



April 14, 2021

Submitted via energyreview@ios.doi.gov

Secretary Deb Haaland
U.S. Department of the Interior
1849 C St. NW
Washington, DC 20240

Re: Department of the Interior Forum on the Federal Oil and Gas Program

Dear Secretary Haaland:

One week after taking office, President Biden signed the “Executive Order on Tackling the Climate Crisis at Home and Abroad”¹ to ban new oil and natural gas leasing on federal lands and waters until the Department of the Interior (DOI) completes its comprehensive review. In implementing this Order and in DOI’s stakeholder forum on March 25th, DOI officials and outside interest groups have repeatedly stated that the federal oil and gas program is fundamentally broken and needs to provide a “fair return” to the federal government, while also addressing climate change and promoting environmental justice.

While the Alliance supports these three general goals, we urge DOI to reconsider moving forward with policies that will ban or curtail federal leasing and development as being directly contrary to the goals. Rather, oil and natural gas development and production on federal lands provides a great return at 29 times the investment, and increased production of domestic natural gas is one of the leading drivers of decreased greenhouse gas (GHG) emissions. Federal development should be expanded, not eliminated, in order to further the goals of environmental justice in rural otherwise disadvantaged communities most impacted by the contemplated policies.

Existing policies have enabled federal oil and natural gas production to increase substantially in the last decade at historically low levels of federal leasing, while technological advances by the industry ensure the footprint on federal lands is at its lowest level in decades, contra talking points from those who are fundamentally opposed to any oil and natural gas development.

Western Energy Alliance represents 200 companies engaged in all aspects of environmentally responsible exploration and production of oil and natural gas across the West. The Alliance represents independents, the majority of which are small businesses with an average of fourteen employees. Alliance members operate on federal lands and will be directly impacted by policy changes resulting from the comprehensive review being

¹ <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/01/27/executive-order-on-tackling-the-climate-crisis-at-home-and-abroad/>

undertaken by DOI. We appreciate the opportunity to provide comments in conjunction with the March 25th stakeholder forum.

Onshore Production Provides a Fair Return

Companies operating on federal lands generate revenue for the federal government through the payment of bonus bids on parcels acquired at Bureau of Land Management (BLM) lease sales, rents on held acreage, and royalties on producing acreage. In turn, Congress appropriates specific amounts annually for the management of the oil and natural gas program. Each year, the amount of revenues returned to the U.S. Treasury and state, local, and tribal governments far exceeds the amount budgeted by Congress, meaning the oil and natural gas program provides a fair return to American taxpayers.

In fiscal year (FY) 2019, for instance, federal onshore oil and natural gas production generated \$4,169,724,205 in royalties, bonus bids, and rents.² Meanwhile, Congress appropriated \$143,069,000 to BLM for Oil & Gas Management, Permit Processing, and Inspection Activities in FY19.³ In other words, **for every dollar spent by BLM managing the federal onshore program, the industry returned \$29.14 to the government.** While this amount varies year-over-year based on swings in commodity prices and evolving industry interest, the ratio is consistently well over 15 times, providing great value and return on investment for BLM. Without federal lease sales the bonuses paid will of course be zero, dramatically decreasing this ratio.

Furthermore, these revenues are not merely dollar amounts on a spreadsheet at the U.S. Treasury. Last year Congress passed the Great American Outdoors Act (GAOA), which established the National Parks and Public Land Legacy Restoration Fund (NPPLRF). The new fund is devoted to national park and public lands restoration, and Congress is providing up to \$1.9 billion annually for five years (\$9.5 billion total) from onshore energy revenues.

Seventy percent of NPPLRF revenues are distributed to the National Park Service to reduce the \$12 billion deferred maintenance backlog in national parks across the country, and a recent study found the GAOA is expected to create more than 108,000 new jobs. The remaining NPPLRF funds go to the U.S. Forest Service, U.S. Fish & Wildlife Service, BLM, and Bureau of Indian Education schools to reduce their backlog of nearly \$8 billion in maintenance needs. As a result, the federal oil and natural gas program directly funds conservation and reclamation efforts on our cherished federal lands, and any decision to curtail the program will harm these important efforts.

