House Natural Resources Committee Issues Report on Coastal, Marine Economies Protection Act

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FULL TEXT

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WASHINGTON, July 25 -- The House Natural Resources Committee issued a report (H.Rpt. 116-157) on legislation (H.R. 1941) to amend the Outer Continental Shelf Lands Act to prohibit the secretary of the Interior including in any leasing program certain planning areas. The report was advanced by Rep. Raul Grijalva, D-Arizona, on July 16.

Excerpts of the report follow:

Purpose of the Bill

The purpose of H.R. 1941 is to prohibit the Secretary of the Interior including in any leasing program certain planning areas.

Background and Need for Legislation

The Outer Continental Shelf (OCS) is the portion of the ocean seabed under federal jurisdiction, generally running from 3 to 200 miles out from the coastline. The Bureau of Ocean Energy Management (BOEM) in the Department of the Interior (DOI) is responsible for oil and gas leasing on the OCS. BOEM has divided the OCS into 26 administrative planning areas--11 along the Lower 48 states, and 15 along Alaska. Under the Outer Continental Shelf Lands Act (OCSLA), DOI must go through a multi-step process to identify what parts of the OCS will be available for oil and gas leasing over a five-year period. BOEM is responsible for preparing the leasing program, known as the National OCS Oil and Gas Leasing Program (also known as the Five-Year Program). Section 18 of OCSLA lays out the process for developing the Five-Year Program, as well as the environmental, economic, and social factors that the Secretary must consider and balance in determining the timing and location of the sales.1

1 43 U.S.C. Sec. 1344.

Between 1982 and 2008, Congress used annual appropriations bills to prevent agency spending on oil and gas leasing in various portions of the OCS, with the entire Atlantic and Pacific coasts off-limits from Fiscal Year 1992 through Fiscal Year 2008.2 In the summer of 2008, President George W. Bush announced he would veto any appropriations bill that contained an OCS moratorium, bringing an end to the policy rider and the decades-long congressional ban for much of the OCS. Currently, the only OCS area statutorily withdrawn from oil and gas leasing consideration is the Eastern Gulf of Mexico, which was placed under a moratorium until June 30, 2022, by the Gulf of Mexico Energy Security Act.3

2 Curry L. Hagerty, Cong. Research. Serv., R41132, Outer Continental Shelf Moratoria on Oil and Gas Development (2011).

3 The Gulf of Mexico Energy Security Act of 2006 (GOMESA), Pub. L. No. 109-432, div. C, tit. I, 120 Stat. 3000 et seq. (2006). GOMESA also placed approximately 3 percent of the Central Gulf of Mexico planning area under a leasing moratorium.

Separate from, but sometimes consistent with, Congressional moratoria, Presidents have withdrawn regions of the OCS from oil and gas development under Section 12(a) of OCSLA. In June 1990, President George H.W. Bush withdrew over 33 million acres around parts of Florida, the Pacific coast, and Massachusetts through the year

2000.4 In 1998, President Bill Clinton extended those withdrawals through 2012 and added the Atlantic coast and parts of the Eastern Gulf of Mexico and Arctic.5 In 2008, President Bush lifted nearly all of the Presidential withdrawals.6 President Barack Obama later permanently withdrew Bristol Bay in Alaska, most of the Arctic Ocean, and small portions of the Atlantic. President Donald Trump reversed all of these other than Bristol Bay in April 2017;7 however, on March 29, 2019, a federal judge in Alaska declared these actions illegal and restored the Obama-era protections.8

4 Statement on Outer Continental Shelf Oil and Gas Development, 26 Weekly Comp. Pres. Doc. 1006 (June 26, 1990).

5 Memorandum on Withdrawal of Certain Areas of the United States Outer Continental Shelf from Leasing Disposition, 34 Weekly Comp. Pres. Doc. 1111 (June 12, 1998); see also Pub. L. No. 105-83, Sec. Sec. 108- 111, 111 Stat. 1543, 1561-62 (1997).

