of how we protect our public lands. We must work—and these are not his words—we must work to find a balance between competing interests on our Federal lands and waters, which this legislation clearly fails to do by creating a presumption in favor of oil and gas development over all other economic interests and national values.

Mayor Cahoon, my questions are for you.

The economics of your community are clearly dependent upon tourism and fishing and are put at risk by the potential risks of offshore drilling. Should there be a spill, which one of our witnesses has today referenced that there are risks associated with offshore drilling. So, I am just curious, from your point of view—and it is in part reiterating what you have already said—what are the risks that offshore drilling would pose to your economy that is so dependent on tourism and fishing?

Mr. CAHOON. There are really two risks for our community.

The first arises with testing. We have a very significant commercial and recreational fishing industry in our area. Many of our tourists come for recreational fishing to go offshore to the Gulf Stream. Any activity that changes the behavior of the commercial fish or of the sport fish would put those industries at some risk and especially our neighboring communities. The Wanchese area that is a historic fishing community would suffer significantly.

The second risk is from a spill. The damage that that would do to the fishing areas, the shell fishing areas, would be very significant.

For us, though, we think of a spill on the beach and what that would mean. I have always said that if you can run a business on the Outer Banks, you are one of the best business people in the world, because we have tourists for about 4 or 5 months out of the year, and our businesses make enough to get by. We make a living that way. If there is a spill and we shut down in one of those summers, people really will lose everything. And that is really why this cuts across all the lines for us and is a very simple decision that we just cannot withstand that risk.

Ms. TSONGAS. So, you clearly don't need offshore drilling to protect the long-term economic stability of your community. Yours is rooted in very different industries that are dependent on a very different scenario?

Mr. CAHOON. We do not. Our county is a \$1.1 billion tourist industry right now today. And we don't need the oil, and we would put that substantial business at risk.

Ms. TSONGAS. I thank you for your testimony.

The challenge we have here is to face, to balance competing interests, serious economic interests that benefit different communities in different ways, and this legislation clearly creates a presumption in favor of oil and gas drilling at the expense of other economic interests.

I yield back.

Mr. GOSAR. I thank the gentlewoman.

The Chairman of the Full Committee, Mr. Bishop from Utah, is recognized for 5 minutes.

Mr. BISHOP. Thank you.

I appreciate the witnesses for being here.

Mr. Graves, I apologize. I feel sorry for you. You come from a state that does offshore drilling, I suppose, so I am sorry that the tourism trade in Louisiana has dried up and no one wants to go down there because of that.

Mr. GRAVES. Sir, tourism is smoking in New Orleans. It is amazing.

Mr. BISHOP. For the first witness, you said that if you look at Louisiana, Texas, Mississippi, Alabama, they have been able to have economic activities in oil and gas production as well as tourism, as well as recreation, and they seem to be functioning very well at that, right?

Mr. LORIS. Yes, that is the right. It is not a zero-sum game.

Mr. BISHOP. So, the idea that this is the only thing we are talking about when we do offshore production and it will drive out everything else is one of those false narratives and false assumptions?

Mr. LORIS. Correct.

Mr. BISHOP. However, I want to thank you for having this hearing, especially because of some of the letters I have received. This is wonderful.

There were five Atlantic Coast governors that sent me a letter that said: We reject this legislation that disregards the wishes of the citizens of our state. It could not be more clear that the citizens of our state oppose the U.S. Department of the Interior's proposed plan—even though I would notice that legally he has to come up with a 5-year plan, that is one of his responsibilities, regardless of whether you do it or not—in addition, finally, many of our state legislatures and local governments have enacted statutes and ordinances respectively to prevent or oppose offshore drilling.

I am thankful for these letters. This is a wonderful letter. It is a great letter. I appreciate receiving it.

This is a letter that came from the governor of my state that said: "As evidenced by the opposition from virtually every elected county, state, and Federal official, the state of Utah strongly opposes any unilateral monument designation within our state."

So, Ms. Tsongas, Mr. Lowenthal, you have spoken so far. Why are these letters good and you are supportive of them? And why is this letter rejected? Why is this letter something you oppose? What is the difference between these two letters? Why should the wishes of the citizens of these states on public waters be respected and the wishes of this state on public lands not be respected?

I yield to either one of you that want to do that. I have five people over there. Any of you want to respond on why these letters are good and this letter is not?

OK. Mr. Ebell, let me go to you, if I could, for just a second.

You talked about seismic testing. Restate what you said. But why is it important that we make these decisions with some knowledge instead of in a simple vacuum?

Mr. EBELL. Mr. Chairman, for a long time, I have supported multiple surveys of the federalist state, both offshore and onshore. Our Federal land managers, bless their hearts, they do lots of good



work and, in my view, lots of bad work, but one of the things that hampers them is a lack of information.

How can the United States develop a strategy for its future energy production if it doesn't know how much energy it has?

Mr. BISHOP. Let me shut you off here for just 1 second. I am sorry. There are a couple other things I need to say quickly before my time goes away.

Mr. EBELL. Yes, certainly.

Mr. BISHOP. And you are spot on. One of the things this bill does do is try to make sure that information goes out there so states can make a wise decision.

Mr. EBELL. Yes.

Mr. BISHOP. The other thing it tries to do is treat onshore and offshore states the same way on their public lands and public waters and tries to put everything on an even basis that is not talked about here.

I do need to say one thing about Mr. Lowenthal's question to you originally. Between 2010 and 2015, the percentage of the Nation's crude oil produced on Federal lands decreased from 35 to 21 percent, according to BLM. The number of drilling permits issued on controlled onshore land dropped 47 percent during the last administration. Further, Federal data shows crude oil production remained flat between 2010 and 2015 on federally-controlled land while natural gas production actually declined by 27 percent.

However, on lands that were controlled by states and private individuals, it increased 115 percent for crude, 66 percent for natural gas. I would like to see your data. And I want to see where those numbers come from because it does not equate to anything BLM has produced or anything the Department of the Interior has produced.

Mr. LOWENTHAL. I have the data right here.

Mr. BISHOP. Good.

Mr. LOWENTHAL. I can put it into the record.

Mr. BISHOP. No, let me just see it, so we can see where you are skewing the approach to it. That is important because there has been a decline, and we have been missing out, which means—I am 5 seconds over. So, in the second round I may say what it means. The rest of you will have to spend your time in bated anticipation for what it means.

I just want to treat all states equally and fairly, including Louisiana. And that is not happening right now.

