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U.S. House of Representatives
House Committee on Natural Resources
Oversight and Investigations Subcommittee
Exploring the Economic Potential of the Golden Age of American Energy Dominance

September 9, 2025

Good afternoon, Chairman Gosar, Ranking Member Dexter, and distinguished members of the Subcommittee. Thank you for the opportunity to testify today.

My name is Autumn Hanna, and I am the vice president of Taxpayers for Common Sense (TCS), a national, non-partisan budget watchdog. For three decades, TCS has worked to ensure that federal resources are managed responsibly, taxpayer dollars are spent wisely, and today's decisions don't create costly liabilities for future generations.

The focus for today's hearing is the Administration's call for expanded production to unleash a "golden age" of American energy. As this committee knows, America has abundant reserves of energy resources including oil, gas, and coal.

At the same time, the United States is producing and exporting energy at record levels, outpacing domestic consumption, and operating from a position of global strength. In 2024, crude oil production averaged 13.2 million barrels per day—the highest annual level on record—and is projected to climb higher this year.[1] Natural gas output hit 113 billion cubic feet per day in 2024, another record high.[2] Since 2019, the U.S. has produced more energy than it consumes. Last year, the U.S. exported nearly 30 percent of our domestic energy production, or around 31 quadrillion British Thermal Units, making us one of the world's leading energy suppliers.[3]

This data underscores an important reality. The U.S. enjoys both extraordinary energy potential and record levels of production. The challenge before us is to ensure record high production is managed in a way that preserves energy security and delivers lasting value for the public.

[1] U.S. Energy Information Administration (EIA), U.S. Field Production of Crude Oil, accessed September 4, 2025. https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=pet&s=mcrfpus2&f=a
[2] EIA, Natural Gas Gross Withdrawals and Production, accessed September 4, 2025. https://www.eia.gov/todayinenergy/detail.php?id=65025
[3] EIA, "The United States Exported 30% Of The Energy It Produced In 2024," August 12, 2025 https://www.eia.gov/todayinenergy/detail.php?id=65924

Recent Changes to Federal Onshore Oil and Gas Leasing

Congress and the Department of the Interior recently took long-overdue steps to modernize onshore oil and gas leasing. In 2022, the oil and gas royalty rate was raised from 12.5 percent to 16.67 percent on new leases, minimum bids were updated to $10 per acre, rental rates were increased on a stepped schedule up to $15 per acre, and a $10-per-acre expression-of-interest fee was created to curb speculative nominations. Noncompetitive leasing was also eliminated.

In 2024, the Bureau of Land Management (BLM) followed with stronger financial assurance rules—raising minimum bonds to $150,000 per lease and $500,000 statewide while eliminating nationwide and unit bonds—so that operators, not taxpayers, cover reclamation costs when wells are abandoned. These kinds of safeguards do not slow development or deter industry interest in a market already booming—they simply make sure that growth does not come at taxpayers' expense.

Unfortunately for American taxpayers, the FY2025 reconciliation package undid many of these updates. It reduced the royalty rate from 16.67 percent to 12.5 percent, eliminated the expression-of-interest fee that helped cover auction costs, and reopened the noncompetitive back door so companies can once again pick up no-bid parcels the next day for a nominal fee. The Department of the Interior had projected the 2022 reforms would generate $12.7 billion for federal and state taxpayers over two decades. [4]

Below-Market Onshore Royalty Rate

Royalties from oil and gas production are a significant revenue source for the federal government. Over the past decade royalties have accounted for about 92 percent of all revenue from the federal onshore oil and gas program and roughly 85 percent of revenue from all onshore natural resource development.[5]

For decades, the federal onshore royalty was set at 12.5 percent—well below what states and private landowners typically charge. Texas often requires 20–25 percent, New Mexico 18.75–25 percent, Colorado 20 percent, Utah 16.67 percent, with other states in a similar range.