6 Memorandum on Modification of the Withdrawal of Areas of the United States Outer Continental Shelf from Leasing Disposition, 44 Weekly Comp. Pres. Doc. 986 (July 14, 2008); see also Memorandum on Modification of the June 12, 1998, Withdrawal of Certain Areas of the United States Outer Continental Shelf from Leasing Disposition, 43 Weekly Comp. Pres. Doc. 19 (Jan. 9, 2007); Pub. L. No. 109-432, Sec. 103(b), 120 Stat. 2922, 3002 (2006); Pub. L. No. 109-54, Sec. Sec. 104-06, 119 Stat. 499, 521-22 (2005).

7 Exec. Order No. 13,795 (Apr. 28, 2017), 82 Fed. Reg. 20,815 (May 3, 2017); see also Emily Yehle, Trump Lifts Obama's Ban as Greens Promise Legal Assault, E&E News (Apr. 28, 2017), https://www.eenews.net/greenwire/stories/1060053776/.

8 Order Re Motions for Summary Judgment (Doc. 80), League of Conservation Voters v. Trump, 3:17-cv-00101 (D. Alaska Mar. 29, 2019).

President Trump's April 2017 executive order and former Secretary Zinke's Secretarial Order 33509 directed BOEM to initiate the planning process for a new Five-Year Program to replace the 2017-2022 Program finalized in January 2017. On January 4, 2018, BOEM published the 2019-2024 Draft Proposed Program (DPP),10 which proposed opening more than 90 percent of the OCS to oil and gas leasing, including the entirety of America's Atlantic, Pacific, and Arctic coasts. The DPP also proposed opening the Eastern Gulf of Mexico to oil and gas leasing once the existing moratorium ends in 2022.

9 Interior Dep't, Secretarial Order No. 3350 (May 1, 2017), https://www.doi.gov/sites/doi.gov/files/press-release/secretarial- order-3350-offshore-508.pdf.

10 https://www.boem.gov/NP-Draft-Proposed-Program-2019-2024/.

On March 6, 2019, BOEM's Acting Director, Walter Cruickshank, appeared before the House Subcommittee on Energy and Mineral Resources and testified that BOEM "will release the Proposed Program in the coming weeks."11 However, in an interview with The Wall Street Journal on April 25, 2019, Secretary David Bernhardt indicated that at his direction, development of the proposed program had been placed on hold,12 and on May 7, 2019, before a House Appropriations Subcommittee, the Secretary stated that release of "[the proposed program] is not imminent at this time."13 The Secretary's stated reasoning for halting the plan was the March 29, 2019, federal court decision reinstating protections from leasing in parts of the Arctic and Atlantic oceans, despite the fact that BOEM has previously released draft plans proposing to lease off-limits areas in the event moratoria were removed.14

11 Examining the Policies and Priorities of the Bureau of Ocean Energy Management, the Bureau of Safety and Environmental Enforcement, and the U.S. Geological Survey: Hearing Before the Subcomm. on Energy &Mineral Res. of the H. Comm. on Nat. Res., 116th Cong. (2019) (testimony of Walter Cruickshank, Acting Director, Bureau of Ocean Energy Management).

12 Timothy Puko, Trump's Offshore Oil-Drilling Plan Sidelined Indefinitely, Wall St. J. (Apr. 25, 2019).

13 FY20 Budget: Department of the Interior: Hearing Before the Subcomm. on Interior, Env't, &Related Agencies of the H. Comm. on Appropriations, 116th Cong. (2019) (testimony of Secretary David Bernhardt, Dep't of the Interior).

