



To: House Committee on Natural Resources Republican Members
From: Subcommittee on Energy and Minerals Staff; Ashley Nichols (Ashley.Nichols@mail.house.gov), Rebecca Konolige (Rebecca.Konolige@mail.house.gov), Rob MacGregor (Robert.MacGregor@mail.house.gov)
Date: March 14, 2022
Subject: Republican Oversight Forum on “*Pain at the Pump: Biden’s War on American Energy*”

Committee on Natural Resources Republicans, Committee on Energy and Commerce Republicans, and Select Climate Committee Republicans will hold a forum to examine the Biden administration’s disastrous energy policies and their impact at home and abroad in the current energy crisis. The forum will be held **on Friday, March 18, 2022, at 10:00 a.m. (EDT)** in Room 217 of the Capitol Visitors Center (CVC) and via Zoom.

Member offices are requested to notify Will Layden (Will.Layden@mail.house.gov) and Baylee Seeman (Baylee.Seeman@mail.house.gov) **no later than Wednesday, March 16, 2022, at 4:30 p.m. (EDT)** if they intend to participate in-person from CVC-217 or virtually from another location.

Please contact Bailey Mailloux (Bailey.Mailloux@mail.house.gov) should any technical difficulties arise.

I. KEY MESSAGES

- American energy production is among the safest, cleanest, and most efficient in the world.
- The Biden administration is stymying domestic production at every turn. Amidst rising energy prices and record inflation, Americans are suffering the consequences of the Biden administration’s anti-energy agenda.
- Despite record-breaking gas prices, production in the U.S. has still not recovered to pre-COVID levels. U.S. oil production reached nearly 13 million barrels per day during the Trump administration but has fallen to 11.6 million barrels per day under President Biden.¹
- If not for the Biden administration’s anti-oil and gas policies, the United States would be better equipped to immediately help our allies abroad in their resistance to Russia today.

¹ Benjamin Storrow, “Just how much oil can the U.S. pump?” E&E News, March 7, 2022, <https://www.eenews.net/articles/just-how-much-oil-can-the-u-s-pump/>.

This document has not been officially adopted by the Committee on Natural Resources and therefore may not necessarily reflect the views of its Members.



- Instead of doing everything possible to increase production in this time of crisis, the Biden administration is spreading misinformation. The truth is, there is a backlog of over 4,600 permits to drill (commonly called “APDs”) pending under the Biden administration. Despite federal law requiring approval of permits on federal lands within 30 days, under this administration permits can languish at DOI for a year or more.
- The Biden administration is making false claims regarding “non-producing” leases and permits to excuse their continued delays. The reality is operations cannot commence with only a single permit in hand. Leaseholders must apply and wait for a variety of permits, authorizations, and rights-of-way to commence exploration and production, many of which are delayed due to President Biden’s policies. This administration does not understand that “non-producing” does not mean “unused.”
- To break Russia’s hold on global energy supply chains, we must fully unlock America’s domestic oil and gas production, permit pipelines, and increase exports of liquified natural gas (LNG) to meet our own needs and the needs of our allies.

II. WITNESSES

- **Kathleen Sgamma**, President, Western Energy Alliance
- **Dan Naatz**, Executive Vice President, Independent Petroleum Association of America (IPAA)
- **Kevin Bruce**, Executive Director, Gulf Energy Alliance
- **Chris Wright**, CEO and Chairman, Liberty Energy
- **Alex Campbell**, Vice President, Enduring Resources, LLC
- **Tim Tarpley**, SVP Government Affairs & Counsel, Energy Workforce and Technology Council
- **Charlie Riedl**, Executive Director, Center for Liquified Natural Gas
- **Scott Germann**, CEO, Chisholm Energy and Ridge Runner Resources
- **Rhett Bennett**, CEO, Black Mountain

III. BACKGROUND

Summary of Anti-Development Actions of the Biden Administration

The Biden administration’s attack on U.S. energy production is occurring on many fronts, referred to by some as a “whole of government” approach. Since the Biden administration took office, it has revoked and attacked pipeline permits, implemented a leasing moratorium on federal lands and waters, increased regulation and uncertainty in the energy sector, and openly supported the Environmental, Social, and Governance (ESG) movement that harms energy investment. Radical activists are leading these actions through their appointments across the Biden administration.

