

At a Glance

H.R. 6285, Alaska's Right to Produce Act of 2023

As reported by the House Committee on Natural Resources on April 15, 2024

| By Fiscal Year, Millions of Dollars | 2024 | 2024-2029 | 2024-2034 |
|--|------|---|---------------|
| Direct Spending (Outlays) | -5 | -12 | -45 |
| Revenues | 0 | 0 | 0 |
| Increase or Decrease (-) in the Deficit | -5 | -12 | -45 |
| Spending Subject to Appropriation (Outlays) | * | * | not estimated |
| Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2035? | No | Statutory pay-as-you-go procedures apply? | Yes |
| Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2035? | No | Mandate Effects Contains intergovernmental mandate? Contains private-sector mandate? | No No |

* = between zero and \$500,000.

The bill would

- Repeal temporary suspensions of oil and gas exploration and production in the Arctic National Wildlife Refuge (ANWR)
- Reverse the withdrawal of federal land in the Alaska Outer Continental Shelf from offshore oil and gas leasing
- Reinstate canceled oil and gas leases in ANWR

Estimated budgetary effects would mainly stem from

- Increases in offsetting receipts, which are treated as decreases in direct spending, from payments stemming from oil and gas leases

Areas of significant uncertainty include

- Projecting the occurrence and timing of lease sales for the affected land
- Predicting industry interest in acquiring oil and gas leases for the affected land

Detailed estimate begins on the next page.

See also

[CBO's Cost Estimates Explained](#), [CBO Describes Its Cost-Estimating Process](#), [Glossary](#)

Bill Summary

H.R. 6285 would direct the Bureau of Land Management (BLM) within the Department of the Interior (DOI) to reinstate six oil and gas leases on about 300,000 acres of land within the Arctic National Wildlife Refuge (ANWR). Those leases were issued in 2021 and canceled by BLM in 2023. The bill also would void three administrative actions related to federal land in Alaska:

- A proposed rule, published in the *Federal Register* in September 2023, which would restrict the development of new infrastructure in the National Petroleum Reserve in Alaska (NPR-A) by revising environmental protections and would withdraw about 11 million acres from oil and gas leasing;¹
- Section 4 of Executive Order 13990, issued in January 2021, which withdrew land in the Alaska Outer Continental Shelf (OCS) from oil and gas exploration and development;² and
- DOI Secretarial Order 3401, issued in June 2021, which temporarily suspended oil and gas lease sales in ANWR pending completion of an environmental analysis.³

Estimated Federal Cost

The estimated budgetary effect of H.R. 6285 is shown in Table 1. The costs of the legislation fall within budget functions 300 (natural resources and environment) and 950 (undistributed offsetting receipts).

Basis of Estimate

For this estimate, CBO assumes that H.R. 6285 will be enacted during 2024.

Background

Federally owned onshore and offshore energy resources are developed under a system that requires companies to bid on parcels for leasing. Onshore mineral leasing is administered by BLM; offshore leasing is administered by DOI's Bureau of Ocean Energy Management (BOEM). Winning bidders in lease sales make payments called bonus bids when leases are issued; pay annual rent on nonproducing leases; and pay royalties or fees on the value of any

1. Bureau of Land Management, Department of the Interior, “Management and Protection of the National Petroleum Reserve in Alaska,” 88 *Fed. Reg.* 62025 (September 8, 2023), <https://tinyurl.com/5cx8r6jz>.

2. Presidential Documents, “Protecting Public Health and the Environment and Restoring Science to Tackle the Climate Crisis,” Executive Order 13990, *Fed. Reg.* 7037 (January 20, 2021), <https://tinyurl.com/yw7re724>.

3. Department of the Interior, “Comprehensive Analysis and Temporary Halt on All Activities in the Arctic National Wildlife Refuge Relating to the Coastal Plain Oil and Gas Leasing Program,” Secretarial Order 3401 (June 1, 2021), <https://tinyurl.com/mr4aj3t5>.

oil, gas, or electricity produced on the leased land. Those payments are recorded in the budget as offsetting receipts and thus treated as reductions in direct spending. Under the Mineral Leasing Act, states receive about half of all royalties, rents, and bonus bids from onshore mineral resources.