14 Dep't of the Interior, Minerals Mgmt. Serv., Draft Proposed Outer Continental Shelf Oil and Gas Leasing Program

2010-2015 (2009).
One likely explanation for the Department's actions is that the Trump Administration intends, if the President is reelected, to include portions of the Atlantic and Pacific OCS regions in its final Five-Year Program and to hold lease sales in these areas as early as 2021. Comments from then-Secretary Zinke and the BOEM Acting Director Cruickshank frequently contradicted each other regarding the possibility of expanded leasing, and efforts to obtain additional clarity from Secretary Bernhardt on his plans for the Five-Year Program have been fruitless. Assistant Secretary for Land and Minerals Management Joe Balash was recently quoted, in reference to seismic permitting in the Atlantic Ocean, as saying "I will tell you we wouldn't work really, really hard to get the seismic permits out, if it was an area that wasn't going to be available."15 The Committee is concerned that the Administration is playing similar games with its 2019-2024 program and intends to wait until after the 2020 presidential election before revealing an unpopular plan to expand OCS leasing.
15 Jimmy Tobias, US Official Reveals Atlantic Drilling Plan While Hailing Trump's Ability to Distract Public, The Guardian (Mar. 14, 2019), https://www.theguardian.com/environment/2019/mar/14/offshore- drilling-trump-official-reveals-plan-and-distractions-delight.
H.R. 1941 places a permanent moratorium on oil and gas leasing on the U.S.'s Atlantic and Pacific coasts in order to protect the local communities and businesses that rely on clean beaches and healthy oceans from the dangers of offshore oil and gas development. The existing industries, including tourism, fishing, and outdoor recreation, which have led to prosperous economies up and down the Atlantic and Pacific, are not compatible with offshore oil and gas drilling or the onshore infrastructure that would be required to support offshore development.
The West Coast has existing oil and gas production off shore Southern California, but no new leasing has occurred there since 1984, and local opposition to offshore drilling is strong, with recent polling showing that 69 percent of Californians oppose additional offshore oil drilling, with only 25 percent in support.16 Congressional, state, and local government opposition in the region is also strong, with three governors, six U.S. senators, more than fifty U.S. House members, ninety-two municipalities, and more than 2,100 elected officials from California, Oregon, and Washington formally opposing any new leasing off the West Coast. The Oregon and Washington coasts are believed to have very few oil or gas resources and have drawn minimal interest from the oil and gas industry in recent decades. California, however, does have a significant resource base, along with existing oil and gas infrastructure, which has made it a possible target for industry and the Trump Administration.
16 Pub. Policy Inst. of Cal., PPIC Statewide Survey: Californians &the Environment 20 (2017), https://www.ppic.org/wp-content/uploads/ s_717mbs.pdf.
In April 2019, Vipe Desai, a founding member of the Business Alliance for Protecting the Pacific Coast, testified that further offshore drilling would put at risk California's $41.9 billion ocean economy and more than 600,000 jobs, in addition to nearly 167,000 jobs and $12.2 billion in GDP in Oregon and Washington.17 California has experienced the negative impacts of offshore oil and gas development firsthand, including during the 1969 blowout off Santa Barbara that ultimately spilled 3 million gallons of oil, and a 2015 onshore oil pipeline rupture near Refugio State Beach that spilled more than 100,000 gallons of offshore oil, much of which ended up on the beaches or in the ocean. These disasters negatively impacted coastal businesses, the tourism industry, fishing, and the health of marine ecosystems, and Pacific coast states have zero interest in more offshore oil and gas drilling that will place their economies and communities at risk.
17 Protecting Coastal Communities from Offshore Drilling: Hearing Before the Subcomm. on Energy &Mineral Res. of the H. Comm. on Nat. Res., 116th Cong. (2019) (written testimony of Vipul "Vipe" Desai, Founding Member, Business Alliance for Protecting the Pacific Coast),
https://naturalresources.house.gov/imo/media/doc/Testimony%20- %20Vipe%20Desai%20-%2004.02.19.pdf.
Up and down the Atlantic seaboard, a bipartisan group of governors, state officials, mayors, and local leaders oppose oil and gas drilling because of the threat it would pose to the tourism, outdoor recreation, and fishing economies that rely on an oil-free coastline and ocean. Since early 2018, a Republican mayor from North Carolina and a Republican state senator and Republican mayor from South Carolina have all presented testimony to the

Committee in opposition to oil and gas drilling off the Atlantic coast. In addition to offshore drilling rigs and platforms, offshore development requires extensive onshore infrastructure including pipelines, refineries, and storage tanks. These facilities would have a major onshore footprint and would further undermine the existing environmental and economic resources along the Atlantic shore.

