

Federal Oil and Gas: Challenges for Providing Effective Oversight

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The Department of the Interior faces challenges in its oversight of oil and gas resources on federal lands and waters. GAO has made over 100 recommendations in 11 years that aim to address challenges. About one-third of the recommendations remained open as of March 2025.

The Big Picture

In 2024, oil and gas production from federal leases represented 26 percent and 14 percent of all U.S. domestic production, respectively. Companies paid the Department of the Interior (Interior) almost \$14 billion in revenues related to oil and gas, representing one of the largest non-tax sources of revenue for the government. Certain bureaus within Interior oversee oil and gas resources on federal lands and waters. This includes selling leases and granting permits to companies, inspecting production sites, and verifying companies pay royalties. Under policies implementing recent executive orders, Interior is to identify impediments to, and expedite, the development of oil and gas on federal lands and waters. Interior's management of oil and gas has been on our [High-Risk List](#) since 2011. This Snapshot summarizes our recent findings from 2014 through 2024 related to federal oversight of oil and gas resources and our recommendations to Interior.

What GAO's Work Shows

We identified five key areas in which Interior faces challenges.



Ensuring a fair return and accurately collecting revenue

Interior strives to ensure that the federal government receives a fair return of revenues. The Office of Natural Resources Revenue (ONRR) is to ensure companies accurately pay royalties. There can be a gap between the payments ONRR collects from companies and what it should collect—called a royalty gap—which may be due in part to companies not reporting or misreporting revenues. We found in

2024 that ONRR last estimated a royalty gap of approximately \$100 million in both 2010 and 2011.

- We [recommended](#) that ONRR consider creating a new royalty gap model and periodically estimate a royalty gap to enhance its decision-making and strategic planning of its efforts to collect and verify accurate royalties.



Improving guidance to facilitate production

The Bureau of Land Management (BLM) relies on guidance in its management and oversight of oil and gas development on federal lands. We found in [2020](#)—by not first working on permits that will most likely be used for drilling in the near term—BLM did not work with companies to consistently prioritize drilling permit applications. This can lead to inefficient use of BLM's limited staff. We also found in [2021](#) that BLM relied on outdated leasing guidance, which could lead to inefficiencies for companies and BLM due to extra time spent interpreting the guidance.

- We [recommended](#) that BLM develop a documented process on how to prioritize drilling permit applications. We also [recommended](#) that BLM adjust its approach for updating its leasing guidance.



Managing IT systems

Interior relies on multiple IT systems housing significant amounts of data to help it effectively oversee oil and gas activities, such as permitting, inspections, and royalty collection.

We found in [2024](#) that BLM declared its effort to modernize its data system for tracking onshore oil and gas activities a failure in 2021 after spending at least \$40 million. This led to BLM having to rely on paper records, reducing productivity. We also found in [2024](#) that ONRR did not have certain data that could be used to better select leases and companies for audits to determine if royalties were accurately paid.

- We recommended that Interior [strengthen internal controls, leadership, and oversight](#) when developing a replacement IT system, as well as [assess the benefits](#) of collecting certain data for its audits.



Cleaning up sites after production stops

Companies post compliance bonds, which can cover cleanup costs for oil and gas sites when they stop production. If companies' bonds do not cover all costs, the federal government may pay the remaining costs. We found in [2019](#) that BLM identified 89 new orphaned wells from July 2017 through April 2019 that it may be expected to clean up because companies' bonds were insufficient to cover such costs. We found in [2024](#) that the Bureau of Ocean Energy Management (BOEM) did not effectively ensure that companies could meet their obligations to cleanup sites in advance of potential delays, bankruptcies, or other defaults. Specifically, BOEM held about \$3.5 billion in supplemental bonds to cover between \$40 billion and \$70 billion in total estimated post-production costs as of June 2023.

- We [recommended](#) Congress consider giving BLM the authority and requiring it to implement a mechanism to obtain sufficient funds from companies in the event their bonds do not cover all costs. We also [recommended](#) that BOEM complete planned actions to further develop, finalize, and fully implement changes to financial

assurance regulations and procedures that reduce financial risks.



Managing staffing

Interior's success in effectively overseeing oil and gas resources is highly dependent on whether it has the staff with the necessary skills to do so. We found in [2024](#) that ONRR had not prioritized hiring staff with data analysis skills. This hampered its efforts to effectively use its existing data to help better assure royalties were accurately paid. We also found in [2021](#) that many headquarters' staff left the agency after BLM announced in 2019 that it was relocating its headquarters to Grand Junction, Colorado—increasing vacancies by about 169 percent. We concluded that BLM did not have an agency-wide strategic workforce plan to address these vacancies and support its mission and goals. It is unclear how ongoing reductions in staffing at Interior will affect the needed staff expertise for this work.

- We [recommended](#) that ONRR determine the staff necessary to analyze its data. We also [recommended](#) BLM track data on vacancies and develop a workforce plan that aligns with emerging mission goals and includes long-term strategies for acquiring, developing, and retaining staff.

Challenges and Opportunities

Oil and gas produced from federal leases supports millions of American jobs, provides lower energy costs, and ensures our energy security. From 2014 through 2024, GAO made 121 recommendations and two matters for congressional consideration across 29 reports. Interior has implemented about two-thirds of the recommendations and is generally working toward implementing the remaining recommendations. GAO's work shows that opportunities exist for Interior to take further actions that could result in a more fair return of federal revenue, more efficient IT systems, and less federal fiscal exposure for site cleanup.

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Related GAO Products

Ensuring a Fair Return and Accurately Collecting Revenue

Federal Oil and Gas Royalties: Opportunities Exist to Improve Interior's Compliance Program. [GAO-24-103676](#). Washington, D.C.: Aug. 9, 2024.