Table 1.
Estimated Decreases in Direct Spending Under H.R. 6285

| By Fiscal Year, Millions of Dollars | | | | | | | | | | | | 2024-2029 | 2024-2034 |
|-------------------------------------|------|------|------|------|------|------|------|------|------|------|------|-----------|-----------|
| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | | |
| OCS Leasing | | | | | | | | | | | | | |
| Estimated Budget Authority | 0 | 0 | 0 | 0 | 0 | 0 | -3 | -3 | -3 | -7 | -8 | 0 | -24 |
| Estimated Outlays | 0 | 0 | 0 | 0 | 0 | 0 | -3 | -3 | -3 | -7 | -8 | 0 | -24 |
| ANWR Leasing | | | | | | | | | | | | | |
| Estimated Budget Authority | -5 | -1 | -2 | -1 | -2 | -1 | -2 | -1 | -2 | -2 | -2 | -12 | -21 |
| Estimated Outlays | -5 | -1 | -2 | -1 | -2 | -1 | -2 | -1 | -2 | -2 | -2 | -12 | -21 |
| Total Decreases | | | | | | | | | | | | | |
| Estimated Budget Authority | -5 | -1 | -2 | -1 | -2 | -1 | -5 | -4 | -5 | -9 | -10 | -12 | -45 |
| Estimated Outlays | -5 | -1 | -2 | -1 | -2 | -1 | -5 | -4 | -5 | -9 | -10 | -12 | -45 |

ANWR = Artic National Wildlife Reserve; OCS = Outer Continental Shelf.

CBO estimates that administrative costs to implement H.R. 6285 would total less than \$500,000 over the 2024-2029 period; any associated spending would be subject to the availability of appropriated funds.

The National Petroleum Reserve in Alaska. The NPR-A includes 23 million acres of land in northern Alaska that is designated in part for oil and gas development. In 2022, BLM adopted a land management plan for the area that withdrew about 11 million acres from oil and gas leasing, subject to valid existing rights, and updated the environmental permitting process for the remaining 12 million acres of the NPR-A that remained open for leasing. In 2023, the agency proposed a rule that would consolidate and implement recent land management plans and an updated permitting process.

The Alaska Outer Continental Shelf. The Alaska OCS is separated into more than a dozen planning areas that can be offered for leasing. In 2021, Executive Order 13990 indefinitely withdrew areas in the Bering Sea and Arctic waters from oil and gas leasing.

BOEM is required to issue a forward-looking leasing schedule under the Outer Continental Shelf Lands Act; any significant revision to that schedule requires consultation and rulemaking. In September 2023, BOEM released its plan for holding oil and gas lease sales



on OCS land within the 2024-2029 period.⁴ That plan does not include any lease sales in the Alaska OCS through 2029.

The Arctic National Wildlife Refuge. ANWR comprises 19 million acres of land in northeastern Alaska. The 2017 reconciliation legislation (Public Law 115-97) directed BLM to implement an oil and gas leasing program in ANWR’s Coastal Plain—about 1.6 million acres of land in the northern part of ANWR. The law requires BLM to hold two lease sales by 2025 and to offer at least 400,000 acres at each sale. The first sale, conducted in 2021, resulted in nine leases. Later that year, through DOI’s Secretarial Order 3401, BLM canceled the leases and suspended all activities related to the program in ANWR while a new environmental analysis was under way. The second sale is scheduled for December 2024.

Direct Spending

CBO estimates that enacting the bill would decrease direct spending by \$45 million over the 2024-2034 period from additional bonus bids, rents, and royalties.

OCS Leasing. By nullifying section 4 of Executive Order 13990, H.R. 6285 would reopen the Norton Basin, the area offshore of St. Lawrence Island, the Chukchi Sea, and the Beaufort Sea to offshore oil and gas production.