The Trump Administration and other supporters of oil and gas development in the Atlantic frequently cite economic figures from a study produced for the American Petroleum Institute and the National Ocean Industries Association, two oil and gas industry trade groups. Looking at those numbers in context, however, shows the much larger economic impact on fishing and tourism, which could both be significantly harmed by the presence of offshore drilling. A study done for Stop Offshore Drilling in the Atlantic showed that tourism will provide an estimated 181,543 jobs in South Carolina by 2035, compared to a potential 35,569 jobs from oil and gas.18 Further, the same study showed that tourism in just four coastal South Carolina counties eclipses the potential tax contributions of oil and gas development for the entire state, with tourism providing an estimated nearly $2.7 billion in tax revenue in those counties alone by 2035, compared to a potential $848 million statewide in hypothetical revenue sharing from oil and gas.19

18 Terry Munson, Ian McLaren &Tom Stickler, Offshore Drilling vs. Tourism: Projected Revenue for South Carolina 12 (2015). The report is not available online. To obtain a copy, contact Peter Gallagher, Professional Staff, Subcommittee on Energy and Mineral Resources at

19 Id. The latter figure is hypothetical and speculative because there is no guarantee that any federal payments from offshore drilling would be shared with Atlantic OCS states at all.

The businesses, communities, and economies along the Atlantic and Pacific coasts will face significant risks from offshore oil and gas drilling if the Trump Administration is successful in its pursuit to open the nation's coastlines to fossil fuel development. H.R. 1941 is necessary to permanently protect these regional economies and local residents from the dangers of offshore drilling.

Committee Action

H.R. 1941 was introduced on March 28, 2019, by Representative Joe Cunningham (D-SC). The bill was referred solely to the Committee on Natural Resources, and within the Committee to the Subcommittee on Energy and Mineral Resources. On April 2, 2019, the Subcommittee held a hearing on the legislation. On June 19, 2019, the Natural Resources Committee met to consider the bill. The Subcommittee was discharged by unanimous consent.

Representative Paul Gosar (R-AZ) offered an amendment designated Gosar.132 (revised). The amendment was not agreed to by a roll call vote of 14 yeas and 22 nays, as follows:

Bill/Motion: H.R. 1941

Amendment: Mr. Gosar.132 (revised) amendment

Disposition: Not agreed to by a roll call vote of 14 yeas and 22 nays.

View table at https://www.congress.gov/congressional-report/116th-congress/house-report/157/1?s=1&r=12

Representative Gosar offered an amendment designated Gosar.134 (revised). The amendment was not agreed to by a roll call vote of 14 yeas and 22 nays, as follows:

Bill/Motion: H.R. 1941

Amendment: Mr. Gosar.134 (revised) amendment

Disposition: Not agreed to by a roll call vote of 14 yeas and 22 nays.

View table at https://www.congress.gov/congressional-report/116th-congress/house-report/157/1?s=1&r=12

Representative Tom McClintock (R-CA) offered an amendment designated McClintock #1. The amendment was not agreed to by a roll call vote of 14 yeas and 22 nays, as follows:

Bill/Motion: H.R. 1941

Amendment: Mr. McClintock #1 amendment

Disposition: Not agreed to by a roll call vote of 14 yeas and 22 nays.

View table at https://www.congress.gov/congressional-report/116th-congress/house-report/157/1?s=1&r=12

Ranking Member Rob Bishop (R-UT) offered an amendment designated Bishop #2. The amendment was not

