

Planning, Analysis, & Competitiveness Subcommittee
Friday, February 2, 2018
11:00am-12:30pm EST
Meeting Summary

AGENDA

- Welcome
- Roll Call
- DOI Update and Review of schedule for February 27/28
- Working Groups: Review and Vote on Recommendations
- Adjournment

WELCOME AND ROLL CALL

DOI UPDATE AND REVIEW OF SCHEDULE

- Email sent to RPC (on morning of February 2nd) with additional details about the RPC meeting on February 27th-28th.
- Timeline and draft agenda included with the email (with caveat that agenda may be tweaked, if needed, depending on the number of recommendations).
- Subcommittees are to determine whether their recommendations are preliminary, to be further developed in the next phase, or final, to be voted on at the February RPC meeting.

WORKING GROUP UPDATES AND RECOMMENDATIONS

Onshore Oil & Gas Workgroup

Four recommendations approved by subcommittee, with agreement for workgroup to provide/expand upon structure in support of each recommendation. The recommendations address the burdens outlined in the “Review of the Department of Interior Actions that Potentially Burden Domestic Energy” report. Recommendations include:

- Reduce timelines for project approvals, including Applications for Permit to Drill (APD), Rights-of-Way (ROW), sundries, lease nominations, and unit agreements
- Limit the federal nexus for wells without a majority federal interest, i.e., reducing the situations in which the full gamut of federal approvals is required
- Improve land use planning and NEPA approvals (Burdens 9 and 11)
- Revise Onshore Orders 3, 4 and 5 (Burden 3)

Offshore Oil & Gas Workgroup

Three recommendations approved by subcommittee, with agreement that the workgroup will provide additional information and specifics and bolster details in support of the recommendations. Recommendations include:

- Set all future OCS sales at not more than 12.5% to bring into parity with new GOM shallow water rate.
- Establish a clearer, more workable process for varying royalty rate for declining or particularly costly fields.
- Increase the offshore acreage available for oil and natural gas leasing.

Additionally, the group noted that there is a proposal for future consideration under discussion as to whether to issue a recommendation for larger lease block sizes.

Alaska Specific Workgroup

One recommendation approved by committee, providing that DOI should:

- Conduct a lease sale in the 1002 Area of the Arctic National Wildlife Refuge within two to three years to ensure compliance with statutory timeframes.
 - The Department of Interior should expeditiously and carefully take all the necessary steps to conduct the first lease sale within the 1002 as soon as is reasonably practicable and consistent with all due diligence, required legal review, and gathering of technical and scientific resource information.
 - A prompt first lease sale will allow industry to more quickly initiate exploration and potentially field development, which in turn will more quickly realize federal royalty production.

Two preliminary recommendations will be mentioned and then further developed for the next RPC meeting. These include:

- Work proactively to implement executive orders and secretarial orders regarding permitting and NEPA efficiencies in Alaska to accelerate production and receipt of federal royalty from projects in the NPR-A. *Note that the workgroup will build this out to highlight the Alaska perspective.*
- Review and revise ONRR regulations and policies associated with Alaska offshore and remote Alaska development to address transportation challenges unique to Alaska. *Note that the workgroup will provide considerations for the regulatory process.*

Coal Workgroup

- Will not have a formal recommendation for the February meeting.
- Will have a presentation on NEPA - and will support any Onshore Workgroup recommendations for NEPA review/work.

Non-Fossil and Renewables Workgroup

- Will update the full RPC regarding issues on which the Non-Fossil Renewables Workgroup is focusing related to wind lease sales and operating fee for offshore wind development.

Studies Workgroup

Two recommendations approved by the subcommittee, with note that if anyone has additional feedback or specifics regarding scope, they should provide language to the Studies Workgroup by Monday, February 5th. Recommendations include:

- Short term: For DOI/BOEM to identify factors that BOEM should consider in order for the US to remain competitive with emerging areas:

- BOEM should initiate data analysis project to assess and compare 3 regimes (U.S. Gulf of Mexico, Guyana, and Mexico).
- The analysis will focus on the following factors: current tax laws, royalty/royalty equivalents (e.g. profit sharing) and other revenues, and lease block sizes.
- The analysis will include a look at recent lease sales (the last ~3 years) within each regime, examining trends – particularly if there were big finds within an area – and seek to assess if there are common drivers across the regimes encouraging development or widely divergent drivers for development.
- Long term: In order for DOI and the RPC to have information based on current market conditions and regulatory policies:
 - DOI should pursue a contract with a 3rd party consultant to update the IHS/CERA Comparative Assessment of the Federal Oil and Gas Fiscal System (October 2011) so that the assessment reflects current market conditions and regulatory policies.
 - DOI staff, with advice from RPC members, should review the U.S. locations as well as the international locations selected in the original study and consider whether to update the selected locations to ensure that relevant and emerging markets are properly covered.

NEXT STEPS

- By Monday, February 5th, ONRR will provide examples to group of model recommendations from previous committees.
- The next call will take place on Friday, February 16th.

Attendees:

Randall Luthi, NOIA, Co-Director
 Colin McKee, State of Wyoming, Co-Director
 Matthew Adams, Cloud Peak
 Stella Alvarado, Anadarko
 Jennifer Cadena, Incremental Oil & Gas
 Clinton Carter, State of Alabama
 Sarah Coffman, BOEM
 John Crowther, State of Alaska
 Walter Cruickshank, BOEM
 Jennifer Golladay, BOEM
 Emily Hague, API
 Lynn Helms, State of North Dakota
 John Kalish, BLM
 Chris Mentasti, ONRR
 Patrick Noah, ConocoPhillips
 Renee Orr, BOEM
 James Schindler, BOEM, RPC DFO
 Kathleen Sgamma, Western Energy Alliance
 Kevin Simpson, Shell
 Chris Stolte, DOI
 John Sweeney, VWR Corporation
 Deirdre McCarthy Gallagher, RPC Facilitator