I have not yielded back. You took it away.

Mr. GOSAR. I thank the gentleman.

The gentlewoman from New York, Ms. Nydia Velázquez, is recognized for 5 minutes.

Ms. VELÁZQUEZ. Thank you, Mr. Chairman.

I would like to request unanimous consent to submit a letter for the record written by my governor of New York in strong opposition of the bill we are deliberating here today. I am not sure if the Chairman already got that letter, but I just want to make sure that the record has the letter from the governor of New York.

Mr. GOSAR. Without objection, so ordered.

Ms. VELÁZQUEZ. Thank you.

This bill essentially incentivizes offshore drilling and imposes fees on states that are working to employ more sustainable energy resources.

For those of us in New York, this bill threatens to jeopardize long-term investments in clean energy for our children and families. And it puts at risk entire industries that rely on our coast from tourism to fishing.

This is irresponsible in the short term, putting our healthy coastline at risk. But this fossil fuel addiction is also reckless for the long term, contributing to climate change and placing our communities at risk of powerful extreme weather events, while threatening the planet for our children.

We have seen that energy exploration like this carries inherent risks. Have my colleagues already forgotten the BP oil spill in the Gulf 8 years ago?

As the Ranking Member of the Small Business Committee, I remember hearing vividly how entire fishing and tourism industries suffered because of one company's mistakes on a single oil platform. Some estimates suggest the Gulf economy lost \$22 billion in the following 5 years.

We do not want to let that happen in New York. For those of us from New York City, we sometimes say that water is our sixth borough. It surrounds our cities, and it defines the character of our city.

In other parts of the state, the ocean is the anchor of tourism and fishing industries.

New York's ocean economy generates an estimated \$11 billion in wages, contributes \$23 billion in gross domestic product, and supports 320,000 jobs.

All of this could end or be massively undercut if there were a major oil spill.

So, as a state and a city, we have chosen a different path. As New Yorkers, we have worked hard to find other energy sources. Our state is leading a \$1.4 billion investment dedicated to onshore renewable energy projects.

New York released a plan to develop 2,400 megawatts of offshore wind generation by 2030. We ought to be able to make that choice, and I believe that this is at the center of the debate of this legislation.

We, every state, should be able to make that choice. That should be our option. We should be able to say we want a sustainable energy path in our state and in our city that does not risk damaging our wonderful coast and ocean.

But this bill takes that option away from us. The message is either start down the road of opening your coastlines to drilling or start paying fines.

Mr. Loris, you mention that this legislation empowers states. What a wonderful way to empower a state, by telling them: if you choose this path, then you will have to pay fines or fees.

The irony, of course, is that in every other area, Republicans love to extol states' rights and how the Federal Government should not impose its will or overstep.

Apparently, that principle does not extend to protecting Big Oil.

My question for the panel is this, quite simply—shouldn't New Yorkers be allowed to decide whether they want to imperil their coastline with oil exploration or if they want to develop sustainable renewable energy resources? Should Washington force these decisions on them from afar? And if states like New York do elect a more sustainable future, why should they have to pay penalties for doing so? Isn't that a fair question?

I yield back, Mr. Chairman.

Mr. GOSAR. I thank the gentlewoman.

The gentleman from Virginia, Mr. Wittman, is recognized for his 5 minutes.

Mr. WITTMAN. Thank you, Mr. Chairman.

I go to Mr. Ebell.

You spoke in your testimony about the importance of data concerning offshore resources, specifically the geology of offshore having a comprehensive database to understand both the geological and geophysical conditions there. There hasn't been a study done in, I know, well over 30 years.

Let me ask this, is it important, first of all, for us to do a study, a current study? Is there a reason why we shouldn't do a study? Is that data important for decision making?

Mr. EBELL. Thank you, Representative Wittman.

I am not an expert on this, but I think that the insistence of environmental pressure groups over many decades to keep information from informing public debate really needs to be recognized here, and this bill says, finally, we are going to spend the money and take the years that it takes to do an adequate geological mapping of our offshore resources.

I was involved for several decades in the ANWR debate, which was resolved successfully without anybody really doing anything last year. It just sort of happened. But one of the things that the environmental groups insisted upon for years is that we couldn't know how much oil might be contained in the coastal plain of ANWR. They would not allow exploration drilling so that public policy decisions could be based upon information. It could instead be based on wild emotional claims about unique resources that nobody had ever visited, so they could make up falsehoods.

The point about not allowing information to inform public policy decisions is because, of course, if the American public knew how much oil there might be under the coastal plain, they would be able to decide whether they wanted to drill there or not.

The same is true of the offshore resources. We may find out, for example, that there isn't very much oil in ANWR. We may find out that there is a huge amount of oil in Virginia, or there isn't much at all.

Once we know, that will inform people in making the debate. If there is going to be \$5 billion of activity or \$50 billion of activity, that makes a big difference in the decision that the people of Virginia make when they are calculating how much their royalty might be, their share of the royalty.

So, I think it is absolutely critical that this Committee insist that the money be spent to do an adequate mapping of our offshore resources, and then I would say, as a rural Westerner, we need an

adequate mapping of what the Federal lands are and what the withdrawals have been.

Mr. WITTMAN. Mr. Ebell, when it comes to doing that mapping, gathering that data, I know the Bureau of Ocean Energy Management has looked at what the impacts would be of seismic studies, using sound to penetrate the sediments below to see what is there.

I know you have done an assessment to see what is the impact on marine mammals, what is the impact on fisheries.

Can you give us the results of that study? Because I know there has been a lot of discussion too about there being impacts on those marine mammals and those fishery resources.

Mr. EBELL. Yes, again, I am not an expert on this. Nick Loris may have looked into this much more deeply than I have.

I would just say I think a lot of wild claims have been made about seismic testing, and the scientific research I am familiar with does not sustain those claims. But I haven't looked at the entire scientific literature, and I don't have the scientific credentials to weigh it adequately, so I will try to put off that question.

Mr. WITTMAN. Mr. Loris, do you have a comment on that?

Mr. LORIS. I haven't seen that specific report or the work from BOEM, so I will take a look and offer comments for the record.

Mr. WITTMAN. OK. Very good.

Mr. Chairman, I would like to offer the Committee that the results from the BOEM study ought to be part of the information offered by this Committee.

Again, I want to make sure that we are making decisions based on all the information across the board. I understand different groups advocating in different ways, but I think it is critical, as you point out, Mr. Ebell, that we have the full scope of information. We do want to make informed decisions, and I think having that information is key for that.