agreed to by a roll call vote of 14 yeas and 22 nays, as follows:
Bill/Motion: H.R. 1941
Amendment: Mr. Bishop #2 amendment
Disposition: Not agreed to by a roll call vote of 14 yeas and 22 nays.
View table at https://www.congress.gov/congressional-report/116th-congress/house-report/157/1?s=1&r=12
Representative Garret Graves (R-LA) offered an amendment designated Graves #1. The amendment was not agreed to by a roll call vote of 14 yeas and 22 nays, as follows:
Bill/Motion: H.R. 1941
Amendment: Mr. Graves #1 amendment
Disposition: Not agreed to by a roll call vote of 14 yeas and 22 nays.
View table at https://www.congress.gov/congressional-report/116th-congress/house-report/157/1?s=1&r=12
Representative Graves offered an amendment designated Graves #2. The amendment was not agreed to by a roll call vote of 14 yeas and 22 nays, as follows:
Bill/Motion: H.R. 1941
Amendment: Mr. Graves #2 amendment
Disposition: Not agreed to by a roll call vote of 14 yeas and 22 nays.
View table at https://www.congress.gov/congressional-report/116th-congress/house-report/157/1?s=1&r=12
Representative Graves offered an amendment designated Graves #3. The amendment was not agreed to by a roll call vote of 11 yeas and 22 nays, as follows:
Bill/Motion: H.R. 1941
Amendment: Mr. Graves #3 amendment
Disposition: Not agreed to by a roll call vote of 11 yeas and 22 nays.
View table at https://www.congress.gov/congressional-report/116th-congress/house-report/157/1?s=1&r=12
Representative Graves offered an amendment designated Graves #4. The amendment was not agreed to by a roll call vote of 13 yeas and 21 nays, as follows:
Bill/Motion: H.R. 1941
Amendment: Mr. Graves #4 amendment
Disposition: Not agreed to by a roll call vote of 13 yeas and 21 nays.
View table at https://www.congress.gov/congressional-report/116th-congress/house-report/157/1?s=1&r=12
Representative Graves offered an amendment designated Graves #5. The amendment was not agreed to by a roll call vote of 12 yeas and 22 nays, as follows:
Bill/Motion: H.R. 1941
Amendment: Mr. Graves #5 amendment
Disposition: Not agreed to by a roll call vote of 12 yeas and 22 nays.
View table at https://www.congress.gov/congressional-report/116th-congress/house-report/157/1?s=1&r=12
The bill was ordered favorably reported to the House of Representatives by a roll call vote of 22 yeas and 12 nays, as follows:
Bill/Motion: H.R. 1941
Amendment: Final Passage
Disposition: H.R. 1941 was adopted and ordered favorably reported to the House of Representatives by a roll call vote of 22 yeas and 12 nays.
View table at https://www.congress.gov/congressional-report/116th-congress/house-report/157/1?s=1&r=12
Hearings
For the purposes of section 103(i) of H. Res. 6 of the 116th Congress--the following hearing was used to develop or consider H.R. 1941: a legislative hearing titled "Protecting Coastal Communities from Offshore Drilling" held by the Subcommittee on Energy and Mineral Resources on Tuesday, April 2, 2019, at 10:00 a.m., in Room 1334 of the Longworth House Office Building.

Committee Oversight Findings and Recommendations
Regarding clause 2(b)(1) of rule X and clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee on Natural Resources' oversight findings and recommendations are reflected in the body of this report.
Compliance With House Rule XIII and Congressional Budget Act
1. Cost of Legislation and the Congressional Budget Act. With respect to the requirements of clause 3(c)(2) and (3) of rule XIII of the Rules of the House of Representatives and sections 308(a) and 402 of the Congressional Budget Act of 1974, the Committee has received the following estimate for the bill from the Director of the Congressional Budget Office:
U.S. Congress, Congressional Budget Office, Washington, DC, July 12, 2019.
Hon. Raul M. Grijalva, Chairman, Committee on Natural Resources, House of Representatives, Washington, DC.
Dear Mr. Chairman: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 1941, the Coastal and Marine Economies Protection Act.
If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Kathleen Gramp.
Sincerely,
Phillip L. Swagel, Director.
Enclosure.
[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]
The bill would:
Prohibit future auctions of leases for oil and gas development in the Atlantic and Pacific regions of the Outer Continental Shelf (OCS)
Estimated budgetary effects would primarily stem from Reducing collection of offsetting receipts from offshore oil and gas leases
Reducing spending subject to appropriation for administrative expenses related to leasing activities in the Atlantic and Pacific regions of the OCS
Areas of significant uncertainty include:
Estimating the amount and timing of any future government income from leasing in the Atlantic and Pacific OCS under current law
Bill Summary: H.R. 1941 would prohibit future auctions of leases for oil and gas development in the Atlantic and Pacific Outer Continental Shelf. Under current law, decisions on where and when to offer leases in the OCS are made administratively by the Secretary of the Interior--in consultation with industry and affected states--for five-year periods. Leases cannot be offered for areas that are not included in a five-year plan, but the available regions may change whenever a new plan is adopted. H.R. 1941 would direct the Secretary to exclude the Atlantic and Pacific regions from such plans.
Estimated Federal cost: The estimated budgetary effect of H.R. 1941 is shown in Table 1. The costs of the legislation fall within budget functions 950 (undistributed offsetting receipts) and 300 (natural resources and the environment).
TABLE 1.--ESTIMATED BUDGETARY EFFECTS OF H.R. 1941
View table at https://www.congress.gov/congressional-report/116th-congress/house-report/157/1?s=1&r=12
Basis of estimate: For this estimate, CBO assumes that the legislation will be enacted near the end of 2019.
Background: Companies that lease federal oil and gas resources pay a bonus bid when they acquire leases, make rental payments on nonproducing acreage, and pay royalties based on the value of the oil and gas produced. Using the technical and economic assumptions that underlie CBO's May 2019 baseline projections, CBO estimates that offsetting receipts from leasing activities in all areas of the OCS will total $56 billion over the 2020-2029 period. Royalties on production account for about 90 percent of that total, and bonus payments for most of the remainder. Because production in the OCS usually begins several years after a lease is issued, CBO expects that most of the proceeds during that period from leases issued after 2020 would be from bonus payments.

