By The Numbers:
Federal Onshore Oil and Natural Gas

May 2023

Recently published federal data from the Bureau of Land Management's (BLM) Fiscal Year 2022 oil and gas statistics and the Office of Natural Resources Revenue (ONRR) 2021 data show that, two years into the Biden administration:

- Federal onshore oil and natural gas leasing has significantly declined and with it, revenue for federal and state governments. Leased acreage is at an historic low.
- Lease nominations from industry have declined as the Biden Administration has driven interest away while protests from activist groups have reached a record high.
- Drilling permit approvals have declined and processing timelines have lengthened.
- Outstanding drilling permits are at 6,600, not the 9,000 the White House claimed erroneously.
- There continues to be an excellent balance from oil and natural gas production, with surface disturbance on only 0.06% of public lands.
- Onshore federal oil and natural gas production have both increased while tribal production has dropped.

White House's Failed Blame Game: For a year the White House tried to shift blame for high gasoline prices onto the industry by claiming there were 9,000 approved but unused permits. BLM recently corrected the data down to approximately 6,600 permits, citing an error in 2020 that caused duplicate data. That number of permits is a normal inventory reflecting how companies must have many federal permits in hand because of uncertainty on permitting timelines and the need to stay ahead of efficient rigs that can drill wells in a matter of days. The White House has not admitted its error nor acknowledged that its blame game was false.

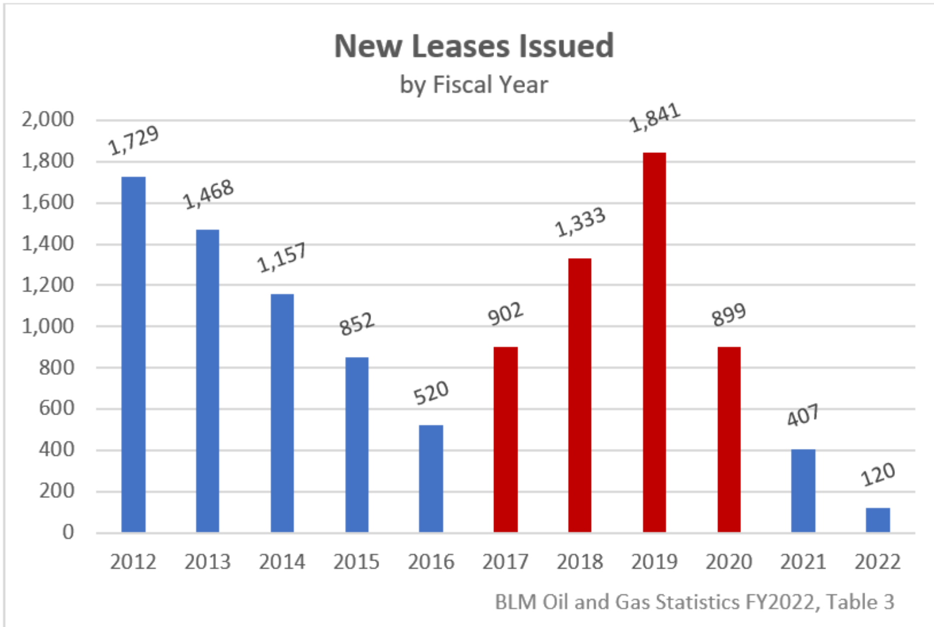
Lack of Onshore Lease Sales: The Mineral Leasing Act (MLA) requires BLM to hold onshore oil and natural gas lease sales every quarter in each state where there is interest. However, one week after entering office, President Biden signed an Executive Order on climate change (14008) that halted lease sales. At this point in his administration, nine rounds of lease sales should have been held, yet there has been only one. BLM is not expected to hold sales until Q2 2023. Western Energy Alliance, the Petroleum Association of Wyoming, and the State of Wyoming, continue to challenge BLM's failure to hold quarterly sales in court.