CBO expects that, in keeping with the current five-year plan, BOEM will not hold lease sales in Alaska before 2030, but that under the bill, sales could occur on the reopened Alaska OCS beginning that year. Based on the frequency of Alaska OCS lease sales, CBO estimates a 20 percent probability that a sale would be held in the areas affected by H.R. 6285.

Using information about the history of bonus bids, rents, and royalties collected from Alaska OCS leases, CBO estimates that BOEM would collect \$24 million in additional offsetting receipts over the 2024-2034 period.

ANWR Leasing. H.R. 6285 would require BLM to reinstate six of the canceled leases from the 2021 lease sale. CBO estimates that in 2024 the lessees would repay the \$8 million for bonus bids that was reimbursed when the leases were canceled. In addition, they would pay rent totaling \$3 million a year until production begins. Alaska would be paid about half of those receipts.

H.R. 6285 also would require BLM to conduct the second ANWR oil and gas lease sale, which is currently scheduled for December 2024, under the original environmental assessment. Using information from BLM and the U.S. Geological Survey, CBO expects that conducting the sale under the original assessment would have no significant effect on the amount of offsetting receipts collected relative to CBO’s current baseline projections.

4. See Bureau of Ocean Energy Management, Department of the Interior, “National OCS Oil and Gas Leasing Program: 2024-2029 Program,” (September 2023), <http://tinyurl.com/52s8k96w>.

On that basis, CBO estimates that, under the bill, BLM would collect a total of \$21 million in additional offsetting receipts over the 2024-2034 period from ANWR leases.

NPR-A Leasing. H.R. 6285 would nullify BLM's proposed rule to consolidate and implement leasing and permitting procedures established by the agency's recent land management plans for the NPR-A. Because BLM has already adopted those land management plans, they will remain in effect until revised, and H.R. 6285 would not amend those plans. Thus, CBO expects that nullifying the rule would not affect BLM's decision to close about 11 million acres from oil and gas leasing. CBO expects that revoking the proposed rule could affect the timing of permitting for leases in the other 12 million acres that would remain available for leasing but would have no significant effect on direct spending over the 2024-2034 period.

If the land management plans for the NPR-A were changed in response to H.R. 6285, CBO estimates that BLM could collect about \$40 million in bonus bids and rents over the 2024-2034 period from leasing a portion of the land that is closed to oil and gas leasing under the land management plan. Alaska would be paid about half of those receipts.

Spending Subject to Appropriation

Using information from DOI, CBO estimates that administrative expenses incurred to implement H.R. 6285 would not be significant over the 2024-2029 period. Any related spending would be subject to the availability of appropriated funds.

Uncertainty

This estimate is subject to uncertainty because CBO cannot predict when BLM and BOEM would hold auctions or what the oil and gas industry's interest in leasing land in Alaska will be. The number of leases issued under H.R. 6285 and the resulting collections from bonus bids, rents, and royalties could be more or less than CBO estimates.

Pay-As-You-Go Considerations

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in Table 2.



Table 2.

CBO's Estimate of the Statutory Pay-As-You-Go Effects of H.R. 6285, the Alaska's Right to Produce Act of 2023, as Reported by the House Committee on Natural Resources on April 15, 2024

| 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | By Fiscal Year, Millions of Dollars | | |
|--|------|------|------|------|------|------|------|------|------|------|-------------------------------------|-----------|-----|
| | | | | | | | | | | | 2024-2029 | 2024-2034 | |
| Net Increase or Decrease in the Deficit | | | | | | | | | | | | | |
| Pay-As-You-Go Effect | -5 | -1 | -2 | -1 | -2 | -1 | -5 | -4 | -5 | -9 | -10 | -12 | -45 |

Increase in Long-Term Net Direct Spending and Deficits

CBO estimates that enacting H.R. 6285 would not increase net direct spending or deficits in any of the four consecutive 10-year periods beginning in 2035.

Mandates

The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

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