Refusal to Issue New Oil and Gas Leases: Biden began his presidency with immediate action to block oil and gas development on federal lands and waters, and unfortunately, that pattern has continued. Beginning on his first day in office, President Biden cancelled the Keystone XL pipeline,² shut down the Congressionally-authorized oil and gas program in the 1002 area of the Arctic National Wildlife Refuge in Alaska,³ and put a moratorium on oil and gas leasing on federal lands and waters.⁴ His administration has delayed or blocked the issuance of permits necessary for American energy development, initiated

² Executive Order (E.O.) 13990

³ E.O. 13990

⁴ E.O. 14008

mineral withdrawals in resource rich areas, added layers of unnecessary bureaucracy and red tape to permitting decisions, and threatened energy producers with increased regulation and royalty rates.

One of the largest impediments to current production is the Biden administration's refusal to issue *any* new onshore or offshore leases to date. If Biden's administration had issued new leases in 2021, new production could be happening today. The unlawful moratorium on new leasing was ended by an injunction in June 2022,⁵ but the administration found ways to avoid issuing leases despite the court ruling. For instance, the Department of the Interior (DOI) held one offshore lease sale in November 2021⁶ but a district court vacated the lease sale in January 2022 in an unprecedented decision.⁷ The Biden administration chose not to appeal this case, declining to defend their own work.⁸ As a result, no new leases were issued for this sale. Onshore, the Bureau of Land Management (BLM) has not held a single lease sale despite the Mineral Leasing Act's requirements that BLM hold quarterly sales in each state with eligible lands.⁹

Worryingly, the Bureau of Ocean Energy Management (BOEM) at DOI has not scheduled the three remaining sales under the current 5-year plan for offshore leasing and is rapidly running out of time to do so.¹⁰ Despite Congressional requests for information, DOI has not been able to provide any information about when BOEM will publish the next 5-year plan, throwing American businesses, domestic energy, and the future of the offshore leasing program into doubt.¹¹

Leaseholders have nominated additional parcels for sale that are needed to develop currently held leases, but these projects cannot move forward until President Biden holds additional sales. Conducting regular lease sales signals that federal lands are open for business. It is impossible to generate private-sector confidence – and investment – in American energy production today when future production is blocked by the Biden administration.

Multiple Permits, Leases, and Other Authorizations are Necessary for Production: The decision by a producer to use drill permits, known as Applications for Permit to Drill (APDs), at any given time is a complex calculation based on the availability of permits, acreage, and equipment, among other business considerations. Drilling operations cannot commence with only a single permit in hand – in fact, operators must apply and wait for a variety of permits, authorizations, and rights-of-way to commence exploration and production. There is an interlocking relationship between permitting and leasing, as operators need to be confident that they can access all the acreage they need before they start active production. This is why the lack of new leasing and backlog of more than 4,600 APDs pending approval under President Biden has been so harmful.

⁵ Joshua Partlow and Juliet Eilperin, "Louisiana judge blocks Biden administration's oil and gas leasing pause," Washington Post, <https://www.washingtonpost.com/climate-environment/2021/06/15/louisiana-judge-blocks-biden-administrations-oil-gas-leasing-pause/>

⁶ Department of the Interior, Bureau of Ocean Energy Management, Final Notice of Sale, Gulf of Mexico Outer Continental Shelf Oil and Gas Lease Sale 257, <https://www.boem.gov/sites/default/files/documents/oil-gas-energy/leasing/Final-NOS-257.pdf>.

⁷ Friends of the Earth, *et al.* vs. Debra Haaland, *et al.*, U.S. District Court for the District of Columbia, Memorandum Opinion, filed January 27, 2022, <https://subscriber.politicopro.com/eenews/f/eenews/?id=0000017e-a065-db8b-ab7f-f2ff5ec00000>.

⁸ Rachel Frazin, "Biden administration won't appeal invalidation of offshore oil leases," The Hill, March 1, 2022, <https://thehill.com/policy/energy-environment/596334-biden-administration-declines-to-appeal-invalidation-of-offshore>.

