

Congress of the United States
Washington, DC 20515

March 28, 2023

Laura Daniel-Davis
Principal Deputy Assistant Secretary
Land and Minerals Management
U.S. Department of the Interior
1849 C St. NW
Washington, D.C. 20240

Dear Ms. Daniel-Davis:

The Committee on Oversight and Accountability and the Committee on Natural Resources (jointly, the Committees) are conducting oversight of the U.S. Department of the Interior's (DOI) ongoing efforts to obstruct domestic energy production in service of extreme ideological goals. Specifically, the Committees are deeply concerned regarding the process for issuing offshore leases, a Bureau of Ocean Energy Management (BOEM) memorandum (memo) regarding the Cook Inlet Planning Area Lease Sale 258 (Lease Sale 258), DOI's long delay in issuing the next five-year offshore leasing plan, and DOI's failure to fulfill statutory obligations to lease federal land for oil and gas production. We request documents and information related to Lease 258 and other BOEM sales.

The Lease Sale 258 memo stated: "If a Cook Inlet prospect would be developed, there would be additional government revenues and greater energy security for the State of Alaska, especially if development ameliorated the long-term supply challenges facing the Anchorage area."¹ Nevertheless, you accepted the recommendation that Lease Sale 258 should be offered with the highest possible royalty rate due to undefined "social costs of greenhouse gas emissions (SC-GHG)."² In doing so, DOI quietly imposed a climate tax on an industry vital to the continued development and security of Alaska. The memo and your actions in this matter illustrate the pressing need for oversight of DOI's permitting review processes and the Biden Administration's prioritization of its climate agenda above states' revenue streams, economic development, and the energy security of all Americans.

BOEM manages offshore energy and mineral development, typically facilitated by auctioning leases and accepting the highest bid from prospective companies.³ Originally scheduled as a potential sale in the 2017-2022 National Outer Continental Shelf (OCS) Oil and Gas Leasing Program,⁴ DOI cancelled Lease Sale 258 in May 2022 "due to lack of industry

¹ Memorandum from Amanda Lefton, Dir., Bureau of Ocean Energy Mgmt., to the Principal Deputy Assistant Sec'y, Land & Minerals Mgmt. 15 (Nov. 25, 2022) (on file with Majority Committee Staff).

² *Id.* at 14.

³ See U.S. Dep't of the Interior, Bureau of Ocean Energy Mgmt., *Leasing* (last visited Mar. 20, 2023).

⁴ U.S. Dep't of the Interior, Bureau of Ocean Energy Mgmt., *2017-2022 Outer Continental Shelf Oil and Gas Leasing Proposed Final Program*, at 4-5 (2016).

interest.”⁵ However, the passage of the Inflation Reduction Act (IRA) required DOI to hold the auction for Lease Sale 258 before the end of the 2022, setting leasing royalty requirements between 16.67 percent and 18.75 percent of production.⁶ The memo states that “a royalty rate surcharge of 2.25 percentage points would account for the social costs of upstream greenhouse gas emissions from production.”⁷ BOEM added, internal “social cost” calculations exceed the ceiling set in the IRA, thus DOI elected the maximum royalty rate of 18.75 percent.⁸ “Social costs” are apparently defined in an internal document that has not been released to the public. DOI does not have the authority to levy what is effectively a 2.08 percent carbon tax on American industry based on ill-defined “social costs” that will drive up energy prices.⁹

In fact, that has already happened—BOEM’s royalty rate hike priced out prospective energy producers from further Alaskan development as Lease Sale 258 drew only a single bid.¹⁰ BOEM appears to want this result. BOEM asserted that “[a]s lessees internalize the costs associated with carbon emissions, OCS activity and corresponding production could move toward a lower...level.”¹¹ BOEM acknowledges, however, that a lower royalty “may be more likely to facilitate expeditious and orderly development of OCS resources and potentially offer greater energy security for the State of Alaska.”¹² The internal deliberations at BOEM to brazenly elevate President Biden’s radical eco-agenda ahead of common-sense policies call for greater congressional oversight of DOI and BOEM.

BOEM’s anti-energy agenda is further evidenced in DOI’s failure to issue the 2023-2028 five-year program, a serious breach of the Outer Continental Shelf Lands Act (OCSLA) that will directly impede future U.S. energy production, constrict global supply, and drive energy prices higher.¹³ Under previous administrations, DOI ensured a smooth transition between these leasing schedules by issuing a new five-year offshore leasing program prior to the expiration of the previous one. However, DOI allowed the previous five-year program to expire on June 30, 2022; to date, BOEM has yet to publish a new final five-year program.¹⁴ DOI’s dereliction of duty and noncompliance with OCSLA destabilizes domestic energy production and significantly contributes to exorbitant energy prices for American families.

