SSDA
SERVICE STATION DEALERS OF AMERICA AND ALLIED TRADES

SSDA News

Service Station Dealers of America and Allied Trades

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INSIDE THIS ISSUE:

Carnegie Mellon Releases Safety Inspection Study

By Roy Littlefield

Last month, SSDA-AT attended a legislative briefing in the Rayburn office building to hear a motor vehicle safety inspection discussion presentation of a new vehicle safety inspection study by Carnegie Mellon University.

According to the study, "in 2020, roadway fatalities were one of the leading causes of death in the United States. Federal and state governments have regulated vehicle safety through seatbelt laws and new vehicle standards and by setting the precedent for the implementation of safety inspection and maintenance programs. Fourteen states in America have already implemented safety inspection programs, and the result is clear. States who have these programs in place experience a 5.5% reduction in fatalities."

Results from Carnegie Mellon University's study affirm that the presence or implementation of safety inspection and maintenance programs are directly related to a reduction in roadway fatalities.

If all other states implemented a safety inspection and maintenance program, there could be 5.5% fewer fatalities annually compared to states without a program in place.

That would mean 1,400 passengers per year of the United States' 30,000 annual crash fatalities, would go home to their families, instead of becoming a fatality statistic. Therefore, these programs are effective in mitigating roadway fatalities.

Ideally, these programs would be implemented in all 50 states and the District of Columbia, as state and federal legislative bodies recognize a reduction in fatalities as a statistically significant benefit.

How to Recognize the Signs of Email Fraud

Cybercrime Is on the Rise

Cybercriminals are finding increasingly clever ways to infiltrate your business and compromise your security. Net Driven wants to make sure your shop is protected from harmful digital attacks.

You may be thinking, "Cybercrime only targets large corporations. I have nothing to worry about." However, every year one in five small organizations is a victim of cybercrime. Cybercriminals target smaller organizations because they assume that these businesses have fewer defenses in place to prevent cyberattacks.

"Well," you say, "is there anything I can do to avoid a cyberattack if it comes my way?" Good news, 100% of cybercrime can be prevented through the vigilance of your "human firewall." What is this resource? It's you and your team members, who can form an impenetrable barrier against cybercrime by knowing the types of attacks and how to address them.

Email Fraud

Did you know that 91% of data breaches are conducted through email fraud? Email allows cybercriminals to impersonate another entity as a means to connect with and extort your business. The most common type of email fraud is phishing.

"Phishing" is a fraudulent email that claims to be from a legitimate source in order to access sensitive information such as passwords and credit card numbers. For example, popular phishing angles include security alerts on your professional or private accounts, changes to your health benefits and HR announcements. But when you interact with these fraudulent emails, such as clicking a link or attachment, you could be compromising your private information and putting your shop at risk.

Recognize the Signs of a Phishing Email

Phishing emails have evolved to target specific emails by appearing highly personalized, such as addressing you by name or repeating some information about your position. It's important to always look twice at an email, as it can appear innocent at first but contain some telltale signs of fraud.

Here is a list of signs to identify a phishing email:

Fake "From" Email: Hackers often try to infiltrate businesses by impersonating a legitimate domain, such as a subscription service or vendor. Always make sure the "From" email is legitimate (e.g., ends in "@netdriven.com"). If you receive an email that seems out of the ordinary for your role (e.g., you work in sales but were billed an invoice), check with a coworker or supervisor to confirm that email is real and was meant for you.

Generic Greeting: Cybercriminals may not have access to your personal information, so they make do with generic email content. Openers such as "Dear Customer" may be a sign that the email was sent by a hacker.

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NET DRIVEN

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Poor Writing: If you receive an email that is riddled with mistakes like misspellings and bad grammar and punctuation. Remember, a credible business would not send you an email that contains poor writing. Now, you may not be surprised to receive this email from your coworker who doesn't use punctuation, but keep your guard up if you receive an internal email has a strange tone or seems out of the ordinary.