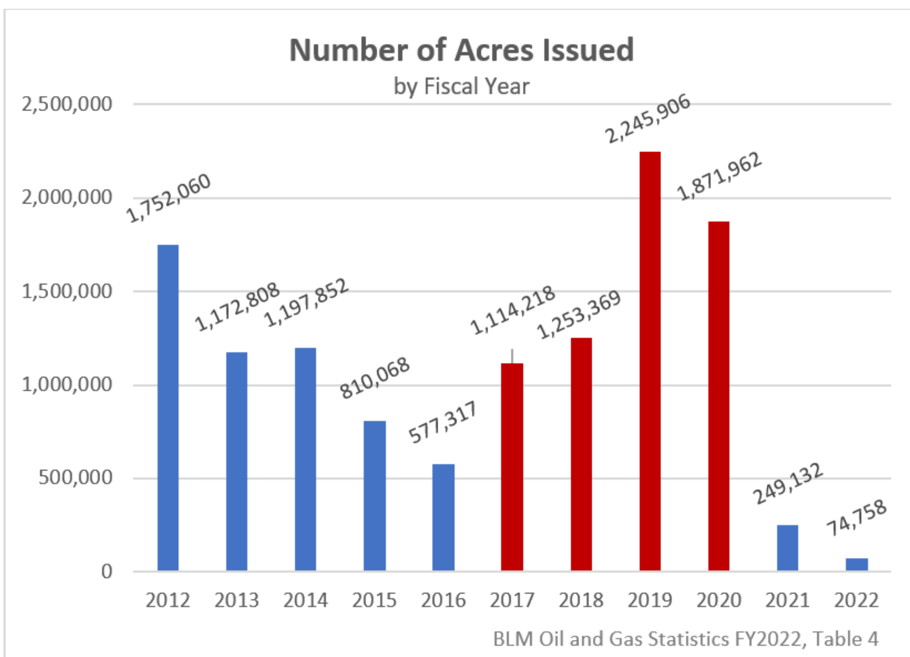
Lack of Onshore Lease Sales
since January 2021

FY2021 Q1	Q2	Q3	Q4	FY2022 Q1	Q2	Q3	Q4	FY2023 Q1
X	X	X	X	X	✓	X	X	X

Leasing Down: With only one set of leases sales held, in the summer of 2022, it's no surprise that leasing numbers are down significantly.

Leases Issued: In FY2022, only 120 onshore leases comprising 74,158 acres were issued, down from the paltry 407 leases and 249,000 acres the prior year. Although leases are supposed to be issued within 60 days of the sale, it often takes years for companies to receive their leases even though they must pay for them at the time of sale. BLM statistics do not give insight into when the issued leases were sold. The leases issued in 2021 were from prior years, as no sales were held in 2021, but leases issued in 2022 are not necessarily the same as those sold, even though coincidentally the number of acres issued and sold in 2022 is close. We urge BLM to issue data about the vintage years of leases issued to provide information about how long it takes to get a lease issued.