The revenue difference is significant. From 2015–2024, companies sold about $359 billion worth of oil, gas, and natural gas liquids from federal lands.[6] At 12.5 percent, taxpayers received $44.8 billion in royalties—roughly $4.5 billion a year. Had the more competitive rate of 16.67 percent

[4] Bureau of Land Management (BLM), "Fluid Minerals Leasing Final Regulatory Impact Analysis 1004-AE80 4.9.24," April 23, 2024, pg. 78. https://www.regulations.gov/document/BLM-2023-0005-130198

[5] Taxpayers for Common Sense (TCS) analysis of revenue data provided by the ONRR. Source: ONRR, "Revenue Data," accessed July 2, 2025. https://revenuedata.doi.gov/query-data/?dataType=Revenue.

[6] TCS analysis of data from the Department of Interior (DOI) Office of Natural Resource Revenue (ONRR), accessed May 2025. For more information, please see: TCS, "Fair Royalty Rates Raise Revenue for American Taxpayers and Don't Discourage Oil and Gas Production," June 26, 2025. https://www.taxpayer.net/energy-natural-resources/fair-royalty-rates-raise-revenue-for-american-taxpayers/

been applied over the last decade, collections would have totaled about $59.8 billion, or $6.0 billion a year—an additional $1.5 billion annually shared between federal and state treasuries. For some states that means significant revenue gains—about $945 million more per year in New Mexico, $269 million inin Wyoming, and $110 million inin North Dakota, based on recent production.

Higher rates do not drive companies away. After the 2022 fiscal updates and BLM's 2024 bonding rule, lease sales became more competitive. BLM tripled the percentage of acres sold in 2024, 67 percent, compared to the 2010–2019 average of just 22 percent.[7] Average winning bids rose from $311 per acre in 2022 to $978 per acre in 2023 and $2,149 per acre in 2024 — an all-time high and five times the $412 per acre average from the previous decade, 2014-2023.[8] The Department of the Interior found similar results when it raised offshore royalties to 18.75 percent in 2008. Both the Congressional Budget Office (CBO)[9] and Government Accountability Office (GAO)[10] have concluded that higher onshore royalties have little to no effect on production levels.

Instead, reducing royalties at times of high production just gives away potential revenue for federal and state coffers. For example, the federal government leased 7,502 acres of public land in New Mexico—a state with substantial energy development on federal lands—for oil and gas development on July 24, 2025. BLM estimates that the parcels sold at auction could yield 12.8 million barrels of oil and 44 billion cubic feet of natural gas over their lifetime. Based on the White House Budget Office's 2025 price projections, those resources could be worth roughly $1.2 billion. At the current 12.5 percent royalty rate, taxpayers would see about $156 million in return—$52 million less than they would under the more competitive 16.67 percent rate.[11]

Modern terms do not chase investment away. Instead, they sort serious projects from speculation and ensure taxpayers share fairly in the value of resources that actually get produced. Strong royalty rates lift revenue without undercutting the leases most likely to move into development and production.

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[7] TCS analysis of competitive onshore oil and gas lease auction results, available through EnergyNet.
[8] ibid.
[9] Congressional Budget Office (CBO), "Options for Increasing Federal Income From Crude Oil and Natural Gas on Federal Lands," April 2016. https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/51421-oil_and_gas_options-OneCol-3.pdf
[10] U.S. Government Accountability Office (GAO), "Oil, Gas, And Coal Royalties: Raising Federal Rates Could Decrease Production on Federal Lands but Increase Federal Revenue," June 20, 2017. https://www.gao.gov/assets/gao-17-540.pdf
[11] TCS, "Taxpayers Lose Millions on New Mexico Oil & Gas Lease Sale Under Outdated Rates," July 24, 2025. https://www.taxpayer.net/energy-natural-resources/taxpayers-lose-millions-on-new-mexico-oil-gas-lease-sale-under-outdated-rates/

Noncompetitive Leasing and Speculation

Competitive auctions help ensure taxpayers get fair market value for public resources. Reopening the noncompetitive backdoor—where parcels that draw no bids can be picked up the next day for a minimum filing fee of $75—turns the system from value to volume.

