Biden's Oil Letdown

Despite pledge to stop drilling on public lands, Trump-era drilling boom continues under Biden

Alan Zibel

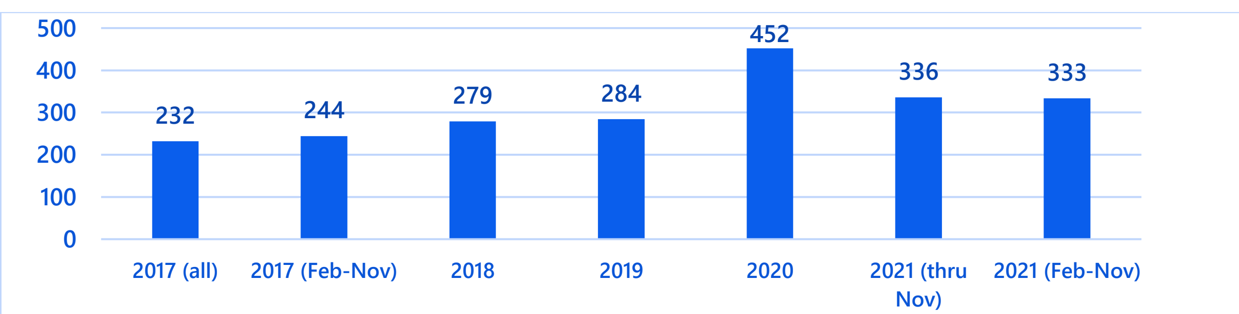
December 6, 2021

President Joe Biden's election brought a golden opportunity for a necessary course correction on climate and energy policy. Yet Biden has been slow to roll back the oil industry's Trump-enabled excesses, despite his campaign promise to stop drilling on federal lands and waters.

Only days after the international climate summit in Scotland, the Biden administration in mid-November auctioned off the right to drill offshore on 1.7 million acres in the Gulf of Mexico, locking in more fossil fuel drilling – and carbon emissions – for decades. On public lands, the administration has been approving drilling permits at a rapid pace and is planning to conduct lease sales for those lands next spring. Public Citizen's analysis[1] of federal public lands drilling permit data found:

- The Bureau of Land Management has approved an average of about 336 drilling permits per month in 2021 **(Figure 1)** through November 30.
- Excluding January, when former President Donald Trump was in office for most of the month, the agency approved 333 drilling permits per month in 2021. That average was up by more than 35% from when Trump took office in 2017, but still down by more than 25% from 2020.
- Under Biden, monthly public lands permit approvals peaked at 652 in April 2021 **(Figure 2)** but have been below 2020 levels since summer after falling under 300 in July.

