



## **The Bureau Of Land Management Is Failing To Disclose How It Is Bailing Out Public Lands Oil Drillers During The COVID-19 Pandemic And May Be Altering Records**

### **BLM Promised To Keep Track Of The Bailouts, But Is Failing To Make The Data Public In A Reasonable Way**

#### **BLM Said It Would Disclose Lease Suspensions And Royalty Reductions Related To COVID-19 In Its LR2000 Database...**

**BLM Said It Would Keep Track Of COVID-19-Related Royalty Reductions In Its LR2000 Database Using Existing Royalty Reduction Action Codes.** "The AOs will maintain data entries in LR2000 to provide the capability for Headquarters (WO-310) to generate reports identifying the number of leases that have been granted temporary royalty rate relief described in this IM. The LR2000 action codes pertinent to royalty rate reductions will be entered, as detailed in BLM Handbook H-3103-1, Fees, Rentals and Royalties, for each lease included in an application received and processed. Since this royalty rate reduction is temporary, LR2000 Action Code 247 - Future Action Suspense should be used to flag the one-year termination date." [BLM Royalty Reduction Guidance, [04/21/20](#)]

**BLM Said It Would Keep Track Of COVID-19-Related Lease Suspensions In Its LR2000 Database Using The Action Codes 677.** "Once approved, a suspension of operations or production will be effective on the first day of the month in which the completed application was filed or the date specified by the AO. (43 CFR 3103.4-4(c) and 3165.1(c)). All SOs should follow the data standards for all existing oil and gas leases. When using action code 677 - Suspension of Operations or Production/Payment, the SO must enter the reason for the suspension in BLM's Legacy Rehost System (LR2000) as "COVID-19." In addition, action code 247 - Future Action Suspense should be entered to flag the suspension termination date." [BLM Lease Suspension Guidance, [04/21/20](#)]

- **And Track Them In Monthly Reports.** "The BLM Headquarters office of Fluid Minerals will run monthly reports of leases that are suspended due to the COVID-19 pandemic. As stated in the data entry standards, the reason for the suspension will be noted in the appropriate LR2000 action remarks field, and offices should use 'COVID-19' as noted above." [BLM Lease Suspension Guidance, [04/21/20](#)]

#### **...But BLM's Database Has Only Been Operational Intermittently, And The Agency Has Refused To Provide Data To Congress**

**The Database BLM Uses To Disclose Royalty Relief Has Only Worked Intermittently During The COVID-19 Pandemic.** "E&E News has found that state offices are currently responding to scores of companies proposing that BLM slash royalty rates down to as low as 0.5% from the standing 12.5% of fair market value for oil and gas extracted from public land. BLM's LR2000



database, which includes information from the thousands of oil and gas leases overseen by the agency, shows fewer than 100. [...] The database requires users to key in precise search codes to identify any changes to an oil and gas lease. The system was down for much of last week, prompting pushback from public land observers." [E&E, [05/20/20](#)]

**BLM Has Refused To Provide Royalty Relief Information To Congress, Prompting A Call For A Nonpartisan Report From The Government Accountability Office.** "On Wednesday, House Natural Resources Committee Chairman Raúl M. Grijalva (D-Ariz.) asked the Government Accountability Office, a nonpartisan agency that reports to Congress, to produce a report on whether recipients of royalty relief have properly shown they need the aid in response to the drop in oil prices. 'I am concerned that in its haste to approve huge numbers of royalty cuts, BLM may not be fully following the requirements in the regulations,' he wrote, adding that the agency has refused to provide his committee with information it asked for." [Washington Post, [05/20/20](#)]

### **The Data That BLM's LR2000 Database Does Produce Has Substantial Discrepancies From Week To Week, And Many Records Appear To Be Altered**

#### **The Dates That Action Codes Are Applied To BLM's Lease Case Recordations Change From Week To Week, With Action Codes Disappearing From Many Case Recordation Files**

A May 15 Search For Lease Suspensions Approved Between April 1 And May 15th Produced One Result For Case Type 312011. The lease's serial number is WYW 073145, and the action was applied on May 14, 2020. [BLM LR2000 Search, downloaded [05/15/20](#)]

- **But The Same Search Conducted On May 23, WYW 073145's suspension date was changed to May 18, 2020.** [BLM LR2000 Search, downloaded [05/23/20](#)]
  - The Case Recordation File Has No Evidence Of The May 14 Action Code, Which Has Been Replaced With A May 18 Date. [WYW 073145, accessed [05/26/20](#)]
- **The May 23rd Search Also Showed Two Leases With A Lease Suspension Date Of May 1 That Were Not Returned In The May 15 Search.** [BLM LR2000 Search, downloaded [05/23/20](#)]

#### **In Fact, Of The 67 Wyoming Leases That Showed A Suspension Date On May 14, 2020, 64 Had Been Altered By May 23, 2020.**

A May 15 Search For Lease Suspensions Approved Between April 1 And May 15th Produced 67 Results For Case Type 312021. All 67 cases showed an action date of May 14, 2020. [BLM LR2000 Search, downloaded [05/15/20](#)]