Oil and Gas: Onshore Competitive and Noncompetitive Lease Revenues. [GAO-21-138](#). Washington, D.C.: Nov. 19, 2020.

Federal Oil and Gas Revenue: Actions Needed to Improve BLM's Royalty Relief Policy. [GAO-21-169T](#). Washington, D.C.: Oct. 6, 2020.

Offshore Oil and Gas: Opportunities Exist to Better Ensure a Fair Return on Federal Resources. [GAO-19-531](#). Washington, D.C.: Sept. 25, 2019.

Federal Oil and Gas Royalties: Additional Actions Could Improve ONRR's Ability to Assess Its Royalty Collection Efforts. [GAO-19-410](#). Washington, D.C.: May 31, 2019.

Oil and Gas Development: Actions Needed to Improve Oversight of the Inspection and Enforcement Program. [GAO-19-7](#). Washington, D.C.: Feb. 14, 2019.

Oil and Gas Lease Management: BLM Could Improve Oversight of Lease Suspensions with Better Data and Monitoring Procedures. [GAO-18-411](#). Washington, D.C.: June 4, 2018.

Oil, Gas, and Coal Royalties: Raising Federal Rates Could Decrease Production on Federal Lands but Increase Federal Revenue. [GAO-17-540](#). Washington, D.C.: June 20, 2017.

Oil and Gas Resources: Interior's Production Verification Efforts and Royalty Data Have Improved, but Further Actions Needed. [GAO-15-39](#). Washington, D.C.: Apr. 7, 2015.

Improving Guidance to Facilitate Production

Oil and Gas: Federal Actions Needed to Address Methane Emissions from Oil and Gas Development. [GAO-22-104759](#). Washington, D.C.: Apr 20, 2022.

Oil and Gas Leasing: BLM Should Update Its Guidance and Review Its Fees. [GAO-22-103968](#). Washington, D.C.: Nov. 9, 2021.

Related GAO Products

Oil and Gas Permitting: Actions Needed to Improve BLM's Review Process and Data System. [GAO-20-329](#). Washington, D.C.: Mar. 30, 2020.

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Oil and Gas Management: Interior's Bureau of Safety and Environmental Enforcement Restructuring Has Not Addressed Long-Standing Oversight Deficiencies. [GAO-16-245](#). Washington, D.C.: Feb. 10, 2016.

Oil and Gas: Updated Guidance, Increased Coordination, and Comprehensive Data Could Improve BLM's Management and Oversight. [GAO-14-238](#). Washington, D.C.: May 5, 2014.

Managing IT Systems

Oil and Gas: Interior Urgently Needs Leadership and Oversight to Address IT System Development Failure. [GAO-24-107223](#). Washington, D.C.: Sept. 10, 2024.

Federal Oil and Gas Royalties: Opportunities Exist to Improve Interior's Compliance Program. [GAO-24-103676](#). Washington, D.C.: Aug. 9, 2024.

Offshore Oil and Gas: Strategy Urgently Needed to Address Cybersecurity Risks to Infrastructure. [GAO-23-105789](#). Washington, D.C.: Oct. 26, 2022.

Oil and Gas: Interior Should Strengthen Management of Key Data Systems Used to Oversee Development on Federal Lands. [GAO-21-209](#). Washington, D.C.: May 27, 2021.

Oil and Gas Development: Improved Collection and Use of Data Could Enhance BLM's Ability to Assess and Mitigate Environmental Impacts. [GAO-17-307](#). Washington, D.C.: Apr. 25, 2017.

Oil and Gas: Interior Could Do More to Account for and Manage Natural Gas Emissions. [GAO-16-607](#). Washington, D.C.: July 7, 2016.

Related GAO Products

Cleaning up Sites After Production Stops

Offshore Oil and Gas: Interior Needs to Improve Decommissioning Enforcement and Mitigate Related Risks. [GAO-24-106229](#). Washington, D.C.: Jan. 25, 2024.

Oil and Gas Pipelines: Agencies Should Improve Oversight of Decommissioning. [GAO-24-106444](#). Washington, D.C.: Jan. 18, 2024.

Offshore Oil and Gas: Updated Regulations Needed to Improve Pipeline Oversight and Decommissioning. [GAO-21-293](#). Washington, D.C.: Mar. 19, 2021.

Oil and Gas: Bureau of Land Management Should Address Risks from Insufficient Bonds to Reclaim Wells. [GAO-19-615](#). Washington, D.C.: Sept. 18, 2019.

Oil and Gas Wells: Bureau of Land Management Needs to Improve Its Data and Oversight of Its Potential Liabilities. [GAO-18-250](#). Washington, D.C.: May 16, 2018.

Offshore Oil and Gas Resources: Actions Needed to Better Protect Against Billions of Dollars in Federal Exposure to Decommissioning Liabilities. [GAO-16-40](#). Washington, D.C.: Dec. 18, 2015.

Managing Staffing

Federal Oil and Gas Royalties: Opportunities Exist to Improve Interior's Compliance Program. [GAO-24-103676](#). Washington, D.C.: Aug. 9, 2024.

Bureau of Land Management: Better Workforce Planning and Data Would Help Mitigate the Effects of Recent Staff Vacancies. [GAO-22-104247](#). Washington, D.C.: Nov. 16, 2021.

Oil and Gas Oversight: Interior Has Taken Steps to Address Staff Hiring, Retention, and Training but Needs a More Evaluative and Collaborative Approach. [GAO-16-742](#). Washington, D.C.: Sept. 29, 2016.

Oil and Gas: Interior Has Begun to Address Hiring and Retention Challenges but Needs to Do More. [GAO-14-205](#). Washington, D.C.: Jan. 31, 2014.