DUCHESNE COUNTY COMMISSION

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To: Department of Interior
energyreview@ios.doi.gov

RE: Interior's comprehensive review of the Federal Oil and Gas Program per Executive Order 14008

Dear DOI Staff:

We, the elected County Commissioners of Duchesne County, Utah, have grave concerns regarding the Biden Administration's recent actions to undermine the nation's oil and gas industry. Duchesne County is a rural county with about 20,000 residents spread over a land area larger than the states of Rhode Island and Delaware combined. We are the #1 crude oil producing county and the #3 natural gas producing county in Utah. We depend on a robust energy industry to support our families and businesses. Our county has no Interstate Highway, no railroad lines and is 2 ½ hours from the nearest international airport; all of which hampers our ability to diversify our economy (studies by the Utah Department of Workforce Services have found our county's economy to be the least diversified in Utah).

On February 22, 2021, we unanimously passed Resolution #21-02 opposing the Biden Administration's indefinite moratorium on new oil and natural gas leasing on federal lands pending a comprehensive review of the Federal Oil and Gas Program (see Resolution attached). This action by the Biden Administration was clearly a violation of the federal Mineral Leasing Act, the National Environmental Policy Act and the Federal Lands Policy Management Act and we look forward to the action being overturned in court.

It is interesting and disappointing how the Biden Administration is moving blindly and recklessly forward with its attack on oil and gas apparently without comprehending the many adverse consequences on families and all levels of government, which rely on income and revenue from leasing on federal lands. A recent study by Dr. Tim Considine, Professor of Energy Economics at the University of Wyoming, found that discontinuing oil and gas leasing on federal land will cost western states an estimated $33.5 billion in lost GDP, $8.3 billion in lost state tax revenue, 58,700 jobs and over $15 billion in lost wages by the end of Biden's four-year term.

While the Biden Administration and Congress is plunging the nation trillions farther into debt with COVID relief programs, the federal government is now taking steps to make it even more difficult to extract minerals from federal lands – negatively impacting revenue derived from this activity. Since the demand for oil and gas will continue to increase as the nation's population increases and the economy rebounds from COVID shutdowns, the ill-conceived policies of the Biden Administration will shift more

oil and gas development and associated economic benefits to private or tribal lands; or worse yet, to foreign countries. There will be no net reduction of global greenhouse gases due to this shift in production. The so-called "climate crisis" will not be ameliorated.

In our county, roughly a third of oil and gas production comes from federal land, about a third from tribal land and about a third from private land. The Administration, bowing to tribal interests, quickly backed away from its moratorium for leasing on tribal lands. It's amazing how oil and gas activities on tribal lands apparently have no impact on climate change while leasing and production on federal lands does.

In spite of the so-called "climate crisis," the nation still experiences cold winter weather. Continuing to allow natural gas leases on federal lands would seem to be a "no-brainer," since the use of clean-burning natural gas for heating our homes, businesses and manufacturing plants has reduced our reliance on coal, reduced greenhouse gas emissions and improved air quality. Wind and solar energy are not going to keep us warm during the winter. If we can maximize production of natural gas on federal lands and export it to countries in Asia, that would have a measurable impact on greenhouse gas emissions. Unfortunately, so-called "environmental groups" have continued to fight against gas export projects that would have this beneficial global effect.

We are concerned that the Administration, in its quest to end American's "love-affairs" with their gas-powered vehicles, may be forgetting that only 46% of crude oil goes to making gasoline. The other 54% of crude oil is used to manufacture thousands of products Americans use every day, such as medicines, homeopathic products and vitamins which are derived from benzine (a product of petroleum); cosmetics and shampoos; plastics; synthetic rubber (shoes, tires, gloves, etc.…); cleaning products; and asphalt. Regardless of the success of converting from gasoline-powered to electric-powered vehicles; there will continue to be a national and global demand for crude oil. Why not produce it on our own federal lands where environmental protections are robust and we can benefit from the jobs, income and revenue? Allowing this demand to be met by foreign countries is not in our best interests.

Perhaps most important is our ability to fuel our military infrastructure to maintain our national defense. While some military equipment is nuclear-powered, the vast majority relies on petroleum products. What sense does it make to restrict our ability to produce petroleum products on federal lands that may be necessary to protect our country in the future?

We listened to the March 25, 2021 public forum regarding the federal oil and gas program. We were disappointed that this forum did not provide an opportunity for state and local government officials from oil and gas producing regions to take part. While the Department of Interior has pledged to "conduct extensive outreach to Members of Congress, Governors, Tribes, and other state and local elected leaders," we have yet to be invited to participate in such outreach.