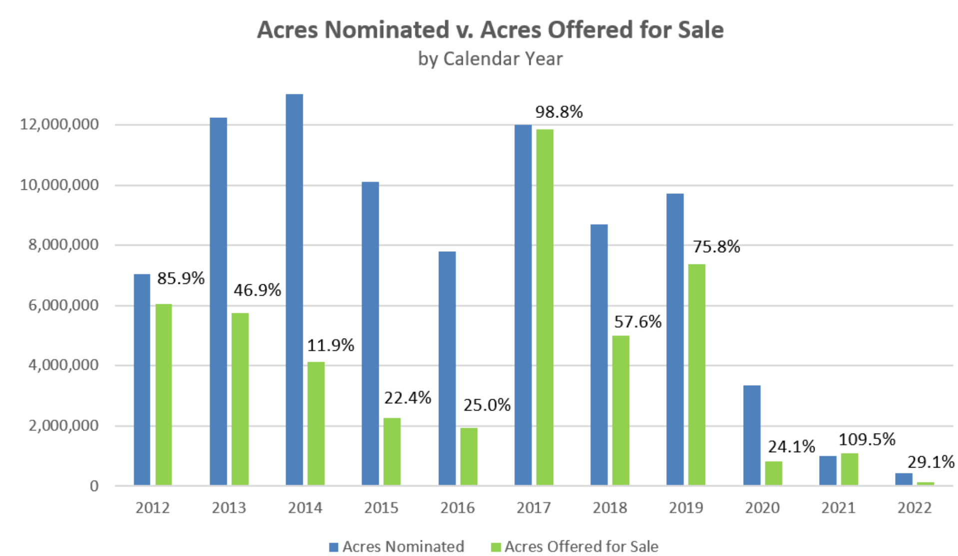




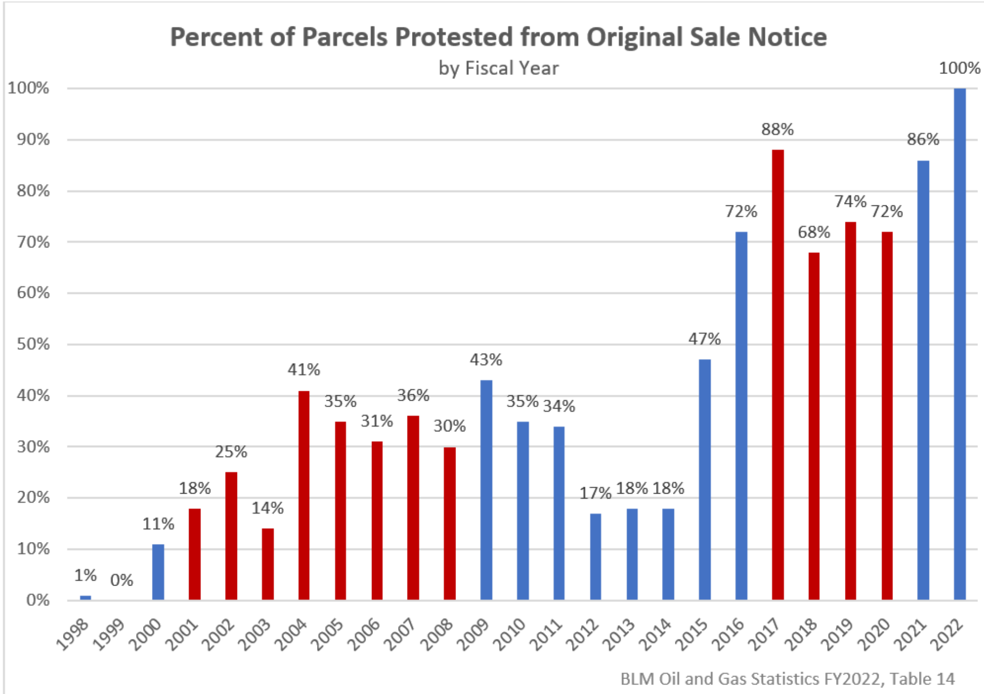
<u>Leases Offered</u>: In FY 2022, only zero or one lease sale was held in each state with oil and natural gas interest and available lands. As a result, leases and acreage offered for sale were at historic lows, as was leasing revenue. States like New Mexico and North Dakota with huge interest in federal leasing had anemic lease sales, with only 6 and 23 parcels of 536 and 3,406 acres offered, respectively. Such a small

offering is no way to sustain a world-class federal leasing system that historically has provided about 10% of U.S. production.

