

White House Says The Quiet Part Out Loud: No Increased Drilling On Federal Lands

White House National Climate Advisor Gina McCarthy may have spilled the beans on the Biden administration's plans for energy production on federal lands in her recent interview with MSNBC – and it's the complete opposite of President Biden's assurances he is using every tool in the toolbox to tackle the challenge of rising energy costs for Americans.

Talk About Mixed Signals

In the interview, Advisor McCarthy says:

"Let me answer your question very directly: President Biden remains absolutely committed to not moving forward with additional drilling on public lands."

But earlier this week, the Bureau of Land Management published final notices for lease sales to be held in June 2022 in Colorado, Montana and North Dakota, New Mexico and Oklahoma, Nevada, Utah and Wyoming, noting in each state's press release that it was "following an injunction from the Western District of Louisiana."

As Advisor McCarthy explains:

"The challenge that we faced was that we had a court that ordered a new lease to be done. The Department of Energy [sic, Interior] had no choice but to put it out."

Notably, if these sales occur, they will take place a year and a half after the President illegally banned federal oil and gas leasing with Executive Order 14008 and a year since the injunction was issued. But putting the lease sales on the calendar was still a move in the right direction to encourage increased domestic oil and gas production to lower prices at the pump. Well, kind of.

Actions Speak Louder Than Words

The lease sales came with a few caveats. As Advisor McCarthy says:

"They also found ways to reduce the size of that and its impact."

BLM is only putting 20 percent of the acreage originally nominated up for sale. As the Department of Interior highlighted in its Good Friday press release announcing the final sale notices would be forth coming:

"The BLM assessed potentially available and eligible acreage in Alabama, Colorado, Montana, Nevada, New Mexico, North Dakota, Oklahoma, Utah and Wyoming. It began analyzing 646 parcels on roughly 733,000 acres that had been previously nominated for leasing by energy companies. As a result of robust environmental review, engagement with Tribes and communities, and prioritizing the American people's broad interests in public lands, the final sale notices will offer approximately 173 parcels on roughly 144,000 acres, an 80 percent reduction from the acreage originally nominated."

So, Wyoming, for example, where the most parcels and acreage will be sold is still 74 percent less than what was put up for environmental review in November. When you take into account that no lease sales have occurred since January 2021, that's a major blow to local communities and state coffers that depend on that revenue.

And it's made worse because the first quarter 2021 sales that did take place – with the exception of New Mexico and Oklahoma's January 2021 sale – have yet to be authorized by DOI. These are sales that were held in November and December 2020.

Adding to that, the June 2022 sales will be at a much higher cost than ever before. Interior announced it is raising the royalty rate by 50 percent from 12.5 percent to 18.75 percent, at a time when the U.S. oil and gas industry is having difficulty securing cash flow to increase drilling activity.

But Wait, There's More

The Biden administration has been appealing the injunction since 2021. In fact, in November 2021 as prices at the pump were skyrocketing and the Biden administration was issuing the fourth ever emergency release from the Strategic Petroleum Reserve, it was simultaneously appealing the decision that would restart the federal oil and gas program.

Advisor McCarthy says that's not going to change:

"We'll keep doing what we need to do to appeal those decisions and to make our case in a court."

And when the only federal sale held in 2021, Gulf of Mexico's offshore sale 257, was vacated, the administration chose not to appeal the decision.

Conclusion

The White House recently said:

"The fact is that there is nothing standing in the way of domestic oil production."

But that's hardly the case as is evident in Advisor McCarthy's interview. Interior Secretary Deb Haaland said in her department's press release on the lease sales:

"How we manage our public lands and waters says everything about what we value as a nation."

It's becoming clearer that increasing domestic oil production to add to the global supply and bring down prices at the pump for Americans isn't one of those values.