So, with that, Mr. Chairman, I yield back.

Mr. GOSAR. I thank the gentleman.

The gentleman from Florida, Mr. Soto, is recognized for his 5 minutes.

Mr. SOTO. Thank you, Mr. Chairman.

This bill seems to be a paradox of federalism, stacking the deck in favor of oil drillers because states that want to drill can take over and drill, but states that want to protect their coasts and Federal lands face a hefty ransom.

Just as an aside, no one is going to mistake a Florida beach coast or intercoastal region for any other state, other than perhaps Hawaii. That is why every member of the Florida delegation opposes offshore oil drilling because we understand that it comes at a price, and most Americans understand it comes at a price.

Mayor Cahoon, how would you all feel in Nags Head if the Federal Government told you, "We are going to throw up a full oil derricks, or you have to pay the price"? How would your constituents feel about that?

Mr. CAHOON. I think my constituents would probably scream bloody murder. We face, as a local government, issues of resources, and it is a constant struggle, I realize, in what the state is able to give us and take away, and I understand that to some degree, but this is a massive extraction from our state of resources; by one

estimate, I believe, about \$560 million from North Carolina. That would take resources away from our towns and schools and other things that have needs.

Mr. SOTO. Thank you, Mayor.

Mr. Loris, why should we have this double standard?

Mr. LORIS. I think the alternative is the Department of the Interior forces those decisions on you without the choice. I don't see it necessarily as a double standard but actively engaging states to make choices, hopefully with better informed data about the resources that lie off the coasts and in the Federal lands.

Mr. SOTO. Thank you, Mr. Loris.

Mr. Anderson, why the double standard? Why can states demand to drill and other states have to pay ransom in order to protect their lands? Why would we want that inconsistency?

Mr. ANDERSON. Well, these are America's public lands, and as Americans, we all benefit from the extraction of these mineral resources. If those go unused in the coffers, if we don't have that money going into our Federal coffers, all Americans are going to struggle as a result.

Mr. SOTO. So, you are comfortable with the inconsistency in sovereignty?

Mr. ANDERSON. I think there is another side to the coin too. When we choose not to extract, like in the state of Utah that we have seen, locals are struggling significantly, so there are consequences on both sides.

Mr. SOTO. I appreciate you mentioned that because Utah has traditionally been an energy state that has decided to do that, and that is something that we should all support.

But my state doesn't want any of this.

Mr. Ebell, how do we justify requiring states to pay if we don't want to drill yet giving states the overwhelming power to drill? How do you reconcile that inconsistency in sovereignty?

Mr. EBELL. I think there is an asymmetry between Federal land states and offshore Federal waters.

The state of Utah, for example, or Wyoming or New Mexico, has a lot of Federal land against its will. That is, it was never transferred at the time of statehood as it should have been under the Constitution and the statehood acts. Those states are stuck with the Federal lands.

The Federal offshore waters are not in your state. They are owned by all Americans.

Mr. SOTO. So, you would be OK with the one part, but——

Mr. EBELL. Florida does not have jurisdiction over Federal waters. You have jurisdiction over state waters. You can drill or not drill——

Mr. SOTO. Mr. Ebell, thank you so much. We are here in the Federal Government today talking about that, and we have authority over that. That is why we are here, not in State Legislature.

So, you are OK with the first part, but you haven't justified the second part of requiring states to be able to have power over the Federal lands for oil drilling, but if they want to preserve them, they are left helpless.

The last thing I wanted to talk about—today, they just came out with a study that Antarctica is melting at three times the amount we thought it would be because of global warming.

Is it inevitable that we are going to face oil drilling for the next couple decades?

Mr. Ebell, you can answer that one.

Mr. EBELL. The world's energy demands are enormous, and they are growing. Over 80 percent of the world's energy and over 80 percent of the United States' energy comes from coal, oil, and natural gas——

Mr. SOTO. So, is it inevitable?

Mr. EBELL. Yes.

Mr. SOTO. OK. Thank you. I hope we are not telling our children and grandchildren that.

I yield back.

Mr. GOSAR. I thank the gentleman.

The gentleman from Pennsylvania, Mr. Thompson, is recognized for his 5 minutes.

Mr. THOMPSON. Mr. Chairman, thank you for hosting this hearing. This is one that is near and dear to my heart, having Federal lands within my congressional district, a national forest that, quite frankly, was oil and gas filled long before it was a national forest known for providing resources.

Part of this hearing has been sort of portrayed in different ways, with the whole climate scare thing and other different ways, but I look at this as leveling the playing field for rural America and urban America.

Urban policy makers have been discriminating in a purely selfish manner, limiting the opportunity in rural America, limiting access to resources we have been blessed with, especially at a time like we are experiencing today, but we also have the technology to be great stewards of the land as we use what God has given us.

I border New York. I feel sorry for the folks in upstate New York, quite frankly, where we have benefited because the state and the Federal Government have tried to work together to provide an economic base and to do the right thing morally so that American families can find that they have affordable electricity, affordable energy, especially the people that are struggling living paycheck to paycheck. They cannot afford escalating energy bills, especially when we are blessed with the energy resources that we have today and the technology to be able to produce and use in that way.

In New York, despite the governor of New York having put billions of dollars into the Upstate Revitalization Initiative that was mentioned into economic development, but it ignores the vast amount of energy resources that we have in New York.

Again, that is not my state, but I have kind of a picture window of it when I am up in the northern tier of my district.

New York added 97,000 jobs over the past 12 years. All but 9,100 of those were on Long Island and New York City. God bless Nags Head and New York City and places that do have tourist destinations that people from my district and Mr. Bishop's district and all around the country want to come and spend money. That is great economically for them, but what about the rest of America? What

about America that has been left behind that, quite frankly, has the energy resources to have a robust economy?

I probably used way too much time on that, but now for my questions.

Mr. Ebell, thank you for providing your thoughts on the draft bill that we are discussing today.

A large portion of my congressional district has the Allegheny National Forest. Timber receipts from this national forest provide more and more counties in my district with crucial funds needed to carry out day-to-day operations.

Now, as we consider giving states more influence in the sub-surface development of their Federal lands, I am talking the on-shore thing at this portion of this bill, might counties benefit revenue-wise?

Mr. EBELL. They will certainly benefit from energy production in terms of local economic activity and high-paying jobs, and you have seen that in your district with the shale oil and gas revolution.