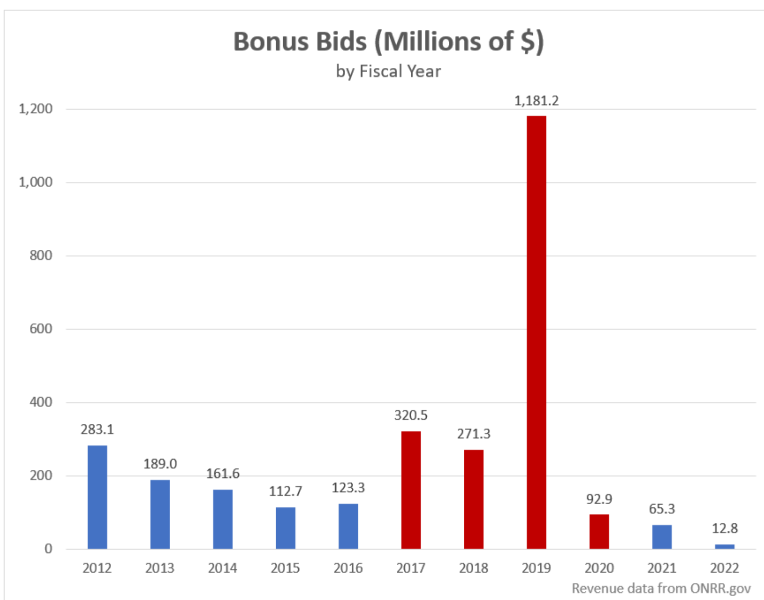
Nominations Down: Companies nominate parcels they're interested in developing by submitting an Expression of Interest (EOI). It often takes several years from nomination until a parcel is offered for sale. In FY2022, 441,111 acres were nominated compared to 9,712,931 acres in 2019, but that backlog of nominated parcels remains. Because BLM is offering a much smaller portion of the lands nominated at time of lease sale, the percentage of acreage offered dropped from 75% in FY 2019 to 29% in FY2022.



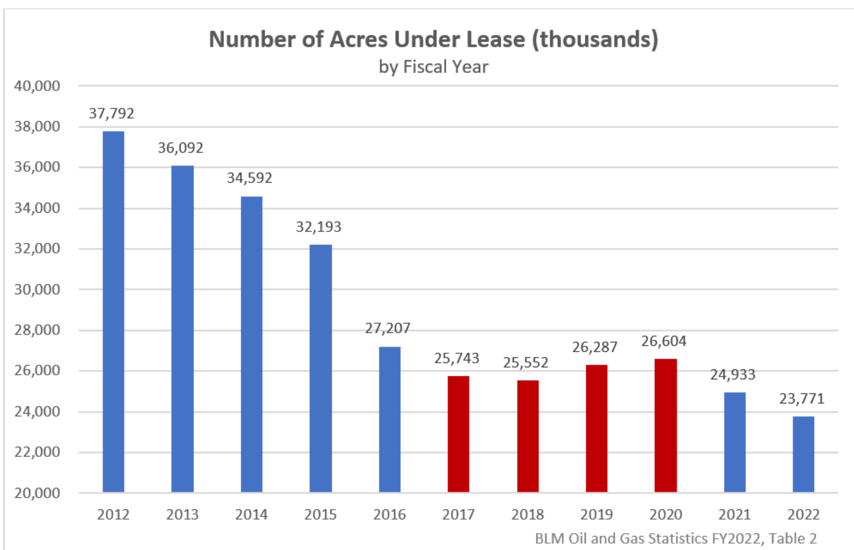
Protests Up: As environmental groups have increased their opposition to federal oil and natural gas over the past 25 years, it comes as no surprise that in FY2022 for the first time 100% of the parcels posted for sale were protested and litigated. We remember when the Obama Administration blamed the Bush Administration for not conducting leasing correctly, citing protest percentages as indicative of the failures. Not only did the Obama Administration fall short of its own standard compared to the Bush Administration, but what does that say about the Biden Administration?