⁹ 30 USC 226

¹⁰ Department of the Interior. Bureau of Ocean Energy Management. 2017-2022 Lease Sale Schedule. <https://www.boem.gov/2017-2022-lease-sale-schedule>

¹¹ Letter to Secretary Haaland and Director Lefton. March 9, 2022. https://republicans-naturalresources.house.gov/uploadedfiles/22-03-09_westerman_rodgers_newhouse_to_haaland_doi_lefton_boem_re_offshore_leasing_program.pdf

Reasons that an approved APD may not be currently used for production may include: additional permits are required to begin operations; the federal government has failed to approve necessary rights-of-way needed for roads and infrastructure; parcels needed to develop a field have not yet been offered in a lease sale; parcels turn out not to be productive at commercial levels after exploratory drilling; seasonal stipulations may be in place for species mitigation; there may be difficulty securing financing due to the administration's hostile regulatory agenda; and equipment availability has been affected by President Biden's supply chain crisis.

Environmental, Social, and Governance (ESG): Looming over all of President Biden's actions on permitting and leasing is another devastating threat to investment and the domestic fossil fuel sector as a whole: the biased application of ESG analysis at financial institutions. Many credit rating agencies, global stock market analysts, proxy advisory firms, and asset management firms have incorporated climate and other ESG factors into their ratings. Several third-party organizations set ESG standards that companies can voluntarily use. In June, the Biden administration's Securities and Exchange Commission (SEC) announced it will move forward with a rulemaking to require climate report disclosures and increase the federal monitoring of ESG issues.¹² On March 10, 2022, the SEC announced that the rule would be released later this month.¹³ This tone deaf rulemaking could be devastating to the U.S. energy sector and would make direct investment in U.S. oil and gas companies less attractive, thus making investment for new domestic energy development harder to acquire.¹⁴

Legislative attempts to require similar ESG disclosures include H.R. 1506 (Lowenthal), which would mandate ESG reporting requirements based on standards by the so called Sustainability Accounting Standards Board.¹⁵ Last month, Republicans on the Senate Banking Committee united in opposition against Sarah Bloom Raskin, the Biden administration's nominee for the Federal Reserve's vice chairwoman of supervision, citing her public remarks calling for federal regulators to use their administrative powers to pursue stiffer curbs on climate change.¹⁶

The Biden administration's policies and their ominous rhetoric about the future of oil and gas production in this country is having a chilling effect on domestic investment, despite record high gas prices.¹⁷

Impact of Biden Administration Actions on Oil and Gasoline Prices and Foreign Dependence

¹² Office of Information and Regulatory Affairs, Agency Rule List – Spring 2021: Securities and Exchange Commission, https://www.reginfo.gov/public/do/eAgendaMain?operation=OPERATION_GET_AGENCY_RULE_LIST¤tPub=true&agencyCode=&showStage=active&agencyCd=3235&csrf_token=7CE97CC2D49C9B6B70868F7B2752E582C86F1945A4A46F34426C18AF1ABE101E611318F64B67159C3A36E75.

¹³ Avery Ellfeldt, "SEC to consider historic rule requiring climate disclosure," Politico, March 10, 2022, <https://subscriber.politicopro.com/article/eenews/2022/03/10/sec-unveils-plan-to-force-companies-to-disclose-climate-risk-00016060>.

¹⁴ Harvard Law School Forum on Corporate Governance, The SEC's Upcoming Climate Disclosure Rules, Sarah Solum, September 1, 2021, <https://corpgov.law.harvard.edu/2021/09/01/the-secs-upcoming-climate-disclosure-rules/>.

¹⁵ *Id.*

¹⁶ The Wall Street Journal, Why Republicans Stalled Raskin's Bid for Top Fed Post: Climate Views, Business Ties, Andrew Ackerman and Nick Timiraos, February 17, 2022, <https://www.wsj.com/articles/why-republicans-stalled-raskins-bid-for-top-fed-post-climate-views-business-ties-11645093800>.

¹⁷ Marie Solis, "U.S. gas prices hit a high: \$4.17 a gallon," New York Times, March 8, 2022, <https://www.nytimes.com/2022/03/08/business/us-gas-prices-record.html>.