I would like to see the other Subcommittee work on getting back to timber harvesting instead of managing our huge reserves of timber through insect infestation, disease, and catastrophic fire.

In my part of the world, there are no timber mills left. We now just burn it down. In fact, all the towns in Oregon, all those little rural towns, you say getting rural America going again, a lot of them have just dried up and blown away because the mill closed and that was all there was.

So, I think that the revenue sharing of oil and gas goes to the state, but obviously, it will help the counties finance this as well.

Mr. THOMPSON. I find in terms of energy, minerals, and resource production, timbering is an important part, and unfortunately, because of lawsuits, we have really lost that.

And I am proud to say that the farm bill, which I hope we will be bringing up, I would love to have my friends across the aisle support us on that when it comes back to the Floor, because it has great provisions in there for forestry. And if you are concerned about climate change, then you ought to be supporting the largest carbon sinks in the world, and those are good, healthy forests. It is the natural way of taking carbon out of the air and manufacturing top soil, which we all know also has great benefits in terms of growing our food supply.

Thank you, Chairman, and I yield back.

Mr. GOSAR. I thank the gentleman from Pennsylvania.

The gentleman from Arizona, Mr. Grijalva, is recognized for his 5 minutes.

Mr. GRIJALVA. Thank you very much, Mr. Chairman.

Mayor, North Carolina's coast is particularly vulnerable to sea level rise, coastal impacts of climate change, including increased intensity and frequency of hurricanes. These impacts threaten beach front real estate and private property, also the tourism and recreation industry, and North Carolina's agricultural sector as well.

As a local coastal official, what about climate change concerns you most? And how is your community preparing for impacts?

Mr. CAHOON. Thank you, sir.

Climate change, or sea level rise specifically, does concern us very greatly. We are already seeing the impacts in our community

of a rising water table and increased beach erosion. We, in fact, just in this budget in our town are dealing with the storm water issues that are being caused by an elevated water table that is part of the sea level rise equation. We operate on site-by-site septic systems, and those systems, as the water table rises, are polluting the groundwater, so we are having to deal with that issue.

Several years ago, we spent over \$30 million on a beach nourishment project, which was paid for locally. There is no Federal or state money in our beach nourishment projects. We are getting ready to spend over \$30 million again to rebuild our beach, because when we lose the beach, we suffer the erosion and damage to our real estate, our infrastructure, our streets, power lines, and that kind of thing. It is a very significant issue for us.

Mr. GRIJALVA. Thank you. I appreciate that.

Mr. Ebell, according to a news report, the Trump administration is pursuing or discussing to pursue a plan to make electric grid operators and certain utilities purchase uneconomic power from struggling coal and nuclear plants to prevent them from retiring.

The proposal, I think, goes against the free enterprise and limited government concept and would surely raise electricity rates and energy rates for consumers.

Discussing the plans 2 days ago, FERC commissioners expressed extreme skepticism about a coal bailout, and according to their chairman, who said, "There is no immediate calamity or threat to our ongoing ability to have our bulk power system operate and satisfy our energy needs."

Mr. Ebell, do you support propping up uneconomic coal and nuclear plants?

Mr. EBELL. Representative Grijalva, I believe this question goes beyond the subject of the hearing. If the Chairman will indulge me, I will try to answer your question.

Mr. GRIJALVA. I will indulge you for a little while. I have other questions as well.

Mr. EBELL. Yes. The CEI hasn't taken a position on any proposals because we haven't seen them yet. In general, we oppose energy mandates and subsidies.

The problem here is that the Federal Government props up uneconomic forms of energy through the wind production tax credit and the solar investment tax credit, and many states have mandated the use of uneconomic forms of solar and wind energy, so what we see in terms of the security of the grid and the reliability of the grid is now a question for debate.

And I am not an expert in reliability, so I can't really judge whether these countervailing subsidies are a good idea or not.

Mr. GRIJALVA. Mr. Loris, same question. Do you support the President's proposed plan to prop up uneconomic coal and nuclear plants?

Mr. LORIS. We do not. In fact, we have written about it in both Heritage papers and op-eds that we do not support these bailouts. I think it is one thing that can stifle innovation in the energy sector broadly if you allow uncompetitive sources to be propped up.

That said, we support getting rid of all energy subsidies, the wind production tax credits, reducing regulations that can make



new power plants and existing power plants more competitive, but we do not support the bailouts.

Mr. GRIJALVA. Mr. Chairman, I yield back.

Mr. GOSAR. I thank the gentleman.

I guess the point to this whole aspect is that you can't treat energy equally. We are talking about base load versus intermittent, and so that is a big denomination that has to have a decipher.

For the record, the gentleman from Louisiana, Mr. Graves, is recognized.

Mr. GRAVES. Thank you.

I want to thank you all for being here today and for your testimony.

Mayor, I have a question. I have had the opportunity to do a lot of jobs in my life, and one of them is I got to be a garbageman for a while, and it was lot of fun.

Let me ask you, if you had 10 garbagemen that all worked for your city, and you brought the new trucks on that have the automation that lift the cans and everything, and as a result of that automation, let's say that 9 of your garbagemen were able to have a 70-percent increase in production and efficiency, but one wasn't able to do that, and you tried to work with that person and tried to make them do a better job and increase their efficiency, would you keep them on, do you think? Or do you think you might get rid of them at some point?

Mr. CAHOON. Well, as mayor, I defer to my town manager to make those kinds of decisions, and I generally stay out of the detail.

We would appreciate that increased efficiency. We would, within human resources, we would do everything we could to find another job for that person so that they could still be——

Mr. GRAVES. But you would recognize that there was disparity there and perhaps it needs to be fixed. There is something out of whack. Right?

Mr. CAHOON. Certainly. Yes.

Mr. GRAVES. So, my good friend, Mr. Lowenthal, we have had this discussion before in this very Committee with your same factoids.

When you look at energy production on Federal lands and you look at energy production on private lands and Indian lands, you have disparity. You set a curve, you set a baseline, based upon what is happening.

The energy production on Federal lands and Indian lands have completely smoked those on Federal lands during the Obama administration.

Mr. LOWENTHAL. It has gone up by 78 percent——

Mr. GRAVES. No.

Mr. LOWENTHAL. Let's talk about it. Let's admit that it has gone up.

Mr. GRAVES. It is my time.

Mr. LOWENTHAL. You asked me.