² [Office of Natural Resources Revenue Data](#), FY19 for onshore Oil, Natural Gas, Natural Gas Liquids, Oil or Gas (Pre-production), and Oil Shale

³ [Budget Justifications and Performance Information, Fiscal Year 2021, Bureau of Land Management](#), Page V-71.

State and local governments also rely on revenues from federal production for important programs, including local education needs. The federal government provides nearly 50% of onshore revenues to the states in which they are generated, providing an extremely valuable funding source for western states that have large amounts of federal lands, especially Wyoming and New Mexico. Western leaders have strongly and consistently opposed a move to ban oil and natural gas leasing in the West, as the impacts of such a decision would be tremendously harmful.⁴

Finally, the impacts of a halt in the federal onshore program would have far greater effects than simply a loss of revenues. 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.⁵ The study was conducted by Dr. Tim Considine, Professor of Energy Economics at the University of Wyoming.

Dr. Considine found that a federal leasing ban would reduce \$33.5 billion in Gross Domestic Product (GDP) and eliminate up to 58,676 jobs annually in just the next four years. States would lose \$8.3 billion in tax revenues and workers would lose \$15 billion in wages. If extended over the next two decades, the ban would amount to \$640 billion in lost GDP and over 343,000 jobs annually. States would forego \$152 billion in tax revenues and workers would fail to earn \$286 billion.

The ban would not only limit production on public lands, as the study shows, but have spillover effects on adjacent nonfederal lands. Because of the checkerboard nature 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. Because of the interlocking land and mineral ownership in the West, the leasing ban will affect existing projects awaiting adjacent leases. It will affect tribal, Indian allottee, 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.

Taken together, the above statistics demonstrate that oil and natural gas production on federal lands provides a fair return to the government, directly funds important conservation programs, and provides jobs, state tax revenue and economic impact that cannot simply be replaced if the decision is made to end or limit federal leasing and permitting. DOI should not ignore these facts as it continues its review.

⁴ https://www.westernenergyalliance.org/voices_against_biden_ban.html

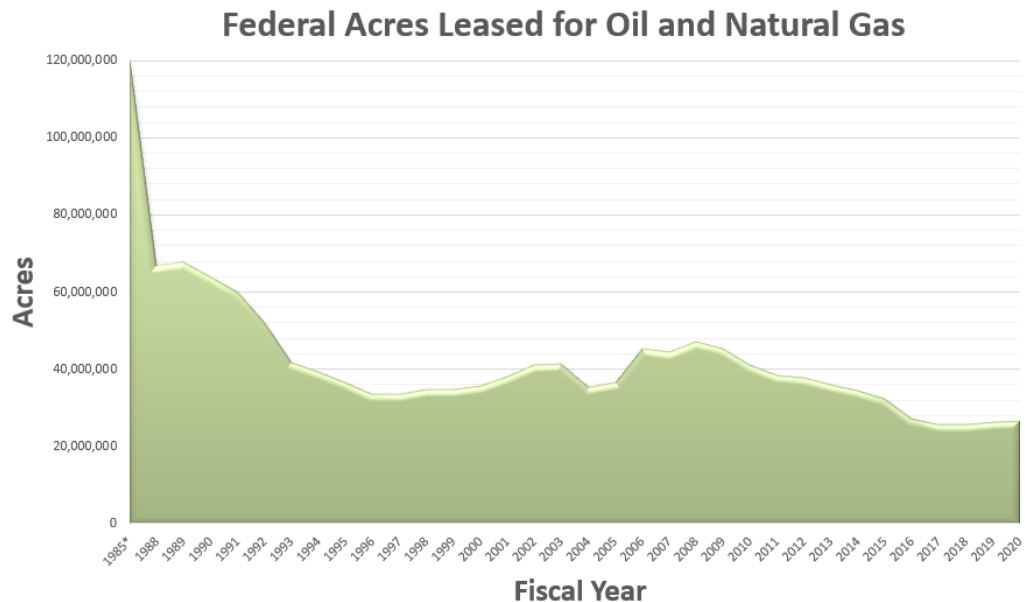
⁵ "The Fiscal and Economic Impacts of Federal Onshore Oil and Gas," Dr. Timothy J. Considine, University of Wyoming, December 14, 2020

