HOUSE COMMITTEE ON
NATURAL RESOURCES
RANKING MEMBER BRUCE WESTERMAN

**To:** House Committee on Natural Resources Republican Members
**From:** Subcommittee on Energy and Mineral Resources Republican Staff; Ashley Nichols (Ashley.Nichols@mail.house.gov) and Rebecca Konolige (Rebecca.Konolige@mail.house.gov)
**Date:** July 26, 2021
**Subject:** Hybrid Republican Forum titled "An Energy Crisis and Rising Gas Prices: A Mid-Year Review of the Biden Administration's Energy Policy"

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**On Thursday, July 29, 2021, at 10:00 a.m. EDT**, the Committee on Natural Resources Republicans and the Congressional Western Caucus will host a forum titled, "An Energy Crisis and Rising Gas Prices: A Mid-Year Review of the Biden Administration's Energy Policy." This forum will address the Biden Administration's energy policies and associated effects on the economy and long-term energy security.

**Member offices are requested to notify Chandler Guy (Chandler.Guy@mail.house.gov) no later than Wednesday, July 28, 2021, at 4:00 p.m. EDT** if their Member intends to participate. All Members are encouraged to participate. This will be a hybrid forum where Members can join in person without needing to use their personal computers. We will have tables, chairs, microphones, and a camera set up in Room 268 in the Capitol Visitor Center so Members can participate together without logging onto Zoom individually. To continue hearing from local stakeholders and rural Americans who don't have the resources to travel to D.C., we will still provide a virtual option for out-of-town witnesses via Zoom.

## I. Key Messages

- Americans across the country are struggling to cope with rising gas prices in addition to increased costs for other essential goods and services. The Biden Administration's anti-energy policies will reduce domestic energy development in the short and long-term, worsening U.S. reliance on foreign sources of oil, and driving up prices for American consumers.

- The Biden Administration's ban on federal oil and gas leasing has resulted in lost revenues for energy producing states due to the cancellation of multiple onshore and offshore planned lease sales. Although Secretary Haaland testified before the House Natural Resources Committee and stated that the Administration's review of the federal leasing program would be released in early summer, the report has not yet been released to the public.

- The Administration's leasing ban and lack of transparency regarding the leasing review is creating significant uncertainty in the energy sector and hindering our economic recovery.

## II. Invited Witnesses

- **Lori Leblanc**, Executive Director of the Gulf Economic Survival Team, Thibodaux, Louisiana
- **Paul Ulrich**, Vice President for Government and Regulatory Affairs, Jonah Energy, Pinedale, Wyoming
- **The Honorable Jon Henry**, Commissioner, Eddy County, New Mexico
- **Ron Neal**, Co-owner of Houston Energy, L.P. and CEO of HEQ Deepwater, Houston, Texas

## III. Background

The actions of the Biden Administration in the first six months of his presidency have resulted in thousands of layoffs, soaring gas prices, and uncertainty in the energy sector and other industries throughout the country. This forum will provide an opportunity for Members of Congress to hear from witnesses who have felt the impact of these actions first-hand and discuss solutions for creating well-paying jobs and ensuring long-term domestic energy security.

### The Biden Administration's Actions are Harming Domestic Energy Security

On his first day in office, President Biden cancelled the Keystone XL pipeline[1] and suspended delegated authority for oil and gas leasing and permitting activities on federal lands and waters.[2] One week later, Executive Order 14008 imposed an indefinite pause on new oil and gas leasing "pending completion of a comprehensive review," and arbitrarily declared that 30% of lands and waters in the United States will be made off-limits to energy development by 2030.[3] While the temporary leasing ban and suspension of delegated authority was technically allowed to expire on March 21, 2021, the Administration immediately enacted policies on March 19, 2021,[4] maintaining the leasing moratorium and other restrictions on permitting approvals for existing operations.

On June 15, 2021, the United States District Court Western District of Louisiana, Lake Charles Division, issued a nationwide preliminary injunction[5] against President Biden's Executive Order 14008, section 208 (EO), that mandated a "pause" on new oil and gas leasing on both federal

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[1] Exec. Order No. 13990, 86 Fed. Reg. 7037 (Jan. 20, 2021).
[2] Dep't of the Interior, Secretarial Order 3395 (Jan. 20, 2021).
[3] Exec. Order 14008, 86 Fed. Reg. 19, 7619 (Jan. 27, 2021).
[4] Dep't of the Interior, Communications re: Confirmation of Matters for ASLM Review (Mar. 19, 2021).
[5] https://www.bloomberglaw.com/public/desktop/document/LouisianaetalvBidenetalDocketNo221cv00778WDLaMar242021CourtDocket/6?1623794815

offshore and onshore lands. Through the preliminary injunction, the Court acknowledged the injury caused by the "pause," noting millions of dollars at stake.[6] Specifically, the EO resulted in the cancellation of Gulf of Mexico Oil and Gas Lease Sale 257, Planned Lease Sales 259 and 261,[7] and BLM lease sales scheduled for March 9, 2021,[8] in Nevada and March 23, 2021, in Montana.[9]

Additionally, the Court's decision indicates the strong likelihood the states will succeed in their challenge against the Biden Administration.[10] Congressional Republicans, including several Members of the House Natural Resources Committee and Congressional Western Caucus, wrote to Secretary Haaland on June 24, 2021, urging the Department to comply with the Court's order and resume lease sales.

The Department of the Interior (Department) is expected to release its review of the onshore and offshore oil and gas leasing programs in the near future. The Department solicited comments from the public in conjunction with a forum hosted by the Department on March 25, 2021, to discuss the review of the leasing programs.[11] Despite Congressional requests for transparency, the Department has not made these comments available to Congress or the public.[12] Without access to this information, Congress cannot fully evaluate whether the Department thoughtfully considered the input of interested stakeholders in reviewing the programs.