Between 2001 and 2020, the BLM issued more than 6,400 noncompetitive leases covering 11 million acres. Almost none of them produced.[12] GAO found that only about one percent of noncompetitive leases entered production within ten years,[13] and that noncompetitive tracts generated five times less revenue per acre than competitive ones.[14]

Nevada shows what that looks like in practice. Since 2000, it has accounted for 61 percent of all noncompetitive acreage nationwide—2,467 leases covering 6.2 million acres. Not a single one has produced oil or gas.[15] Today, 94 percent of the federal acreage leased for oil and gas in the state sits idle.[16]

The waste isn't only in the leases. Processing nominations and holding auctions costs money—anywhere from $17,000 to $178,000 per sale, according to BLM.[17] In 2014 alone, companies nominated 28 million acres in Nevada, nearly half the state, though only a fraction was ever leased.[18]

Layer on a new provision in the FY2025 budget reconciliation bill requiring agencies to hold "replacement sales" for auctions that don't attract enough bids, and the cycle repeats. The majority of Nevada sales over the last decade would have qualified, forcing BLM to keep spending time and money on low-interest parcels.[19]

Preparing lease sales costs taxpayers and issuing leases that will never end up producing locks up lands from other valuable uses and deprives taxpayers of potential revenue.

High-Risk, Low-Reward Development Costs Taxpayers

Making more federal land available for leasing, especially in areas where there is little industry interest, and lowering the costs for companies to develop federal resources does not necessarily increase federal revenue or production. Policies mandating lease sales or requiring a specific

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[12] TCS, "Noncompetitive Leasing Undermines Fair Returns for American Taxpayers," June 16, 2025. https://www.taxpayer.net/energy-natural-resources/noncompetitive-leasing-undermines-fair-returns-for-american-taxpayers/
[13] GAO, "Oil and Gas: Onshore Competitive and Noncompetitive Lease Revenues," November 19, 2020. https://www.gao.gov/assets/ gao-21-138.pdf
[14] Ibid.
[15] TCS, "Oil & Gas Speculation in Nevada Costs Taxpayers," June 30, 2025. https://www.taxpayer.net/energy-natural-resources/oil-gas-speculation-in-nevada-costs-taxpayers/
[16] BLM, "Fiscal Year 2024 Statistics," Oil and Gas Statistics. Accessed June 2025. https://www.blm.gov/programs-energy-and-minerals-oil-and-gas-oiland-gas-statistics
[17] GAO, "Oil and Gas Leasing: BLM Should Update and Review Its Fees," November 9, 2021, Page 32. https://www.gao.gov/assets/720/717469.pdf
[18] ibid.
[19] TCS analysis of competitive onshore oil and gas lease auction results, available through EnergyNet.

amount of federal land be made available at auction—often many years in the future—may undervalue taxpayer resources by ignoring market conditions and industry interest. Furthermore, any revenue projections from these policies are uncertain, as policymakers cannot accurately predict market conditions at the time of the auction or how auctions would have proceeded without the mandate.

The Arctic National Wildlife Refuge (ANWR) is a glaring example of the financial harms inflicted on taxpayers by the federal government's push to lease when there isn't competition and industry interest is low. In 2017, lawmakers counted on nearly $1 billion from two mandated sales to help pay for tax cuts. The first auction, in January 2021, raised just $16.5 million.[20] The second, in January 2025, attracted no bidders at all.

Despite that track record, the FY2025 budget reconciliation bill mandates four more ANWR sales between 2026 and 2032, with at least 400,000 acres offered each time. CBO's score estimates $452 million for the federal treasury over the next decade.[21] But history suggests otherwise. Based on two decades of North Slope results, TCS projects federal receipts of just $3 million to $30 million—the higher end of the estimate assumes an unprecedented level of industry interest and that every acre is leased.[22]

Budget plans built on speculative lease receipts fail taxpayers when sales fall short of revenue projections. Energy abundance gives us the luxury of being selective—chasing unlikely projects adds risk without strengthening either our energy security or our fiscal outlook. Treating uncertain sales as pay-fors shifts risk to taxpayers and distracts from projects with real production potential. In an era of record production, taxpayers gain nothing from these fire-sale auctions. In an era of high production, we can prioritize quality over quantity—strong competition, not giveaways, is what secures long-term value.

Orphan Well Liabilities

Expanding leasing without proper safeguards can turn today's boom into tomorrow's bill. When oil and gas wells are left unreclaimed, they can leak methane, contaminate water, and put nearby communities at risk. That is why the Mineral Leasing Act requires companies to post bonds before drilling.