Oil: Last week, President Biden said that “It’s simply not true that my administration or policies are holding back domestic energy production.”¹⁸ While not discounting the impacts of the COVID-19 pandemic, most petroleum economists acknowledge that the administration’s openly hostile regulatory environment has greatly curtailed the investment in and production of crude oil.¹⁹ At the end of last week, the price of West Texas Intermediate (WTI) was roughly \$110 a barrel and the price of Brent Crude was roughly \$113 a barrel.²⁰ WTI is a light sweet crude oil that serves as one of the main global oil benchmarks and is sourced primarily from inland Texas. When President Biden took office, the price of WTI was roughly \$38 per barrel and more than doubled to roughly \$90 by late January 2022 before Russia’s invasion of Ukraine.²¹

Gasoline: The cost of gasoline is dependent on four main components, the cost of crude oil, refining costs, distribution and marketing costs, and taxes.²² The price of crude oil is the largest component of the retail price of gasoline.²³ Much like oil, the Biden administration has continually blamed high gasoline prices on Russia and has even made the claim that they are the result of price-gouging and profiteering by the oil and gas industry. At a March 4, 2022, press conference, White House press secretary Jen Psaki told reporters, “The reason why the price of gas is going up is not because of steps the president has taken... They are President [Vladimir] Putin is invading Ukraine, and that is creating a great deal of instability in the global marketplace.”²⁴ Unfortunately for Ms. Psaki, the numbers once again tell a different story. Last week, average national gas prices shattered the previous record set in 2008, reaching \$4.318 on March 10, according to AAA.²⁵ The price of gasoline has risen sharply since Russia’s invasion of Ukraine on February 24th as the average retail price was roughly \$3.57 a gallon at that time. However, President Biden’s actions have had a detrimental impact on the price of gasoline, as the price of gasoline when the President was elected was roughly \$2.20 a gallon.²⁶

¹⁸ Tim Hains, “Biden: ‘It Is Simply Not True That My Administration Or Policies Are Holding Back Domestic Energy Production,’” Real Clear Politics, March 8, 2022, https://www.realclearpolitics.com/video/2022/03/08/biden_it_is_simply_not_true_that_my_administration_or_policies_are_holding_back_domestic_energy_production.html.

¹⁹ ZeroHedge, “U.S. Oil & Gas Association President: ‘Cut The Crap And Approve Our Permits,’” OilPrice.com, March 9, 2022, <https://oilprice.com/Energy/Energy-General/US-Oil-Gas-Association-President-Cut-The-Crap-And-Approve-Our-Permits.html>.

²⁰ Oil Price Charts, OilPrice.com, <https://oilprice.com/oil-price-charts/>.

²¹ *Id.*

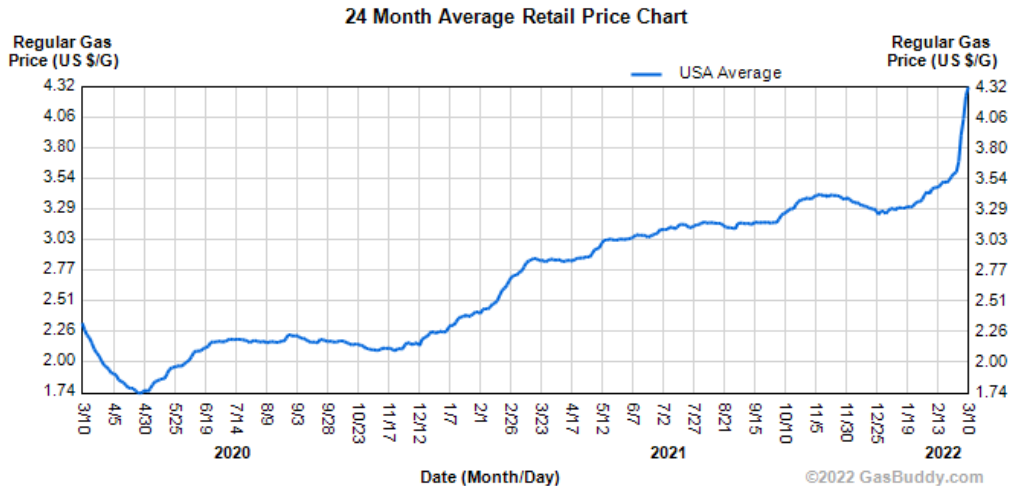
²² U.S. Energy Information Administration, “Gasoline explained: Factors affecting gasoline prices,” March 2, 2021, <https://www.eia.gov/energyexplained/gasoline/factors-affecting-gasoline-prices.php>.