Mr. GRAVES. So, you have a baseline of energy production, of what is happening on Federal lands versus what is happening on comparable lands run by the private government or run by Native American tribes, and that is where you see a complete difference

in energy production on the private lands and on—and I don't need to pull up any facts, I understand that.

Mr. LOWENTHAL. On Federal lands—

Mr. GRAVES. The energy production on private lands has completely smoked that on Federal lands. The Federal Government under the Obama administration did not do a good job using those resources. They did not.

So, going back to other fun questions and comments, the state of Louisiana, we have a fishing industry, Mr. Mayor. As a matter of fact, we have the top commercial fishing industry in the continental United States.

We also produce more offshore energy than anywhere else in the United States.

In fact, let me do the math for you. You have six states that produce offshore energy. You have Alabama, Mississippi, Louisiana, Texas, California, and Alaska, right? When you take the Federal production of those six states—in fact, of Alabama, Mississippi, Texas, California, and Alaska, and you add it up, you multiply it times about four, and that is what we do in just Louisiana. Yet, we have the top commercial seafood production in the continental United States.

And just to give you a comparison, in North Carolina, in the 5 years, the most recent years of data, you all produced 295 million pounds valued at \$435 million. We produced 5.2 million pounds valued at \$2 billion.

The point is, things can co-exist. They can. You can have both energy production and you can have a very productive ecosystem, and we have been able to find that balance.

And I think where the concern is, is that if we are in a situation where perhaps Virginia Beach came into Nags Head and said, "You know what? We are not going to let you renourish your beach. We are not going to let you rebuild roads. We are not going to let you build a hotel," you would probably be pretty frustrated and say, "You know what, Virginia Beach? Get back over to your town, to your state, to your territory, and don't tell me what to do."

So, I think that we do need to keep in mind that these are Federal resources. These are Federal resources, and this is the Federal Government, and I am not at all saying that there are not implications to states, that we need to ignore the states' thoughts and comments, but I am saying that these are Federal resources, and this is an opportunity to drive Federal revenue for Federal investments for the Federal Government.

And to have a local government, to have a state come in, and to unilaterally determine—I think their comments need to be considered—but to unilaterally determine what happens with those resources is inappropriate.

I yield back.

Mr. GOSAR. I thank the gentleman.

The gentlewoman from California, Ms. Barragán, is recognized for 5 minutes.

Ms. BARRAGÁN. Thank you, Mr. Chairman.

Mr. Mayor, I want to first thank you for the comments that you made about what you are doing in your town on sea level rise and the cost that it has to local government.

I, myself, was a mayor of a city along the California coastline and saw it firsthand happening and saw that we had to take action on it. And you are right: sometimes you get no assistance financially.

And it leads me to the question. We don't talk about climate change in this Committee. We have never had a hearing about climate change and its impacts. It feels like we continue to have hearings in this Committee on opening up more lands to oil drilling and more money that can be gained from that instead of, what would be the impact to climate change? What would be the impact to health in the world?

And one of my colleagues mentioned that we should be doing the moral thing, and I happen to believe that doing the moral thing is taking care of our planet and taking care of our lands and the health and the environment.

And I just want to ask you, is climate change something that you talk about in your city? Is it something that, when you guys talk about civil rights, you make that connection?

Mr. CAHOON. We do. In fact, the town of Nags Head is recognized as taking the lead in North Carolina on sustainable development and addressing the sea level rise issue.

We have had a number of community forums and we have had community discussion about the issue, what the potential impacts will be. And we are currently redeveloping our unified development ordinance, and dealing with the issues of sea level rise and the rising water table are going to be part of the new policy that we implement.

Ms. BARRAGÁN. And do you think if we start opening up our Federal lands to oil drilling across this country, that climate change is going to get worse or better?

Mr. CAHOON. I can only imagine that if we continue to burn fossil fuels at the current or a greater rate, then, yes, that climate change and those consequences will increase.

Ms. BARRAGÁN. Thank you.

I think this bill is going to only further enable the Administration's desire to surrender our oceans and our coastlines and our public lands to the oil and gas industry, allowing for drilling no matter the environmental or economic cost.

And not only has this Administration and the Republican Majority in Congress attempted to do this while simultaneously seeking to weaken safety regulations that govern offshore oil and gas drilling—this is especially troubling from where I represent. I am in Southern California. People in my state, certainly in my area, do not want to see any offshore oil drilling. We already feel the impacts of oil drilling and the health impacts in my community.

As a matter of fact, in California, the coastal tourism is unparalleled. It is contributing about \$17.6 billion to our economy annually. And the vast majority, about 69 percent of Californians, strongly oppose new oil and gas drilling off of the coast.

It is something I did when I was on the local city council. I have introduced the Safe Coast Act, which codifies two of the common-sense safety regulations put in place after the 2010 Deepwater Horizon disaster that happened.

Mayor, even if North Carolina were to pay countless billions of dollars under this bill to take the area of its own coast out of a lease sale, would that eliminate the threat to North Carolina's beaches of offshore oil and gas leasing in the Atlantic?

Mr. CAHOON. Absolutely not. I mean, North Carolina could be in the situation where it had chosen to pay to not have oil rigs off of its coast, but Virginia and South Carolina could, and a spill off either of those coasts, given their currents and the various conditions offshore, could easily bring the oil to our coast, and we would be in the situation where, hey, we have paid, and now we have a mess. And it would be outside of our control, and we would then suffer those economic consequences.

Ms. BARRAGÁN. There is no doubt, there is certainly not a line that stops oil from seeping into different parts of the ocean, and we have seen what happens to tourism and industries when that occurs.

We recently read about Secretary Zinke taking Florida off of this draft proposed plan.

Do you think that North Carolina's coastline is equally as unique and as reliant on tourism as Florida's?

Mr. CAHOON. I do. I think much of our coast is even more reliant on tourism. If you look at our coast, we have no fallback. We have no major cities, no large ports, no large-scale development behind our beaches. If there is oil on the beach, we have no place to go. We give our houses to the banks and we leave.

Ms. BARRAGÁN. Great. Thank you.

I yield back.

Mr. GOSAR. I thank the gentlewoman.

The gentleman from Georgia, Mr. Hice, is recognized for 5 minutes.

Dr. HICE. Thank you, Mr. Chairman.

Mr. Ebell and Mr. Loris, let me address my questions to both of you.

As this bill, the offshore title, currently is drafted, states that participate would receive 50 percent of the offshore development.

Currently, just by comparison, the revenue from the Gulf states is shared at 37.5 percent. The rest of it goes to the Land and Water Conservation Fund.

