Rigged – Why Oil & Gas Development is Already the Dominant Use of Montana's Public Lands

Montana's public lands are supposed to be managed for multiple uses, including outdoor recreation, which generates $7.1 billion in consumer spending every year and supports 71,000 jobs. Yet, the oil and gas industry has the system rigged in its favor, and under the Trump Administration, development is being prioritized above every other use of our public lands, including outdoor recreation. This Administration's efforts to eliminate common-sense protections for hiking trails, big game herds, and drinking water – in the misguided pursuit of "energy dominance" – is a grave threat to Montana's public lands, economy, and our natural heritage.

Nearly All of Montana's Public Lands are Open to Oil and Gas Leasing

- 98% of Montana's public lands are open to leasing, including lands bordering treasured national parks like Yellowstone.
- Since January 2017, oil and gas companies have tried to lease several places with important competing values, including lands with important wildlife habitat for greater sage-grouse and big game, like pronghorn, elk, and deer.

Oil & Gas Companies are Not Using Thousands of Drilling Permits and Leases in Montana

- On Montana's public lands, oil and gas companies are sitting-on roughly 1.4 million acres of non-producing oil and gas leases – two-thirds of all public lands leased for development in the state.
- Oil and gas companies hold in excess of 440 unused drilling permits in Montana – a six-year supply, based on historic drilling rates.

Oil & Gas Companies and CEOs are Making Billions from Public Lands Drilling

- Exxon Mobil, EOG Resources and ConocoPhillips are among the largest federal leaseholders in Montana, together controlling more than 480 leases covering 145,000 acres of public lands.
- Between 2007 and 2016, these companies made over $350 billion in profits and, in 2016 alone, paid their CEOs in excess of $50 million.
- Meanwhile, Montana plans to cut nearly $100 million in state spending, in part because of low energy prices, with the largest cuts coming from public schools and health programs.

Western Values Project

Energy Prices – Not Common-Sense Protections for Our Public Lands – Drive Oil & Gas Activity

- From 2008 to 2015, oil and gas prices declined significantly, with oil prices decreasing by 51% and gas prices by 70%.
- Over the same period and in response to prices, oil and gas activity declined significantly in Montana. On state lands, leasing fell from roughly 314,000 acres in 2008 to 67,000 acres in 2015, a decrease of 79%. Drilling in Montana also reached a standstill, as there was not a single drill rig operating in the state in 2016.
- Low energy prices continue to suppress leasing and drilling, in spite of the Trump Administration's promise of "energy dominance." On June 13, 2017, BLM offered 156 leases for sale in Montana, but industry bid on only 49, less than one-third. And in 2016, industry bid on less than half of the leases offered for sale by BLM in Montana.

Taxpayers are Missing Out on Billions in Revenue Because of Unnecessary Industry Subsidies

- Taxpayers heavily subsidize the oil and gas industry with fiscal terms – royalty and rental rates, minimum lease bids and reclamation bonds – that are woefully outdated. Royalty rates were established in the 1920s, reclamation bonds in the 1950s and 60s and rental rates and minimum bids in the 1980s.
- Most western states have taken steps to modernize their oil and gas fiscal terms. Montana uses a royalty rate of 16.67% for state lands (compared to 12.5% on federal lands), and sets bonds at $50,000/state-wide (compared to $25,000/state-wide on federal lands).
- According to the Congressional Budget Office and GAO, modernizing the fiscal structure for public lands oil and gas development could generate upwards of $1 billion in new revenue for federal and state taxpayers over the next decade, with "negligible" impacts on production.

Oil & Gas Companies are Abusing Loopholes to Skip-Out on Payments to Taxpayers

- Since 2007, BLM has "suspended" 193 oil and gas leases on Montana's public lands, encompassing 169,000 acres. Lease suspensions allow oil and gas companies to avoid making royalty and rental payments, which are split evenly between the U.S. Treasury and states.

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[2] https://wilderness.org/sites/default/files/TWS%20DataMapInsert%20Updated%20June%202016.pdf
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