

CAMPAIGN 2020

## Dems want to kill oil and gas leasing. Here's why it matters

Heather Richards and Timothy Cama, E&E News reporters • Published: Tuesday, August 6, 2019



Bottom row, left to right: Democratic presidential candidates Tom Steyer and Sens. Kirsten Gillibrand of New York, Elizabeth Warren of Massachusetts and Bernie Sanders of Vermont. Pictured at top are pump jacks. John Ciccarelli/BLM/Flickr(pump jacks); Steyer Campaign; Gage Skidmore/Flickr (Gillibrand, Warren, Sanders)

Democratic presidential candidates are rallying behind the idea of stopping new leases to extract fossil fuels from federal lands, with the majority of the field pledging to act on the issue if elected in 2020.

Sen. Elizabeth Warren of Massachusetts, for example, first made the pledge in April as part of her plan for transforming the federal government's relationship with public lands. Since then, at least 19 other candidates have endorsed an executive order to halt new leases, according to the campaigns and [The Washington Post](#). Warren and at least eight others would extend the ban to new offshore drilling in federal waters.

The idea of stopping new leases is grounded in the notion that the U.S. government has a particular responsibility for emissions stemming from fossil fuels extracted from federal property or via transfers of government-owned mineral rights.

The U.S. Geological Survey concluded last year that fossil fuels from federal lands and waters account for 24% of the nation's carbon dioxide emissions throughout their life cycle.

Because the government oversees those resources, it has the power to dictate whether they are brought out of the ground in the first place, activists argue.

"Right now, the fossil fuel industry already owns five times as many fossil fuels as they can burn, according to science, and we can't afford to sell them anymore," said Sara Shor, associate director of campaigns at the environmental group 350 Action.

The latest Democrats speaking out on the issue are Sen. Kirsten Gillibrand of New York and billionaire activist Tom Steyer, who put the pledges in their comprehensive climate plans last month.

"Reducing the consumption of fossil fuels isn't enough. We have to phase out production — starting now," Gillibrand wrote in her climate plan, promising to "immediately" sign an executive order to "protect our public lands from exploitation by banning any new fossil fuel production on public lands and phasing out existing leases."

Steyer wrote in his platform that he would "keep publicly-owned oil, coal, and gas in the ground by stopping the expansion of fossil fuel leases and establishing a careful process to wind down federal onshore and offshore fossil fuel production."

Part of activists' case for stopping new leases while allowing existing leases to continue is to provide a transition time for companies to wean themselves off fossil fuels before they are phased out.

That concept has its origins among indigenous environmental activists, and it took off around 2008 among climate activists as part of the opposition to the Keystone XL pipeline and support for the larger "keep it in the ground" campaign that seeks to end fossil fuel production, Shor said.

The movement got a boost in 2015 when President Obama rejected Keystone XL, saying in part that if world leaders wanted to stop the worst impacts of climate change, "we're going to have to keep some fossil fuels in the ground rather than burn them."

That same year, Sens. Jeff Merkley (D-Ore.) and Bernie Sanders (I-Vt.) introduced the "Keep It in the Ground Act," which would stop new leases. Sanders was running for president at the time.

In 2016, Obama halted new leases for coal mining on federal land and initiated a new environmental review of the program, moving to subject any oil or natural gas drilling in the Arctic Ocean to a climate change test.

President Trump has undone those actions.

### **'There is a naïveté'**

Moving the United States rapidly away from fossil fuels is an easy political chip for the Democratic candidates, though it's likely an empty promise, experts say.

"No one really argues [against] the need to move to renewables as quickly as possible," said Eric Sondermann, an independent political analyst based in Colorado. "But there is a naïveté that is being promoted, that this can happen overnight or *carte blanche* across the board."

Sondermann suggested that the Democratic field is acting out the inverse of conservatives' shift to the right during the rise of the tea party movement.

He said Democrats are propelling themselves to the left and feeling "paranoid" about a challenger leapfrogging them further to that side.

"Anything related to fossil fuels has become somewhat of a purity test," Sondermann said.

But some say Democrats could be biting off more than they can chew.

Floyd Ciruli, another Colorado political analyst, pointed to new oil and gas rules being discussed in his home state, where the loudest voices in the room are driving out moderates. Oil and gas firms are starting to consider leaving the state, and the financial impact of losing industry hasn't hit home for many residents, he said.

The "massive hostility" to oil and gas in some quarters won't just stop with an end to leasing, Ciruli added. That could mean more drastic demands to reduce or end fossil fuel development.

"What I'm suggesting is that the most extreme issue has not even broken the surface yet, nationally," he said.