So, my question, to begin with, this 50 percent to the states, is that fair? Is that equitable? Is that a good thing in your estimation?

Mr. Loris, I will begin with you.

Mr. LORIS. I do think so, and I think if they assume even more responsibility, then they should get an even greater share of the revenue.

Mr. EBELL. Thank you, Representative Hice.

I think it is a question for debate by the Committee. As I said, the Federal royalties for the Federal land states, those lands are in the state as an imposition. The Federal waters are federally-owned, they are not state-owned.

So, I think the argument could be made that the royalties should be less, maybe 37.5 percent.

On the other hand, the environmental risks and the balancing between different values might mean that the royalties should be higher than 50 percent.

I think I would defer to the prudential judgments of the members of the Subcommittee on this and let you guys work it out.

I think also the fees to be paid if you want a moratorium need to be worked out, and it is not clear to me where they should be set either, and I think you probably have a lot more interest in getting that right, and I will defer to you on that as well.

Dr. HICE. OK. But overall, it may need to be tweaked one way or the other, but it doesn't appear to be unreasonable.

Mr. EBELL. No. Not at all.

Dr. HICE. Mr. Anderson, let me ask you this, it came up a while ago with the state of Utah. We have the Federal Government failing, frankly, to effectively manage the oil and gas permitting process. What kind of impact does that have on local communities and states?

Mr. ANDERSON. It is huge. Like I said, there are some areas in our state that just cannot provide the recreational opportunities that other parts in our state can, like with Zion National Park. Not all public lands are the same, and as such, we have some areas that need oil and gas development (1) for the royalties that our state receives, and (2) almost more importantly, for the economic boon that it provides these communities. It is really the lifeblood of them, and they have to have it, and without it, we are leaving rural America behind. These communities don't have the opportunities that many other parts of our state do.

Dr. HICE. And at best, that economic boon is delayed years and years and years, as we have backlogs in the permitting process that seem to never get resolved.

Mr. ANDERSON. Absolutely. Yes, exactly.

A great example of that, I was reading an article a few days ago that down in New Mexico, in the San Juan Basin, it was taking over 120 days to approve an oil permit, and that is a problem. When there is an oil boom, you need to make it happen quickly. You need to make sure it gets out there so these states and communities can get on it as soon as possible.

Dr. HICE. OK. I want to come back, Mr. Loris and Mr. Ebell, to you as I wrap up here.

I really like this idea. I like the direction this is moving here, but I do have a question regarding certain states that have a particular issue that may be involved.

For example, offshore in Georgia, we have the breeding ground for the right whale. So, what happens in a case like that? Suppose there are resources that are discovered, this, that, and the other, what happens when there is a legitimate issue involved here? Would Georgia, in that case, for example, be responsible for the lost production fee?

Mr. EBELL. Representative, I am not an expert in the permitting of offshore oil, but I do know that the environmental permitting process is very rigorous, and it is the decision of the land managers that we are not going to go ahead because the environmental permitting is—

Dr. HICE. So, there would be a waiver?

Mr. EBELL. We withdraw this track because we don't think we can satisfy the environmental——

Dr. HICE. My time is running out.

Mr. Loris.

Mr. LORIS. Yes, I would echo those concerns. If there is a waiver for something that is of a legitimate concern that is echoed by both the state environmental resources department and also by the Department of the Interior, you could have a process where those concerns have some sort of footing where the state isn't paying for a lost production fee.

Dr. HICE. I think that would be important when there are legitimate issues, not to be penalized if you are not able to do the development.

Thank you to each of you for being here.

I yield back.

Mr. GOSAR. I thank the gentleman.

The gentleman from Virginia, Mr. Beyer, is recognized for 5 minutes.

Mr. BEYER. Thank you, Mr. Chairman, very much.

Mayor Cahoon, supporters of offshore oil drilling and exploration routinely use an old mischaracterized quote from Dr. Bill Brown of BOEM, in which he claims that seismic air gun blasting doesn't cause harm to populations of marine life, even sometimes leaving out the word "populations" to intentionally misrepresent the science. But it is clearly not true.

Can you talk about some of the impacts that seismic air gun blasting would have on the marine life that North Carolina fishers are dependent on?

Mr. CAHOON. Yes, sir. One of the issues that is of concern is our legislature is talking now about large-scale oyster production in the sounds of North Carolina, and we know that there are issues with air gun testing that affect even shellfish.

But most specifically, I would refer to the offshore fishing, both commercial and sportfishing. Just as an example, we have a very significant industry of tourists who come, and one member of the group goes offshore fishing, they might go out to the Gulf Stream. The rest of the family goes shopping, and they spend money in our community, and they go out on boats that are built in our county, which our boat building is also a very large significant industry that generates a lot of economic activity.

And a change that would move those tuna, bill fish, that would have any kind of impact on our captains' ability to go find those for those recreational fishermen, that is a significant negative impact.

Mr. BEYER. Thank you very much.

Mr., is it Ebell?

Mr. EBELL. Yes. That is fine.

Mr. BEYER. Just this week, the National Oceanic and Atmospheric Administration reported that May was the warmest May recorded in the continental United States ever, that it was the warmest 3-year period in recorded history, the warmest 4-year period in recorded history, the warmest 5-year period in recorded history. There was an article in *The New York Times* yesterday

that Antarctica is melting at three times the rate it was just 6 years ago in 2012.

I know you have been a climate change denier/skeptic, et cetera, over the years. Has the abundant science changed your mind at all?

Mr. EBELL. Representative Beyer, this is a very large issue. I think that the debate in climate is now between the modelers and the data. And if you look, the only reliable global temperature data is the satellite data and the weather balloon data. They do not show what you are saying that the surface temperature weather stations are showing.

So, I think the modelers show a lot of warming. The historic data since the satellites went up in 1979 shows a rate of about 0.12 degrees per decade or 1.2 degrees per century. That means that the 2 to 3 goal has already been achieved, and you all can declare victory and say that catastrophe has been averted.

Mr. BEYER. I don't want to debate the science with you, but it would be easy to get a number of climate scientists up here who would contradict almost everything that you just said, including that the only reliable data was from satellites.

Let me ask you one other question. I know you have been on record for wanting to abolish the EPA. Do you still feel that way?

Mr. EBELL. I think that, as I have said, very large parts of the EPA have already been transferred to the states for monitoring, compliance, enforcement, all these things. I think more can be done, and I think large parts of the EPA can be abolished, yes.

