

DRILLING DOWN ON FEDERAL LEASING FACTS

THE SPIN: [President Biden](#): “First, it’s simply not true that my administration or policies are holding back domestic energy production. That’s simply not true.”

THE FACTS:

- The Biden administration started working to discourage the growth of natural gas and oil production in its first few weeks, setting the tone for the administration.
- On his first day in office, [Biden signed an Executive Order](#) to impose a temporary moratorium on oil and gas lease activities in the Arctic National Wildlife Refuge, withdrew offshore areas in Arctic waters and the Bering Sea from oil and gas drilling, and revoked a key permit for the Keystone XL pipeline. In June 2021, the Biden administration [went further](#) in ANWR and suspended oil and gas leases.
- In his second week in office, [he signed another Order](#) that put a “pause” on new oil and gas leasing on federal lands and offshore waters. The Biden Administration violated Congressional statute by halting all federal oil and gas lease sales – onshore and offshore – and is thereby laying the groundwork for a decline in federal production over time.
- Even where the administration hasn’t impeded natural gas and oil leasing, it has been an unwilling partner: Interior Department Deputy Secretary Tommy Beaudreau on the Biden administration’s sole natural gas and oil lease sale: “**The fact is, the upcoming oil lease sale ... is part of the legacy system that we’re here to reform. The administrative process for that lease sale had been completed during the previous administration. It is not the way that we would prefer to do business.**”
 - White House Press Secretary [Jen Psaki](#) adds: “We’re required to comply with the injunction; it’s a legal case and legal process, but it’s important for advocates and other people out there to understand that it’s not aligned with our view, the President’s policies or the executive order that he signed.”

THE SPIN: [President Biden](#): “They have 9,000 permits to drill now. They could be drilling right now, yesterday, last week, last year. They have 9,000 to drill onshore that are already approved.”

THE FACTS:

- First, there are **currently nearly 100,000 producing wells** onshore right now on federal lands. **9,000 permits that are still in a process to start production represent a relatively small fraction** of the overall federal well count.
- Second, “it’s not as simple as oil companies [turning on a spigot](#). These businesses make drilling plans based on economic forecasts for at least a year out...”
- “It typically takes [five to six months to drill and stimulate production](#) at a Permian Basin well before oil and gas starts flowing” while “the world’s largest oil and gas fields [averaged 5.5 years from discovery to first production.](#)”
- Despite attempts to portray the industry as stockpiling unused permits, “**a greater share of federal leases are producing oil and gas than any other time in the past two decades.** Some 66%, nearly 2-out-of-3 leases, of onshore federal leases were churning out crude or natural gas in fiscal 2021...”
- Further, the number of drilled but **uncompleted wells (DUCs) on federal lands has fallen by over 40% in the last year**, from 7,700 to 4,400. The number of DUCs available has fallen for [20 consecutive months](#). DUCs are ready to produce once the circumstances align – weather, financial, supply chain issues, infrastructure etc.
- According to [the EIA](#), producers drilled **775 wells and completed 931**, both the most since March 2020, in the biggest shale basins in February.
- With a record percentage of onshore federal leases producing oil and gas, the Biden administration is slowing the pace of drilling permit approvals. The monthly amount of permits approved by BLM for natural gas and oil wells in January [plunged 85% compared to approvals in April 2020.](#) (Citation: E&E News)

THE SPIN: President Biden: “Why aren’t they out pumping oil? Because they’ve said and they’re very clear — Wall Street bankers have made it very clear... Rather than spend the profits on the increased price of gasoline, they would rather take those profits and buy back stock — buy back their own stock, rather than take that money and invest it in pumping new oil.”

THE FACTS:

- U.S. domestic production is still recovering from the economic impact of the COVID-19 pandemic, which caused dramatic decreases in the price of oil, followed by a reduction in capital expenditures in the industry of **about 25%** from 2019 to 2020. U.S. crude oil **production dropped** 8% from 2019 to 2020, and another 1.1% in 2021.
- **TIME:** “The Biden presidency has offered the ultimate signal to the markets that the transition away from fossil fuels needs to start for everyone — and now.”
 - **Goldman Sachs:** “**All of these global sectors which are carbon intensive, in the wake of uncertainty on the policy environment, are just delaying investment decisions.**”
 - In April 2021, Climate Envoy John Kerry **boasted** that President Biden is poised to sign an executive order on climate financial risk that is “going to change allocation of capital,” **and said in July 2021** that “the IEA is quite correct in pushing the notion that you really want to try to avoid the new [fossil fuel projects] rather than compounding the problem.”
 - In October 28, 2021, the State Department’s Senior Advisor for Energy Security, Amos Hochstein **said:** “**The administration sees investments in multi-decade natural gas and oil infrastructure “as unfortunate and unnecessary.”**”
- Despite the Biden administration’s rhetoric discouraging new investment, U.S. natural gas and oil producers are working to increase production.
 - Total oil output in the major U.S. shale oil basins is **projected to rise** 117,000 barrels per day (bpd) to 8.708 million (bpd) in April, the most since March 2020.
 - Oil output in the Permian in Texas and New Mexico alone is due to rise 70,000 barrels per day to a record 5.208 million (bpd) in April.
 - EIA forecasts that total natural gas output in the big shale basins will increase 0.6 billion cubic feet per day (bcfd) to a record 92.3 (bcfd) in April.
 - Additionally, **U.S. annual oil production is set to rise to a record next year.** Oil production is projected to average 12.41 million (bpd) in 2023; surpassing the current annual high of 12.3 million (bpd) set in 2019.
 - “The **projected rise** in U.S. output would represent nine consecutive quarters of growth, beginning the last three months of 2021.”

THE SPIN: President Biden: “90 percent of onshore oil production takes place on land that isn’t owned by the federal government. And of the remaining 10 percent that occurs on federal land, the oil and gas industry has millions of acres leased.”

THE FACTS:

- Pay attention to the administration’s rhetorical sleight of hand here. The administration is highlighting this stat to argue their policies would have a limited impact on total U.S. production - the smaller the number, the smaller the impact of federal leasing policies appears to be - but federal natural gas and oil leasing occurs both onshore and offshore.
- **Oil production from federal lands and waters provides approximately 24 percent of total U.S. oil production.** Additionally, natural gas production from federal lands and waters is approximately 11 percent of total U.S. natural gas production.
- What the administration is trying to downplay here isn’t exactly insignificant either. **If U.S. federal land and waters was treated as its own country, the 2.67 million barrels of oil it produced daily in 2019 would have made it the 11th largest daily oil producer in the world that year.**