**Economic Impact of Anti-Energy Policies**

Cancelling the Keystone XL Pipeline immediately eliminated 1,000 union jobs, as well as 10,000 projected jobs associated with the project.[13] Should the Administration's leasing bans become permanent, it's estimated that nearly 500,000 jobs could be lost by 2040.[14]

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[6] *Id.*

[7] 2017-2022 Lease Sale Schedule. Bureau of Ocean Energy Management. https://www.boem.gov/2017-2022-lease-sale-schedule

[8] Nevada Oil and Gas Lease Sales. Oil and Gas. Bureau of Land Management. https://www.blm.gov/programs/energy-and-minerals/oil-and-gas/leasing/regional-lease-sales/nevada

[9] Montana_Dakotas Oil and Gas Lease Sales. Oil and Gas. Bureau of Land Management. https://www.blm.gov/programs/energy-and-minerals/oil-and-gas/leasing/regional-lease-sales/montana-dakotas

[10] https://www.reuters.com/business/energy/us-judge-blocks-biden-pausing-oil-gas-lease-auctions-2021-06-15/

[11] Interior Department Announces Details for the Public Forum on Federal Oil and gas Program. Department of the Interior. March 18, 2021. https://www.doi.gov/pressreleases/interior-department-announces-details-public-forum-federal-oil-and-gas-program

[12] Interior Department Announces Details for the Public Forum on Federal Oil and gas Program. Department of the Interior. March 18, 2021. https://www.doi.gov/pressreleases/interior-department-announces-details-public-forum-federal-oil-and-gas-program

[13] Timothy Puko, Ken Thomas, & Andrew Restuccia, *Biden's Climate-Change Policy Targets Oil Industry*, THE WALL ST. J. (Jan. 26, 2021), https://www.wsj.com/articles/biden-to-suspendnew-federal-oil-and-gas-leasing-11611672331?page=1.

[14] Dr. Timothy J. Considine, "The Fiscal and Economic Impacts of Federal Onshore Oil and Gas Lease Moratorium and Drilling Ban Policies," School of Energy Resources, University of Wyoming (Dec. 14, 2020); Energy & Industrial Advisory Partners, "The Economic Impacts of the Gulf of Mexico Oil and Natural Gas Industry," (2020), https://www.noia.org/wp-content/uploads/2020/06/The-Economic-Impacts-of-the-Gulf-of-Mexico-Oil-and-Natural-Gas-Industry.pdf.

Additionally, many energy-producing states rely on mineral revenues to maintain their budgets. In fact, states received a total of $1.81 billion from mineral revenues in 2019 and used these funds to support public schools, public safety, environmental restoration, coastal resiliency, and many other important programs.[15] Oil and gas development also supports major environmental efforts at the federal level, such as the Land and Water Conservation Fund (LWCF), which is specifically funded by offshore drilling revenues from the Gulf of Mexico.

To justify their actions limiting oil and gas development, the Biden Administration has argued that a major scale-up in renewables will "replace" energy generation and jobs lost in the conventional energy sector. However, that goal is simply not feasible in the short term. While renewables are certainly growing in our energy mix, current technology is not capable of shouldering the high demands of the American electric grid or replacing the hundreds of thousands of good-paying jobs supported by oil, gas, and related industries.

It is also important to note the major wage discrepancy between conventional and renewable energy workers. For instance, the average solar worker earns only $24.48 an hour compared to $30.33 in the natural gas sector, yielding a difference of around $12,000 a year.[16] This discrepancy exists even while the solar and wind energy industries benefit from the investment tax credit (ITC) and production tax credit (PTC), and the situation is unlikely to improve when those credits expire. In this sense, a job in renewables is unlikely to truly "replace" one in oil and gas in the aggressive timeframe the Biden Administration has proposed. Forcing a national switch to alternative energy against market forces would simply result in massive unemployment or underemployment, high energy prices, and possibly rolling blackouts from insufficient power.

Americans are paying the price for President Biden's anti-energy policies at the pump. Gas prices have recently reached the highest levels since 2014[17] and AAA estimates that prices will increase another 10 to 20 cents a gallon before the end of August.[18] Energy development on federal lands and waters accounts for approximately 24% of oil production and 11% of natural gas production.[19] Banning energy production on federal lands and waters would only make the United States more dependent on overseas suppliers like OPEC and Russia and drive-up prices in the long term.[20]

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[15] Dep't of the Interior, Press Release, "Trump Administration Disburses More than $8 Billion from 2020 Energy Production" (Dec. 4, 2020).

[16] Tamborrino, Kelsey. "The wage gap that threatens Biden's climate plan." Politico. April 5, 2021. https://subscriber.politicopro.com/article/2021/04/the-wage-gap-that-threatens-bidens-climate-plan-2046138?source=email

[17] US Energy Information Administration. U.S. All Grades All Formulations Retail Gasoline Prices. https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=pet&s=emm_epm0_pte_nus_dpg&f=m

[18] Coral Murphy Marcos. "Gas Prices are Expected to Keep Climbing through August." (July 6, 2021). New York Times. https://www.nytimes.com/2021/07/06/business/gas-prices-increase.html

[19] Ewelina Czapla, Simran Borade. American Action Forum. Impact of a Federal Leasing Moratorium. (March 18, 2021) https://www.americanactionforum.org/insight/impact-of-federal-leasing-moratorium/

[20] Institute for Energy Research. "Biden Administration Calls for More Oil Production, as Long as it's not in North America." (July 14, 2021). Biden Administration Calls for More Oil Production—As Long as It's Not in North America - IER (instituteforenergyresearch.org)