Urgent Content: Urgency is a common cybercriminal tactic, as they're trying to fluster you into making a snap decision and walking into the trap. If you receive an unexpected email whose subject line urges you to open immediately or whose body message tells you to click on a link or download an attachment now, take a step back. Ask yourself, "Is this email asking me to do something out of the ordinary? Is there a legitimate reason I would need to act now?"

Fake Links & Attachments: Phishing emails use fraudulent links and attachments to breach your security walls and gain access to payment and contact information or slip a virus into your software. Doublecheck any links before clicking to determine the link structure looks normal and matches the email sender. Does the URL represent a real website and start with "HTTPS:"? Similarly, don't click on an unexpected of funny-looking attachment.

Tips to Stay Vigilant & Protect Your Business

Constant vigilance will prevent a security breach every single time. First, follow the three fundament steps of thwarting a cyberattack:

Stop: Check and doublecheck your incoming emails. Never absentmindedly click on an email.

Look: Look twice before you interact. Do you see any signs that the message is a phishing scam?

Think: Does this email look real? Is anything out of the ordinary?

Additional steps to prevent a security breach:

Create unique, complex passwords for every account & never share your password(s) with anyone.

If an email looks "phishy," contact the sender in a different way, such as by phone or visiting their website in a different browser.

Don't log into an account using a login link in an email. Go to the actual login page and enter your credentials there.

Use second-hand verification if you receive a strange email from a company or coworker. Make sure you always know to whom you're responding.

Don't click on an email attachment if you don't know what it's for or what's inside.

If you suspect an email is fake, report it as a phishing attempt to your email service provider immediately.

Bottom Line: Provide Security Awareness Training

Your team can be your greatest cyber security asset or your biggest vulnerability, depending on how prepared they are to recognize and navigate a security threat. We highly recommend providing security awareness training for your entire team, as trained employees are more likely to notice and report suspicious emails. Create guidelines for your team to follow in terms of identifying and reporting suspicious emails and other security threats.

Shale Workforce Tightens as Unemployment Drops in September, Yahoo

Oil companies are hesitant to boost wages dramatically as they seek to keep a lid on skyrocketing costs. As a result, oilfield workers have been looking elsewhere for a higher pay, with renewables being the most popular landing spot. Workers will have to wait until 2024 to see double-digit annual wage hikes, according to industry consultant Rystad Energy. Pay this year is expected to climb 2.9%, Rystad said in May.

Labor shortages in the oilfield have been one of the biggest hurdles holding back production growth. The inability to find enough workers to drill new wells and frack them could pose an additional challenge to the Biden administration as it pushes for more output after OPEC+'s decision to cut supply.

The number of workers employed in US oil and gas jobs totaled 133,800 last month, down 4.8% from this year's peak in July. The broader mining and logging industry, of which oil and gas is a part, is the farthest behind of any sector in recovering its pandemic job losses, down 7.7% from February 2020.

U.S. EIA Sees Slower Oil Demand, Output Growth this Year and Next, Reuters

U.S. oil demand and production is expected to grow more slowly than previously forecast for the remainder of this year and in 2023, the U.S. Energy Department said recently.

Overall U.S. demand for petroleum and other liquid fuels in 2023 is expected to rise slowly, the U.S. Energy Information Administration said, estimating growth at 190,000 barrels per day to 20.54 million bpd. In September, the EIA expected that growth to come in at 350,000 bpd.

For this year, demand is expected to rise by 460,000 barrels per day to 20.35 bpd, also down from the previous forecast.

U.S. crude output is now expected to increase by 610,000 bpd in 2023 to 12.36 million bpd, which would still be the most output, on average, for a year, in U.S. history. Still, the EIA dropped its expectations from a gain of 840,000 bpd.

Output in 2022 is expected to average 11.75 million bpd, down from a previous estimate of 11.79 million bpd.

U.S. Midwest, Mountain West oil activity declines in third quarter - Fed survey– Reuters

Oil and gas activity in the U.S. Midwest and Mountain West declined in the third quarter, but remains generally elevated, the Federal Reserve Bank of Kansas City said in a quarterly survey.

The energy activity index fell to 44 from 57 quarter-over-quarter, but remains at one of its highest levels in the survey's history.