Scope of the Federal Onshore Program

Much of DOI’s messaging around the comprehensive review has focused on the scope and amount of oil and natural gas leasing and permitting. This discussion must rely on hard data rather than emotional discourse. BLM’s own statistics dispel some misleading and inaccurate talking points that have begun to circulate. We encourage the Interior Department to refrain from using loaded rhetoric and misleading talking points when discussing the review, such as those highlighted below, which we’ve taken from DOI press releases about the executive order and stakeholder forum.

The industry has stockpiled millions of acres of leases on public lands.

In reality, leased acreage is at a historic low while production has hit historic peaks.⁶ 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 in 2018 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. The word “stockpile” is loaded language that is certainly not supported by these actual statistics on leases in effect.



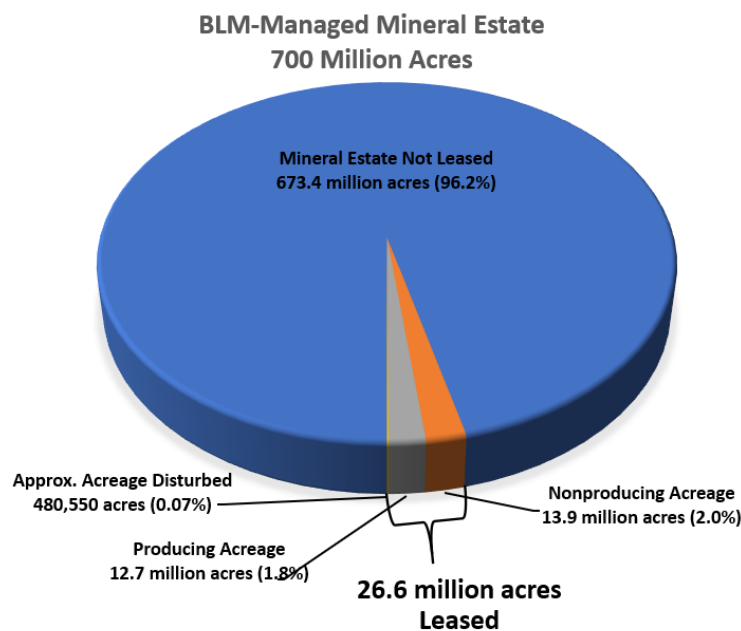
Source: *BLM Oil and Gas Statistics* webpage.⁷

⁶ <https://www.doi.gov/pressreleases/using-least-amount-acreage-history-interior-hits-record-oil-and-gas-revenues-2018-11>

⁷ <https://www.blm.gov/programs-energy-and-minerals-oil-and-gas-oil-and-gas-statistics>. Data were recreated from archived copies of BLM “leases in effect” spreadsheets. However, we could not find

It's time to restore balance on America's public lands.

There has 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. Of the 700 million acres of federal lands and mineral estate, 26.6 million acres (less than 4% of the total) are leased with only 480,550 acres actually containing oil and natural gas activity on the surface. From that relatively small amount of the total federal mineral estate, 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.⁸ Further, the industry has reduced its footprint on the land by 70% with the technological advances in horizontal and directional drilling coupled with hydraulic fracturing.⁹ That is a balance of productive uses of the land without undue degradation of the land as envisioned by FLPMA.



