

## **Background On House Natural Resource Committee Energy & Mineral Resources Subcommittee Hearing Witnesses 09/19/23**

**SUMMARY:** The House Natural Resources Committee's Energy and Mineral Resources Subcommittee Will Host A Hearing Entitled "Examining the Biden Administration's Mismanagement of the Federal Onshore Oil and Gas Program" on September 19, 2023.

### **Bill Novotny, President, Wyoming County Commissioners Association**

- Bill Novotny will likely testify in opposition to new rules that would protect revenues for the counties he is supposed to be representing.
- The new rules would also protect taxpayers in counties like Bill Novotny's Johnson County from the high cost of abandoned well cleanup by modernizing bonding requirements.
- Bill Novotny, in 2021, was arrested for driving on the wrong side of the interstate highway and attempting to elude police while having a blood alcohol concentration more than two times the legal limit.

### **Kathleen Sgamma, President, Western Energy Alliance**

- Kathleen Sgamma is a long-time spokesperson for the oil industry.
- Sgamma's Western Energy Alliance is so extreme that oil giant BP left the group over its backwards position on climate issues.
- Kathleen Sgamma says that the oil industry's effect on climate change is "infinitesimal."
- Kathleen Sgamma says the cause of the Bundy family's armed takeover of the Malheur Wildlife Refuge is "too much federal ownership of land." Kathleen Sgamma supports drilling near sites sacred to tribes.

### **Nagruk Harcharek, President, Voice of the Arctic Iñupiat**

- Nagruk Harcharek's organization is a 501(c)(4) "largely funded" by The Arctic Slope Regional Corporation (ASRC).
- ASRC, one of the largest privately held companies in the United States, spent millions of dollars lobbying to open up the Arctic National Wildlife Refuge to oil development.
- After Trump opened ANWR to development, ASRC sold drilling rights to Chevron and BP for \$22.5 million.

### **The Oil Industry is thriving:**

- Industry is rolling in record-breaking profits with a handful of companies doubling their income to **\$451 billion total profits**.
- The same big oil corporations are rewarding shareholders with **\$163 billion in dividends and stock buybacks** while sitting on approved federal drilling permits.

**House Republicans have 47 million reasons to represent Big Oil and Gas:**

- House Republicans who attack Secretary Haaland and President Biden's conservation of America's public lands received **\$47 million in campaign contributions** as a caucus over the course of their congressional careers.

## **Bill Novotny (Wyoming County Commissioners Association)**

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**Bill Novotny, The President Of Wyoming's County Commissioners Association, , Will Likely Testify Against Rules That Would Protect Vital Federal Revenues For The Counties He Is Supposed To Represent.**

### **Bill Novotny Will Likely Testify In Opposition To New Rules That Would Bolster And Protect His County's Federal Oil And Gas Revenue.**

*Bill Novotny Is A Wyoming County Commissioner And Political Consultant Who Has Worked In The Oil Industry.*

**Bill Novotny Is A County Commissioner In Johnson County, Wyoming And President Of The Wyoming County Commissioners Association.** [Johnson County, Accessed [09/17/23](#)]

**Bill Novotny Runs A Political Consulting Firm With Prominent Wyoming Republican Clients.** "When not advocating for counties, he operates the 1892 Group, LLC., a boutique public affairs and political consultant firm. His clients have included the Wyoming Outfitters and Guides Association, Congresswoman Liz Cheney, Congressman Jim Renacci (OH-16), Governors Matt Mead and Mark Gordon, New Mexico Lt. Governor John Sanchez, Nebraska State Treasurer Shane Osborn, and Wyoming Superintendent Jillian Balow. A lover of the outdoors, he spends free time chasing his German Shorthair and raising Shorthorn and Hereford cattle." [Wyoming County Commissioners Association, accessed [09/17/23](#)]

**Bill Novotny Previously Worked As A "Petroleum Land Manager."** "Bill has worked for Wyoming Congresswoman Liz Cheney, Governors Matt Mead and Mark Gordon, Superintendent Jillian Balow among others as well as a community banker and petroleum land manager." [Johnson County, Accessed [09/17/23](#)]