We were also disappointed to hear some of the myths being promoted during the forum. The following myths have been exposed and debunked by the Western Energy Alliance using data from the US Office of Natural Resources Revenue, the US Geological Survey, the EPA and the American Petroleum Institute:

Myth #1 Federal lands extraction of oil and gas is responsible for nearly a quarter of all U.S. greenhouse gases (GHGs). **Fact:** This talking point gives the impression that extraction itself produces a quarter of all GHGs. In actuality, the vast majority of emissions comes from the end-use combustion of fossil fuels, not from the extraction. The USGS data shows that 0.6% of U.S. GHGs come from the extraction of oil and natural gas on federal lands.

Myth #2 Federal oil and natural gas account for a large percentage of U.S. GHGs. **Fact:** It's well understood that the consumption of fossil fuels produces GHGs. Since about 22% of U.S. oil production comes from federal lands and waters, it makes sense it would account for about the same amount of GHGs. However, the Biden Administration is misinterpreting the USGS numbers. USGS data shows that federal lands account for 23% of U.S. carbon dioxide (CO2) emissions, but looking at the top three GHGs including methane, federal lands actually account for only 19% of all U.S. GHGs. Even including coal, as this number does, that's less carbon intensity when balanced against the energy benefits provided to Americans. If we look at just the oil and natural gas numbers, it turns out that federal oil and natural gas account for "about a quarter" of American energy but only 7% of U.S. GHGs.

Myth #3 Banning federal oil and natural gas leasing/production will have a positive impact on climate change. **Fact:** 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 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 Utah, Texas, Pennsylvania, Russia or Saudi Arabia, the resulting GHGs equally impact global climate change.

Also, the Biden Administration overlooks findings in the USGS study recognizing the emissions reductions the oil and gas industry has already achieved. 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).

Myth #4 Over the last few years the oil and gas industry has stockpiled millions of acres of leases on public lands and waters. **Fact:** According to the BLM's oil and gas statistics, leased acreage is at a historic low while production has hit historic levels. From a high of over 120 million acres under federal lease 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.

Myth #5 : 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. **Fact:** 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. However, 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."

The 60-day ban on permitting has since expired. We now understand that BLM field offices will be able to issue drilling permits; however, their hands will be tied in several situations. One of the most problematic aspects of the latest direction is that Interior plans not to extend permits beyond their initial two-year term. Another is the approval of lease suspensions at the highest level. Suspensions are normally granted routinely when the government recognizes circumstances beyond the company's control that would otherwise cause leases to expire. Both of these situations could add to the job losses and economic hit to the West that the Biden Ban on leasing already entails.

With all the other delays contemplated by Interior through additional environmental reviews under the National Environmental Policy Act (NEPA), this could become a catch-22 situation whereby the government doesn't grant the lease suspensions to account for its intentional delays. The double jeopardy puts leases at risk while allowing the Biden Administration to perpetuate the talking point that we have too many nonproducing leases.

Myth #6 The President's action will restore balance on America's public lands. **Fact:** 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.

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, only 26.6 million acres are leased with only 480,550 acres actually containing oil and natural gas activity on the surface. This equates to a 0.07% surface disturbance. 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.

Since offshore oil and natural gas provide 100% of the funding for the Land and Water Conservation Fund and onshore oil and gas provides up to $1.3 billion annually for national park maintenance and conservation, the Biden Administration's order threatens $2.2 billion annually in conservation funding.

The Biden Administration has decidedly and illegally tipped the balance from multiple use to conservation.

Myth #7 Federal lands leased for oil and gas exploration and production are "locked away" from other uses. **Fact:** 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 development on them.

In addition to promoting the above myths, the environmental lobby likes to bring up the fact that the oil and gas industry has approximately 7,700 unused permits to drill as reason to cease federal leasing. Planning for permits in advance is a prudent move by the oil and gas industry. Since then-presidential candidate Biden promised to ban fracking on federal lands during his campaign, the industry would have been grossly negligent to its investors and the American taxpayer if they hadn't built up an inventory of permits to mitigate the risk of political shenanigans. The prudence of this move by the industry has been confirmed by actions such as the 60-day permitting ban on day one of the Biden Administration and the pending oil and gas program review. There was no question that a president who promised "no oil on federal lands" would appoint officials who will make it more difficult to obtain permits.

The environmental lobby also likes, in an attempt to show that federal leasing can be ceased, to point to the fact that about 53% of the acres leased for oil and gas on federal lands remains non-producing. They fail to recognize that:

(1) Acquiring a lease does not carry a mandate to develop on each and every acre. In 2019, the industry produced more oil and gas than ever before and did it on less acreage. Less surface disturbance shows that the industry is producing in an environmentally responsible way.

(2) Just because a lease is acquired, it doesn't mean that there are economic levels of oil or gas to produce from that location.

In conclusion, the Duchesne County Commissioners call upon the Department of Interior to immediately stop its unnecessary, unproductive and damaging review of the federal oil and gas regulations. As the old saying goes: "if it isn't broke, don't try to fix it"!

Sincerely,

DUCHESNE COUNTY COMMISSIONERS

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