Source: *BLM Oil and Gas Statistics* webpage.¹⁰

data for the years 1986-1987. The datum for 1985 was provided in [this DOI press release](#). We would appreciate it if BLM made the full data set available in a useable format, such as in a spreadsheet.

⁸ [The Consequences of a Leasing and Development Ban on Federal Lands and Waters](#), Prepared by OnLocation, Inc. for the American Petroleum Institute, September 2020.

⁹ [Oil and Gas Impacts on Wyoming's Sagegrouse: Summarizing the Past and Predicting the Foreseeable Future](#), Human-Wildlife Interactions, Vol. 8, Iss. 2.

¹⁰ <https://www.blm.gov/programs-energy-and-minerals-oil-and-gas-oil-and-gas-statistics>. 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

Companies are sitting on 7,700 unused permits and too much leased acreage is non-producing.

As developed by Congress and implemented by administrations over many decades, the federal onshore program is not based on central planning. It is 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.

There are many reasons why companies may have permits that have yet to be drilled or leases not in a producing status. Developing a drilling plan is a years-long effort, and given lengthy federal leasing and permitting timelines, companies acquire leases with the knowledge that they cannot all be utilized immediately. Another reason is the excessive NEPA-related litigation that federal leases are subject to, with nearly every lease sale since 2015 in litigation, and with many leases suspended in the meantime. Further market conditions and project feasibility change as oil and natural gas prices change, and what may have been a good investment at the time a lease is acquired may no longer be when it comes time to make drilling plans.

Another factor to consider is that due to the broad use of multi-well drilling pads, local BLM offices have wisely asked operators to file APDs for all wells on a single pad to allow the NEPA analysis for the disturbance to be done once instead of several times. This means that operators often file APDs for wells 2-4 years out in the development schedule to accommodate this NEPA streamlining. Additionally, since it can take a year to get BLM approval of an APD, operators have to plan federal lease development nearly 18-24 months in advance of the drilling schedule. This has resulted in the need to re-permit many active unconventional areas as operators learn to optimize horizontal lateral lengths and orientation. Since the operator pays over \$10,000 for a federal APD, such redundant APDs do not result in losses for BLM as this is less than BLM administrative burden for such approval work.

Finally, 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, the industry is producing more on less acreage than ever before.¹¹

Climate Change

Western Energy Alliance supports the goal of reducing the GHG emissions that contribute to climate change. In fact, we are proud that the increased use of natural gas is the primary

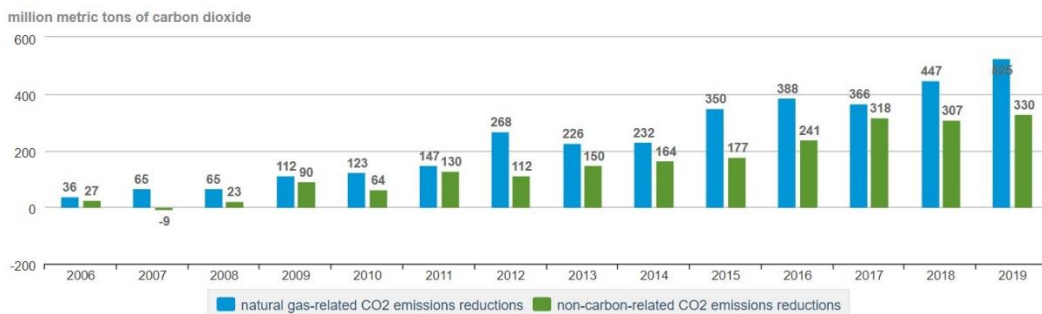
single well pad, meaning it overestimates disturbance to conservatively account for roads, gathering lines, and other disturbance in addition to the well pad.