Mr. BEYER. Thank you.

Mayor Cahoon, the Eastern Shore of Virginia Chamber of Commerce sent a letter to Secretary Zinke opposing the 5-year plan, mostly because they heard from all of the restaurants, hotels, and all the tourist things.

How would offshore drilling affect the tourism, hotel/motel, or restaurant industry on the coast of North Carolina?

Mr. CAHOON. To answer how that would affect, there would be some effect of oil rigs and that kind of activity offshore in terms of the fishing activity and, again, the tourism recreational fishing activity. But what we really worry about is the spill and what happens when there is a spill. If the rigs are offshore and the water is clean and the fishermen can fish, then yes, those industries can co-exist.

But I go back to the sword of Damocles analogy, the likelihood of that string breaking may be very small, but when it does, Damocles is dead.

And for us, that one spill could be enough to totally wipe out a season for us, and with the thin margins for us, for our hoteliers, our restaurant people, and all those in the tourism industry, that could wipe us out, and that is all it would take.

Mr. BEYER. Thank you very much.

Mr. GOSAR. I thank the gentleman.

We are going to do a quick 5 minutes on both sides for a second round. I am going to start with Mr. Lowenthal for his 5 minutes.

Mr. LOWENTHAL. Mr. Ebell, I want to ask you a few questions first, yes or no.

You have a long and well-documented history of opposing renewable energy development in the United States.

Is that true or not? And if not, explain.

Mr. EBELL. No. I oppose mandates and subsidies.

Mr. LOWENTHAL. So, then you support—because if I follow that statement, last year, you said, “This large-scale effort to move the grid to solar and wind is a dead end. The wind and solar industries have peaked.” Is that accurate?

Mr. EBELL. Yes. It is certainly true.

Mr. LOWENTHAL. You think they have peaked?

Mr. EBELL. Yes.

Mr. LOWENTHAL. Earlier this year, a study was published by the Environmental Defense Fund that found that wind and solar industries are creating jobs 12 times faster than the rest of the economy, and there are nearly 5 times more jobs in wind and solar than in coal.

Offshore wind is a technology that is just beginning to get off the ground in this country as well.

Given the continued job growth in renewable energy we have seen year after year, can you please explain what you mean that solar and wind industries have peaked?

Mr. EBELL. Yes. These are very low-value jobs. Coal still provides more than 10 times as much electricity with many fewer people in the industry.

You have to look at what is the value produced. Wind and solar still produce less than 3 percent of the electricity in this country, and it is not very valuable electricity because, as the Chairman has pointed out, it is intermittent and unreliable.

Mr. LOWENTHAL. But the question is, has it peaked? And we are seeing now that they are producing jobs at a faster rate and that the amount of investment has gone up.

Why do you say it has peaked?

Mr. EBELL. Well, maybe I spoke a little too soon. The Federal subsidies for wind and solar have started to go down, so there is a rush to get projects ground broken so that project can qualify for the full subsidy.

Mr. LOWENTHAL. So, you agree that there are more projects and that—

Mr. EBELL. For the next couple of years, but we are going to see a very sharp decline as soon as the subsidies go down.

Mr. LOWENTHAL. That is your speculation, that there is going to be a sharp decline.

As far as the data is concerned, it has not peaked. Is that true?

Mr. EBELL. Yes.

Mr. LOWENTHAL. Thank you.

I wonder if we could put something on the screen? Are we able to do that?

OK, then before I yield back, I will just enter into the record the data that indicates from the Department of the Interior that Federal onshore oil production has gone from 99 million barrels of oil in onshore in 2008 to 175 million barrels in 2015, which is a 77 percent increase.

And also the slide that is from the Department of Energy, as reported by Bloomberg, maybe this is also Department of the



Interior, that New Mexico's oil on Federal lands, which started as equal in 2006, was slightly above in 2007, and by the time we got to 2015, the percentage change on Federal land was almost 250 percent and state land was statewide, private and state, 150 percent, to indicate that oil production had increased that much on Federal versus state, and I enter this into the record.

Mr. GOSAR. Without objection.

Mr. LOWENTHAL. I yield back.

The CHAIRMAN. The gentleman yields.

The gentleman from Utah is recognized.

Mr. BISHOP. Let me share my time with Mr. Graves. Just 5 minutes between us? Let's start with Mr. Graves.

Mr. GRAVES. I am going to be very quick.

Do you mind putting my graphic up?

I hate to say I told you so. OK. I don't, but if you look at this, this shows very clearly what we have all been talking about. You can see the yellow and orange lines on the bottom are relatively stagnant, I believe, Mr. Loris, was the term, whereas you see the non-Federal production, which means on private lands, has spiked. This is Congressional Research Service data. I think everybody agrees it is used from the Department of Energy as well. It just makes the point that the production in private lands has gone up significantly compared to those on public lands and managed under the Obama administration.

Very quickly, Mr. Mayor, there were at least six sites that provided ocean access, beach access, from Land and Water Conservation Fund funds on Nags Head, and there were at least two improvement projects. In fact, the state of North Carolina has received millions and millions of dollars from offshore energy revenues produced off the coast of Louisiana that have been invested in Nags Head specifically and other sites in North Carolina.

In your testimony, you make some mention to a scheme to divert money from states to the Federal Government. I am just wondering if we could have our money back in Louisiana.

I yield back.

Mr. BISHOP. Let me ask Mr. Anderson just a couple questions.

Let's play the federalism game here because that has been brought up several times.

Does federalism, as we understand it, allow a state to dictate what will happen on Federal waters off their coast?

Mr. ANDERSON. No.

Mr. BISHOP. Does it allow states that are onshore to dictate what happens on Federal land within our states?

Mr. ANDERSON. No.

Mr. BISHOP. If we were to open up this process so that those who have offshore would have greater say in how those offshore waters are developed at the same time you allow states that are onshore to have greater say on how public lands, Federal lands, are managed within our state, would that increase or decrease the concept of federalism and the ability of people to control their lives?

Mr. ANDERSON. It would increase if we had it on our land, but, yes, absolutely, it would increase it.

Mr. BISHOP. So, that is what this bill is actually trying to do.

Mr. ANDERSON. Absolutely.

Mr. BISHOP. Allow states to have a say in an area right now where they do not have a say.

Mr. ANDERSON. Yes.

Mr. BISHOP. Now, since my friends have left us already, which of these two letters fits? This is the one that says the states want to have a say on offshore water that is Federal, and this is the one from Utah that says we want to have a say on Federal lands within our state. Which of the two is the better letter? Or are they equal?