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[20] The initial auction results announced the sale of 11 parcels, amounting to $14.4 million in bid revenue and $19.9 million in total auction revenue. Less than 2 weeks after the initial auction results were announced, AIDEA decided not to pursue two of the nine parcels they bid on, reducing total leased acreage to 437,804 acres. As a result, the combined revenue from the lease sale dropped from $19.9 million to $16.5 million. Total auction revenue is the sum of $12.2 million in bid revenue, including 20% of the bid amount due at sale for the 2 parcels AIDEA won but chose not to pursue ($575,000), and $4.3 million in first year rental revenue. Total auction revenue does not include non-refundable fees.

[21] CBO, "Estimated Budgetary Effects of Public Law 119-21, to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14, Relative to CBO's January 2025 Baseline," July 21, 2025. https://www.cbo.gov/publication/61570

[22] TCS, "Learning from Past Mistakes: Arctic Refuge Leasing is Not a Reliable Revenue Offset," March 20, 2025. https://www.taxpayer.net/energy-natural-resources/learning-from-past-mistakes-arctic-refuge-leasing-is-not-a-reliable-revenue-offset/

For decades, though, those bonds fell far short of actual cleanup costs. Until last year, operators could cover an entire lease with just $10,000, all of their wells in a state with $25,000, or even their nationwide operations with $150,000. In practice, that meant pennies on the dollar.

The GAO reported in 2019 that the average BLM bond value was just $2,122 per well.[23] Reclamation typically costs between $20,000 and $145,000. By GAO's count, 84 percent of bonds—covering 99.5 percent of wells—were insufficient even against the low end of that range. Taxpayers for Common Sense calculated the shortfall left the public exposed to as much as $6.15 billion in potential reclamation costs.[24] When energy output is this high, there is no reason taxpayers should be left with cleanup bills. Responsible bonding ensures the benefits of production are not undone by future liabilities.

Congress must ensure we retain adequate bonding that matches real cleanup costs, protects the treasury, and keeps operators accountable through the full life of a well. When companies carry the true cost of reclamation, capital flows to projects that can produce, pay their way, and close out responsibly, rather than leaving taxpayers with the bill.

Methane Waste: Lost Revenue, Delayed Accountability

On federal lands, methane is a taxpayer-owned commodity. When it leaks, vents, or flares instead of reaching the market, the public loses both product and revenue. In a market where production is already at record levels, preventing waste is one of the simplest ways to add value.

Between fiscal years 2012 and 2021, operators on federal leases wasted about 300 billion cubic feet of natural gas—roughly $949 million worth.[25] At a 12.5 percent royalty rate, taxpayers should have collected around $119 million. Official data show only $43 million came in, leaving tens of millions uncollected.[26] Independent emissions studies suggest the actual losses were even higher.[27] Much of the methane currently wasted can be captured cost-effectively and brought to market. In fact, the U.S. methane mitigation sector has grown substantially, with an 88 percent increase in manufacturing firms and a 105 percent jump in service providers since

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[23] GAO, "Oil and Gas: Bureau of Land Management Should Address Risks from Insufficient Bonds to Reclaim Wells," September 18, 2019. p. 6 https://www.gao.gov/products/gao-19-615

[24] Potential reclamation liability estimate is calculated by TCS using BLM data. This calculation assumes that at an average reclamation cost of $71,000/well, the 89,350 wells across federal land at the end of FY2022 carried an estimated $6.34 billion in reclamation costs. Less the $189.6 billion held in bonds by DOI (calculated using $2,122 average bond value per well held by BLM in 2019, per the Government Accountability Office), uncovered reclamation costs of $6.15 billion may have fallen to federal taxpayers. For more details, see: TCS, "Protecting Taxpayers from Picking Up the Tab for Oil and Gas Well Cleanup," June 27, 2024. https://www.taxpayer.net/energy-natural-resources/protecting-taxpayers-from-picking-up-the-tab-for-oil-and-gas-well-cleanup/

[25] TCS, "Gas Giveaways II: Methane Waste on Federal Lands is Business as Usual," August 30, 2022. https://www.taxpayer.net/energy-natural-resources/gas-giveaways-ii-methane-waste-on-federal-lands-is-business-as-usual/.