¹¹ <https://www.doi.gov/pressreleases/oil-production-department-interior-managed-leases-surpasses-1-billion-barrels-first>

reason the United States has reduced more GHGs than any other country since 2000.¹² While we agree on the larger concern for climate change, we differ with DOI leadership on the policies that should be implemented to address it and are instead focused on the actual results that our industry delivers.

Fuel switching to natural gas in the electricity sector has reduced more greenhouse gas emissions than wind and solar energy have combined. In fact, natural gas has delivered 61% of the reduction in greenhouse gases resulting from fuel switching in the electricity sector, removing 3,351 million metric tons of carbon dioxide equivalents (MMT CO₂ Eq) since 2005.¹³ In contrast, wind and solar have only reduced GHG emissions by 2,125 MMT CO₂ Eq, or 39% of the total reduction.

Figure 10. CO2 emissions reductions in electricity generation from changes in the fuel mix since 2005 ↓ DOWNLOAD



Sources: U.S. Energy Information Administration, *Monthly Energy Review*, August 2020, Table 11.6, Carbon Dioxide Emissions From Energy Consumption: Electric Power Sector and calculations made for this analysis based on Table 7.3c, Consumption of Selected Combustible Fuels for Electricity Generation: Commercial and Industrial Sectors (Subset of Table 7.3a). Distributed solar generation from Table 10.6, Solar Electricity Net Generation is added to generation values from Table 7.2a, Electricity Net Generation: Total (All Sectors). See Table 2 on page 16 for carbon dioxide values for the commercial and industrial sectors.



Note: This analysis includes estimated CO2 emissions from electricity generated in all sectors. Non-carbon electricity generation includes small-scale solar. CO2 refers to carbon dioxide.

We also support the administration’s goal of reducing methane emissions. Continual innovation has enabled our industry to decrease methane emissions by 23% since 1990, even as oil and natural gas production have increased 49% and 71%, respectively.¹⁴ Technological innovation is a much better method of reducing GHG emissions than federal regulation. Further, industry is making significant investments and advances in carbon capture and sequestration.

As the oil and gas program review was implemented in response to an Executive Order on climate change, we urge DOI to recognize the solutions our industry has been providing for years. We have reduced GHGs from the development and production of oil and natural gas, as well as from the electricity sector where GHG emissions are ten times higher. We urge DOI to view us as a partner, not an adversary, in addressing climate change. Collaboration

¹² <https://www.iea.org/articles/global-co2-emissions-in-2019>

¹³ *U.S. Energy-Related Carbon Dioxide Emissions, 2018*, EIA, November 2019, p. 13.

¹⁴ *EPA*, p. 2-15, p. 3-69, p.3-84.

could be helped by changing the messaging from the Department on industry's GHG emissions, particularly by changing the talking points used in conjunction with the review.

Fossil fuel extraction on federal lands is responsible for nearly a quarter of all U.S. greenhouse gases (GHG).

This talking point is based on a study from the U.S. Geological Survey¹⁵ but is being distorted. DOI has falsely stated that fossil fuel extraction itself accounts for nearly a quarter of all U.S. GHGs, when in actuality the vast majority of emissions comes from the end-use combustion of fossil fuels, not from the extraction. The “nearly a quarter” talking point also includes coal production and consumption, yet is being used in messaging targeted specifically at oil and natural gas. *USGS data actually show that just 0.6% of U.S. GHGs come from the extraction of oil and natural gas on federal lands.*

Furthermore, since about 22% of U.S. oil production comes from federal lands and waters, it might make logical sense it would account for about the same amount of GHGs.¹⁶ However, while USGS shows that federal lands account for 23.7% of U.S. carbon dioxide (CO₂) emissions, looking at the top three GHGs including methane,¹⁷ federal lands actually account for only 19% of all U.S. GHGs. Since the president and DOI have made reducing methane emissions an important agenda item, it would be unusual to ignore them just for the purposes of the “nearly a quarter” talking point. Even including coal, as the 19% does, that is less carbon intensity than the amount of energy provided to Americans.