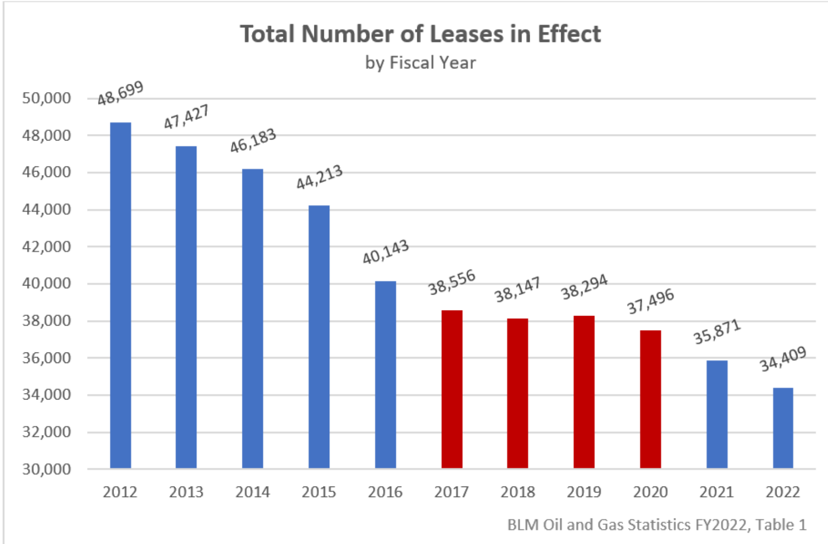
<u>Lease Sale Revenue Down:</u> The government is receiving significantly less leasing revenue, as are states which share 48% of the revenue. Bonus bids received from lease sales in FY2022 totaled $12.8 million and $65 million in FY2021, down considerably from the median of $175.3 million over the past decade.