CBO's baseline projections of bonus bids reflect recent trends in OCS auction proceeds as well as factors that may affect the value of resources in specific areas. In particular, CBO considers the number of leases acquired by bidders in auctions and trends in the winning bids for the top 10 leases, which recently have accounted for more 40 percent of the total proceeds from individual auctions.1 Receipts from individual sales also vary depending on the bidders' assessments of the strategic value of specific geological resources, the degree of competition, and the size of the companies acquiring the leases. For new areas, CBO expects that proceeds also would reflect the bidders' assessment of the type and quality of the infrastructure and the costs of operating in a region.

1 Since 2015, the top 10 bids in each auction of leases in the Gulf of Mexico have accounted for fewer than 10 percent of the leases issued but more than 40 percent of the proceeds generated by the sales. Winning bids from the top 10 leases in the Central Gulf of Mexico have declined from an average of about $60 million each over the 2008-2014 period to about $10 million over the past five years.

The timing and location of OCS auctions currently are governed by the five-year plan for 2017 through 2022, which was adopted in 2016. Because that plan does not authorize auctions in the Atlantic and Pacific regions, CBO anticipates that no leasing will occur in those regions through 2022 under current law. However, CBO's baseline projections of oil and gas leasing receipts after 2022 reflect the possibility that DOI will authorize auctions in those areas under subsequent leasing plans.

Direct spending: CBO estimates that enacting H.R. 1941 would reduce net offsetting receipts (which are recorded in the budget as decreases in direct spending) and thus would increase direct spending by $200 million over the 2020-2029 period. That estimate reflects the effects of prohibiting leasing activity that otherwise may occur under current law.

Because no leasing has occurred in the affected regions since the 1980s, estimates of future proceeds are uncertain. Although some companies recently applied for permits to do seismic testing off the Atlantic coast, industry comments on DOI's leasing plan for the 2017-2022 period indicate that auctions in these regions may be a lower priority than lease sales in other areas in the Gulf of Mexico.2 Several factors could affect the industry interest in the Atlantic and Pacific regions, including the absence of pipelines and onshore processing facilities in key areas, opposition in some states to the siting of such facilities in coastal areas, and past litigation regarding offshore oil and gas development, that resulted in the cancellation of some federal leases in both regions.3 In addition, some resources in those regions probably would be excluded from auctions because leasing may not be compatible with state coastal zone management plans.

2 DOI's summary of comments on the draft leasing plan for 2017- 2022 indicated that companies were most interested in auctions of resources in the Eastern Gulf of Mexico (which is subject to a statutory moratorium through June, 2022), followed by interest in the Mid- and South-Atlantic OCS, See Bureau of Ocean Management, 2017-2022 Outer Continental Shelf Oil and Gas Leasing Draft Proposed Program (January 2015), pp. 3-13, www.boem.gov/2017-2022-DPP (PDF, 6.2 MB).

3Agencies in several states, including California, New Jersey, and North Carolina, have adopted policies that ban oil and gas drilling and related activities in state waters and have opposed including their areas in the five-year leasing plan. See Bureau of Ocean Management, 2017-2022 Outer Continental Shelf Oil and Gas Leasing Draft Proposed Program (January 2015), pp. 3-13, www.boem.gov/2017-2022-DPP (PDF, 6.2 MB).