*BLM's Onshore Oil And Gas Rule Will Protect The Extraordinary Revenues Wyoming Has Seen Under The Biden Administration.*

**Under The Biden Administration, Federal Onshore Oil And Gas Revenue Has Increased For Wyoming.** The Interior Office of Natural Resources Revenue reports that in 2022, the most recent year for which data is available, revenue for Wyoming from federal oil

and gas mineral development was over one billion dollars– higher than at any time during the Trump administration. [ONRR, accessed [09/17/23](#)]

### Federal Onshore O&G Revenue In Wyoming, 2016-23

Column 1	Trend	2016	2017	2018	2019	2020	2021	2022
Royalties <sup>Ⓢ</sup>		\$413,894,607.97	\$516,774,288.99	\$565,436,348.26	\$668,180,450.26	\$478,580,140.71	\$596,025,714.50	\$1,054,872,997.73
Rents <sup>Ⓢ</sup>		-	-	-	-	-	-	\$2,985.61
Other revenues <sup>Ⓢ</sup>		\$1,823.01	-	\$3.36	(\$1,623.27)	\$28,158.45	(\$6,885.78)	\$2,937.69
<b>Total:</b>		<b>\$413,896,430.98</b>	<b>\$516,774,288.99</b>	<b>\$565,436,351.62</b>	<b>\$668,178,826.99</b>	<b>\$478,608,299.16</b>	<b>\$596,018,828.72</b>	<b>\$1,054,878,921.03</b>

Source: Interior Office of Natural Resource Revenue

*BLM’s Onshore Oil And Gas Rule Would Protect And Bolster Revenues For Wyoming By Modernizing Royalty Rates, Rents, And Bonuses.*

### BLM’s Oil And Gas Rule Would Modernize The Low, Outdated Rates Oil Companies Pay To Develop Federal Oil And Gas Minerals.

“A rule proposed by the Interior Department raises royalty rates for oil drilling by more than one-third, to 16.67 percent, in accordance with the sweeping climate law approved by Congress last year. The previous rate of 12.5 percent paid by oil and gas companies for federal drilling rights had remained unchanged for a century. The federal rate was significantly lower than what many states and private landowners charge for drilling leases on state or private lands.” [PBS, [07/20/23](#)]

- Revenue From The Development Of Federal Minerals Goes Benefits Wyoming And The Counties Bill Novotny Works For As President Of The Wyoming County Commissioners Association.** “Currently, 50 percent of royalties collected from federal land mineral leases goes back to the states where they were produced. The state then determines how that money is distributed, meaning only a portion might go back to the originating county. The remaining funds stay with the federal government, and 80 percent of that remainder is earmarked for the federal Bureau of Reclamation — to support water projects across the West.” [High Country News, [05/10/18](#)]

*BLM’s Onshore Oil And Gas Rule Would Protect Counties From Abandoned Well Messes By Ensuring Bonding Rates To Cover The Cost Of Well Cleanup.*

### BLM’S Oil And Gas Rule Will Improve Outdated Federal Oil And Gas Bonding Requirements.

“Under the new rules, bonds for a new oil or gas lease would jump from the current level of \$10,000 to a minimum of \$150,000. The administration also wants to increase the state-level blanket bond — a single bond that covers all of a company’s wells in a single state — by 20 times: from \$25,000 to \$500,000. The rules also propose doing away with a national blanket-bond option. For context: Colorado estimates that it costs about \$92,000 to plug a single well in its orphan well program. A 2019 report by the U.S. Government Accountability Office found that 99% of federal

oil and gas leases have bonds that would be unable to pay for the full cost of cleanup.” [High Country News, [07/21/23](#)]

**The Improved Bonding Requirements Will Protect State And Local Governments From The High Cost Of Plugging Harmful Abandoned Wells.** “These bonding increases are meant to protect taxpayers from having to pay to plug wells that become orphaned, meaning that there is no company willing or able to take responsibility for them. There are hundreds of thousands of these wells across the country. And such wells can be dangerous, leaching pollutants into the local environment and acting as significant sources of methane emissions.” [High Country News, [07/21/23](#)]

*In 2021 Bill Novotny Was Arrested For Driving Drunk Down The Wrong Side Of The Interstate Highway, Attempting To Elude Police, And Having An Open Container In His Vehicle.*

