

Cost of the Biden Leasing Ban



January 2021

One week after taking office, President Biden signed the [“Executive Order on Tackling the Climate Crisis at Home and Abroad”](#) to ban new oil and natural gas leasing on federal lands and waters. It is in the form of a programmatic environmental impact statement (EIS) to analyze wide-ranging impacts of federal leasing and development on climate change. Such analyses take years to complete, thereby morphing what’s being characterized by the administration as a temporary “pause” into a long-term ban. Although the order does not ban permitting on existing leases, it will affect existing projects that are awaiting adjacent leases and tribal, state, and private horizontal wells that cannot avoid federal lands and minerals that lie along their laterals.

Western Energy Alliance immediately filed suit in the U.S. District Court for the District of Wyoming. The [complaint](#) challenges Biden’s order as exceeding presidential authority and violating the Mineral Leasing Act, National Environmental Policy Act, and the Federal Lands Policy and Management Act.

A recent [Wyoming Energy Authority study](#) analyzed the economic impact of a leasing and/or drilling ban in the states of Alaska, California, Colorado, Montana, New Mexico, North Dakota, Utah, and Wyoming, which together represent over 97% of federal onshore production. The study was conducted by Dr. Tim Considine, Professor of Energy Economics at the University of Wyoming. Although the study provides numbers for both leasing and drilling ban scenarios, the following summarizes the leasing ban data which directly relate to President Biden’s executive order.

By the end of Biden’s first term, the costs of banning leasing will be \$33.5 billion in lost Gross Domestic Product (GDP) and \$8.3 billion in state tax revenues. Nearly 58,700 jobs will be lost annually and workers would lose over \$15 billion in wages.

Costs of Leasing Ban In Biden’s First Term	
(\$ in millions)	
GDP	\$33,533
Jobs (average annual)	58,676
Wages	\$15,096
Production Value	\$19,247
Tax Revenue	\$8,314

Costs of Biden’s Leasing Ban 2021-2040	
(\$ in millions)	
GDP	\$639,674
Jobs (average annual)	343,088
Wages	\$286,148
Production value	\$478,452
Tax revenues	\$151,929

If extended to 2040, the Biden Ban would eliminate \$640 billion in GDP and \$152 billion in state tax revenues. Over 343,000 jobs annually would be lost along with \$286 billion in wages.

The halt to leasing would not only limit production on public lands, as the study shows. Because of the checkerboard of federal, state, Indian, and private lands and minerals across the West, adjacent lands can become isolated and nonfederal oil and natural gas resources stranded when federal access is denied. The total economic numbers include these “spillover” effects of federal bans curtailing nonfederal production.

In addition to imposing significant personal and economic costs on westerners, a ban on public lands is bad policy for reducing greenhouse gas emissions. A ban will not eliminate market demand for oil and natural gas but merely shift lost federal production to other parts of the country without public lands or to foreign competitors that are not held to strict environmental standards. The study estimates the cost per ton of avoided emissions ranges from \$64 to \$196, four to thirteen times more, respectively, than

the current market price of \$15 per ton set by California’s cap-and-trade program. In other words, a Biden Ban is even less efficient and more costly than California’s self-destructive climate programs that have caused rolling brown-outs and an exodus of manufacturing and other businesses from the state.

Below are the economic numbers for each state.

Costs of Leasing Ban In Biden’s First Term					
(\$ in millions)					
	GDP	Jobs (annual average)	Wages	Production Value	Tax Revenues
Wyoming	\$8,341	15,269	\$3,811	\$3,028	\$1,756
New Mexico	\$16,227	28,205	\$7,239	\$11,524	\$4,637
Colorado	\$2,611	4,269	\$1,278	\$962	\$428
Utah	\$1,131	2,674	\$529	\$493	\$205
North Dakota	\$2,028	2,914	\$748	\$1,555	\$602
Montana	\$260	470	\$118	\$146	\$162
California	\$1,039	1,827	\$514	\$215	\$174
Alaska	\$1,896	3,048	\$859	\$1,324	\$350
Total	\$33,533	58,676	\$15,096	\$19,247	\$8,314

Costs of Biden’s Leasing Ban 2021-2040					
(\$ in millions)					
	GDP	Jobs (annual average 2036-2040)	Wages	Production Value	Tax Revenues
Wyoming	\$132,920	75,475	\$60,135	\$69,166	\$30,529
New Mexico	\$194,877	95,522	\$85,822	\$172,020	\$58,493
Colorado	\$33,927	15,550	\$16,486	\$15,903	\$6,060
Utah	\$14,598	10,256	\$6,674	\$8,805	\$2,919
North Dakota	\$22,978	9,916	\$8,381	\$21,046	\$7,324
Montana	\$5,234	2,539	\$2,332	\$4,113	\$2,866
California	\$16,589	8,521	\$8,151	\$5,278	\$3,081
Alaska	\$218,551	125,308	\$98,167	\$182,121	\$40,657
Total	\$639,674	343,088	\$286,148	\$478,452	\$151,929