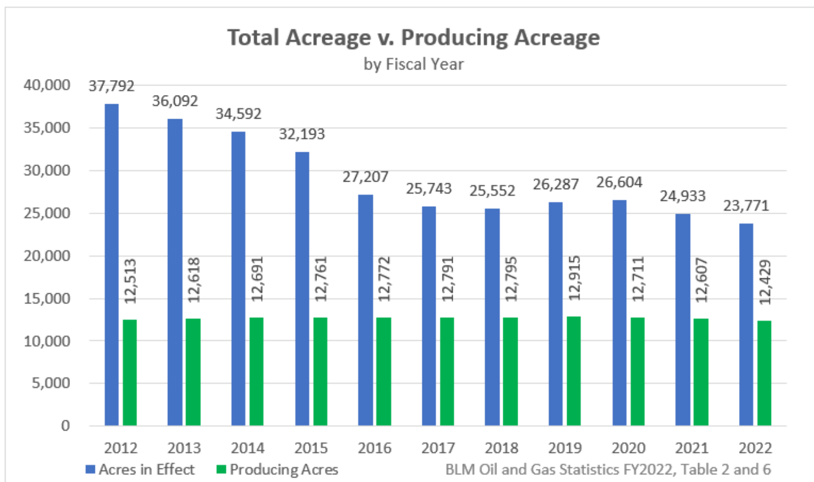


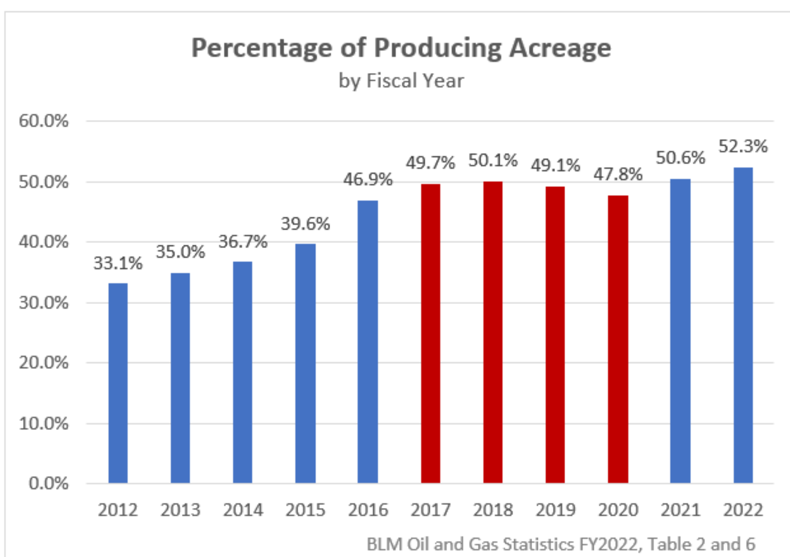
Land Disturbance at Historic Lows: Despite claims by those opposed to oil and natural gas that companies have too many leases, leased acreage is at an historic low. Only 23.8 million acres of leases are in effect, down 80% from the high of 120.7 million acres in 1985. Of that, 12.4 million is producing. The 52% lease utilization rate is in up considerably over the last decade as companies are more efficiently producing more energy from federal lands on much less acreage. But it gets even better. The actual surface disturbance is only 446,750 acres, which equates to just .06% of the 700 million acres of federal land and mineral estate![1]



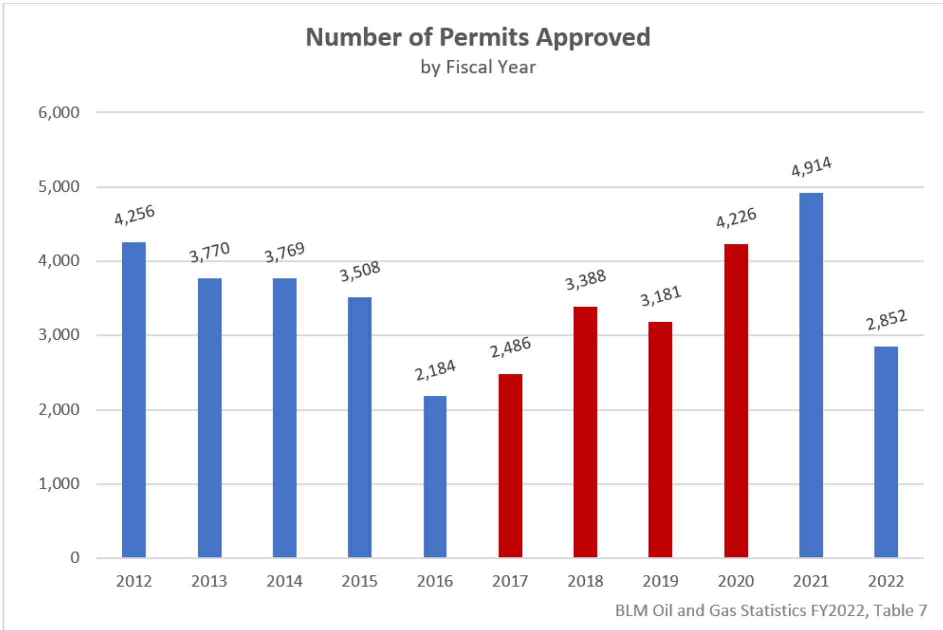
[1] We calculate surface disturbance using the method BLM has historically used of five acres per federal well. This chart was released yearly by BLM during the Bush Administration. Since BLM stopped releasing it during the Obama Administration, likely because the low disturbance didn't fit the preferred narrative, Western Energy Alliance re-creates it every year. The five-acre disturbance was used by BLM to account for all disturbance resulting from the well pad, including roads to access the well pad. Because of horizontal and directional drilling that reduce surface disturbance up to 70% by clustering multiple wells per pad, we believe five acres overestimates surface disturbance but have stuck with it as a conservative estimate.