Figure 1: Monthly Average Approved Public Lands Drilling Permits 2017-2021

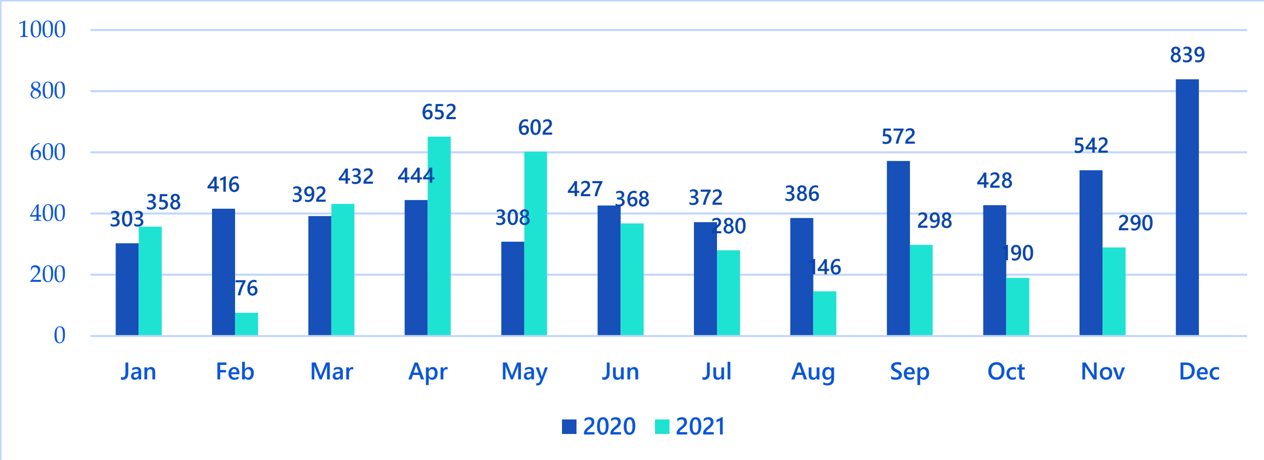


Source: Public Citizen analysis of BLM database as of 12/2/21. Note: Due to Jan 20 presidential inauguration Feb-Nov figures for 2017 and 2021 represent Trump (2017) and Biden admins (2021).

---

[1] Jesse Prentice-Dunn of the Center for Western Priorities, Alison Gallensky of Rocky Mountain Wild, Friends of the Earth consultant Jayson O'Neill and Rick Claypool, David Arkush and Tyson Slocum of Public Citizen provided insight and editing for this report.

Figure 2: Monthly Approved Public Lands Drilling Permits, 2020 vs 2021



Source: Public Citizen analysis of BLM Automated Fluid Minerals Support System database as of 12/2/21.

To date, the Biden administration has pursued many positive actions on climate and energy. It rejoined the Paris agreement on climate change, advanced major clean energy legislation in Congress, proposed tougher fuel economy standards and rules to curb methane emissions, proposed barring oil and gas drilling near a sacred tribal site in New Mexico, and recognized that climate change poses a dire threat to the global financial system. Yet the administration also has taken steps in the wrong direction, backing a massive pipeline that brings dirty oil through Indigenous land and calling for more international oil production.

As a candidate, Biden pledged to advocate for "no more subsidies for the fossil fuel industry, no more drilling on federal lands, no more drilling, including offshore, no ability for the oil industry to continue to drill, period." Shortly after coming into office, Biden paused the sale of new federal oil leases, pledging in a January 2021 executive order to conduct a comprehensive review of the policies governing the federal oil and gas program. The long-delayed Interior Department report, a day after Thanksgiving, endorsed much-needed and reforms to the federal oil and gas leasing program but was largely silent on the need to confront the climate pollution caused by oil and gas production on federal lands and waters.

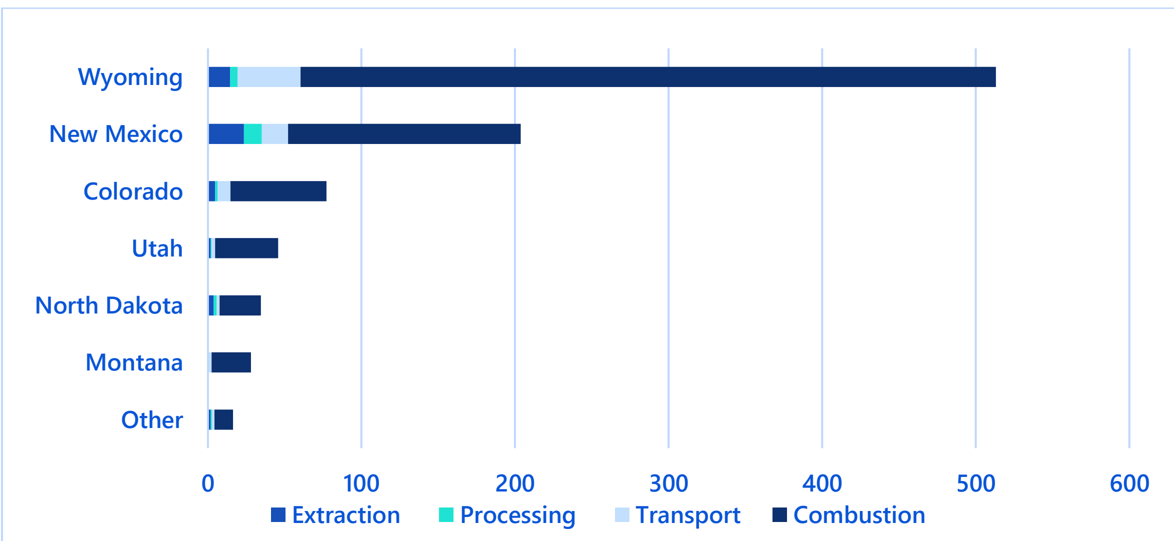
Under a ruling issued by a federal judge in June, the Interior Department was forced to resume lease sales, and the agency approved drilling permits on existing leases to fossil fuel corporations, many of which were approved under the Trump administration's "energy dominance" agenda. On the plus side, the Build Back Better legislation moving through Congress contains reforms similar to those endorsed by the Biden administration, that raise revenue for taxpayers, such as requiring competitive bidding for leases of public lands and raising federal royalty rates that have long provided artificially low costs to the industry.