The decline comes amid fears that a recession and high prices will dampen demand for oil and gas.

Energy firms expressed a slightly more bearish outlook for future business, with the drilling activity index declining to 25 from 50 in the previous quarter.

Executives on average said oil prices need to be at $61 a barrel for their businesses to be profitable, and would need an increase to $102 a barrel to prompt a substantial increase in drilling.

West Texas Intermediate futures were trading around $92.51 a barrel, up more than $10 in just a week after OPEC+ said it would cut oil production by 2 million barrels per day.

"There is downward pressure due to a slowing economy and inflation pressure is reducing demand," said one executive who participated in the survey but was not named.

The survey was conducted between September 15 and 30 and covered oil firms operating in Kansas, Colorado, Nebraska, Oklahoma, Wyoming and parts of New Mexico.

New York Hydrogen-Natural Gas Blending Study Offers Mixed Results to Cut Emissions, NGI

Carbon dioxide (CO2) emissions declined by about 14% when 35% of hydrogen by volume was blended with natural gas to generate electricity in a demonstration project commissioned by the New York Power Authority (NYPA), and could fall further with more hydrogen added to the mix. However, more work needs to be done to study the impact of blending on other greenhouse gasses.

NYPA carried out the hydrogen blending on an LM6000 gas turbine at its Brentwood Power Station on Long Island in partnership with the Electric Power Research Institute Inc.'s Low-Carbon Resources Initiative and General Electric (GE). The GE turbine was operated on green hydrogen blends ranging from 5% to 44% by volume. Based on the early results, CO2 emissions could decline to zero at a 100% hydrogen cofiring rate.

NYPA is piloting technologies to help accelerate the state's energy transition, interim CEO Justin E. Driscoll said.

"Decarbonizing the power sector will require a collaborative, multi-pronged approach, including the use of new technologies and additional renewable power resources," he said.

The study found that at steady water injection conditions, other emissions – including nitrogen oxide (NOx), carbon monoxide (CO) and ammonia – levels were maintained below regulatory operating permit limits, using existing control systems.

"This result could prove consequential for power plant operators to begin testing and using hydrogen fuels – aiming to lower a facilities' carbon output – with minimal or no required modifications to plant systems," according to NYPA.

The project partners chose the Brentwood facility because of its location and layout. These, combined with Brentwood's relatively low capacity factor as a peaking unit, facilitated the temporary modifications required for the demonstration project, they said.

The demonstration project, conducted from the fall of 2021 to this spring, had no impact on the plant, according to NYPA. The blending was not performed during unit startup and shutdown operations.

What About Other Emissions?

Despite the positive results on CO2 emissions, the study uncovered challenges as well.

At steady water injection rates based on burning natural gas, gas turbine outlet NOx levels increased by up to 24% as the hydrogen fuel fraction increased. The LM6000 gas turbine is equipped with single annular combustion technology, which requires water injection for NOx control. The plant also is equipped with post-combustion catalyst systems for NOx and CO control.

By increasing water injection rates less than 20% by volume, gas turbine outlet NOx levels were maintained at a constant level as hydrogen fuel increased to greater than 35% by volume, the study results found. At the same turbine load, maintaining a constant turbine outlet NOx level while increasing the hydrogen fuel percentage required almost a linear increase in the water injection flow rate.

"It is important to note that this NOx increase observation is specific to LM6000 SAC technology and may not apply to dry-low emissions combustors," NYPA said.

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New York Hydrogen-Natural Gas Blending Study Offers Mixed Results to Cut Emissions, NGI

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Researchers noted that – in practice – if increasing water injection rates in order to maintain steady NOx levels is not an option, and turbine outlet NOx levels increase, owners may need to make modifications to maintain stack permit compliance. This potentially could increase capital and operations and maintenance (O&M) costs.

On the other hand, CO levels decreased by as much as 88% as the hydrogen fuel percentage increased during testing. Even with increasing water injection rates for NOx control, CO levels decreased with increasing hydrogen percentages.