CBO has no basis to estimate the specific probability of auctions occurring in the future. In the absence of specific information, CBO uses a 50 percent probability that auctions would occur after 2022 to reflect the legal authority that would exist to hold such auctions.

Taking into account such uncertainties and assuming that 50 percent chance that auctions will occur after 2022, CBO estimates that, under current law, auctioning leases in the Atlantic and Pacific OCS would generate offsetting receipts totaling $200 million over the 2023-2029 period. That estimate is roughly equivalent to a theoretical case in which 50 percent of the value of 300 leases are acquired at an average price of $1.3 million--an amount that is slightly higher the $1 million average price paid per lease in the Gulf of Mexico in 2018. While some expect that new geologic prospects such regions may be more valuable than those in well-developed portions of the Gulf of

Mexico, CBO anticipates that most of those advantages would be offset by the additional logistical costs of developing resources in the Atlantic and Pacific OCS.

Spending subject to appropriation: CBO estimates that implementing H.R. 1941 would reduce DOI's administrative costs by $28 million over the 2020-2024 period. That estimate is based on historical spending patterns for developing leasing plans and completing the environmental, geologic, and economic assessments that are required under current law for potential auctions of leases in the Atlantic and Pacific OCS. Any reduction in spending would depend on future appropriations being reduced by the estimated amounts.

Uncertainty: The amounts the government might collect under current law for leases in areas in the Atlantic and Pacific OCS are uncertain and could be higher or lower than CBO estimates. The timing of any auctions will depend on future administrative actions that cannot be predicted. In addition, potential bidders could rely on assumptions that differ from CBO's, including projections of the long-term prices for oil and gas, production costs, the areas' resource potential, and alternative investment opportunities. The factors that affect companies' investment decisions could result in a wide range of possible bonus bids.

Pay-As-You-Go considerations: The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in Table 2.

TABLE 2.--CBO'S ESTIMATE OF PAY-AS-YOU-GO EFFECTS OF H.R. 1941

View table at https://www.congress.gov/congressional-report/116th-congress/house-report/157/1?s=1&r=12

Increase in long-term deficits: CBO cannot determine whether enacting the bill would increase net direct spending by more than $5 billion in any of the four consecutive periods beginning in 2030. H.R. 205 would preclude the development of some oil and gas resources that otherwise may occur in the Atlantic or Pacific regions under current law. The potential loss of offsetting receipts after 2029 would depend on several factors, including future prices for oil and gas, the timing and quantity of any production, and future administrative actions. For example, the cost of implementing the bill may not exceed $5 billion in any of those periods if prices are similar to those assumed in CBO's May 2019 baseline projections of $74 per barrel in 2029 and there is only a 50 percent chance that the resources estimated by the DOI are leased for development. On the other hand, costs could exceed $5 billion in some periods if prices or production exceed those projected amounts.

Mandates: None.

Estimate prepared by: Federal costs: Kathleen Gramp; Mandates: Rachel Austin.

Estimate reviewed by: Kim Cawley, Chief, Natural and Physical Resources Cost Estimates Unit; H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis; Theresa Gullo, Assistant Director for Budget Analysis.

2. General Performance Goals and Objectives. As required by clause 3(c)(4) of rule XIII, the general performance goals and objectives of this bill is to prohibit the Secretary of the Interior including in any leasing program certain planning areas.

Earmark Statement

This bill does not contain any Congressional earmarks, limited tax benefits, or limited tariff benefits as defined under clause 9(e), 9(f), and 9(g) of rule XXI of the Rules of the House of Representatives.

Unfunded Mandates Reform Act Statement

This bill contains no unfunded mandates.

Existing Programs

This bill does not establish or reauthorize a program of the federal government known to be duplicative of another program.

Applicability to Legislative Branch

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

Preemption of State, Local, or Tribal Law

Any preemptive effect of this bill over state, local, or tribal law is intended to be consistent with the bill's purposes and text and the Supremacy Clause of Article VI of the U.S. Constitution.