Under your leadership, DOI has leased acres for oil and gas production at the lowest rate of any presidential administration since the end of World War II.¹⁵ This is unacceptable. The Biden Administration has held only one offshore oil and natural gas lease sale in the Gulf of

⁵ U.S. Dep’t of the Interior, Bureau of Ocean Energy Mgmt., *Lease Sale 258* (last visited Mar. 20, 2023). [*See* <https://www.boem.gov/sites/default/files/oil-and-gas-energy-program/Leasing/Five-Year-Program/2017-2022/2017-2022-OCS-Oil-and-Gas-Leasing-PFP.pdf>].

⁶ Inflation Reduction Act of 2022, H.R. 5376, Pub. L. No. 117-169.

⁷ *Supra*, n. 1, at 15.

⁸ *Id.*

⁹ *See id.*

¹⁰ *Supra*, n. 5.

¹¹ *Supra* n. 1, at 15.

¹² *Id.*

¹³ Outer Continental Shelf Lands Act, 43 U.S.C. §§1331–1356b (2021).

¹⁴ *See* James Broughel, *Biden Leaves Oil And Gas Companies In The Lurch With Expiration Of 5-Year Lease Program*, FORBES (Mar. 7, 2023).

¹⁵ Timothy Puko and Anthony DeBarros, *Federal Oil Leases Slow to Trickle Under Biden*, THE WALL STREET JOURNAL (Sep. 4, 2022).

Mexico: Lease Sale 257.¹⁶ Additionally, DOI canceled the three remaining offshore sales under the 2017-2022 five-year program and has only recently resumed planning for these sales following a year of delay.¹⁷ The lack of certainty has reduced investment in domestic oil and gas development, limited American energy production, and is driving oil and gasoline prices above the \$2.39 per gallon they were when President Biden took office.¹⁸ Moreover, the lack of leasing will have long-term impacts of exhausted producible acreage, increased reliability on foreign-sourced fuel, and jeopardized price stability for decades to come.

To assist the Committees in ensuring Americans have access to clean, reliable, and affordable energy, we request the following documents and information, covering the time period January 20, 2021 to the present unless otherwise indicated, as soon as possible but not later than April 11, 2023:

1. All documents and communications between you and BOEM Director Elizabeth Klein, former BOEM Director Lefton, Deputy Director Walter Cruickshank, or Secretary Haaland regarding the timeline for the 2023-2028 National Outer Continental Shelf Oil and Gas Leasing Program;
2. All documents and communications between you and current BOEM Director Elizabeth Klein, former BOEM Director Amanda Lefton, or Deputy Director Walter Cruickshank regarding E.O. 14008;
3. All documents denoting metrics for determining SC-GHG;
4. All documents discussing SC-GHG regarding royalty rates;
5. All documents and communications between you and third parties discussing SC-GHG royalty rates;
6. All documents and communications between any BOEM official and third parties discussing SC-GHG royalty rates;
7. All documents and communications between you and BOEM regarding lease sales or programmatic leasing statements (PEIS);
8. Any economic analysis regarding whether higher royalty rates would impact bidding;
9. The memorandum on recommendations for decisions on the Final Notice of Sale for Lease Sale 259;

¹⁶ U.S. Dep't of the Interior, Bureau of Ocean Energy Mgmt., *Gulf of Mexico Outer Continental Shelf Oil and Gas Lease Sale 257* (last visited Mar. 23, 2023). [See <https://www.boem.gov/sites/default/files/documents/oil-gas-energy/leasing/Final-NOS-257.pdf>].

¹⁷ U.S. Dep't of the Interior, Bureau of Ocean Energy Mgmt., *2017-2022 Lease Sale Schedule* (last visited Mar. 23, 2023).

¹⁸ Thomas Barrabi, *Gas prices have doubled since Biden took office*, NEW YORK POST (June 6, 2022).

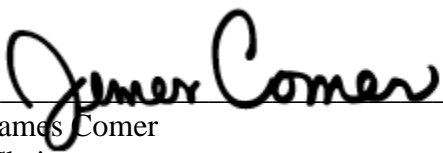
10. BOEM's draft paper entitled "Options for Incorporating the Social Cost of Greenhouse Gas Emissions";
11. All documents and communications regarding the Proposed 2023-2028 National Outer Continental Shelf Oil and Gas Leasing Program; and
12. All documents and communications regarding the decision to cancel Lease Sales 258, 259 and 261.