**Bill Novotny, In 2021, Was Arrested Driving Drunk Down The Wrong Side Of The Interstate And Attempting To Elude Police.** “Johnson County Commissioner William J. Novotny, III was arrested over the weekend for Driving While Under the Influence (DWUI), reckless driving, flee or attempt to elude police, and open container. According to court documents, at about 2:25am on Sunday, July 18th, a report came in to the Johnson County call center about a vehicle traveling eastbound in the westbound lane on Interstate 90 near Lake DeSmet.” [Sheridan Media, [07/19/21](#)]

**After Refusing To Perform Field Sobriety Tests, Breath Tests Showed Novotny’s Blood Alcohol Level Was Over Twice The Legal Limit.** “Officer Brown then spoke with Novotny, asking if he would perform field sobriety tests, which he refused. Novotny was then arrested and taken to the Johnson County Detention Center where he agreed to a chemical breathalyzer test, which determined his BAC, or Blood Alcohol Content on two samples at 0.186% and 0.187%. The legal limit in Wyoming is under 0.08%.” [Sheridan Media, [07/19/21](#)]

## **Kathleen Sgamma (Western Energy Alliance)**

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**Big Oil Lobbyist Kathleen Sgamma Pushes Myths About Oil And Gas Production, Climate Change, And Regulations To Skirt Industry Accountability**

**Kathleen Sgamma’s Western Energy Alliance Is So Extreme That Even Big Oil Companies Distance Themselves From It,**

*Western Energy Alliance Advocates on Behalf of Western Oil and Gas Companies.*

**Kathleen Sgamma Is The President Of The Western Energy Alliance (WEA).** “Kathleen joined Western Energy Alliance in March 2006.” [Western Energy Alliance, About, accessed [02/03/23](#)]

- **Western Energy Alliance is a Trade Association of Oil and Natural Gas Companies in the West.** “Western Energy Alliance represents 200 member companies engaged in all aspects of environmentally responsible exploration and production (E&P) of oil and natural gas in the West. The Alliance represents independent oil and gas producers, the majority of which are small businesses with an average of fourteen employees. Since 1974, the Alliance has been the voice of the Western oil and natural gas industry, representing the “upstream” segment of the industry.” [Western Energy Alliance, accessed [02/07/23](#)]

### **Oil Giant BP Loudly Left WEA In February 2020, Citing The Group’s Backwards Climate Policies**

**WEA Is An Industry Association Representing Oil And Gas Drillers.** “Western Energy Alliance represents 200 member companies engaged in all aspects of environmentally responsible exploration and production (E&P) of oil and natural gas in the West. The Alliance represents independent oil and gas producers, the majority of which are small businesses with an average of fourteen employees. Since 1974, the Alliance has been the voice of the Western oil and natural gas industry, representing the ‘upstream’ segment of the industry. As our name indicates, we collaborate with an alliance of stakeholders who share an interest in a vibrant western economy with robust job creation.” [WEA, accessed [02/17/21](#)]

**In 2020, Oil Giant BP Left WEA Publicly, Citing The Group’s Anti-Climate Policies.** “BP is withdrawing from three trade groups over climate policies, a move that comes after the company vowed to reach net-zero carbon emissions by 2050. The oil giant is pulling out of the American Fuel and Petrochemical Manufacturers, the Western Energy Alliance and the Western States Petroleum Association, the company said Wednesday.” [Washington Post, [02/26/20](#)]

- **BP Also Cited WEA’s Opposition To Reducing Methane Pollution.** “BP said that it was quitting WEA because it was ‘not aligned’ with BP’s positions on clamping down on methane leaks. The oil giant said it was leaving the other groups because of differences over putting a price on carbon.” [Washington Post, [02/26/20](#)]

### **Kathleen Sgamma Denies That Oil And Gas Development Has An Impact On Climate Change.**

**Kathleen Sgamma Claimed Oil And Gas Activity As An “Infinitesimal Impact On Climate Change.”** “Kathleen Sgamma with the Western Energy Alliance, an industry advocacy group, said the environmentalists were seeking to block activity that has “an infinitesimal impact on climate change.”” [AP, [09/01/15](#)]