²³ *Id.*

²⁴ White House Daily Briefing, March 4, 2022, 00:14:51, <https://www.c-span.org/video/?518394-1/white-house-daily-briefing>.

²⁵ AAA, National Average Gas Prices, <https://gasprices.aaa.com/>.

²⁶ Gas Buddy, 18 Month Average Retail Price Chart, <https://www.gasbuddy.com/charts>.



Source: Gas Buddy, 18 Month Average Retail Price Chart, <https://www.gasbuddy.com/charts>.

Foreign Energy Dependence: Unlike the Biden administration, the Trump administration decided to work with U.S. energy producers to allow them to responsibly develop America’s energy resources. This American Energy Dominance²⁷ strategy allowed the U.S. to become energy independent for the first time in 62 years.²⁸ Unfortunately, the Biden administration moved quickly to dismantle the efforts of the Trump administration, increasing U.S. dependence on foreign countries and sending prices skyrocketing. Aside from causing price spikes in both crude oil and gasoline, this shift eroded American energy independence and thus the national security of the U.S. and our allies. In an attempt to lower prices, the Biden administration asked OPEC+, a 23-nation cartel that includes Russia, to increase oil production.²⁹ At the G-20 meeting in Rome, President Biden complained, “the idea that Russia and Saudi Arabia and other major producers are not going to pump more oil so people can have gasoline to get to and from work, for example, is not right.”³⁰ Despite the President’s complaints, in 2021 during the first year of his administration, imports of Russian crude oil and petroleum products reached an all-time high.³¹ Following Russia’s invasion of Ukraine the Biden administration moved to ban Russian oil imports.³² Shockingly, instead of encouraging more production in the U.S. to make up for Russian imports, it is reported that the administration is looking to Venezuela and Iran to increase production.³³

²⁷ The Whitehouse, the Value of U.S. Energy Dominance, July 29, 2020, <https://trumpwhitehouse.archives.gov/articles/value-u-s-energy-dominance/>.

²⁸ Institute for Energy Research, The United States Was Energy Independent in 2019 for the First Time Since 1957, <https://www.instituteforenergyresearch.org/fossil-fuels/gas-and-oil/the-united-states-was-energy-independent-in-2019-for-the-first-time-since-1957/>.

²⁹ Reuters, U.S. calls on OPEC and its allies to pump more oil, Trevor Hunnicutt and Jeff Mason, August 11, 2021, <https://www.reuters.com/world/middle-east/us-call-opec-its-allies-increase-oil-production-cnbc-2021-08-11/>.

³⁰ Natasha Turak, “OPEC+ agrees to stick to oil production plan, defying U.S. pressure,” CNBC, November 4, 2021, <https://www.cnbc.com/2021/11/04/opec-agrees-to-stick-to-oil-production-plan-defying-us-pressure.html>.

³¹ U.S. Energy Information Administration, U.S. Imports from Russia of Crude Oil and Petroleum Products, https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=MTTIM_NUS-NRS_1&f=M.

³² The White House, Remarks by President Biden Announcing U.S. Ban on Imports of Russian Oil, Liquefied Natural Gas, and Coal, March 8, 2022, <https://www.whitehouse.gov/briefing-room/speeches-remarks/2022/03/08/remarks-by-president-biden-announcing-u-s-ban-on-imports-of-russian-oil-liquefied-natural-gas-and-coal/>.

³³ Myah Ward, “White House is pressed on potential oil deals with Saudi Arabia, Venezuela and Iran,” Politico, March 7, 2022, <https://www.politico.com/news/2022/03/07/white-house-oil-deals-saudi-arabia-venezuela-iran-00014803>.

