FAR FROM A “WAR ON OIL AND GAS;” COMPANIES THRIVED ON PUBLIC LANDS UNDER PRESIDENT OBAMA

The Trump Administration’s plans to undermine common-sense safeguards will harm taxpayers and communities

By Greg Zimmerman
The Center for Western Priorities

America’s oil and gas sector thrived under President Obama’s leadership.

Far from the “war on oil” claims made by President Trump, his allies in Congress, and industry lobbyists, the data provided below prove that U.S. oil and gas production skyrocketed over the last eight years, that oil and gas companies are holding millions of acres of public lands leases, most of which are not being used, and that companies continue to receive a sweetheart deal for producing oil and gas on public lands.

The Obama administration understood that America can develop energy resources, conserve sensitive lands, and protect communities and taxpayers. Every acre of America’s public lands does not need to be leased and developed, while reasonable planning and safeguards serve to reduce conflicts and minimize waste.

And yet, the incoming administration and the new Congress is preparing to do the bidding of oil and gas companies by undermining common-sense rules that are in place to protect American lands and ensure taxpayers receive a fair return from drilling. The only winners will be billionaire CEOs running the companies, while taxpayers and communities across the United States will be forced to shoulder the burdens of fewer protections.

Members of Congress have already made it clear that, at the behest of billionaire special interests, they intend to roll back rules recently put into place by the U.S. Bureau of Land Management to
encourage oil and gas companies to collect and sell natural gas, while ensuring drillers do not waste taxpayer-owned resources.

And incoming Interior Secretary Ryan Zinke has made it clear that he intends to open vast swaths of American public lands to oil and gas development. When the policies of the George W. Bush administration allowed for unchecked leasing of U.S. public lands, some of America's most spectacular landscapes ended up on the auction block (see: Roan Plateau, Arches National Park, Wyoming Range).

With President Trump taking the reins and with Congress getting to work on its priorities for 2017, the following five facts set the record straight on U.S. energy production, leasing and development of U.S. public lands in recent years. While we expect political leaders to undermine reasonable rules that guide oil and gas development, it is our hope that these facts will make them think twice and acknowledge that common-sense protections will not and do not stifle leasing and development.

**Oil production increased nearly 60 percent on U.S. public lands between the last year of George W. Bush's term and the last year of Barack Obama's term**

In fiscal year 2008, oil companies produced 99 million barrels of crude oil from national public lands. By 2015 that number jumped by over 75 million barrels to nearly 175 million barrels of crude oil. And while oil production has dipped slightly in 2016 as a result of extremely low oil prices, there was still nearly 60 percent more oil produced in the last year of the Obama administration as compared to the last year of the President George W. Bush administration.

Source: Office of Natural Resources Revenue, Production Data
U.S. natural gas production is at an all-time high

Every year the United States sets a new record for natural gas production: 2015 beat 2014, 2014 beat 2013, and on and on. Because of low prices and record production levels, natural gas recently supplanted coal as the primary fuel source for power generation in the United States.

Source: Energy Information Administration, U.S. Dry Natural Gas Production

Not enough leasing? 22 million acres of public lands offered at auction went unsold to oil companies between 2009 and 2015

Between 2009 and 2015 the Bureau of Land Management made nearly 29 million acres of public lands available for oil and gas development. Less than 7 million of those acres received bids from oil or gas companies, while more than 22 million acres went without bids.

This means a land mass larger than the combined size of Vermont, New Hampshire, Connecticut, and New Jersey was offered for lease but turned down by oil and gas companies at auction.

Source: Bureau of Land Management, Acres Offered and Leased
Oil and gas companies are currently sitting on over 19 million acres of unused public land leases, while over 7,500 approved drilling permits on U.S. public lands are undrilled and idled.

**Leased but unused**

U.S. public lands, 2016

Any claim that oil and gas companies do not have enough access to drill on U.S. public lands is not based in fact. Nearly 32 million acres of public lands are currently under lease. Less than 13 million of those acres are currently producing any oil or gas, while the remaining 19.4 million acres sit unused.

Source: Bureau of Land Management, Oil and Gas Statistics

**Approved but not producing**

Oil and gas drilling permits as of September 30, 2015

Similarly, oil and gas companies are sitting on 7,532 drilling permits, which are approved, have cleared all environmental reviews, and ready to be drilled, but for whatever reason are not being used.

Not included:
- 4 permits in Alaska,
- 26 permits in Eastern states

Source: Bureau of Land Management, Oil and Gas Statistics
The failure to update royalty rates in nearly a century is costing taxpayers up to $730 million per year. Oil companies pay royalties to U.S. taxpayers on the oil and gas that is produced from national public lands. But the U.S. government has a low royalty rate—much lower than rates charged by Western oil producing states like Wyoming, Colorado, and New Mexico. This gap shortchanges American taxpayers by hundreds of millions of dollars each year.

These numbers are supported by research from the Congressional Budget Office, which finds that modernizing royalty rates, in addition to updating rental rates and minimum bids could generate hundreds of millions of dollars annually.

Currently, the minimum bid required to obtain public lands at an oil and gas auction stands at $2.00 per acre, an amount that has not been increased in decades. Every year, oil companies buy leases to tens of thousands of acres of American public lands for only $2.00 per acre.

Additionally, oil companies are sitting on more than 19 million acres of American lands without producing oil and gas from them. It costs only $1.50 per year to keep public lands idle, which provides little incentive to generate oil and gas or avoid land speculation. Adjusting the rental rate up to just $3.00 for the first five years of a lease and $5.00 thereafter could generate an additional $56 million for taxpayers annually.
Bottom line

Even though oil and gas industry lobbyists have loudly suggested that the Obama administration stifled development, the data shows exactly the opposite is true. These lobbyists are much more concerned with padding company profits than working with policy makers to strike a proper balance between developing America’s energy resources, protecting American lands, and ensuring taxpayers receive a fair return from development.

The Trump administration has said that it will loosen rules guiding oil and gas development. The administration and Congress should proceed with great caution; handouts to corporate interests at the expense of American communities, and our clean air, water, and land will not be well received by the vast majority of voters.