**Kathleen Sgamma Claimed Oil And Gas Provide “More Climate Benefits Than Wind And Solar Combined.”** ““They are protesting against an energy source that provides

more climate benefits than wind and solar combined," Sgamma said. "This is not a reasonable movement." [Salt Lake Tribune, [11/17/15](#)]

### **Western Energy Alliance Blamed The Bundy Family's Armed Takeover Of A Wildlife Refuge On "Too Much Federal Ownership Of Land"**

**Western Energy Alliance Says The Armed Occupation Of Malheur National Wildlife Refuge Is A "Situation [That] Arises From Too Much Federal Ownership Of Land In The West."** In a blog post, Western Energy Alliance President Kathleen Sgamma Wrote, "The situation arises from too much federal ownership of land in the West. Whereas in the East and Mid-West lands were transferred as private property to individuals for farms, by the time the West was settled the government retained a vast amount of land. Ranchers are not 'freeloaders' as they have been unfairly characterized by those who enjoy their own private property. They are admirably trying to make a living while feeding America, but are too often at the mercy of the federal government." [Western Energy Alliance, [01/08/16](#)]

- **Sgamma Further Blamed A "Conservation-Only Mentality."** She Wrote, "although ranchers have been working the land for many generations, federal land use policies have shifted significantly under their feet over the last few decades. Whereas the federal government used to balance 'multiple-uses' of public lands with conservation, today it all too often adopts a conservation-only mentality. The federal government administers 700 million acres, the vast majority in the West. These lands include not just National Parks, wilderness, wildlife refuges and other lands designated for conservation, but also hundreds of millions of acres of multiple-use lands that are appropriate for ranching, mining, energy, and other productive uses. For many years, the Interior Department balanced conservation and economic development by ensuring productive activities adhere to strict environmental standards that protect wildlife, endangered species, cultural resources, air, and water. Now too often policies just involve squeezing out the productive activities." [Western Energy Alliance, [01/08/16](#)]

### **Western Energy Alliance Supports Oil And Gas Drilling Near Tribal Sacred Sites Like Bears Ears National Monument.**

**Western Energy Alliance Supports Leasing to Oil and Gas Companies On Archaeologically Sensitive Land With Sacred Tribal Sites.** "The U.S. government will allow oil and gas companies to make lease bids Monday on lands considered archaeologically sensitive near a national monument stretching across the Utah-Colorado border that houses sacred tribal sites...Kathleen Sgamma of the oil industry trade group Western Energy Alliance countered that the plans are far from the boundaries of the monument. 'They're making sure companies are operating in a responsible way while meeting the call from Congress to expand oil and gas development.' she said." [KUTV, [09/09/19](#)]

**Kathleen Sgamma Said There Was "Industry Appetite" for Development in Bears Ears National Monument.** Sgamma said "there certainly is industry appetite for development there, or else companies wouldn't have leases in the area," even though

Secretary Ryan Zinke said there were no oil and gas resources in Bears Ears. [*E&E News*, [04/13/17](#); *The Salt Lake Tribune*, [12/04/17](#)]

### **Western Energy Alliance Has Tried To Discredit Federal Government Scientists And Calls National Geographic “Expert Propagandists”**

**Kathleen Sgamma Discredited Federal Government Scientists.** Kathleen Sgamma wrote that peer review is “normally a rigorous scientific process,” but, “when used by federal agencies for endangered species listing decisions,” “is spin for asking somebody in a close circle of friends to approve your work.” Sgamma said that the Fish and Wildlife Service (FWS) “can count on its ‘friends’ in a tight circle of scientist-activists who won’t point out something that’s inconvenient to it.” She also claimed that a Department of the Interior analysis was “probably done by the Sierra Club” and believes that federal agencies used “faulty information that ignores a large body of scientific literature on the sage grouse.” [Western Energy Alliance, [05/15/15](#); Twitter, [01/15/16](#)]

**Kathleen Sgamma Called National Geographic “Expert Propagandists.”** Sgamma tweeted that National Geographic ‘are expert propagandists’ in reference to their TV show ‘Fracking Hell.’ [Twitter [12/21/15](#)]