The Climate Impact of Public Lands Exploration

Halting new oil and gas drilling as soon as possible is crucial to ensuring a habitable planet for the coming generations. The International Energy Agency, in a landmark report last spring, concluded that additional oil and gas exploration fields are incompatible with the international goal of limiting the most catastrophic climate harm. The IEA analysis found that to hold global warming to 1.5 degrees Celsius over pre-industrial levels, new oil and gas exploration must halt. "[T}here are no new oil and gas fields approved for development in our pathway, and no new coal mines or mine extensions are required," the agency wrote. Similarly, U.N. Secretary-General Antonio Guterres said in August that countries should "end all new fossil fuel exploration and production, and shift fossil fuel subsidies into renewable energy,"

Fossil fuel extraction from U.S. public lands and waters results in considerable climate damage. In 2020, about 246 million tons of coal, 314 million barrels of oil and 3.3 billion cubic feet of natural gas were produced from 13 million acres of. public lands, according to a recent analysis of 2020 data from the Bureau of Land Management. These federally owned lands provide about 9% of the nation's gas supply, 7.6% of the nation's oil supply and about 46% of the domestic coal supply, while producing more than 918 metric megatons of carbon dioxide equivalent emissions, Over the next 12 months, nearly 1,300 metric megatons of greenhouse gases are expected to be emitted as a result of public lands drilling, according to federal data.

Figure 3: Greenhouse Gas Pollution from Public Lands Exploration (Metric tons of CO2 equivalent, 2020)



Source: Bureau of Land Management report.

Biden administration officials have repeatedly stated their commitment to overhauling the federal oil and gas leasing system. But Biden's Interior Department has faced pushback from Sens. Lisa Murkowski of Alaska and Joe Manchin of West Virginia, both of whom have fossil fuel industry ties. In addition, a fossil fuel industry legal challenge has bogged down the administration's efforts. After the administration placed a temporary pause on new leasing but allowed new permits on existing leases, Western oil drillers and oil-producing states sued, arguing that the administration violated a federal law requiring quarterly lease sales.

In June, a Trump-appointed federal judge in Louisiana ruled against the administration's pause, granting a preliminary injunction forcing the administration to resume lease sales. The judge found Biden administration lacked the power to pause oil and gas leases. Oil-friendly states have subsequently argued that they were harmed by a loss of revenue from the leasing pause. North Dakota argued that it faced billions in potential losses.

In response, the Biden administration has made plans to resume leasing activity in 2022 but also appealed the judge's ruling, arguing that the pause on leasing was necessary to review longstanding shortcomings in the federal leasing program, such as its failure to consider climate change, ensure a fair return for taxpayers and impose adequate well cleanup protections. Environmental groups argue that the Bureau of Land Management should defer all parcels proposed for lease, and are pushing for comprehensive reforms of the federal fossil fuel program. Meanwhile, oil and gas interests, including the Western Energy Alliance and Petroleum Institute of Wyoming, continue to press the matter in court, arguing that the Biden administration should speed up lease sales.

