

Myth Versus Reality: Federal Onshore Oil & Natural Gas Leasing



March 2021

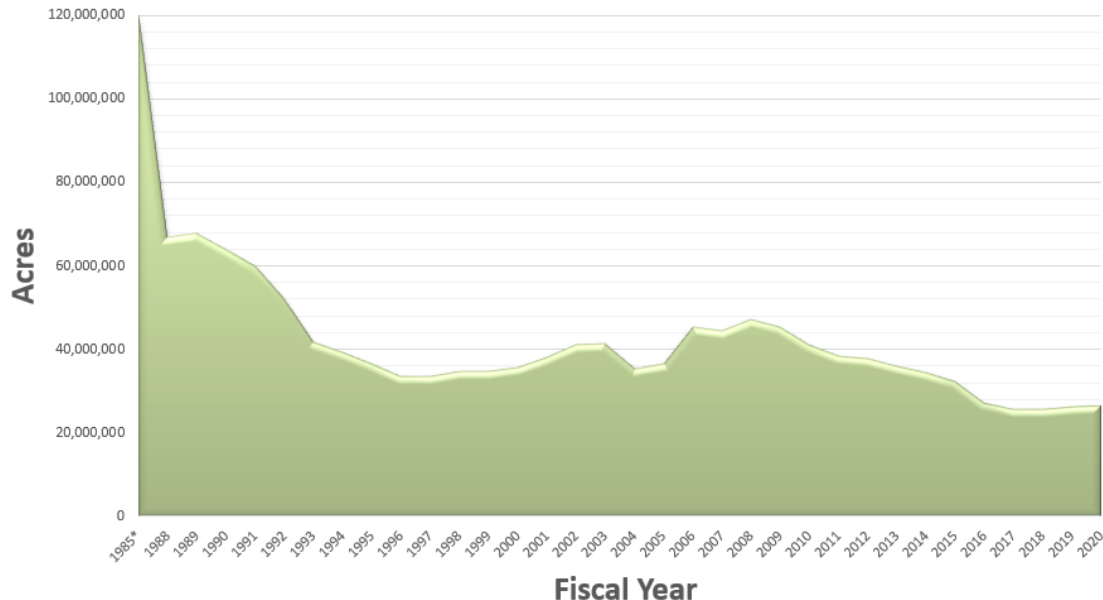
- Leased acreage is at a historic low, down 78% since 1985 when records began. Currently there are 26.6 million acres leased, down from 120.7 million.
- By the end of the Trump Administration, leased acreage was down 41% from the Obama Administration's high of 45.4 million.
- The current leasing ban impacts existing leases because of the interlocking land and mineral ownership of the West.
- Balance currently exists on federal lands with 6% and 9% of total U.S. oil and natural gas production, respectively, from just 0.07% of federal lands.
- The leasing ban upsets the multiple-use balance on federal lands mandated by Congress while putting at risk up to \$1.3 billion in annual conservation funding.
- Leased lands are not "locked away" but remain open to other multiple uses such as recreation, wildlife protection, and conservation.
- Lease utilization remains at historic norms while oil and natural gas companies are producing more energy from much less leased acreage than ever before.

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's in the form of a "comprehensive review of the federal oil and gas program" regarding wide-ranging impacts on climate change. [In discussing the policy](#), the administration repeats talking points the environmental lobby has been using for years. Let's check some of that messaging using numbers from the [Bureau of Land Management's \(BLM\) oil and gas statistics page](#).

Myth Number One: "Over the last few years the oil and gas industry has stockpiled millions of acres of leases on public lands and waters."

[Leased acreage is at a historic low](#) while production has hit historic levels. From a high of over 120 million acres in 1985, leased acreage is down 78% to 26.6 million, up slightly from the all-time historic low during the Trump Administration of 25.5 million acres. In fact, industry is more efficient, producing greater quantities of oil and natural gas from an ever-smaller portion of public lands.

Federal Acres Leased for Oil and Natural Gas



Source: [BLM Oil and Gas Statistics](#) webpage.¹

Myth Number Two: “[The targeted pause](#) does not impact existing operations or permits for valid, existing leases, which are continuing to be reviewed and approved. The order does not restrict energy activities on private or state lands, or lands that the United States holds in trust or restricted status for Tribes or individual Indians.”

[This statement was issued on January 27th](#), one week after the Acting Interior Secretary had issued a 60-day moratorium that prohibited permit approvals on existing leases except in rare circumstances. We award four Pinocchios.

Beyond that temporary permitting moratorium, the Biden Ban on new leasing does indeed [impact existing federal leases](#) and restricts activities on adjacent private, state, tribal and Indian allottee lands in other not-so-obvious ways. Because of the interlocking land and mineral ownership in the West, the leasing ban will [affect existing projects awaiting adjacent leases](#). It will affect Indian, state, and private horizontal wells that cannot avoid federal minerals that lie along their laterals. New leases are necessary in both these common situations to move forward with projects on existing leases.