## **Nagruk Harcharek (Voice of the Arctic Iñupiat)**

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**Nagruk Harcharek’s Organization Is “Largely Funded” By An Alaska Regional Corporation That Made Millions Leasing The Arctic National Wildlife Refuge To Big Oil Corporations Like BP and Chevron.**

### **Nagruk Harcharek Represents A 501(c)(4) That Is “Largely Funded” By The Arctic Slope Regional Corporation (ASRC).**

*ASRC Is A Wealthy Alaska Regional Corporation That Made Millions Leasing The Arctic National Wildlife Reserve To Big Oil.*

**Nagruk Harcharek Is President Of Voice of the Arctic Iñupiat.** [VOICE, accessed [09/17/23](#)]

**Voice Of The Arctic Is A 501(c)(4) “Largely Funded By The Arctic Slope Regional Corporation.”** Voice of the Arctic Iñupiat was formed in 2015 as a 501(c)(4) nonprofit corporation, creating a communication network amongst Arctic Slope communities to establish a unified voice for our region and people. Today, our twenty-four member organizations work together to ensure that our collective voice is heard and respected – locally, regionally and nationally. Under our current structure, the VOICE is largely funded by Arctic Slope Regional Corporation (ASRC) and grants from the North Slope Borough (NSB).” [VOICE, accessed [09/17/23](#)]



*ASRC Has A Huge Revenue, Assets, And Pays Its Staff Millions In “Fringe Benefits” That Has Spent Millions Lobbying To Open ANWR Up To Big Oil Development.*

**ASRC, One Of The Largest Private Companies In The US, Has Spent Millions Lobbying To Open ANWR Up To Big Oil Development.** “One of the largest private companies in the United States, on the other hand, has been abundantly clear about its support for drilling the Arctic Refuge and has spent millions of dollars over the past two decades to convince Congress to overturn a prohibition on drilling on the refuge’s coastal plain. The Arctic Slope Regional Corp. (ASRC), an Alaska Native regional corporation with an annual revenue of \$2.5 billion, has already submitted an application to do a seismic survey of the coastal plain, the area of the refuge that would be leased and drilled.” [Center for American Progress, [08/09/18](#)]

**ARSC Had Over \$200 Million In Assets And Over \$77 Million In Revenue In 2018.**

- **In 2018, Arctic Slope Regional Corporation Reported Net Assets Of 218,029,426.** [Arctic Slope Regional Corporation 2018 Annual Report, accessed [05/14/20](#)]
- **In 2018, Arctic Slope Regional Corporation Had \$77,150,480 In Operating Revenue.** [Arctic Slope Regional Corporation 2018 Annual Report, accessed [05/14/20](#)]
- **Arctic Slope Regional Corporation Does Not Have A 2019 Financial Statement Available.** [Arctic Slope Regional Corporation, accessed [05/14/20](#)]

**ASRC Spent Millions On “Fringe Benefits” For Its Staff**

- **In 2018, Arctic Slope Regional Corporation Spent \$42,521,862 On “Salaries And Fringe Benefits.”** [Arctic Slope Regional Corporation 2018 Annual Report, accessed [05/14/20](#)]

**The Arctic Slope Regional Corporation Paid Tara Sweeney, Acting Director Of Indian Affairs During The Trump Administration, A Hefty Executive Salary.**

- Tara Sweeney’s salary from ASRC was \$645,104.
- ASRC gave Sweeney a cash payment of \$321,023 as part of its employee incentive program. [OGE form 278e, [01/03/20](#)]

*ARSC Took In \$22 Million When It Sold Rights To Huge Swaths Of The Arctic Off To Chevron And BP*

**The Arctic Slope Regional Corporation Sold Leases To BP And Chevron For \$22 Million After Congress Opened Up ANWR To Oil And Gas Drilling In 2017.** “The Alaska Native regional corporation for the North Slope collected \$22.5 million from a pair of oil companies after Congress opened the Arctic National Wildlife Refuge’s coastal plain to drilling in 2017, according to corporate documents. Arctic Slope Regional Corp., whose 13,000 Alaska Native shareholders own the oil rights to 140 square miles along



the coastal plain, has long been one of the most aggressive advocates for opening the refuge to oil development. The payment, referenced in ASRC's latest annual report, underscores just how much the corporation had to gain from the congressional action. It stands to benefit further if the oil companies, BP and Chevron, ultimately find and produce petroleum on its property." [Alaska Public Media, [01/08/20](#)]