Corporate Beneficiaries of Public Lands Drilling

The oil-drenched Trump administration maximized fossil fuel extraction and exploitation of public lands. Former corporate lobbyists occupied cabinet-level positions, ramping up drilling while gutting environmental rules.

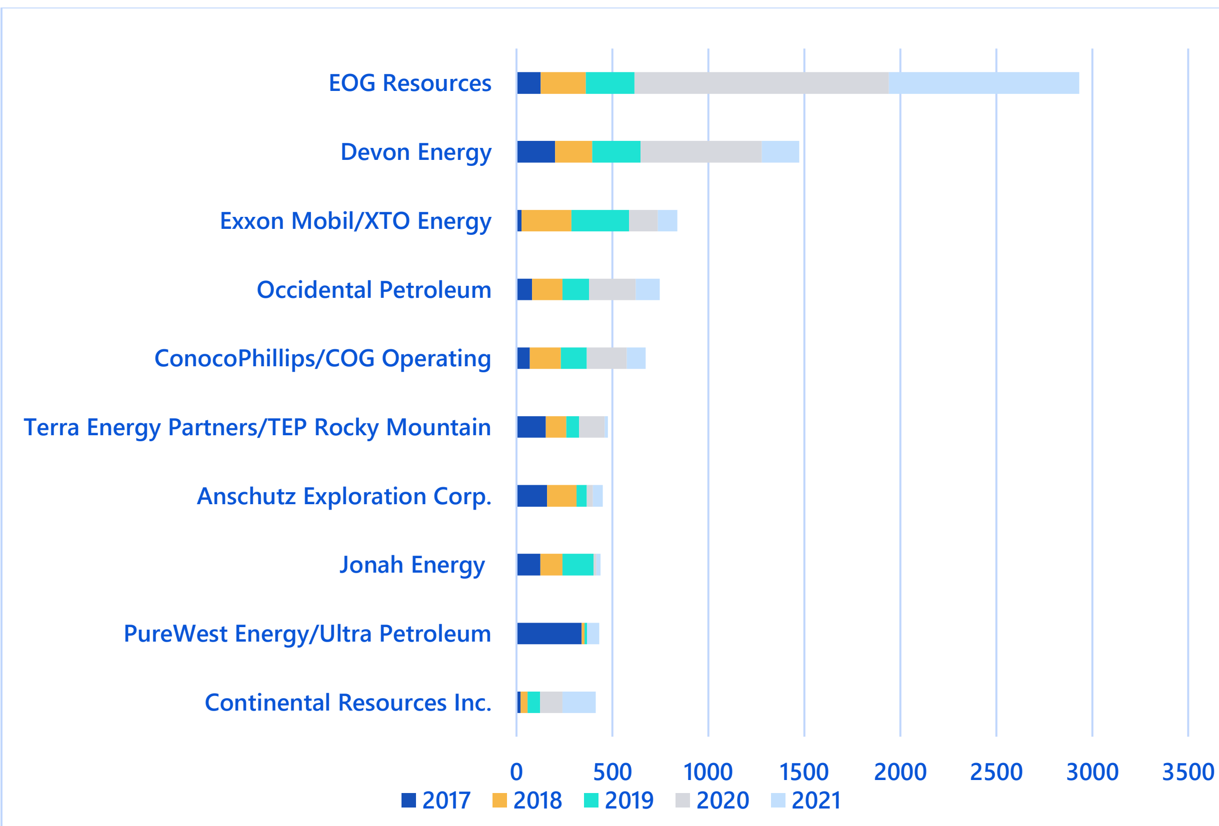
Major public lands drillers include EOG Resources, Devon Energy, Occidental Petroleum, and Exxon Mobil subsidiary XTO Energy **(Figure 3)**. These companies and others have long been able to exploit public lands without paying a fair price to compensate taxpayers for the use of public resources. The industry was battered in 2020 due to a precipitous decline in oil prices after consumption plunged during the pandemic. But now many of these same companies are once again experiencing good times as oil prices surged a barrel earlier this year. Many oil companies, aided by the low-interest rates engendered by the Federal Reserve, refinanced their debts at ultra-low rates. Some are using proceeds from higher oil prices to cut their debt and benefit shareholders through share buybacks. Occidental Petroleum was able to repay $4.3 billion of long-term debt in the third quarter of 2021. ExxonMobil is planning to buy back $10 billion in shares and Chevron is considering an expansion of its share buyback program.