Looking at just the oil and natural gas numbers, federal production accounts for “about a quarter” of American production but only 7% of U.S. GHGs. Overall, the “nearly a quarter” talking point consistently overstates federal oil and natural gas GHGs as a justification for banning leasing, which is a misleading use of the USGS data.

Banning federal oil and natural gas will have a positive impact on climate change.

In the absence of an alternative that does everything oil and natural gas do (home heating, transportation, industrial energy, electricity generation, electronic components, petrochemicals, etc.), banning federal production does not reduce the demand for oil and

¹⁵ [Federal Lands Greenhouse Gas Emissions and Sequestration in the United States: Estimates for 2005–14.](#)

¹⁶ [The Consequences of a Leasing and Development Ban on Federal Lands and Waters](#), Prepared by OnLocation, Inc. for the American Petroleum Institute, September 2020. Federal oil and natural gas production constitute 22% and 12% of U.S. total production, respectively.

¹⁷ <https://www.epa.gov/ghgemissions/inventory-us-greenhouse-gas-emissions-and-sinks-1990-2014>. The three main GHGs are CO₂ at 5,556 million metric tons of carbon dioxide equivalent (MMT CO₂ Eq) or 81%, methane (CH₄) at 730.8 MMT CO₂ Eq or 10.6%, and N₂O at 403.5 MMT CO₂ Eq or 5.8% for a total of 97% of U.S. GHGs. Carbon dioxide equivalents take into account the greater intensity of methane. [Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990 – 2014](#), EPA, April 15, 2016. This is the same version of EPA's annual inventory that USGS used in its report.

natural gas but merely displaces it to other parts of the country without federal lands or overseas. Whether oil and natural gas are produced in Texas, Pennsylvania, Russia or Saudi Arabia, the resulting GHGs equally impact global climate change.

Furthermore, the USGS study recognizes the emissions reductions industry has already achieved on federal lands, stating that “Compared to 2005, the 2014 totals represent decreases in emissions for all three greenhouse gases (decreases of 6.1 percent for CO₂, 10.5 percent for CH₄, and 20.3 percent for N₂O).”

As a final note on climate change, we recommend that DOI not try to replicate the waste prevention rule promulgated by the Obama Administration and overturned by the District Court of Wyoming, as it incorrectly granted air quality authority to BLM and circumvented the Clean Air Act. Methane regulation is best left to the states and EPA, which have the jurisdiction, and not conferred to BLM.

Environmental Justice

As with DOI’s and the administration’s climate change goals, Western Energy Alliance generally supports the broad goal of environmental justice, although we may have a different perspective on how to achieve that goal. The oil and natural gas industry has provided a positive contribution to environmental justice for over a century and a half. By enabling the internal combustion engine and other machinery that freed humans from lifetimes of menial labor and toil, oil, natural gas, and coal should be credited with the first huge environmental justice achievement in world history.

American oil and natural gas will continue to provide an overwhelming benefit to humanity today and far into the future as the foundation of human health, safety and welfare. Oil and natural gas not only keep people warm in the winter and cool in the summer, get them to school and work to better their lives, and power all facets of the economy, but put food on the table, medicines in the cabinet, and deliver clean drinking water to the tap. Without the energy and products we provide, modern life is not possible and environmental justice unattainable. Providing more oil and natural gas to the world will bring those benefits to the billion people without sufficient energy and help lift them out of poverty.

Oil and natural gas also provide a net benefit to the environment. Countries like the United States with greater access to reliable, affordable energy not only have higher standards of living but enjoy cleaner environments and healthier populations. Increased use of natural gas electricity generation leads to lower levels of air pollution and reduced GHG emissions, as discussed above.

Further oil and natural gas support 10.3 million jobs nationwide both directly in the industry and throughout the economy.¹⁸ These jobs are held by all segments of our population, including minority, women, LGBT, and other disadvantaged or marginalized communities. The \$1.3 trillion annual contribution to the economy results in prosperity spread across the entire nation. The tax revenue we generate supports education, public safety, health services, infrastructure, and other human welfare programs at the city, county, state, and federal levels.