**BP Was A Key Lobbyist In Convincing The Trump Administration To Open ANWR To Oil & Gas Extraction.** "Oil major BP played a key role in lobbying the Trump administration to allow oil and gas drilling in two previously protected areas of the Alaskan Arctic, Unerthed can reveal. Opening up the areas to exploration poses significant risks to the environment and will undermine efforts to meet the Paris climate targets to prevent catastrophic climate change. Writing to Trump administration officials, the company first lobbied for more areas to be opened up to drilling off the US coast and then welcomed plans to lease swathes of the Arctic's Beaufort Sea for oil and gas exploration, according to documents seen by Unerthed." [Unerthed, [05/19/19](#)]

- **BP America President Susan Dio Said Opening Up ANWR Was A "Big Policy Victory."** "So when the US interior department kicked-off the leasing process for the area in April 2018, BP Alaska president, Janet Weiss, wrote to officials welcoming the move. A day after that letter was sent, BP's Susan Dio told a meeting of the Resource Development Council of Alaska (RDC) that the decision to permit drilling was a 'big policy victory.' In previously unreported comments, Dio said: 'Alaska won a big policy victory at the national level this past December when the federal government opened the door to oil and gas development in the Arctic National Wildlife Refuge.'" [Unerthed, [05/19/19](#)]

**The oil industry is thriving under the Biden administration with record profits and a stockpile of unused public lands drilling permits.**

**Oil industry profits are skyrocketing with most oil majors doubling their income while US consumers pay the price.**

*A handful of big oil corporations made \$451B in profits in 2021.*

**In 2022, big oil corporations saw profits totaling \$451 billion.** "Twenty-six of the nation's largest oil companies made a record-breaking \$451 billion last year, according to a new comprehensive analysis released by Accountable.US today. Big Oil giants like BP, Shell, and Chevron more than doubled their net income from the previous year, and smaller companies like Murphy Oil And Southwestern Energy saw increases of 1,410% and 7,496%, respectively. [Accountable.US, [03/06/23](#)]

*The oil and gas industry used its record-breaking profits to reward shareholders with \$163 billion.*

**The same big oil corporations used those profits to return \$163B to shareholders.** The oil and gas companies consistently prioritized shareholder returns over alleviating the pressure of high energy prices. Much of their earnings went straight to dividends and

share buybacks, and executives assured shareholders that this would remain a “priority” in the years to come. In total, the same oil and gas companies gave \$163 billion to wealthy shareholders in 2022 through dividends and stock buybacks.” [Accountable.US, [02/24/23](#)]

### **Onshore oil and gas permitting and production are up under the Biden administration.**

*The US produced more oil in 2022 from federal onshore sites than any time in the past decade.*

**Oil production on public lands is higher under the Biden Administration than it ever was under the Trump administration.** “In 2022, federal onshore oil production was over 110 million barrels higher than its peak under the Trump administration. In fact, US federal onshore oil production is currently higher than all four years of the Trump administration.” [Accountable.US, [03/08/23](#)]

**In early 2023, the oil industry was sitting on a “war chest” of over 8,000 unused but approved public lands drilling permits.** “...the Biden administration more than doubled its approved permits to drill in 2022 compared to every year of Trump’s presidency. This bump is even considering how Big Oil stockpiled a “war chest” of permits ahead of Biden taking office that continue to sit unused.” [Accountable.US, [03/08/23](#)]

**One possible reason for Republicans putting Big Oil and Gas polluters over everyday Americans?**

**\$47 million in campaign contributions from the oil and gas industry.**

### **House Republicans have taken a total of \$47 million in O&G industry contributions.**

**The oil and gas industry has given \$46,995,088 to Republicans currently in the U.S. House of Representatives since the start of their careers.** An analysis of data from the Center for Responsive Politics’s Open Secrets website shows that current members of the House Republican caucus have taken **\$46,995,088** from the oil industry in campaign contributions. [Open Secrets, accessed [04/12/23](#)]