- **The Same Search Performed On May 23rd Showed That All But Four Of Those 67 Leases Had Had Their Action Date Changed To May 18.** The serial numbers for the cases that did not change are WYW 179118, WYW 177695, and WYW 177118. [BLM LR2000 Search, downloaded [05/23/20](#)]

**Additionally, The May 23 Search Produced Dozens Of Results With An Action Date Of May 1 That Were Not Present In Results For The Same Search On May 15.** Some examples include WYW 112575, WYW 118536, WYW 124838, WYW 126303, WYW 128084, WYW 135589, WYW 138424, WYW 140783, WYW 142080, WYW 142835, WYW 142974, WYW 142975, WYW 142976, and WYW 143535. [BLM LR2000 Search, downloaded [05/15/20](#)]

### **And Action Code Searches Sometimes Don't Produce Relevant Results**

**A May 15 Search For Lease Suspensions Approved Between April 1 And May 15th Produced Zero Results For Case Type 311211.** [BLM LR2000 Search, downloaded [05/15/20](#)]

- **But The Same Search Conducted On May 23rd Showed 13 Cases In Wyoming With An Action Date Of May 1st.** Case Serial Numbers WYW 040793, WYW 051178, WYW 055076, WYW 058571, WYW 070359, WYW 073473, WYW 076347, WYW 087880, WYW 100394, WYW 126782, WYW 185205, WYW 0310386, and WYW 0315476 all had action code 677 applied on May 1, 2020. [BLM LR2000 Search, downloaded [05/23/20](#)]

### **There Is No Clear Reason Why The Action Dates Would Be Altered In LR2000, As Royalty Reductions And Lease Suspensions Appear To Be Backdated To The First Day Of The Month That They Were Submitted**

**BLM's Guidance Says That Approved Royalty Reductions Are "Effective On The First Day Of The Month In Which The Completed Application Was Filed.** "Once approved, a royalty rate reduction will be effective on the first day of the month in which the completed application was filed or the date specified by the AO." [BLM Royalty Reduction Guidance, [04/21/20](#)]

**BLM's Guidance Says That Approved Lease Suspensions Are "Effective On The First Day Of The Month In Which The Completed Application Was Filed."** "Once approved, a suspension of operations or production will be effective on the first day of the month in which the completed application was filed or the date specified by the AO. (43 CFR 3103.4-4(c) and 3165.1(c))." [BLM Lease Suspension Guidance, [04/21/20](#)]

### **There Is No Clear Reason Why It Is Taking Weeks In Some Cases For BLM To Publish Limited Records On LR2000**

**BLM's Guidance On COVID-19 Relief To Oil Companies Demands A Very Fast, Five-Day Turnaround On Royalty Reduction Approvals.** "For those complete applications timely filed, the BLM SO AO will review and evaluate the documentation in the royalty relief application and verify the application information within five business days. [...] Copies of the approval



letter must be sent to the Office of Natural Resources Revenue (ONRR) within five business days after approval." [BLM Royalty Reduction Guidance, [04/21/20](#)]

- **And The Same For Lease Suspension Approvals.** "For those complete applications timely filed, the BLM SO AO will review and evaluate the documentation in the suspension request and verify the application information within five business days. The five-day review time for BLM applies to all suspension requests those under section 17 or section 39 of the MLA. [...] Copies of the approval letter must be sent to the Office of Natural Resources Revenue (ONRR) within five business days after approval." [BLM Lease Suspension Guidance, [04/21/20](#)]

**But BLM Is Taking Weeks To Post The Same Information To Its Database.**

- **An LR2000 Search For Lease Suspensions On May 23 Turned Up Dozens Of Examples Of Wyoming Lease Suspensions With An Action Date Of May 23.** [BLM LR2000 Search, downloaded [05/23/20](#)]
- **But Many Of Those Leases Didn't Appear In Results For The Same Search Conducted On May 15-- Two Weeks After The Supposed Action Date.** Some examples include WYW 112575, WYW 118536, WYW 124838, WYW 126303, WYW 128084, WYW 135589, WYW 138424, WYW 140783, WYW 142080 ,WYW 142835, WYW 142974, WYW 142975, WYW 142976, and WYW 143535. [BLM LR2000 Search, downloaded [05/15/20](#)]

### **The "Covid-19" Action Remark Only Appears To Be Applied To Lease Suspensions, Making It Harder To Track Royalty Relief**

BLM Said Lease Suspensions Would Be Flagged With The Words "COVID-19 In The Action Remark Column On Case Recordation Files. . "Once approved, a suspension of operations or production will be effective on the first day of the month in which the completed application was filed or the date specified by the AO. (43 CFR 3103.4-4(c) and 3165.1(c)). All SOs should follow the data standards for all existing oil and gas leases. When using action code 677 - Suspension of Operations or Production/Payment, the SO must enter the reason for the suspension in BLM's Legacy Rehost System (LR2000) as "COVID-19." In addition, action code 247 - Future Action Suspense should be entered to flag the suspension termination date." [BLM Lease Suspension Guidance, [04/21/20](#)]

**But Had No Similar Requirement For Royalty Relief.** [BLM Royalty Reduction Guidance, [04/21/20](#)]

**The Result Of This Is There Is No Clear Way To Tie Royalty Rate Approvals To The COVID-19 Public Health Emergency.** [BLM LR2000 Search, downloaded [05/15/20](#)]