

Written Testimony

U.S. Senate Committee on Energy and Natural Resources

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Energy Permitting Oversight Hearing

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Introduction

Mr. Chairman,

I, Paul Ulrich, provide the following written testimony for the above noted hearing. I am Vice President-Government and Regulatory Affairs for Jonah Energy LLC. I also serve on the Board of Directors for the Wyoming Energy Authority.

I have worked in the energy industry for almost 25 years and focused on regulatory, permitting and environmental issues. I have led development and implementation of several large-scale oil and gas projects, transmission projects and worked on hundreds of permitting issues, involving the National Environmental Policy Act (NEPA), in my career. I have also led numerous initiatives on reducing development impacts through emissions reduction efforts, conservation of wildlife habitat, and protection of our water resources.

Jonah Energy is an oil and gas exploration and development company operating in the Jonah and Pinedale Fields of Wyoming and focus on producing natural gas in an environmentally responsible manner.

Jonah Energy produces 623 trillion equivalent BTU's per day, enough to power 3.1 Million Teslas, 15.5 billion iPhones or Switzerland.

I am immensely proud to be part of a team at Jonah Energy with a shared vision of providing some of the nation's cleanest natural gas. We are also demonstrating that vision globally.

Jonah Energy strongly believes in the role of natural gas in meeting current and future global energy demand and providing clean, reliable domestic energy. We further believe this can be accomplished while continuing to reduce emissions to address climate goals. Jonah and the State of Wyoming also support a diverse energy mix with continued measures to reduce all energy impacts. All energy sources have environmental impacts and permitting reform is necessary to help us all achieve the full potential of a cleaner energy future.

Clean natural gas projects, wind projects, CO2 sequestration pipelines and even wildlife conservation efforts are severely limited by unacceptably long review timeframes, endless litigation and ever-changing regulations.

Today, Congress has the opportunity to lead our nation into a cleaner and low carbon economy through meaningful permitting reform.

At Jonah, part of our formula is consistently exceeding regulatory requirements, embracing reasonable, forward-thinking permitting reform and implementing industry leading voluntary measures. We do all of this on Federal lands.

We invest in new science to reduce and avoid impacts to sensitive wildlife species and enhance our reclamation success. We employ numerous voluntary measures to limit development in sensitive habitat, enhance overall habitat and protect migratory corridors.

For the past decade we've taken steps to reduce, measure and report emissions. We've reduced our methane emissions per unit of natural gas produced 68% over the past three years alone. Differentiated, or low emission, natural gas is produced with significant control measures to reduce leak rates to negligible.

Jonah was the first U.S.-based company to sign on to the United Nations Environment Programme's Oil and Gas Methane Partnership 2.0 ("OGMP 2.0") and has since been followed by a number of leading independents. OGMP 2.0 signatories now represent 30%+ of the world's natural gas value chain.

Jonah was also the first U.S.-based company to achieve the Gold Standard of OGMP 2.0, which is the highest, most comprehensive level of emissions reporting.

The International Methane Emissions Observatory ("IMEO") is the independent third-party auditor for OGMP 2.0 standards.

Why Jonah has taken these steps matters. We believe that we all are part of the solution. A demonstrably cleaner source of natural gas ensures reliability and carbon reduction both domestic and globally. As consumption and production is expected to grow, so does the need for the cleanest supply of natural gas to meet customer expectations and climate goals.

We take it so seriously that our compensation is in part based on emission reductions and other environmental metrics.

In Wyoming, at the Wyoming Energy Authority, our North Star is clear: empowering our Nation with a net-zero energy mix. We cannot achieve our goals without permitting reform.

Wyoming produces 13 times more energy than we consume, and we are the second-largest net energy supplier among the states, after Texas.

Federal lands in Wyoming contain world-class energy and mineral resources that are crucial to Wyoming's economy and the nation. Overall, federal land surface ownership in Wyoming is over 30 million acres and 48.1% of Wyoming's total. The Bureau of Land Management (BLM) alone administers more than 17.5 million acres of public lands and 40.7 million acres or two-third's of the entire mineral estate in Wyoming.

