



October 22, 2021

The Honorable Joe Manchin III
Chairman, Senate Energy and Natural Resources Committee
306 Hart Senate Office Building
Washington, DC 20510

The Honorable Raúl Grijalva
Chairman, House Natural Resources Committee
1511 Longworth House Office Building
Washington, DC 20515

Dear Chairman Manchin and Chairman Grijalva:

As Congress works on the 10-year budget reconciliation package, we, local and tribal elected officials from the eight Interior West states, urge you to enact long-overdue reforms to the outdated federal oil and gas program. It has been on the Government Accountability Office's list of "high risk" federal programs for more than a decade, and as it stands, it is a threat to our local economies, our climate and our constituents' health. Commonsense, good-government reforms will increase taxpayer returns on publicly owned resources, reduce potential federal, state and tribal liability for cleanup costs, and curb wasteful leasing practices, all while better protecting the health of our communities and our air, water and climate.

As part of the budget reconciliation process, we specifically and respectfully ask that Congress take action to: strengthen outdated federal oil and gas bonding standards; increase the federal onshore program's minimum lease bids, rents and royalty rates; end the wasteful non-competitive leasing program; end the leasing of federal lands with low or no potential for oil and gas development; and strengthen leasing standards to more substantively engage and consult with Tribes before and during the leasing process in order to protect sacred sites and cultural resources.

First, to address the problem of orphan wells in our communities across the West and nationwide, it is essential that Congress acts to ensure that oil and gas companies meet their legal obligation to plug and remediate the wells they drill on public lands. Several of our states, including Colorado and New Mexico, are already taking action to address the orphan well problem on state, private and tribal lands, but we need the federal government to commit to fixing the problem on federal public lands. Minimum federal bonding rates have not been updated in over 60 years – not even to account for inflation – and are woefully insufficient for protecting federal and state taxpayers from becoming liable for the oil and gas industry's cleanup costs. Additionally, unlike the coal sector, there is no national fund for cleaning up wells that oil and gas operators pay into as they conduct their business. We urge Congress to raise the federal government's minimum bond amounts in order to reflect the actual, modern-day costs associated with reclaiming oil and gas wells.

Second, the federal onshore program's royalty rate, rental rate and minimum lease bid have not been updated in decades, failing to account for increased production and inflation and lagging behind the rates our state governments impose for drilling on state lands. The federal onshore royalty rate has not changed

Western Leaders Network

1309 East 3rd Avenue • Suite 22 • Post Office Box 4433 • Durango, Colorado 81302
970-317-4264 • westernleaders.org

since 1920; as a consequence, a recent study from Taxpayers for Common Sense found that federal and state taxpayers lost out on a combined total of more than \$12 billion between 2010 and 2019. To ensure a fair return to taxpayers for the use of public lands and resources, Congress should raise the federal onshore royalty and rental rates and minimum lease bids at least to a level comparable to federal offshore rates.

Third, Congress must end the federal government's wasteful noncompetitive leasing program. Noncompetitive leasing is a process by which oil and gas companies can lease lands – for just \$1.50 per acre – that the market has already determined have no or little value for oil and gas development. According to a recent Government Accountability Office (GAO) report, 99 percent of recently issued non-competitive leases never produced oil or gas, underscoring just how wasteful and speculative these leases are. It is also important to note that this practice is specific to oil and gas leasing, as it is not available for coal or renewable energy. In order to increase transparency, reduce waste, and save taxpayers money, Congress should act to end the practice of selling oil and gas leases without a competitive bid.

Fourth, Congress should take steps to curb or eliminate another wasteful leasing practice that has little benefit to taxpayers: the leasing of federal lands with low or no potential for development. Like non-competitive leasing, this practice encourages wasteful speculation and unnecessarily burdens public lands that could and would be better managed for other revenue-generating activities, like outdoor recreation and responsible renewable energy development.

Finally, Congress should require more proactive and meaningful tribal consultation and substantive engagement for the purpose of cultural resource management and protection. Tribes should be consulted in advance of leasing proposals, so as to allow them to participate as active partners in the management of ancestral lands. Furthermore, extending the overall leasing sale and development period from its 6 months to 12 months would allow sufficient time for tribal concerns to be identified and addressed adequately. More must be done before and during the leasing process to identify and remove culturally sensitive landscapes from development undertakings.

Updating federal oil and gas bonding standards and minimum bids, rents and royalty rates; ending non-competitive leasing; and ending the leasing of lands with low or no potential for oil and gas development should form the basis of Congress' reconciliation priorities in this space. These reforms are essential for ensuring responsible management of our public lands, protecting taxpayer interests and ensuring our communities are safer, healthier and more sustainable.

We thank you and appreciate your attention to these issues.

Sincerely,

Arizona

Lena Fowler
Coconino County Supervisor

Austin Nunez
San Xavier District Council Chairman
Tohono O'odham Nation

Colorado

Emma Pinter
Adams County Commissioner

Eva Henry
Adams County Commissioner

Rachael Richards
Aspen City Councilor

Alison Coombs
Aurora City Councilor

Juan Marcano
Aurora City Councilor

Josh Joswick
Bayfield Town Trustee

Matt Jones
Boulder County Commissioner

Aaron Brockett
Boulder City Councilor

Jean Lim
Broomfield City Councilor

George Marlin
Clear Creek County Commissioner

Randy Wheelock
Clear Creek County Commissioner

Rachel Medina
Cortez Mayor Pro Tem

Jessika Buell
Durango City Councilor

Sheila Wheeler
Dolores Town Trustee

Dave Munk
Holy Cross Energy Board of Directors Chairman

Marsha Porter-Norton
La Plata County Commissioner

Rachel Landis
La Plata Electric Association Board Director

Jamie Harkins
Lafayette Mayor

Kristin Stephens
Larimer County Commissioner

Polly Christensen
Longmont City Councilor

Janice Bryan
Mancos Town Trustee

Patrick Berry
Mountain Village Town Councilor

Kristopher Larsen
Nederland Mayor

Greg Poschman
Pitkin County Commissioner

John Clark
Ridgway Mayor

Tim Corrigan
Routt County Commissioner

Thomas McCracken
Saguache County Commissioner

Hilary Cooper
San Miguel County Commissioner

Kris Holstrum
San Miguel County Commissioner

Lance Waring
San Miguel County Commissioner

Elisabeth Lawrence
Summit County Commissioner

Todd Brown
Telluride Mayor Pro Tem

Kim Langmaid
Vail Mayor Pro Tem

Idaho
Cindy Riegel
Teton County Commissioner

Montana

Juanita Vero
Missoula County Commissioner

Nevada

Daniel Corona
West Wendover Mayor

New Mexico

Rosalyn Fry
Aztec Mayor Pro Tem

Mark Lewis
Aztec City Commissioner

Victor Snover
Aztec Mayor

Alicia Edwards
Grant County Commissioner

Daniel Tso
Navajo Nation Council Delegate, Chairman of Health, Education and Human Services

Hank Hughes
Santa Fe County Commissioner

JoAnne Vigil Coppler
Santa Fe City Councilor

AnJanette Brush
Taos County Commissioner

Utah

Jacques Hadler
Grand County Commissioner

Sarah Stock
Grand County Commissioner

Rani Derasary
Moab City Councilor

Kalen Jones
Moab City Councilor

Glenn Wright
Summit County Council Chairman

Wyoming

Pete Gosar

Albany County Commissioner

Joyce Evans

Fort Laramie Mayor

Cc: Speaker Pelosi

Majority Leader Schumer