

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

Utah’s public lands are supposed to be managed for multiple uses, including outdoor recreation, which generates \$12.3 billion in consumer spending annually and supports 110,000 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 Utah’s public lands, economy, and our natural heritage.

Nearly All of Utah’s Public Lands are Open to Oil and Gas Leasing

- 89% of Utah’s public lands are open to leasing, including lands bordering treasured national parks and monuments like Zion, Capitol Reef and Grand Staircase-Escalante.
- Since January 2017, oil and gas companies have tried to lease several places with important competing values, including lands on the doorstep of Zion National Park and Hovenweep National Monument and within the recreation-rich San Rafael Swell.

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

- In Utah, oil and gas companies hold in excess of 1,300 unused federal drilling permits – a five-year supply, based on historic drilling rates.
- On Utah’s public lands, oil and gas companies are sitting-on over 1.7 million acres of non-producing oil and gas leases – 60% of all public lands leased for development in the state.
- In 2016, industry bought than 60% of leases offered for sale by BLM in Utah.

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

- Exxon Mobil, QEP Resources and EOG Resources are among the largest federal leaseholders in Utah, together controlling 960 leases covering more than 375,000 acres of public lands.
- Between 2007 and 2016, these companies made over \$315 billion in profits and, in 2016 alone, paid their CEOs in excess of \$40 million.

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 dramatically in Utah. On state lands, leasing fell from roughly 151,000 acres in 2008 to 30,000 acres in 2015, a decrease of 80%. And the number of active drill rigs in Utah fell from 42 to just three.

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. Utah uses a royalty rate of 16.67% for state lands (compared to 12.5% on federal lands), and, in most cases, sets bonds at \$120,000/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” 640 oil and gas leases on Utah’s public lands, encompassing about 689,000 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://www.nPCA.org/resources/3205-oil-gas-leasing-threatens-7-western-national-parks#sm.00016ng13t288etzvhe2fun6ot526;>
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- [3] <https://eplanning.blm.gov/epl-front-office/eplanning/planAndProjectSite.do?methodName=dispatchToPatternPage¤tPageId=105719;>
- [4] <https://www.blm.gov/press-release/blm-seeks-input-parcels-proposed-march-2018-oil-and-gas-lease-sale>
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- [6] <https://www.blm.gov/programs/energy-and-minerals/oil-and-gas/oil-and-gas-statistics>
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- [8] <https://www.blm.gov/programs/energy-and-minerals/oil-and-gas/leasing/regional-lease-sales/utah>
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