Wyoming has been the top coal-producing state since 1986, accounting for about two-fifths of all coal mined in the United States in 2020. The state holds nearly two-fifths of U.S. coal reserves at producing mines.

Wyoming was the eighth-largest crude oil-producing state in the nation in 2021, accounting for slightly more than 2% of U.S. total crude oil output and the ninth-largest natural gas producer accounting for about 3% of U.S. marketed gas production. Our mineral reserves are strong and will allow Wyoming to continue to power the nation.

Our renewal resources are also strong and growing. Wind power in Wyoming has more than doubled since 2019 and accounted for 19% of the state's electricity net generation in 2021. The amount of installed wind power-generating capacity in the state nearly doubled to just over 3,000 megawatts during 2020 and 2021.

Our energy evolution requires continued investment in our foundational energy sources of natural gas, oil and coal with a focus on deep emission reductions through low emission natural gas, carbon capture, utilization, and sequestration (CCUS) and other decarbonizing efforts. We have poured the foundation for advanced nuclear technology and are actively engaged in developing a hydrogen economy.

The vehicle for our evolution is the Wyoming Energy Authority.

Wyoming energy powers our country and we foster an environment in which innovators, researchers, developers and stakeholders can collaborate, gather support and act as one cohesive voice.

The creation of the WEA was driven by the need to diversify and expand the Wyoming economy through improvements in the state's electric and energy transmission infrastructure. The WEA is tasked with facilitating Wyoming's production, development and transmission of energy and associated natural resources. Our tools include authority to finance, construct, develop, acquire, maintain and operate energy transmission facilities, advanced technology facilities for natural resources associated with energy, carbon dioxide capture and transportation infrastructure, distribution facilities and related supporting infrastructure.

Wyoming is poised to continue to be a major player in our country's energy future. Permitting reform could accelerate our net-zero goals significantly in Wyoming and across the nation.

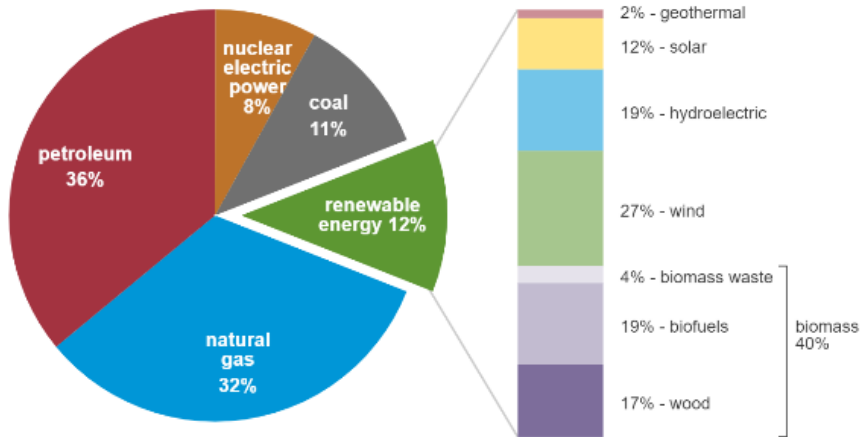
The Current Landscape

The world needs affordable and reliable energy. Over the last 150 years, we have grown accustomed to many comforts in modern life and through this time period hydrocarbons have been the primary source for our energy systems. Even today with rapid innovation and more diverse energy sources, hydrocarbons largely power our daily lives.

U.S. primary energy consumption by energy source, 2021

total = 97.33 quadrillion
British thermal units (Btu)

total = 12.16 quadrillion Btu



Data source: U.S. Energy Information Administration, *Monthly Energy Review*, Table 1.3 and 10.1, April 2022, preliminary data
Note: Sum of components may not equal 100% because of independent rounding.

Our energy needs are also growing. In fact, the Energy Information Administration (EIA) expects U.S. energy consumption from natural gas to increase 37% between 2020 and 2050 and dry gas production increase by 12% in 2030, 18% by 2040, and 27% by 2050.

It is not enough to simply provide energy, however, and we are focusing on cleaner energy for us and our future generations, our collective goals for a healthier natural world and to meet climate goals.