Conversely, the ban on leasing and other negative impacts to federal oil and natural gas that may arise from DOI's review of the program will have severe negative impacts for environmental justice in the eight western states where over 97% of federal onshore production occurs. We already discussed above the lost jobs and GDP over the first four-year and twenty-year time horizons. Environmental justice simply is not served by sending up to 351,554 employees annually to the unemployment line and depriving western states of vital human health and welfare services funded by industry.

Yet despite the fact that the vast majority of impact will be felt in eight western states, none of their elected representatives was invited to the stakeholder forum on March 25th. Further, rural counties with majority federal land ownership would experience the most direct impact from DOI's policies, yet no rural county commissioners or other local representatives were invited. By losing their economic base, previously sustainable rural communities would become newly disadvantaged. And the jobs lost would impact blue-collar jobs held by many diverse workers. These policies simply won't advance environmental justice.

It was a missed opportunity not to include such voices from the communities that will be actually impacted at the March 25th forum. Instead, the environmental justice panelists spent more time discussing refinery emissions in downtown Los Angeles than communities that will actually be impacted by the policies. While we are not discounting their points of view in general, refineries in Los Angeles have almost nothing to do with the federal oil and natural gas program. If DOI really wanted to address environmental justice as it relates to the president's plans to reduce or even eliminate oil and natural gas from federal lands, then the panel should have been focused on communities near and affected by federal development. In fact, eliminating development from overwhelmingly remote, rural federal lands located in the Rocky Mountain states and Alaska has the potential to displace it to nonfederal areas closer to urban centers with minority populations.

On the other hand, new restrictions on federal development will impact rural Native American communities, particularly the Navajo, Northern Ute, Southern Ute, Three Affiliated, and Wind River tribes. Although tribal lands are not supposed to be affected, the interlocking land ownership of the West means that tribal development will be less than it otherwise would be. Companies cannot efficiently develop tribal and Indian allottee

¹⁸ <https://www.api.org/news-policy-and-issues/news/2017/08/01/10-3-million-us-jobs-supported-by-natura>

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minerals that are interspersed with federal minerals as is so often the case across the West.

For example, about 21,000 Navajo allottees in northwestern New Mexico receive \$96 million annually in oil and natural gas royalty revenue.¹⁹ With the checkerboard land ownership in the Four Corners, development cannot occur without a leasehold comprised of both. Environmental justice would not be served by taking away this vital source of income in an area otherwise suffering from poverty and unemployment. While the indigenous panel had an excellent representative for Native American rural communities with Nicole Borromeo of the Alaska Federation of Natives, the voice of Indian allottees was not included. We urge DOI to ensure their voices are included in future discussions.

Conclusion

Western Energy Alliance supports an onshore oil and natural gas program that simultaneously promotes the goals of providing a fair return to the federal government, limiting environmental impacts from production, reducing greenhouse gas emissions, and providing for environmental justice. However, the messaging around this comprehensive review of the onshore oil and natural gas program consistently misstates or avoids hard facts that argue against the need for a dramatic overhaul of the program. In fact, because federal oil and natural gas are already part of the solution for reducing GHGs and increasing environmental justice, a continued ban on leasing or expansion of the ban to permitting would be counterproductive to DOI's and the administration's climate change goals.

We urge BLM to conclude its review expeditiously and resume normal leasing and permitting activities on federal lands. Thank you for the opportunity to submit these comments, and please do not hesitate to contact me with any questions.

Sincerely,



Tripp Parks
Vice President of Government Affairs

¹⁹ [Final Audit Report: Bureau of Indian Affairs' Federal Mineral Office](#), Office of the Inspector General, U.S. Department of the Interior, February 3, 2017.