"Depending on stack permit requirements, hydrogen cofiring could allow LM6000 units to operate across a wider load range without CO oxidation catalysts or with reduced volumes of catalyst, potentially lowering capital and O&M costs," NYPA said.

NYPA told NGI that no other hydrogen blending studies were planned for other power plants in the state. Instead, the agency is "prioritizing the exploration of battery storage at its peaker plants. "We look forward to collaborating closely with the industry on next steps," it said.

Greening The Big Apple

New York has mandated a zero-emission electricity sector by 2040.

Through its Climate Leadership and Community Protection Act (aka Climate Act), 70% of New York's electricity is to come from renewable sources by 2030. An emissions-free power sector is targeted by 2040, and net zero economy-wide greenhouse gas emissions by 2050.

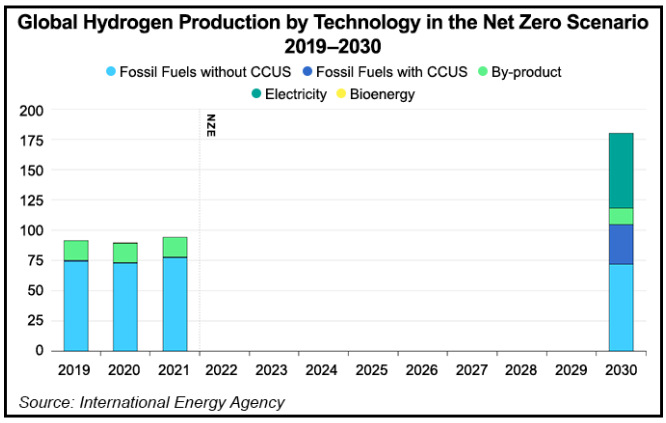
"As industry and government seek innovative energy solutions, NYPA's hydrogen blending demonstration is uncovering new insights with implications well beyond New York," said EPRI's Neva Espinoza, vice president of energy supply and low-carbon resources.

New York Gov. Kathy Hochul, whose term began in January, has worked to accelerate the energy transition.

She has advocated a statewide ban on new gas hookups and wants to speed up displacing fossil peaker plants using renewable sources and battery storage.

Hochul said the state would invest up to $500 million to develop New York's offshore wind port infrastructure and supply chain.

The state's Climate Act requires 9 GW of offshore wind capacity by 2035. A goal of two million electrified or electrification-ready homes by 2030 also is on the table.



U.S. Supreme Court's Kavanaugh says Overtime Pay Rules May be Invalid

U.S. Supreme Court Justice Brett Kavanaugh seemed to invite a legal challenge to World War II-era regulations exempting certain workers from overtime pay, in a case involving an oil rig supervisor who was paid a daily rate but earned more than $200,000 a year.

Kavanaugh, a member of the court's conservative wing, said during oral arguments that the U.S. Department of Labor regulations appeared to be inconsistent with the law they are supposed to implement, the Fair Labor Standards Act (FLSA).

The case brought by oil and gas services company Helix Energy Solutions Group Inc challenges the way the overtime regulations are applied but not their overall validity.

"If the statutory argument is not here, I'm sure someone is going to raise it because it's strong," Kavanaugh said.

Helix is appealing a 5th U.S. Circuit Court of Appeals decision that said a former supervisor, Michael Hewitt, was entitled to overtime pay because he was paid a daily rate and not a regular salary while working 84 hours a week.

In an amicus brief backing Helix, the American Petroleum Institute and other trade groups said daily rates are common in the oil and gas industry, and ruling for Hewitt would open companies up to a flood of class action lawsuits.

The FLSA says workers with "executive, administrative and professional" duties are exempt from mandatory overtime pay.

A 1940 regulation says highly compensated workers - currently defined as those earning $107,000 a year or more - are presumably exempt as long as they are paid at

U.S. Supreme Court's Kavanaugh says Overtime Pay Rules May be Invalid

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least $455 per week in the form of a salary.

A separate rule says that the exemption can apply when workers are paid a daily rate, as long as they are guaranteed $455 per week "paid on a salary basis."