This move has received bipartisan condemnation and has left U.S. and Canadian producers scratching their heads.³⁴

Natural Gas and LNG Exports

The United States is the world's leading producer of natural gas and is on track to be the world's largest exporter by the end of 2022.³⁵ U.S. energy workers can produce significantly more oil and natural gas than they do today, which will boost our economy, and improve both American energy security and the security of our allies, who are currently dependent on Russian oil and natural gas.

The current lack of pipeline and LNG export capacity is hampering our ability to respond to global energy price spikes and support allies in Europe. Regulatory uncertainty and delays surrounding pipeline approvals have already led to the cancellation of at least four major U.S. pipeline projects that could have served more than 25 million homes. Cancelling these four pipelines has already restricted nearly 10 percent of U.S. natural gas production.³⁶ Other pipelines, like Line 5, which is critical to providing fuels to Michigan and Ohio, are under threat. Politically motivated opposition to other proposed infrastructure projects will inflict further damage to our energy security.

There is a growing list of pending projects to increase America's pipeline and LNG export capacity that have been inexplicably delayed by the Department of Energy (DOE) and the Federal Energy Regulatory Commission (FERC). Taken together, the proposed pipeline and export projects would create U.S. jobs, encourage additional U.S. production growth, and enable the U.S. to deliver several billion cubic feet per day of natural gas to our allies in Europe and around the world.

House Committee on Energy and Commerce Republicans recently sent a letter to DOE and FERC urging approval of natural gas and LNG export facilities in order to strengthen America's energy security and weaken Russia's ability to harm our European allies.³⁷

Actions to Increase U.S. Production in the Immediate Future:

Many permits are being held up by the Biden administration for leases issued during the Trump administration. There is a backlog of more than 4,600 APDs pending approval at BLM.³⁸ Despite federal law requiring approval of permits on federal lands within 30 days, permits can languish for a year or more.³⁹ The APDs with completed environmental review should be immediately approved to facilitate domestic production and help alleviate the current energy crisis.

³⁴ Editorial Board, "Biden's Bizarre Oil Diplomacy," Wall Street Journal, March 7, 2022, <https://www.wsj.com/articles/joe-bidens-bizarre-oil-diplomacy-venezuela-nicolas-maduro-russia-vladimir-putin-saudi-arabia-ukraine-11646694275>.

³⁵ U.S. Energy Information Administration. (December 9, 2021). *U.S. liquefied natural gas export capacity will be world's largest by end of 2022*. <https://www.eia.gov/todayinenergy/detail.php?id=50598>

³⁶ See Letter to Department of Energy Secretary Granholm from Toby Rice, President and CEO of EQT Corporation. (February 16, 2021).

³⁷ See <https://republicans-energycommerce.house.gov/news/ec-republican-leaders-send-letters-to-sec-granholm-and-ferc-urging-approval-of-lng-export-facilities-and-natural-gas-pipelines/>

³⁸ Department of the Interior, Bureau of Land Management, Application for Permit to Drill Status Report: 12/1/2021 to 12/31/2021, <https://www.blm.gov/sites/blm.gov/files/docs/2022-02/FY%202022%20APD%20Status%20Report%20December.pdf>.

³⁹ Briefing to staff, Western Energy Alliance, March 7, 2022.

Radical environmental groups have filed lawsuits challenging thousands of leases and rights-of-way in court.⁴⁰ Even though the courts have ruled that several leases are valid, the Biden administration has neglected to issue permits for those leases. The Biden administration should direct BLM to issue all permits for leases not directly involved in ongoing litigation as soon as possible.

The Trump administration completed environmental reviews on numerous parcels of land for which the Biden administration should schedule a lease sale immediately. Doing so could allow operators with approved APDs in hand to access acreage that they require to begin production.

The administration should also immediately schedule the three remaining offshore lease sales in the current “5 year plan” and publish the next “5 year plan” before the current plan expires on June 30, 2022. These actions would signal that the federal offshore leasing program is open for business and drive current investment in offshore development.

In this time of crisis, it is the Biden administration’s duty to act to fully unleash domestic energy production to keep gas prices affordable, maintain our national and economic security, and support our allies overseas.

⁴⁰ Western Energy Alliance, “Responding to the White House Blame Game on Leases,” March 4, 2022, <https://www.westernenergyalliance.org/blog/responding-to-the-white-house-blame-game-on-leases>.