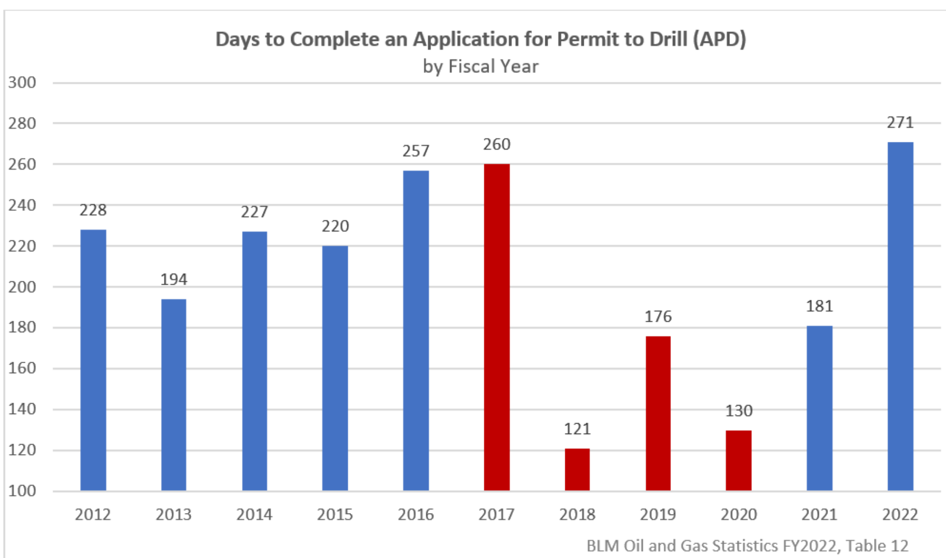

Total Number of Leases in Effect
by Fiscal Year
50,000
48,000
46,000
44,000
42,000
40,000
38,000
36,000
34,000
32,000
30,000
48,699
47,427
46,183
44,213
40,143
38,556
38,147
38,294
37,496
35,871
34,409
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
BLM Oil and Gas Statistics FY2022, Table 1


Total Acreage v. Producing Acreage
by Fiscal Year
40,000
35,000
30,000
25,000
20,000
15,000
10,000
5,000
0
37,792
36,092
34,592
32,193
27,207
25,743
25,552
26,287
26,604
24,933
23,771
12,513
12,618
12,691
12,761
12,772
12,791
12,795
12,915
12,711
12,607
12,429
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
Acres in Effect
Producing Acres
BLM Oil and Gas Statistics FY2022, Table 2 and 6