Paul Clement of Clement & Murphy, who represents Helix, argued that because Hewitt was paid a daily rate of $963 and was guaranteed at least that much pay in any week where he worked, and he earned more than $200,000 a year, he met the conditions of the highly compensated worker exemption and the second rule did not apply at all.

Hewitt's lawyer, Ed Sullivan of Oberti Sullivan, countered that the rule involving daily pay rates applied because Hewitt was never paid a salary. And because he was not guaranteed $455 a week in salary, he was not exempt under the FLSA, Sullivan said.

The court's liberal justices seemed to agree. Justice Ketanji Brown Jackson said the purpose of the regulations was to ensure that workers receive predictable payments, regardless of how much they earn.

The conservative justices sounded more skeptical of Sullivan's claims, suggesting that the rules were incompatible with each other and were not meant to be applied in tandem.

Kavanaugh went further, telling Clement that he believed the two regulations may be invalid because of the various conditions they place on the broad exemption included in the FLSA.

Clement, in response to a question from Kavanaugh, said he was not aware of any pending cases challenging the regulations but "you just asked about it, so somebody definitely will raise it now."

The case is Helix Energy Solutions Group Inc. v. Hewitt, U.S. Supreme Court, No. 21-984.

U.S. Labor Department extends overtime pay to 1.3 million U.S. workers.

US Women in Manufacturing Jobs Reach New High After Pandemic, BNN

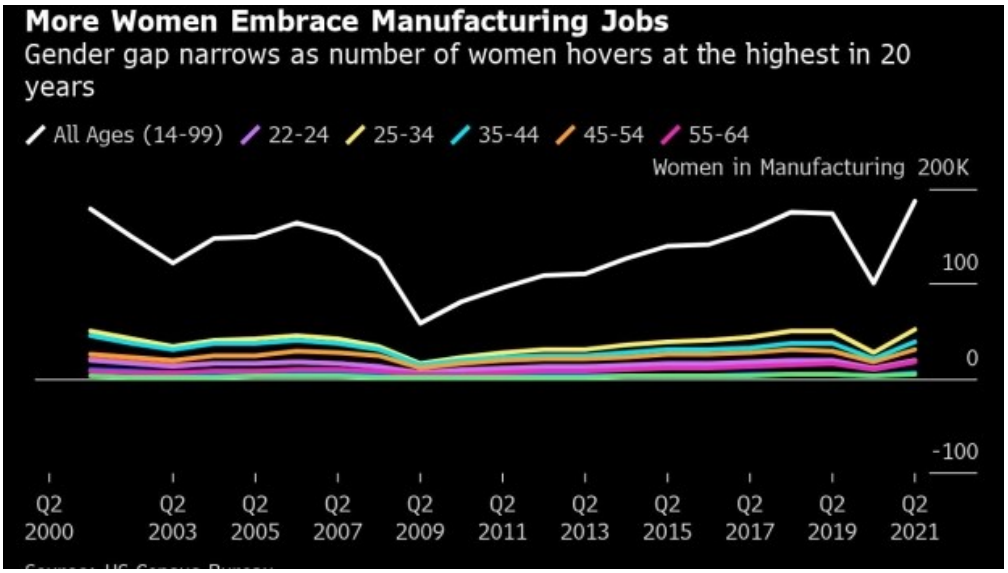
The number of US women working in manufacturing is rising again after a drop during the first year of the Covid-19 pandemic, and more will likely join the male-dominated field thanks to a shift toward automation.

Women are now returning at levels seen before 2020, after some age groups including those age 55 to 64 saw spikes last year, according to a post from the US Census Bureau.

New jobs requiring high-tech skills and efforts to encourage girls to study engineering and related subjects help chip away at the gender gap, the agency said.

The increasing representation of women can help boost US manufacturing, which lost 5 million workers from 2000 to 2015, according to Census data, as employers moved the jobs overseas.

The number of women in manufacturing totals 186,985 as of the second quarter last year, the highest in at least 20 years, although men still hold about 68% of US manufacturing jobs.