Additionally, please make arrangements to schedule a briefing with Committee staff on this matter as soon as possible, but no later than April 4, 2023.

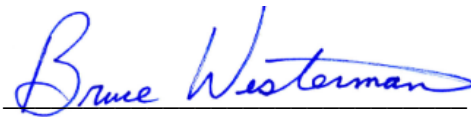
To schedule the briefing, arrange for the delivery of responsive documents or ask any related follow-up questions, please contact Committee on Oversight and Accountability Majority Staff at (202) 225-5074 or the Committee on Natural Resources Majority Staff at (202) 225-2761. Attached are instructions for producing the documents and information to the Committees.

The Committee on Oversight and Accountability is the principal oversight committee of the U.S. House of Representatives and has broad authority to investigate "any matter" at "any time" under House Rule X. The Committee on Natural Resources has broad jurisdiction over all bills, resolutions, and other matters relating to the Department of the Interior, including mineral land laws and the mineral resources of public lands. Thank you in advance for your cooperation with this inquiry.

Sincerely,



James Comer
Chairman
Committee on Oversight and Accountability



Bruce Westerman
Chairman
Committee on Natural Resources



Pat Fallon
Chairman
Subcommittee on Economic Growth,
Energy Policy, and Regulatory Affairs
Committee on Oversight and Accountability



Paul A. Gosar, D.D.S.
Chairman
Subcommittee on Oversight & Investigations
Committee on Natural Resources



Glenn Grothman
Chairman
Subcommittee on National Security,
the Border, and Foreign Affairs
Committee on Oversight and Accountability



Pete Stauber
Chairman
Subcommittee on Energy and Mineral
Resources
Committee on Natural Resources



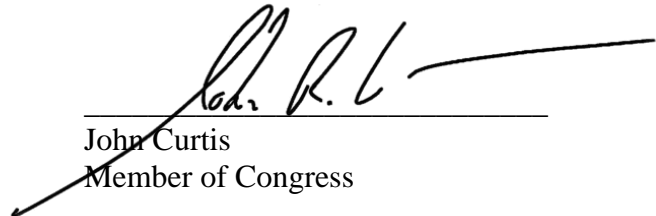
Kelly Armstrong
Member of Congress



Lauren Boebert
Member of Congress



Jerry Carl
Member of Congress



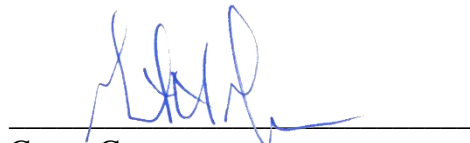
John Curtis
Member of Congress



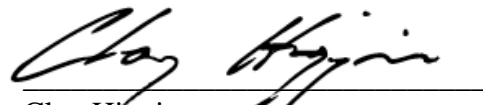
Chuck Edwards
Member of Congress



Russ Fulcher
Member of Congress



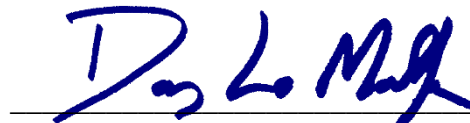
Garret Graves
Member of Congress



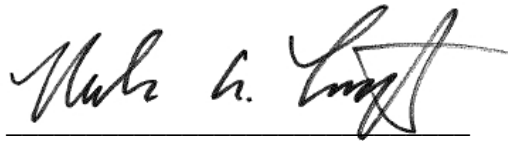
Clay Higgins
Member of Congress



Wesley P. Hunt
Member of Congress



Doug LaMalfa
Member of Congress



Nick Langworthy
Member of Congress



Jake LaTurner
Member of Congress



Tom McClintock
Member of Congress



Jim Moylan
Member of Congress



Gary Palmer
Member of Congress

cc: The Honorable Jamie Raskin, Ranking Member
Committee on Oversight and Accountability

The Honorable Raúl Grijalva, Ranking Member
Committee on Natural Resources

The Honorable Cori Bush, Ranking Member
Subcommittee on Economic Growth, Energy Policy, and Regulatory Affairs

The Honorable Melanie Stansbury, Ranking Member
Subcommittee on Oversight & Investigations

The Honorable Robert Garcia, Ranking Member
Subcommittee on National Security, the Border, and Foreign Affairs

The Honorable Alexandria Ocasio-Cortez
Subcommittee on Energy and Mineral Resources