



NEWS

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CONTACT: [A.B. Wade](#)
(MMS)
(202) 208-
3985
[Celia](#)
[Boddington](#)
(BLM)
(202) 452-
5128

INTERIOR DEPARTMENT OUTLINES BALANCED APPROACH ON OIL AND GAS TO SERVE INDUSTRY, THE ENVIRONMENT, AND TAXPAYERS

The Department of the Interior today issued a report outlining a series of initiatives affecting oil and gas operations on federal and tribal lands, actions Department officials said will benefit the energy industry, the environment, and the American taxpayer.

Assistant Secretary for Land and Minerals Management, Bob Armstrong, described the initiatives in a 54-page report titled [A Balanced Approach to Managing Oil and Gas Resources](#), which was prepared by two Interior agencies -- the Bureau of Land Management (BLM) and the Minerals Management Service (MMS). The BLM manages onshore oil and gas exploration and development on the public lands, while MMS manages such activities on the Outer Continental Shelf.

"We have a responsibility to manage the country's mineral resources for the national interest," said Armstrong. "That's why we have established four overarching goals in this approach: (1) ensuring environmentally sound and safe activities; (2) fostering economic growth; (3) ensuring a fair return on resources; and, (4) building a better government."

"Let me emphasize that these goals are interrelated. Progress in achieving one goal will not come at the expense of another. Rather, taken together, the goals constitute a comprehensive, balanced approach to managing Federal oil and natural gas resources," Armstrong said.

Deputy Assistant Secretary Sylvia Baca noted that companies paid more than \$6.2 billion last year for the right to explore for and produce oil and natural gas from onshore and offshore Federal and Indian lands. Those revenues, she said, are distributed to the Federal Treasury, States, Tribes, and Indian allottees. Last year, for example, \$600 million was disbursed to 36 States -- more than any previous year -- to be used for schools, roads, and other public works. Another \$1 billion in revenues is deposited each year into the Land and Water Conservation and National Historic Preservation Funds.

"These funds are used to acquire, restore, and create parks, rivers, wildlife preserves, wilderness areas, and recreation facilities, and to restore and preserve national historic sites," said Baca. "At a time when the American people have shown that they care deeply about their surroundings and support the administration's environmental restoration work, this is an extraordinary legacy to future generations of Americans."

MMS Director Cynthia Quarterman said her agency is aggressively working to advance the Administration's efforts to create a government that works better and costs less. "For example," Quarterman said, "MMS is drafting a regulation that will shift the focus from checking to see if OCS workers have completed required training courses to ensuring they have the skills needed to perform their jobs safely. Emphasizing results rather than process will give companies the

flexibility to design and tailor training to meet their employees' greatest needs, thereby making training more efficient and improving the safety of OCS operations."

A Balanced Approach to Managing Oil and Gas Resources cites other examples of how the Interior Department is working to achieve its four principal oil- and gas-related goals:

Ensuring Environmentally Sound and Safe Activities

The Administration has asked Congress for \$4 million in additional funding to undertake environmental and socio-economic studies that will address industry's increased activities in water depths greater than 1,000 feet.

The comprehensive oil and gas rule that the BLM is preparing will safeguard the environment by increasing bond amounts to ensure reclamation.

Fostering Economic Growth

MMS will conduct OCS lease sales in the Central and Western Gulf of Mexico and in the Beaufort Sea in Alaska in 1998. Development occurring as a result of the sales will help the U.S. economy grow by increasing domestic oil and natural gas production, generating billions of dollars in payments to the federal treasury and creating thousands of well paying jobs.

MMS is assisting the U.S. State Department in negotiations with Mexico over the "Western Gap," an area in the Gulf of Mexico potentially containing significant oil and gas resources, where the two countries have overlapping claims. Resolution of the boundary dispute will allow MMS to conduct OCS lease sales in the U.S. portion of the area, affording industry an opportunity to develop and produce additional domestic energy supplies.

Ensuring a Fair Return on Public Resources

MMS is developing a rule that will establish crude oil values that better reflect market prices. The new methodology is expected to increase royalty revenues by \$66 million annually, a portion of which will be disbursed to States where production occurs. The additional collections, along with other monies generated by oil and gas development on public lands, will ease the burden on taxpayers by financing parks and wildlife preservation, education and school construction, new roads and highways and other beneficial projects.

The BLM is carrying out Director Pat Shea's initiative to improve verification of oil and gas production from public lands. Shea said, "It's critical for the BLM to maintain a level field of competition, while at the same time ensuring correct payments to the U.S. Treasury." This internal review of production records will enhance the BLM's efforts to secure maximum financial benefits for Federal taxpayers, who own the public lands.

Building a Better Government

The comprehensive oil and gas rule that the BLM is developing will streamline the many application and reporting requirements placed on oil and gas operators. The rule, which will incorporate widely accepted industry standards, will also make compliance easier by using easy-to-understand language.

The report, *A Balanced Approach*, notes that each year, private companies produce about 1.5 billion barrels of oil and nearly 7 trillion cubic feet of natural gas from BLM- and MMS-managed public lands. This accounts for more than one-third of America's natural gas production and about one-fourth of the nation's oil production.

A Balanced Approach can be obtained from local BLM and MMS offices or from the Washington, D.C., offices of the agencies. The report is also available on the Internet Home Pages of the BLM (www.blm.gov) and MMS (www.mms.gov).

The BLM manages 264 million acres of Federal land, most of it in 12 Western States, including Alaska, for a variety of public uses and values, including oil and gas leasing, outdoor recreation, watershed protection, wildlife habitat conservation, and hardrock mining.

MMS manages America's oil, natural gas, and other mineral resources on the Outer Continental Shelf. The agency also collects and disburses more than \$4 billion in revenues each year from offshore Federal mineral leases and from onshore mineral leases on Federal and Indian lands.

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