### **Unintended consequences?**



An oil and gas rig on public land in northwestern New Mexico. A ban on new federal oil and gas leases could hit the state's coffers. Ellen M. Gilmer/E&E News

Regardless of the political viability, cutting federal leasing could have broad consequences — politically and financially — for swaths of the United States.

Thirty-five states receive money from offshore and onshore development, but most of that cash is concentrated in a few big winners — meaning Democrats' promised action could have an outsize effect on those regions.

New Mexico, the largest producer of oil on federal land, has the most money to lose. Energy-related income from leasing, production royalties and other fees contributed \$635 million to New Mexico's coffers in 2018. That year, a single oil and gas lease sale brought in record revenue of \$1 billion, which was split between the state and federal government.

Wyoming wasn't far behind its southern neighbor, taking in \$564 million last year from federal energy programs. Wyoming is the second-highest producer of oil on federal land and the largest federal natural gas producer.

Some coastal states would lose revenue if the ban included offshore drilling, and popular programs funded by leasing dollars could run out of money.

The Gulf of Mexico Energy Security Act of 2006 dictates that 12.5% of offshore lease dollars goes to the Land and Water Conservation Fund, which in turn reaches local, state and federal environmental projects.

The total of fossil fuel dollars derived from public lands reached nearly \$9 billion in 2018, according to the Interior Department's Office of Natural Resources Revenue.

It would take years for production to be affected by simply barring new leases, and a crisis likely wouldn't immediately hit communities that depend on federal development, said Mark Haggerty, an economist at Headwaters Economics in Montana.

Oil and gas companies know their access to public lands often hinges on who sits in the White House, he said, and they are smart about securing rights to drill when they have the opportunity.

Much of the currently leased federal acreage in the country isn't being drilled for hydrocarbons.

Of offshore leases, just 29% were producing as of 2017. At onshore sites — largely Western states — some 62% of leases are producing.

Still, oil and gas-dependent communities could feel acute pain from a reduction in development without other investments to offset the change.

"It would probably just shift the level of activity, increasing boom impacts on some places and bust impacts on others," Haggerty said.

## A fine legal line

The oil industry argues that a ban on leases wouldn't just be a bad idea, but would also be illegal under the Mineral Leasing Act and the Federal Land Policy and Management Act.

"The law is pretty clear. FLPMA identifies oil and natural gas as a primary purpose of federal lands," said Kathleen Sgamma, president of the Western Energy Alliance.

"It leaves considerable discretion to the secretary of the Interior on which lands are available and under what restrictions. But a blanket 'no more development on federal lands' is clearly not authorized," she said.

Rebecca Watson, president of the Rocky Mountain Mineral Law Foundation, said an end to leasing would be hampered by the obligation of the federal government to hold quarterly lease sales for onshore oil and gas. Evading that mandate by holding nominal lease sales — ones small enough to keep within the spirit of a no-new-leasing executive order — walks a fine legal line, she said.

"At some point, the cuteness might spark a lawsuit," she said.

Watson, who served as Interior's assistant secretary for land and minerals management under President George H.W. Bush, said blanket bans on development don't account for the country's massive demand for affordable fuel and the fact that it will meet that need somehow.

"Oil and gas is fungible. If we don't get it from our federal lands, we will get it from somewhere else," Watson said.

Talk of finding climate change solutions goes back to the Bush era, at least, she said. But "the needle on decarbonizing our economy hasn't really changed, and that is because you are talking about changing people's behavior," she said.

## Beyond 2020

Environmentalists say they are glad to see the proposal take such a prominent role in the 2020 election — though they are pressing for even more from Democratic contenders.

"We see the candidates' pledges to stop new drilling on federal lands and waters as a great first step toward fully phasing out fossil fuel production, which we know is going to be necessary to meet our climate goals and protect workers and communities," said Charlie Jiang, climate campaigner at Greenpeace USA, which is tracking and scoring candidates' climate plans.

Jiang said that, along with decisions like taking the No Fossil Fuel Money Pledge, endorsing an end to federal fossil fuel leases has "become the baseline consensus position that any Democrat needs to take on to show they're serious about confronting the climate crisis."

Shor said the eventual goal is an end to fossil fuels, but federal leases are a good place to start.

"The goal is to really stop the expansion of the fossil fuel economy. It means no coal mines, no new Arctic drilling, no new fracking, no new offshore oil drilling, no new tar sands pipelines," she said.

"Building those new projects, building new mines, building new extraction capacity has a many-decade-long life that locks us into the life cycle of those projects."

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