Memoranda of Understanding with State Oil and Gas Programs

S. 1230 instructs the Bureau of Land Management (BLM) to coordinate with states to create consistent rules and processes for the management of oil and natural gas production.

Background

Oil and natural gas-producing states like Alaska have extensive experience with the regulation of oil and natural gas exploration and production operations on state lands. For example, since the discovery of Prudhoe Bay and the completion of the Trans-Alaska Pipeline the State of Alaska has overseen the production of 17 billion barrels of oil. The Government Accountability Office has issued reports on the BLM's oil and natural gas programs recommending that BLM coordinate with state agencies for specific inspection activities. This legislation takes that recommendation further by adding measurement of oil and gas and operational activities to the direction of the Secretary of the Interior. A consistent set of rules and coordinated regulatory environment can create a more predictable investment climate. With extensive experience and strong regulatory frameworks, states like Alaska are well equipped to coordinate with BLM to ensure the oversight of production from federal lands like the National Petroleum Reserve Alaska and state lands are conducted in a coordinated fashion that encourages investment while protecting the public interest.

Key Provisions
- Requires the Secretary of the Interior – if requested by the governor of a state – to direct BLM to enter into memoranda of understanding with the state to create consistent rules and processes for oil and gas operations on federal lands.
- Responds to Interior Secretary Sally Jewell's complaints about financial resources by offering an alternative to full state control that promotes a more unified business climate.
- Requires the state to initiate the process and specifies that the state must have programs in place sufficient to fulfill the responsibilities of the BLM. Like many primacy programs, this would not lessen standards in any way.