With the oil and gas industry posting sizeable profits, it makes little sense for taxpayers to keep subsidizing it by charging artificially low market royalty rates for drilling on public lands and waters. The U.S. government has lost up to $12.4 billion in revenue in the past decade due to below-market royalty rates, according to Taxpayers for Common Sense. Despite this subsidy and others, the oil and gas industry and its allies on Capitol Hill have claimed that the Biden administration's policies will have a major impact on oil industry production and jobs. The unfortunate reality is that, despite the industry's claims of impending doom, it has already secured enough access to public lands to keep oil and gas flowing for many years. During the Trump era, the oil and gas industry leased millions of acres of public lands for exploitation, stockpiling thousands of permits for future drilling and at least 10 years' worth of leases, according to a Center for American Progress analysis.

With the oil and gas industry now posting sizeable profits, it makes little sense for taxpayers to keep subsidizing the oil industry by charging artificially low market royalty rates for drilling on public lands and waters. The U.S. government has lost up to $12.4 billion in revenue in the past decade due to below-market royalty rates, according to Taxpayers for Common Sense.

Despite this subsidy and others, the oil and gas industry and its allies on Capitol Hill have claimed that the Biden administration's policies will have a major impact on oil industry production, gasoline prices and jobs. The unfortunate reality is that, despite the industry's claims of impending doom, the industry has already secured enough access to public lands to keep oil and gas flowing for many years. Increased royalty payments from oil and gas companies are expected to have a negligible impact on gasoline prices, which fluctuate largely based on the price of crude oil.

Figure 4: Top Recipients of Public Lands Drilling Permits 2017-Present

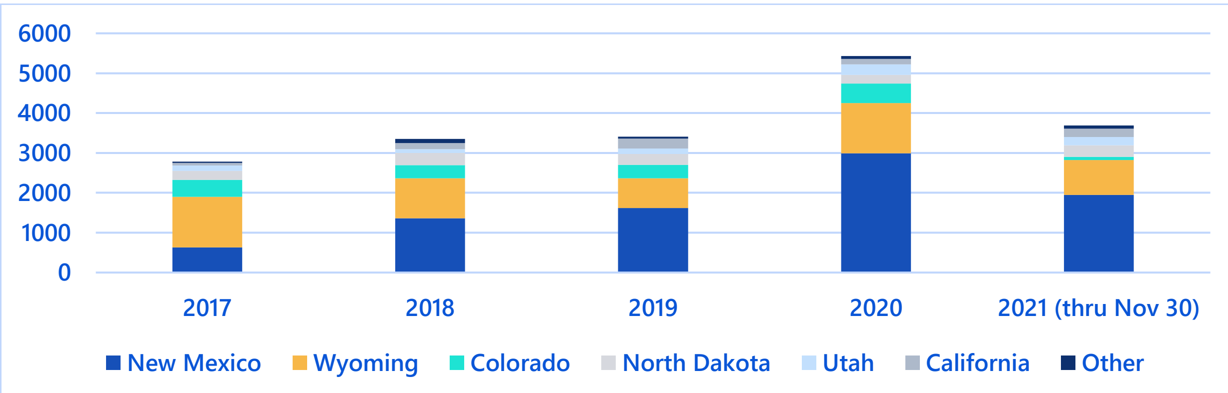


Source: Public Citizen analysis of Bureau of Land Management data.