[26] Ibid.

[27] Environmental Defense Fund, TCS, Synapse Energy Economics, Inc. "Onshore Oil and Natural Gas Operations on Federal and Tribal Lands in the United States Analysis of Emissions and Lost Revenue," January 23, 2023. https://www.taxpayer.net/wp-content/uploads/2023/01/EDF-TCS_Public_Lands_Analysis.pdf

2017.[28] But without accountability, many producers will continue to focus on fast oil production at the expense of gas capture—leaving taxpayers, consumers, and communities to bear the consequences.

This July, Congress delayed a common sense fee on excess methane emissions from oil and gas operators. The waste emissions charge (WEC)—set at $900 per ton of methane in 2024, $1,200 in 2025, and $1,500 in 2026—would apply only to emissions above a set threshold at facilities emitting over 25,000 metric tons of carbon dioxide equivalent annually. With broad exemptions in place, fewer than 500 oil and gas facilities were expected to face the charge. The fee had been projected to raise $7.2 billion over the next decade (2025-2034),[29] on top of increased royalty revenue from the additional natural gas brought to market. The fee's delay will cost federal and state taxpayers this immediate potential revenue and allow industry to continue business as usual, wasting a valuable energy resource and creating health and environmental risks for nearby communities. Meanwhile, taxpayers have already funded $1.5 billion in methane-reduction grants to help operators curb waste. Weakening the enforcement side after funding the incentives leaves the public paying more and getting less.

Conclusion

America's abundant natural resources provide immense value for our country and should not be wasted or given away for rock bottom prices. Our nation's valuable oil, gas, coal, hardrock minerals, wind, solar, and timber resources should be managed with the same principles—ensuring fair return to taxpayers, encouraging market competition, preventing future liabilities, and avoiding waste. Public lands and waters provide valuable resources, while also supporting clean air and water, wildlife for hunters and anglers, and pristine beauty for families across America to enjoy. With proper stewardship and strategic management, these benefits do not have to be mutually exclusive and can be realized now and for future generations to come.

Today the United States is producing and exporting energy at record levels. Responsible energy development and fiscal responsibility point in the same direction. Policies that protect the public's balance sheet also support a healthy energy sector. That means, across all energy development on federal lands:

- **Set modern, market-rate terms in line with states and private interests** for royalties, rentals, and minimum bids to ensure that taxpayers receive fair value.

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[28] Environmental Defense Fund, "Growing Strong: Methane Mitigation Industry Expands Nationwide, Driving Economic Growth and Cutting Emissions," last modified February 18, 2025, https://www.edf.org/media/growing-strong-methane-mitigation-industry-expands-nationwide-driving-economic-growth-and

[29] CBO, "Estimated revenue effects of H.J. Res. 35, a joint resolution providing for Congressional disapproval under chapter 8 of title 5, United States Code, of the rule submitted by the Environmental Protection Agency relating to "Waste Emissions Charge for Petroleum and Natural Gas Systems: Procedures for Facilitating Compliance, Including Netting and Exemptions," February 26, 2025. https://www.cbo.gov/system/files/2025-02/hjres35.pdf

- **Rely on competition**—end noncompetitive leasing and reward high-quality projects, not acreage counts.
- **Enhance program integrity and accountability**—modernize measurement, data, and compliance so royalties owed are royalties paid.
- **Preserve strong financial assurances** so cleanup costs are borne by operators, not federal taxpayers or local communities.
- **Target leasing and match energy development to areas that will yield the greatest returns** and avoid low-reward offerings that tie up land and return little.
- **Reduce waste**, like vented leaked and flared methane, so more products reach market, benefiting taxpayers and consumers with increased revenue and decreased pollution.

America's vast energy reserves promise enormous economic gains. Common sense policies are what turn resource abundance into real production and reliable revenue, adding long-term value for both taxpayers and the economy. These are practical, conservative steps that protect taxpayer assets, ensure what is owed is collected, and prevent long-term costs from being shifted to the public. This has been our mission for three decades—responsible stewardship of our natural resources, and sound budgeting for the people who own them.

Thank you for the opportunity to testify, and I look forward to your questions.