So how do we address the increased and ever-increasing energy demand while meeting the need for clean energy?

We must acknowledge that all energy sources have an environmental impact and stop the bias against hydrocarbons. It is important to recognize the work being done to provide natural gas that is produced in a less impactful way.

We have almost 100 years of natural gas reserves, existing robust infrastructure and even with the additional costs of responsible production, it is less expensive and more reliable than alternatives.

Our collective ability to strengthen the domestic natural gas supply responsibly will lead to long-term economic sustainability of the Rocky Mountain region and our sovereign tribal nations.

We must address permitting and litigation challenges that continue to hamper our ability to progress both domestic and globally. We must also enhance our liquefied natural gas (LNG) export capacity in order to provide low-emission American natural gas to the world. A cleaner natural gas supply will support global climate goals, accelerate global decarbonization, reduce transboundary air pollution into the United States, and strengthen our Asian and European allies.

The Need for Permitting Reform

While oil and natural gas production in the United States has increased dramatically over the last several years, the growth has occurred predominantly on private and state lands while federal lands have lagged far behind. States in the West with large amounts of public land are at a decided disadvantage compared to other parts of the country. Leasing, environmental reviews, permitting and ultimately development can take years if not decades longer than on private land. Competition for capital and resources often mean projects take a back seat to other more efficient development on private land.

Permitting and litigation obstacles on federal lands are not limited to oil and gas projects. All of Wyoming's diverse energy sources realize the impact. These impacts discourage capital investment and limit job creation and economic growth, particularly in rural communities.

There are numerous examples of impactful energy development projects in Wyoming that have faced extremely long completion timelines or the project proponent has cancelled the project after significant delays.

The Chokecherry/Sierra Madre Wind Project Right of Way application was submitted in January 2008. The Record of Decision (ROD) was signed in December 2012. However, the signing of the ROD did not give them the ability to develop, as four additional environmental assessments were required to analyze successive phases of the project. The last decision was issued in February 2020, for a cumulative 12 years of NEPA permitting.

The TransWest Express Transmission Project is critical new infrastructure that will deliver electricity generated by renewable resources in Wyoming to California, Nevada and Arizona. The project will provide much-needed zero-carbon electricity to millions of homes and businesses every year and will strengthen the power grid that serves the Western United States.

The project's Right of Way application was submitted in December 2008. The decision was signed in December 2016. However, they were not allowed to begin construction until they received their Notice to Proceed in April 2023. Nearly 15 years of NEPA permitting.

This timeline is not unique to this project. If you look at all of the major new transmission lines underway in the West, including three new interstate power lines intersecting Wyoming, all have BLM NEPA timelines in excess of a decade.

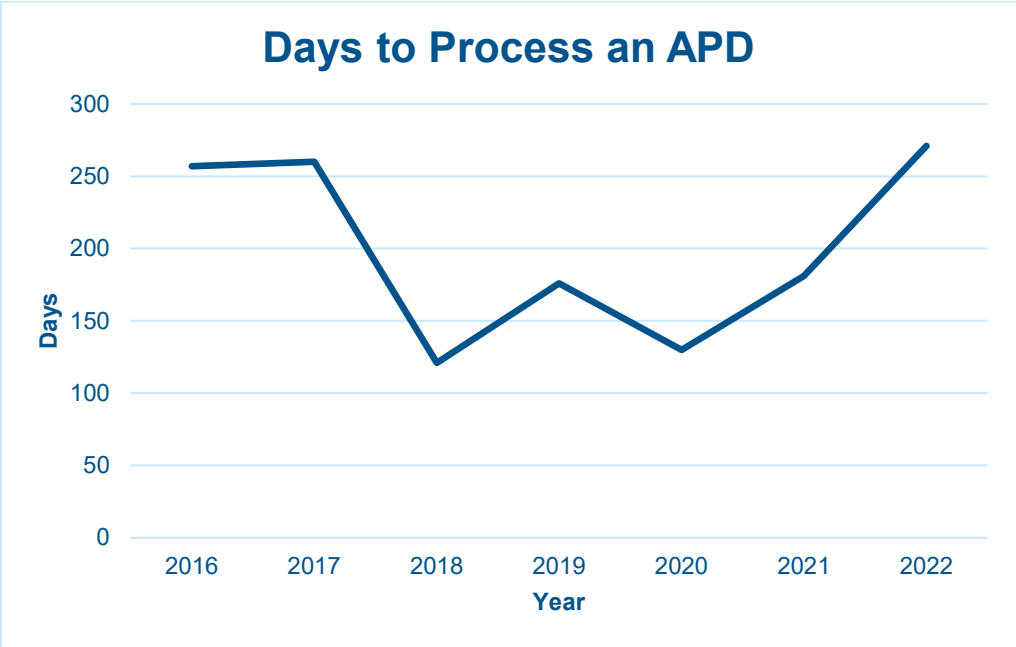
The BLM Rock Springs Field Office's Resource Management Plan Notice of Intent was published in February 2011. Twelve years later, the Record of Decision has still not been signed.