A Western Oil Bonanza

Public lands make up about 8% of all U.S. oil production and about 9% of natural gas production, with about 26.6 million acres of land leased for oil and gas exploration, about 85% of which is in Wyoming (33%), New Mexico (16%), Utah (11%), Alaska (10%), Colorado (9%), and Montana (6%), according to federal data. During the Trump years, New Mexico oil and gas drilling soared, with the Bureau of Land Management approving nearly five times as many drilling permits for New Mexico in 2020 than it did in 2017 **(Figure 5, Table 1)**. New Mexico's drilling industry, based in the booming Permian Basin, eclipsed Wyoming for the most public lands drilling permit approvals in 2018.

Figure 5: Approved Public Lands Drilling Permits in Most Productive States 2017-2021



Source: Public Citizen analysis of Bureau of Land Management data.

Table 1: Approved Public Lands Drilling Permits in Most Productive States 2017-2021

State	2017	2018	2019	2020	2021 (thru Nov 30)	Grand Total
New Mexico	631	1360	1614	2994	1949	8548
Wyoming	1265	1008	754	1259	876	5162
Colorado	428	327	335	484	73	1647
North Dakota	223	300	270	217	291	1301
Utah	135	100	134	265	213	847
California	64	155	252	143	203	817
Other	33	102	50	67	87	339
Grand Total	**2779**	**3352**	**3409**	**5429**	**3692**	**18661**

Source: Public Citizen analysis of Bureau of Land Management data.

Coming Next Spring: Even More Oil Leasing?

In fall 2021, the Biden administration proposed to offer seven lease sales of more than 740,000 acres of federal public land to oil and gas companies in early 2022. The administration has since used its discretion to defer about 540,000 acres of land from leasing, or about 73% of what it originally proposed, due to conflicts with wildlife habitat and recreational resources (**Table 2).**

Table 2: Spring 2022 Lease Sales Proposed by Bureau of Land Management

State office	Parcels	Acres	Pct of proposed acres	Proposed Deferrals (Parcels)	Proposed Deferrals or Cancellations (Acres)	Pct. Deferred or canceled
Wyoming	459	568,196	77%	260	382,882	67%
Colorado	119	141,675	19%	110	136,399	96%
Nevada	10	10,497	1%	5	7,937	76%
Montana/North Dakota	29	6,849	1%	6	3,443	50%
Eastern States	20	6,816	1%	16	6,735	99%
Utah	6	6,645	1%	5	6,485	98%
New Mexico/Oklahoma	6	536	0%	0	0	0%
Total	649	741,214	100%	402	543,881	73%

Source: Bureau of Land Management documents. (Note: Eastern States cancellations refer to one 5,442 acre site and one 1,293 acre site)

However, the Interior Department has said it will now conduct a comprehensive analysis of the greenhouse gas impacts of proposed oil drilling on public lands. Interior Secretary Deb Haaland has said climate change will play an important factor in the agency's decisions about public lands leases. "We are doing whatever we can at the department to ensure we are analyzing these leases with climate change as a backdrop," she told. "We need to absolutely consider climate change, we need to consider the social cost of carbon in the things that we do." However, the oil industry signaled opposition to the administration's changes, with the president of a Wyoming oil association claiming that the Biden administration is "continuing its efforts to make public lands energy development as expensive and difficult as possible."

Conclusion

Speaking at the Glasgow climate summit, President Joe Biden called on world leaders to make dramatic progress on climate change. This is a decisive decade in which we have an opportunity to prove ourselves," he said. "We can keep the goal of limiting global warming to just 1.5 degrees Celsius within our reach if we come together, if we commit to doing our part of each of our nations with determination and with ambition." Yet under Biden, the U.S. government continues to lease land for drilling and issue permits for drilling at a frightening pace. In the coming months, energy companies are likely to mount a well-funded campaign to continue business as usual. Congress and the Biden administration must resist that pressure and push aggressively to move the nation – and the world – away from planet-destroying fossil fuels.