

GAO@100 Highlights

Highlights of [GAO-22-103968](#), a report to congressional requesters

Why GAO Did This Study

BLM leases federal lands for oil and gas development through a process largely established with the Federal Onshore Oil and Gas Leasing Reform Act of 1987. Through this process, the public can suggest which federal lands should be made available for leasing by nominating them. BLM state offices review nominations, including to assess potential environmental impacts. BLM then offers leases at competitive auctions. While no fee is required to submit nominations, BLM charges an application fee for any leases that parties acquire.

GAO was asked to review oil and gas leasing on federal lands. This report examines: (1) changes to BLM's policies for oil and gas leasing since 1987, (2) outcomes for lands nominated for oil and gas leasing, and (3) the extent to which BLM reviews its oil and gas leasing fees in response to changing conditions.

GAO analyzed BLM policies and guidance as well as data on nominations, leasing, costs, and fees collected. GAO also interviewed BLM headquarters and state office officials as well as representatives of two stakeholder groups.

What GAO Recommends

GAO is making four recommendations, including that BLM (1) review and adjust its approach for updating agency guidance; (2) revise its approach to biennial fee reviews to include all relevant costs, and adjust fees accordingly; and (3) re-examine whether to charge parties a fee for nominating lands for oil and gas development. Interior agreed with GAO's recommendations.

View [GAO-22-103968](#). For more information, contact Frank Rusco at (202) 512-3841 or RuscoF@gao.gov

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OIL AND GAS LEASING

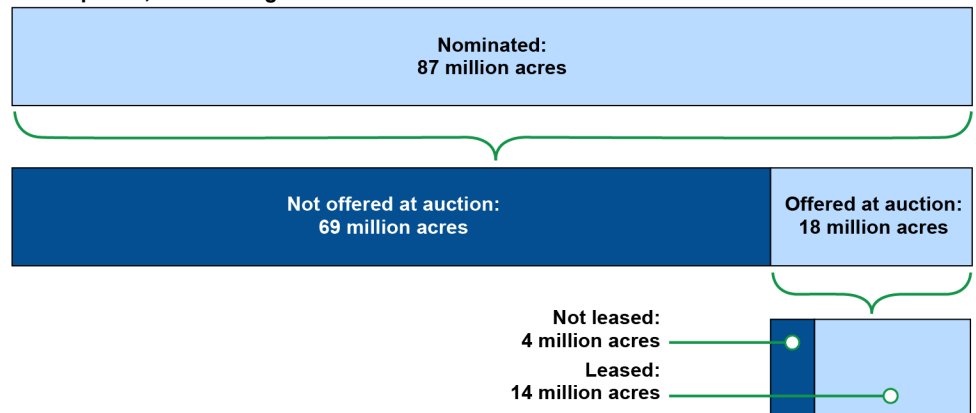
BLM Should Update Its Guidance and Review Its Fees

What GAO Found

The Department of the Interior's Bureau of Land Management (BLM), which leases federal lands for oil and gas development, has changed some of its leasing policies. For example, starting in fiscal year 2015, BLM was authorized to use online auctions, instead of in-person auctions, to award leases. In 2016, BLM launched an online system for submitting and processing nominations of lands for leasing. However, all of the agency's guidance documents for oil and gas leasing that GAO reviewed were out of date and did not fully reflect these changes, though agency policy requires guidance be updated promptly. Unless BLM reviews and revises its process for updating its guidance, the agency's outdated guidance may continue to lead to inefficiencies for industry and BLM state office staff that spend extra time interpreting outdated BLM guidance.

Parties, such as oil and gas companies, leased a small portion of lands nominated for onshore oil and gas leasing from 2009 through 2019, when about 87 million acres were nominated and about 14 million acres were leased (see figure).

Acreage Nominated, Offered for Lease, and Leased for Federal Onshore Oil and Gas Development, 2009 through 2019



Source: GAO analysis of Bureau of Land Management (BLM) data. | GAO-22-103968

BLM has not fully reviewed its application fees for oil and gas leases since 2005 despite changes to leasing that could affect program costs, such as the move from in-person to online auctions. BLM has conducted biennial reviews of its existing fees, but these reviews do not assess all of the costs the fees were intended to recover. Until BLM revises its approach to examine all relevant costs and adjusts fees accordingly, the agency may collect too much or too little in fees. In addition, BLM does not charge a fee to nominate lands for leasing and has not re-examined whether to charge such a fee since 2014. Without doing so, BLM risks continuing to expend resources to process nominations that do not result in leases. In addition, the agency may not strike the appropriate balance between encouraging nominations and controlling costs.