The most recent oil and gas project in Wyoming, the Converse County oil and gas project, took 6.6 years to complete and is now facing legal challenges.

In the past 15 years the timeframes for environmental analysis on oil and gas projects range from 6 to 10 years to complete.

Project	Wells	Status
Moxa Arch Infill Project	5,161	Initiated in Oct 2005, canceled by operator in Oct 2013 after 8 years
Beaver Creek Coal Bed Natural Gas Development Project	228 wells	Initiated in July 2008, cancelled by operator in 2013 after 5.3 years
LaBarge Platform Project	838	Initiated in April 2011, cancelled by operators in 2015 after 5.6 years
Continental Divide-Creston EIS	8,950	Initiated in March 2006, final decision by the BLM in September 2016 after almost 10 years
Normally Pressured Lance Natural Gas Development Project	3,500	Initiated in April 2011, Rod in September 2018 after 7.5 years
Moneta Divide Oil & Gas Development Project	3,100	Initiated in January 2013, Rod in August 2020 after 7.5 years
Converse County	5,000	Initiated May 2014, ROD Dec 2020 after 6.6 years

Finally, the time to process Applications for Permit to Drill increased by 124 Percent From 2018 to 2022.



The costs of delaying NEPA decisions and extending timeframes for the approval of energy projects not only affect federal and state governments but also affect local communities, energy industry job seekers and ultimately individual energy consumers.

The Case for Litigation Reform

The effects of litigation on federal oil and gas permitting in Wyoming are significant. BLM has halted approvals of drilling permits in response to lawsuits brought by activist environmental nongovernment organizations:

Western Watersheds Project, No. 18cv187 (D. Idaho);
Montana Wildlife Federation, No. 18cv69 (D. Mont.); and
WildEarth Guardians, Nos. 16cv1724, 20cv56, 21cv175 (D.D.C.).

Collectively, these lawsuits challenge 18 lease sales in Wyoming, as well as lease sales in other states, held between 2015 and 2020. Some lease sales are subject to multiple lawsuits.

Of the 18 challenged sales in Wyoming, seven sales are subject to a court order preventing BLM from approving development on the sold leases.

The courts in the Western Watersheds Project and Montana Wildlife Federation cases have ordered cancellation of leases sold at four sales: the December 2017, March 2018, June 2018, and September 2018 sales. These orders have been appealed to the Ninth Circuit, which has not issued a decision in the appeals. The courts have suspended leases sold at these four sales pending appeal.

The court in the Western Watersheds Project case has ordered suspension of leases sold at three other sales: the February, June, and September 2017 sales. The court found that BLM did not adequately analyze impacts of leasing on the greater sage-grouse.

The remaining 11 lease sales, those challenged in the Western Watersheds Project and Montana Wildlife Federation cases, are not subject to any order directing cancellation or suspension of the leases or enjoining BLM from approving drilling permits. BLM is not approving drilling permits on these leases because of the potential that the courts may cancel them leases in subsequent phases of the litigation. These subsequent phases of litigation likely will take at least a year to complete.