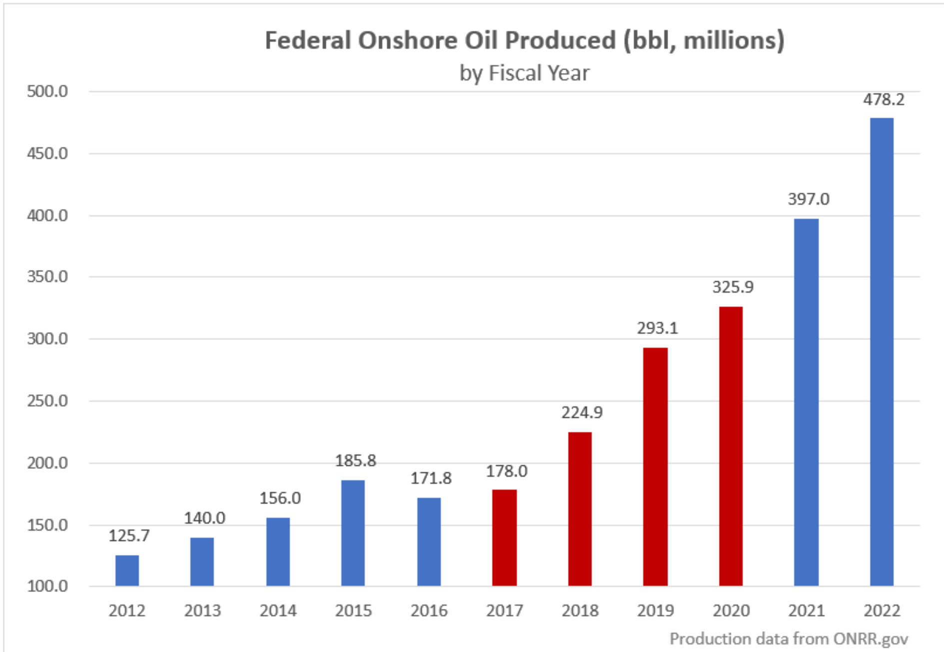

Percentage of Producing Acreage
by Fiscal Year
60.0%
50.0%
40.0%
30.0%
20.0%
10.0%
0.0%
33.1%
35.0%
36.7%
39.6%
46.9%
49.7%
50.1%
49.1%
47.8%
50.6%
52.3%
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
BLM Oil and Gas Statistics FY2022, Table 2 and 6

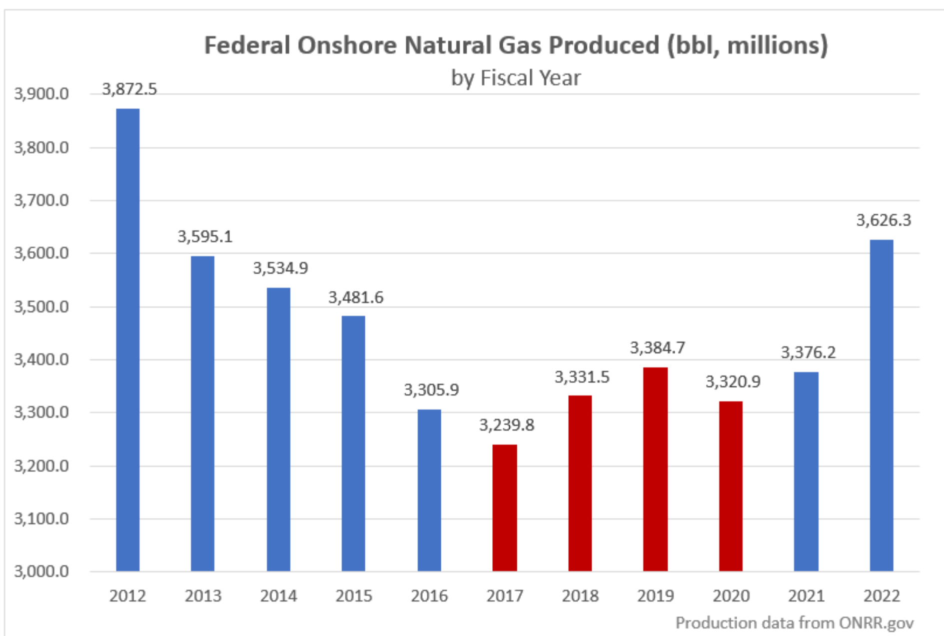
Permitting Down and Delayed: Fewer Applications for Permit to Drill (APD) are being approved, but processing time is up. In FY2022, BLM approved 2,852 APDs, down 42% from FY2021. It is taking considerably longer to approve APDs under the Biden administration. In FY2022, it took an average of 271 days to approve permits, an increase of 20% from the year prior and 108% longer than FY2020.





Production Trends Hold Steady: Despite policies to make it more difficult to operate on federal lands, companies managed to increase production on federal lands in 2022. Oil production increased 20% from 397 million barrels to 478 million barrels. Natural gas increased to 3.626 trillion cubic feet (Tcf) from 3.376 Tcf, a 7% increase.





Tribal Lands: In Pres. Biden's first year in office, oil production on tribal lands experienced its first decrease in several years, dropping 11% from 101.8 million barrels in 2020 to 90.8 million barrels, and down again in 2022 to 80.8 million barrels, down 21% from the Trump Administration. Natural gas production on tribal lands also dropped 11%, from 394.2 billion cubic feet (Bcf) to 349.7 Bcf. The Biden Administration is not meeting its trust responsibility to maximize revenue for tribes' benefit nor its own stated goals of promoting environmental justice for disadvantaged communities.