Mr. ANDERSON. Equal.

Mr. BISHOP. Then give us a break. In this bill, it is one of the things they want to do.

Isn't it somewhat frustrating to think that people who want to drive their cars to work, want to air condition their homes, want to air condition the tourist hotels that are attracting people don't really care about where that energy to air condition and drive their cars comes from?

Mr. ANDERSON. Yes. They don't think about it very often.

Mr. BISHOP. Let's try another one. Mayor Cahoon wants the ability of controlling and negating development on Federal lands off the coast of North Carolina in his area.

Did the mayors of Blanding and Monticello have a concern about the designation of Bears Ears National Monument in Utah?

Mr. ANDERSON. Incredibly concerned about it.

Mr. BISHOP. Did they have a say in anything?

Mr. ANDERSON. No.

Mr. BISHOP. If this bill was passed, would each of those have a better say in those types of situations?

Mr. ANDERSON. Without a doubt.

Mr. BISHOP. And this is a plus forward going in some kind of direction.

This is what we are talking about. There is a great deal of hypocrisy going on here. People want to have a say in their area but will not allow somebody else to have that say, and that has to change. And that is what this bill is talking about, giving greater ability of people to having some kind of input, which does not happen under the status quo right now. Plus, there is an idea that, at some point, you have to provide the energy that is necessary to drive tourism and everything else. And you can't have it both ways. You have to work together in some particular way.

I think Louisiana has shown, and Texas, Alabama, and Mississippi have shown how they are dedicated to making that work. And it can work.

Some of the other states that are drawing lines in the proverbial sand are just doing that: drawing lines in the proverbial sand.

I appreciate the witnesses for being here. I would like to tell Mr. Hice I think he should get 50 percent. I don't care about the rest of you. And I am glad you brought up LWCF because that is stuff that people talk about that is good offshore development. There has to be some kind of level playing field so that we are talking about the same thing all over the place.

Mr. GOSAR. The gentleman from California is recognized.

Mr. LOWENTHAL. Mr. Chairman, I would like to submit for the record letters in opposition to this discussion draft from six

governors of coastal states and multiple environmental organizations.

Mr. GOSAR. Without objection, so ordered.

The one comment that I am going to make, and I will keep it very brief—Mayor, in regards to your teachers, how do you pay your teachers, in what quartile do you pay your teachers, public schools?

Seems like an odd question. And the reason being is because a lot of these revenues go to paying our teachers back home, and so this is one of those revenue sources where a vested, multi-discipline, multi-factorial type process actually benefits that, but can you tell me what quartile you—or can you get back to me in regards to the quartile of which you pay your teachers?

Mr. CAHOON. I can certainly get back to you on what we pay teachers and where we rank among the states. Of course, the vast majority of that money that goes to teachers is at state level, and they struggle to balance that.

Mr. GOSAR. That is why I brought it up, because the next person I want to talk to is Mr. Anderson.

Can you quickly give me a 1-minute synopsis of SITLA?

Mr. ANDERSON. Yes. State trust lands are entirely to make money for our education system, as well as a few other public institutions like hospitals, but the bulk of that goes—but I think it is so fascinating that, even though they are there to make money, they are not just drilling and logging.

Like I mentioned in my presentation, they found innovative ways to promote recreational opportunities. In fact, it is becoming so popular that Idaho, because of the money that they are receiving from recreation, more than 70 percent of the state trust lands in Idaho are open to recreation. The other 30 percent aren't largely open because they are isolated. They are landlocked by private land.

So, we are seeing that, in fact, recreation is a great driver in making a lot of money for schools on those state trust lands.

Mr. GOSAR. Where I am getting to is diversified portfolios. They all perform very, very well.

I want to thank the witnesses for their valuable testimony and the Members for their questions.

Members of the Committee may have additional questions for the witnesses, and we ask you to respond to those in writing.

Under Committee Rule 3(o), members of the Committee must submit witness questions within 3 business days following the hearing by 5 p.m., and the hearing record will be held open for 10 business days for those responses.

If there is no further business, without objection, the Subcommittee stands adjourned.

[Whereupon, at 12:00 p.m., the Subcommittee was adjourned.]

[LIST OF DOCUMENTS SUBMITTED FOR THE RECORD RETAINED IN THE  
COMMITTEE'S OFFICIAL FILES]

**Rep. Lowenthal Submissions**

- Letter addressed to Chairman Gosar and Ranking Member Lowenthal from the Outdoor Alliance Association dated June 14, 2018, to express opposition to the “State Management of Federal Lands and Waters Act.”
- Letter addressed to Chairman Bishop, Ranking Member Grijalva, Speaker Ryan, and Democratic Leader Pelosi from Governor Murphy of New Jersey, Governor Malloy of Connecticut, Governor Northam of Virginia, Governor Cooper of North Carolina, and Governor Raimondo of Rhode Island dated June 13, 2018, regarding opposition on the Enhancing State Management of Federal Lands and Waters Act.
- Article dated June 19, 2018, “Applied conservation science,” on New Zealand blue whales, Geospatial Ecology of Marine Megafauna Laboratory, by Dawn Barlow, student at Oregon State University.
- Article dated August 1, 2017, “The impact of seismic air gun exposure on the haemolymph physiology and nutritional condition of spiny lobster, *Jasus edwardsii*.” Marine Pollution Bulletin (2017), Fitzgibbon, Q.P. et al.
- Article dated October 25, 2017, “The sense of hearing in the Pacific oyster, *Magallana gigas*.” PLoS ONE, Charifi, M., et al.
- Article dated August 3, 2017, “Exposure to seismic air gun signals causes physiological harm and alters behavior in the scallop *Pecten fumatus*.” PNAS, Day, R.D., et al.
- Article dated June 22, 2017, “Widely used marine seismic survey air gun operations negatively impact zooplankton.” Nature Ecology & Evolution, McCauley, R.D., et al.
- Article dated December 22, 2016, “Seismic survey noise disrupted fish use of a temperate reef.” Marine Policy, Paxton, A.B., et al.
- Department of the Interior, Chart on Federal Onshore Oil Production from 2008–2016.

**Rep. Velázquez Submission**

- Letter addressed to Chairman Gosar from the State of New York Executive Chamber, Andrew M. Cuomo, Governor, dated June 13, 2018, regarding opposition on the Enhancing State Management of Federal Lands and Waters Act.