

Legislation Would Require Companies to Develop Stockpiled Leases

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Washington, D.C. – Congressman DeFazio (D-Springfield) took steps to combat oil prices when he joined with nine of his democratic colleagues last week and introduced H.R. 6251, the Responsible Federal Oil and Gas Lease Act of 2008. The measure is an effort to compel oil and gas companies to produce on the 68 million acres of federal lands, both onshore and offshore, that are leased but sitting idle. The legislation challenges oil companies to either "use it or lose it."

"Americans are struggling to make ends meet and yet, Big Oil is restricting domestic production on federal leases and as a result, enjoying record profits," DeFazio said. "This measure will put an end to it. We cannot continue to allow them to speculate and profiteer with public resources to the detriment of the American people."

The Responsible Federal Oil and Gas Lease Act of 2008 is a direct response to the facts outlined in a recent House Natural Resources Committee Majority Staff report, "[The Truth About America's Energy: Big Oil Stockpiles Supplies and Pockets Profits](#)", that illustrate how energy companies are not using the federal lands and waters that are already open to drilling.

For weeks, republicans have been harping on the need to open up additional leases for drilling to lower gas prices and accusing democrats of withholding the needed leases to do that. However, between 1999 and 2007, the number of drilling permits issued for development on public lands has increased by more than 361 percent. Meanwhile, 10,000 of those leases are not being utilized and instead are being stockpiled by profit rich oil companies. The 68 million acres of leased but inactive federal land have the potential to produce an additional 4.8 million barrels of oil and 44.7 billion cubic feet of natural gas each day. This legislation would nearly double total U.S. oil production, increase natural gas production by 75 percent, and put an end

to oil companies artificially driving up prices by hoarding leases. It would also cut U.S. oil imports by more than one-third, reducing America's dependence on foreign oil.

H.R. 6251 would force oil and gas companies to either produce or give up federal onshore and offshore leases they are stockpiling by barring the companies from obtaining any more leases unless they can demonstrate that they are producing oil and gas, or are diligently developing the leases they already hold, during the initial term of the leases.

Coal companies, which are issued leases for 20-year terms, are required, as a result of the Federal Coal Leasing Amendments Act of 1976 to show that they are diligently developing their leases during the initial lease term. The law was enacted in an effort to end rampant speculation on federal coal as a result of the energy crises of the 1970's.

Oil and gas companies, however, are not required to demonstrate diligent development. Because of this, oil and gas companies have been allowed to stockpile leases in a non-producing status, while leaving millions of acres of leased land untouched. H.R. 6251 directs the Secretary of the Interior to define what constitutes diligent development for oil and gas leases.

Companies could avoid this new lease prohibition by relinquishing their non-producing leases, thus creating an opportunity for another company to explore for and perhaps produce oil and gas.

"As long as oil companies refuse to develop their existing leases, Americans will continue to get robbed at the pump. This legislation would effectively put an end to that and lower the price of fuel for hard working Americans," DeFazio said.