Changes in Existing Law Made by the Bill, as Reported

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman):

OUTER CONTINENTAL SHELF LANDS ACT

DISSENTING VIEWS

We are opposed to H.R. 1941 as ordered reported from the Committee on Natural Resources. This bill would block oil and gas lease sales in the Atlantic and Pacific planning areas in the forthcoming National Outer Continental Shelf (OCS) Program for 2019-2024.

The Bureau of Ocean Energy Management (BOEM) manages the National OCS Program, which establishes a schedule of oil and gas lease sales over a period of 5 years. BOEM is currently working under the 2017-2022 National OCS Program developed under the Obama Administration, which scheduled only 11 total lease sales in two OCS regions. In April 2017, President Trump directed BOEM to develop a new National OCS Program for 2019-2024 to expand offshore oil and gas production.1 H.R. 1941 would prevent the Administration from conducting lease sales in the Atlantic and Pacific planning areas under the new National OCS Program.

1 US Bureau of Ocean Energy Management. 2019-2024 National Outer Continental Shelf Oil and Gas Leasing. Draft Proposed Program. January 2018. https://www.boem.gov/NP-Draft-Proposed-Program-2019-2024/.

Oil and gas leasing has not occurred in the Atlantic and Pacific planning areas since the early 1980s. Proponents of H.R. 1941 often state that tourism, commercial fishing, and recreation industries would be threatened or destroyed by the presence of offshore oil and gas operations. But a brief look at the economies of States in the Gulf of Mexico (Texas, Mississippi, Alabama, and Louisiana) easily proves that this fear is unfounded. For example, Louisiana hosts the great majority of current offshore drilling operations, but simultaneously supports one of the richest and most diverse ecosystems on the planet, attracting a plethora of marine wildlife and a booming fishing industry. Concern about compatibility with military testing and training has also been cited in discussions of opening the Atlantic and Pacific planning areas, but 36% of current oil and gas leases already have Department of Defense stipulations to accommodate military purposes. The decades-long, successful coexistence of military and drilling operations in the Gulf of Mexico demonstrates that these interests are not mutually exclusive.

Further, opponents of drilling in the Atlantic and Pacific planning areas often site concerns regarding potential impacts of seismic testing on marine life. However, there has been no documented scientific proof of marine animals being adversely impacted by the noise from air guns used in seismic activities.2 According to BOEM, this technology has been in use for 30 years and no known negative effects on marine animal populations or commercial fishing have been reported in the Gulf of Mexico, where active seismic testing still occurs.3 We should be actively exploring all areas of the OCS to better understand our available domestic resources for future planning purposes and to strengthen our national and economic security.

2 U.S. Bureau of Ocean Energy Management. "Science Notes." August 22, 2014. https://www.boem.gov/BOEM-Science-Note-August-2014/.

3 U.S. Bureau of Ocean Energy Management. "Science Notes." August 22, 2014. https://www.boem.gov/BOEM-Science-Note-August-2014/.

This bill would also prevent the generation of billions in revenues for the U.S. Treasury and the States. Offshore oil and gas production is a major source of federal and State revenues, contributing more than $3 billion to the Treasury and over $200 million to the Gulf States in Fiscal Year 2018. Gulf States use their portion of revenues for programs to support conservation and coastal resiliency. This is essential for States like Louisiana who depend on healthy, stable coastlines for large sectors of its economy. Offshore energy development is also the primary funding source for the Land and Water Conservation Fund (LWCF), a program recently permanently reauthorized by Congress. It is ironic that a Democrat-sponsored bill to make LWCF expenditures permanent and mandatory was considered at the same markup as H.R. 1941, which if enacted would hamstring LWCF's main funding source. H.R. 1941 would reduce our ability to develop our domestic energy resources, increasing our dependence on imports from foreign actors such as Saudi Arabia and Russia, whose environmental and humanitarian standards are unacceptable. This bill would take billions of dollars in revenues off the table for the States, the U.S. Treasury, and conservation programs, and prevent the creation of millions of jobs. Rather than unilaterally eliminating planning areas from consideration, we should allow the stakeholder engagement process laid out in law to take place, including thoughtful consideration of the best places and conditions to access our valuable domestic energy resources.

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The full text of the report is found at: https://www.congress.gov/congressional-report/116th-congress/house-report/157/1?s=1&r=12

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