The lease sales challenged in the WildEarth Guardians case have been remanded back to BLM so that it can complete additional analysis of the greenhouse gas impacts of leasing. The WildEarth Guardians court did not suspend these leases or enjoin BLM from approving drilling permits on them. BLM is not approving drilling permits on these leases while it prepares additional analysis of greenhouse gas impacts. BLM requested remand in July 2021 to prepare this analysis, but nearly two years later the state office has not yet completed it.

Cumulatively, the effect of these cases is that BLM is not approving drilling permits or any other action on 2,150,844 acres of oil and gas leases in Wyoming for the foreseeable future. For most of these acres, BLM is effectively self-enjoining itself from approving development. This is new and unprecedented policy.

This issue has no end in sight. For those leases subject to multiple lawsuits, BLM's correction of a deficiency identified in one lawsuit would not correct the deficiency in another lawsuit. BLM has not identified the point at which it will issue permits for the leases subject to the Western Watersheds Project and Montana Wildlife Federation litigation.

The Potential of Rockies LNG Exports

Supply Matters.

Wyoming has led the nation in environmental protections while balancing the need to provide clean, sustainable energy development for well over a decade. We have a long track record of balancing major conservation efforts while preserving jobs, tax revenue and our quality of life.

In fact, Wyoming has a significantly lower methane emission intensity from production than any other producing area based on the Burns and Gruber 2021 Study.

The rest of the Rockies is following suit. Carbon footprint and methane intensity is lower for dry Rockies gas than other basins.

Potential recoverable resources for the Rocky Mountain region were 502 trillion cubic feet, or nearly 17% of U.S. Total. U.S. Tribal Nations hold almost 10% of the known oil and gas reserves in the U.S.

Additional interstate natural gas pipelines are needed. If we prioritize updating our infrastructure and unlocking North America's Pacific Coast as an export route to Asia for natural gas produced in the American West we can enhance economic development opportunities for Tribal Nations and rural communities.

We can develop a market for low-emission American natural gas that will support global climate goals through export as liquified natural gas. A cleaner natural gas supply will accelerate global decarbonization and increased LNG capacity will also support our allies' growing need for a reliable source of energy.

We can also build for the future. We can develop new infrastructure that enhances our existing natural gas backbone and provides for the potential of green hydrogen and ammonia export.

Recommendations

Enact Meaningful Leasing and Permit Reform

- Amend, strengthen and protect our foundational energy statutes to reflect congressional intent is critical.
- Limit or eliminate the ability of agencies to enact moratoriums or other administrative roadblocks and require agencies to adhere to enforceable deadlines for lease sales, environmental reviews, and permits.
- Strengthen the multiple use mandate of our public lands.

Enact Effective Litigation Reform

- Expedite judicial review periods, limit venue shopping, enact reasonable statute of limitations for court challenges and enforced schedules and deadlines for cases and remands.
- Require agencies to rigorously defend in a timely manner their decisions. Informal or unwritten voluntary stays of action should be eliminated.

Expedite Pipeline and LNG Infrastructure

- Prioritize and accelerate approval for new interstate natural gas pipelines, LNG export terminals, and related infrastructure that supports export capacity to our allies.
- Encourage investment in projects that bridge a path to a cleaner future through building for low-emission natural gas, hydrogen and ammonia.
- Recognize that Rockies LNG is a key solution for energy security, economic development and decarbonization.

Conclusion

Affordable and reliable energy is the backbone of a strong economy. Low electric bills mean more money in family pockets. It makes a difference in quality of life from heat to groceries, from the light switch to the refrigerator. It is integral to our daily life. The energy produced in Wyoming moves across the country, heating homes and running vehicles. Wyoming energy is domestic energy — created in America, used in America. It employs Americans in energy, manufacturing, retail and technology.

Wyoming resources support our national strength and security in a fundamental way. We are also leading efforts to significantly reduce environmental impacts from all sources of energy.

We can and must work together to achieve meaningful permitting reform. It is necessary to achieve our full potential of energy reliability and security as we lead the globe in a cleaner energy evolution.

Our Partnerships

Jonah is a member of the following associations and initiatives:

- Petroleum Association of Wyoming
- American Exploration and Production Council
- International Methane Emission Observatory Oil and Gas Methane Partnership 2.0
- One Future
- Western States and Tribal Nations Natural Gas Initiative