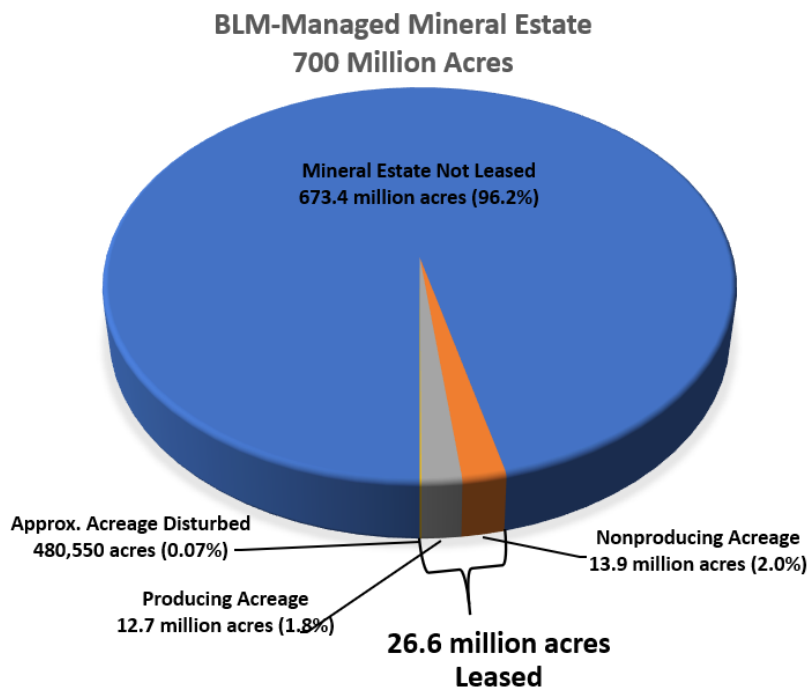
Plus the plain language of the president’s order is clear. The planned wide-ranging analysis of all impacts of federal oil and natural gas development and production is intended to question all activities, not just leasing. This not-so-temporary leasing ban will morph into a major curtailment of permitting on existing federal leases as [DOI looks to achieve “net zero.”](#)

¹ Data were recreated from archived copies of BLM “leases in effect” spreadsheets. However, we could not find data for the years 1986-1987. The datum for 1985 was provided in [this DOI press release](#).

Myth Number Three: “The President’s action will...restore balance on America’s public lands”

Why is it that when policymakers do something decidedly unbalanced they justify their actions as “balanced?” There’s been a balance on federal lands at least since 1976 when Congress passed the Federal Land Policy and Management Act (FLPMA) and codified the concept of multiple-use, which involves conservation as well as energy, ranching, and other productive uses. President Biden has decidedly tipped the balance. Since offshore oil and natural gas provide 100% of the funding for the Land and Water Conservation Fund and onshore provides up to \$1.3 billion annually for national park maintenance and conservation, his order threatens \$2.2 billion annually in [conservation funding](#).

Furthermore, it’s hard to argue that there’s not already a balance on public lands when of the 700 million acres of federal lands and mineral estate, 26.6 million acres are leased with only 480,550 acres actually containing oil and natural gas activity on the surface. From that small impact, 279 million barrels of oil, 3.3 trillion cubic feet of natural gas, and nearly \$3 billion in royalties were delivered to the American people last year, representing [6% and 9% of total U.S. production](#), respectively.



Source: [BLM Oil and Gas Statistics](#) webpage. ²

² Acreage disturbed was calculated using BLM’s historic method of five acres per well times the 96,110 currently active wells. With horizontal and directional drilling, multiple wells are clustered on a single well pad, meaning it overestimates disturbance to conservatively account for roads, gathering lines, and other disturbance in addition to the well pad.

Myth Number Four: Leased lands are [locked away](#) from other uses.

This typical talking point from the environmental lobby ignores the principle of multiple-use enshrined in FLPMA. Multiple-use lands, which are the only ones open to leasing, involve a range of activities on them from productive uses like energy development and ranching to recreation, wildlife protection, and conservation. A lease only confers the qualified right to develop oil and natural gas within ten years after undergoing environmental analysis and meeting strict environmental requirements. The surface remains open to other uses and only becomes restricted on the very small portion of leases that have actual on them. (See graphic above showing 0.07% surface disturbance.)

Spin Cycle: “The oil and natural gas industry is sitting on approximately 7,700 unused permits.”

Well of course! Since then-presidential candidate Biden promised to [ban fracking on federal lands](#) during his campaign, we’d be grossly negligent to our investors and the American taxpayer if we didn’t build up an inventory of permits to mitigate the risk. Our foresight has been confirmed by actions such as the 60-day permitting ban on day one. There was no question a president that had promised “no oil on federal lands” would appoint personnel who will make it more difficult to obtain permits.

Rinse and Repeat: “...nearly 13.9 million acres (or 53%) of those [leased] acres are non-producing.”

As developed by Congress and implemented by administrations of both political stripes over many decades, the federal onshore program is not based on central planning. It’s designed using market mechanisms to ensure a fair return to the taxpayer while developing the energy that all Americans own and use every day. Acquiring a lease does not carry the mandate to develop on absolutely every acre, but rather to spur innovation and development where it is economically and technically feasible.

The current 47% utilization rate is well within the historic norm of 50% plus or minus a few points. With the 2019 [historic high in production](#), we’re producing more on less acreage than ever before. That’s a balance we’re proud of.