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FUELING UTAH'S GROWTH & PROSPERITY

Delivered Via Email

April 12, 2021

U.S. Department of the Interior
1849 C Street NW
Washington, DC 20240
Email: energyreview@ios.doi.gov

Dear Secretary Haaland and Interior Leadership,

The Utah Petroleum Association (UPA) submits the following comments regarding the comprehensive review of the federal oil and gas program as called for in Executive Order 14008.

UPA is a statewide oil and gas trade association established in 1958 representing companies involved in all aspects of Utah's oil and gas industry. UPA members range from independent producers, to midstream and service providers, to major oil and natural gas companies widely recognized as industry leaders. UPA represents Utah's oil and gas workers, and celebrates their role in delivering safe, clean and local energy that drives Utahns and our way of life.

First and foremost, we respectfully ask for a voice in this review process. As an association representing the natural gas and oil industry embedded in communities across our state, we are disappointed the March 25th public forum did not include a single state or local voice representing the hardworking men and women who produce safe, reliable and sustainable energy to fuel our lives. We speak for the people whose lives and livelihoods will be most impacted by President Biden's orders impacting exploration and production on federal lands. A return to centralized decision making by officials thousands of miles away from the people, the land, and the waters where the impacts, both positive and negative, are most deeply felt is not a constructive path forward. We are hopeful the exclusion of state and local voices, of which are the most in tune with how the federal leasing process works and its impacts on local communities, is not indicative of a pattern by this Administration of disregarding the views and desires of our states, our local communities, and many of our residents' livelihoods.

UPA and our members are concerned with the direction of the proposed changes to the Department of Interior's oil and natural gas leasing program for onshore federal lands. Federal lands and waters together accounted for 22 percent of total U.S. oil production and 12 percent

of U.S. natural gas production in 2019, according to the Energy Information Administration. Here in Utah, nearly 56% of oil and natural gas wells are located on federal lands. Further, nearly two-thirds of the land in Utah is federally managed, following only Nevada amongst the states with the largest percentage of federally managed public lands. The resulting checkboard land pattern of intermingled federal, state, tribal and private lands means that any changes that disincentivize production on federal lands are also likely to disincentivize production on other nearby lands. Due to the large proportion of federal acreage in our state, the anticipated changes to federal leasing significantly puts at risk the investment appetite and competitiveness of the state's resources much more broadly.

Potential decreases in production due to leasing, permitting and other changes being reviewed and contemplated by the Department will have far reaching negative effects on the state of Utah. Beyond driving investment to other states with less federal lands, local communities will see a reduction in the tax base that provides for essential government services such as infrastructure, emergency responders, and education. Property taxes will increase, as will unemployment. In Duchesne County, the oil and gas industry is the largest private employer and is in the top ten in Uintah county. In Utah, oil, gas and mining jobs are some of the highest paid wages in the state, neck and neck with IT. These jobs provide wages that are more than 65% higher than the average wages in the county and more than 400-500% higher than leisure and hospitality wages in the counties that will be most directly impacted.

Looking statewide, year over year Utah leads our nation's economy. Again, this March, US News & World Report ranked Utah's economy as No. 1 among all 50 states. That economic success is underpinned by stable and affordable energy. As of 2019, 88.6% of Utah's energy generation was from fossil fuels. Utah also has one of the nation's lowest energy prices. Similarly, we would encourage the administration to consider the impact their policies will have on fuel prices, particularly in the western US and rural areas of our state where the need to travel farther distances results in a greater economic cost to these families. While electric vehicles, hybrids, and other alternative vehicle types are growing as a percentage of the fleet, between 1999-2019 hybrid electric vehicles have made up only 1.6% of US light duty vehicle sales. For the near and medium term, gasoline prices will continue to be a key concern for US families. In Utah, much of the gasoline that resident's fill their vehicles with comes from crude oil both produced and refined in the state. Assuming that demand will remain fairly consistent in the short and medium term, the impact of reducing in state production is very likely to lead to higher fuel prices. Those increased fuel prices will place a greater burden on our middle class and rural residents. Those very real costs to Utah families are unlikely to provide the policy objectives being purported as the driver for this permitting review – particularly in terms of climate change impacts and federal lands conservation.

The natural gas and oil industry in the United States has been successful in reducing greenhouse gas emissions to generational lows through technology, innovation and collaboration. According to the EIA, from 2014 to 2019, CO2 emissions in the U.S. declined by 5% across the economy and 21% in the power sector. Additionally, over the past decade,

methane emission rates relative to production in the key producing U.S. basins have declined nearly 70 percent.

Further, we believe Utah already provides a model of successful multiple use. Congress has mandated that mineral production on federal lands is one of many uses for federal lands, along with recreation, agriculture, and multiple other uses. Utah has taken a balanced approach and is proud to support both a successful natural gas and oil industry as well as a successful tourism and outdoor recreation industry. The narrative that these sectors are mutually exclusive is proved false in Utah. It's also important to keep in mind that these dual successes are found in a state that already has approximately 40% of its public lands under some form of additional protection.

Our industry is an industry of problem-solvers and we look forward to working with stakeholders of all kinds to address climate change and true multiple use of our federal lands, while providing the affordable, environmentally friendly energy that powers our daily lives. The Utah Petroleum Association supports innovative, collaborative solutions that lower methane and greenhouse gas emissions while meeting the world's growing need for abundant, low cost, reliable energy. We believe that any policy around energy and climate change should balance economic, environmental and energy security needs, ensure that energy producing states are not penalized disproportionately to other states, and utilize predictable and economically efficient policy frameworks. We also believe that in order to seek out that balance, local stakeholders closest to the issues need a legitimate voice in the process and we are disappointed with the administration's failure to consult with and acknowledge those voices to date. Successful public policy must recognize that oil and gas underpin our standard of living and American oil and gas is critical to our national security and economic prosperity, particularly here in the state of Utah.

Thank you for this opportunity, and we look forward to future opportunities to work with the Department of the Interior to address these important issues.

Regards,

A handwritten signature in black ink, reading "Rikki Hrenko-Browning". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Rikki Hrenko-Browning, President
Utah Petroleum Association