Congressional Budget Office
Cost Estimate

August 24, 2023

S. 535, Bureau of Land Management Mineral Spacing Act

As reported by the Senate Committee on Energy and Natural Resources on July 11, 2023

By Fiscal Year, Millions of Dollars	2023	2023-2028	2023-2033
Direct Spending (Outlays)	0	1	1
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	1	1
Spending Subject to Appropriation (Outlays)	0	0	not estimated

Increases *net direct spending* in any of the four consecutive 10-year periods beginning in 2034?	< $2.5 billion	Statutory pay-as-you-go procedures apply?	Yes
		Mandate Effects	
Increases *on-budget deficits* in any of the four consecutive 10-year periods beginning in 2034?	< $5 billion	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

S. 535 would prohibit the Department of the Interior from requiring a permit to drill under an oil or gas lease if the federal government does not own or lease the surface land and owns less than 50 percent of the minerals. That prohibition would not apply to land owned by Indian tribes.

Fees from drilling permits are recorded in the budget as offsetting receipts (or reductions in direct spending) and are available to be spent without further appropriation. The amounts collected are deposited into the Bureau of Land Management's Permit Processing Improvement Fund and used by that agency to cover the costs of processing applications. Using information from the agency, CBO estimates that the forgone collections would total $700,000 a year, on average. The agency typically spends those amounts within four years. Based on that lag between collections and spending, CBO estimates that enacting the bill would increase net direct spending by $1 million over the 2023-2033 period.

The CBO staff contact for this estimate is Lilia Ledezma. The estimate was reviewed by H. Samuel Papenfuss, Deputy Director of Budget Analysis.

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See also
CBO's Cost Estimates Explained, *CBO Describes Its Cost-Estimating Process*, *Glossary*