

United States Senate

June 10, 2021

The Honorable Deb Haaland
Secretary
United States Department of the Interior
1849 C Street, NW
Washington, D.C. 20242

Dear Secretary Haaland:

As the Department of the Interior conducts a comprehensive review of the federal oil and gas program, we urge you to include our bipartisan Fair Returns for Public Lands Act (S. 624) as a policy recommendation in your report this summer. Our bill would update the nation's outdated public lands royalty system, and ensure that taxpayers and our rural communities get fair returns on leases of public lands for oil and gas production.

As you know, the Department of the Interior's rental and royalty rates for oil and gas drilling on federal lands have not been updated since 1920 and the minimum bid and rental rates have remained stagnant since 1987. As a result, taxpayers are not receiving fair market value for the commercial development of publicly-owned oil and gas resources. Our legislation would increase the royalty rate from 12.5 percent to 18.75 percent, which the Congressional Budget Office estimates would generate \$200 million in net federal income over a 10-year period. This increased rate would match existing royalty rates for offshore oil and gas leasing, as well as rates charged by states like Utah, Colorado, New Mexico, and Wyoming.

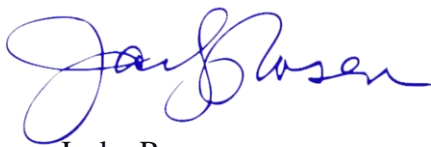
Our legislation would also make additional reforms, including:

- Increasing the rental rate for oil and gas leases, from \$1.50 per acre for the first five years and \$2.00 per acre for the remainder of the lease, to \$3.00 per acre for the first five years and \$5.00 per acre for the remainder.
- Increasing the national minimum bid for oil and gas leases, from \$2.00 per acre to \$10.00 per acre, with discretion for the Secretary of the Interior to set a higher minimum bid for individual lease sales or lease parcels as needed.
- Increasing the rental and royalty rates for reinstated oil and gas leases, by establishing a rental rate of \$20 per acre and a royalty rate of 25 percent that applies uniformly to all reinstated leases.
- Establishing a fee for expressions of interest, by requiring parties who wish to nominate public lands for oil and gas leasing to pay a fee sufficient to reimburse administrative costs of at least \$15 per acre.
- Requiring regular adjustments, by directing the Secretary of the Interior to adjust these rates for inflation at least every four years, or earlier if necessary to enhance financial returns or promote more efficient management of oil and gas resources.
- Requiring a study, which must be completed in 3 to 5 years and will evaluate the efficacy of the Interior Department's implementation of the bill.

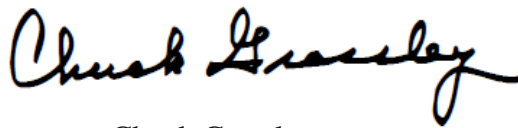
The Fair Returns for Public Lands Act can bring our federal leasing system into the 21st century and ensure that state and local governments across the nation receive fair compensation to fund critical education, infrastructure, and public health projects. We strongly urge you and the Department to consider this legislation and incorporate it in your recommendations to Congress to improve our federal oil and gas program.

We look forward to working with you and appreciate your attention to this important issue. Should you want to discuss this matter in greater detail, please feel free to contact us directly. Your staff may contact Kelly Riddle (Kelly_Riddle@rosen.senate.gov) and Joseph Gilson (Joseph_Gilson@grassley.senate.gov) in our offices.

Sincerely,



Jacky Rosen
United States Senator



Chuck Grassley
United States Senator

CC: Nada Culver, Deputy Director of Policy and Programs, Bureau of Land Management, U.S. Department of the Interior