Number of Drilled but Uncompleted U.S. Wells Continues to Decline from Record in 2020, EIA

Based on our latest Drilling Productivity Report (DPR), drilled but uncompleted wells (DUCs) in all U.S. DPR regions totaled an estimated 4,283 wells in August 2022, the least in any month since we started estimating DUCs in October 2013. The decline in DUCs in most major U.S. onshore oil- and natural gas-producing regions indicates that more wells are being completed and fewer new wells are being drilled.

In the second quarter of 2020, COVID-19 mitigation efforts resulted in less worldwide demand for petroleum products. Crude oil and natural gas producers shut in existing production and halted completions of new wells in the United States. Based on our current estimates, DUCs reached a record of more than 8,800 wells in second-quarter 2020.

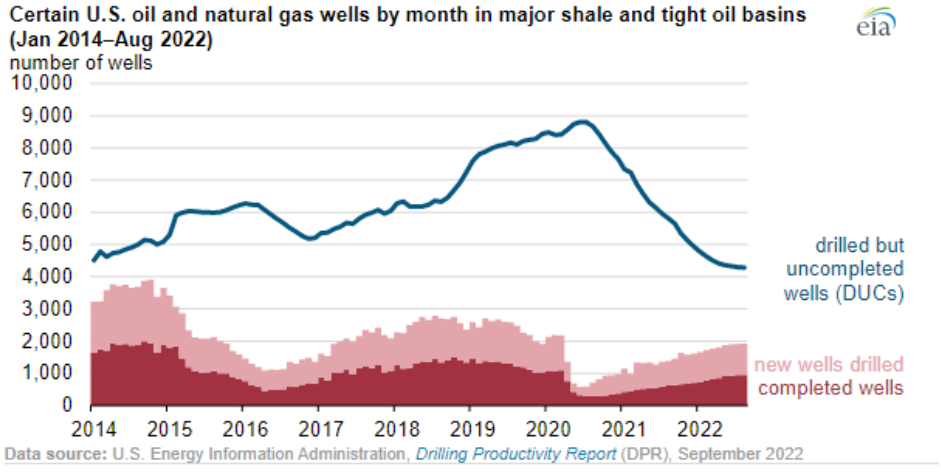
Due to continued market uncertainty and limited access to new investment capital, oil and natural gas producers have focused their spending on existing operations. Since June 2020, the overall number of DUC wells has steadily declined by an average of 227 DUCs per month during 2021 and by 82 DUCs per month during 2022. For August 2022 (the most recent month available), DUCs totaled 4,283 wells in all DPR regions.

The number of completed wells has increased from a low of 253 in June 2020 to 969 in August 2022 because producers have been accelerating the completion of DUCs.

Since the second quarter of 2020, DUCs have declined the most in the Permian region. Oil makes up most Permian production, but significant volumes of natural gas are also produced in the Permian region in the form of associated natural gas. DUCs have also declined in the Appalachia region, the largest natural gas-producing region in the United States. Only the Haynesville region has seen a slight increase, by 100 DUCs, because of growth in natural gas demand from newly added liquefied natural gas (LNG) export capacity on the Gulf Coast.

In 2022, drilling for both oil- and natural gas-directed wells has increased in the United States, according to weekly data collected by Baker Hughes. Natural gas-directed rigs total 160 as of September 30, an increase of 53 so far this year.

Oil-directed rigs total 602, an increase of 481 so far this year. Although the total number of U.S. DUC wells has declined overall throughout 2022, this increase in drilling activity has slowed the monthly decline. In August, the number of DUC wells grew by 16, the smallest monthly addition since July 2020.



Exxon Mobil Weighs Takeover of Oil Recovery Specialist Denbury, BNN

Exxon Mobil Corp. is considering a takeover of Denbury Inc., an oil and gas producer with the largest carbon dioxide pipeline network in the U.S., according to people familiar with the matter.

Exxon has expressed preliminary interest in the Plano, Texas-based company, said the people, who asked to not be identified because the matter isn't public. No final decision has been made and Exxon could opt against proceeding with a potential deal, they added.

Shares of Denbury jumped as much as 12 per cent and traded at US$98.83 at 3:49 p.m. in New York Monday, giving the company a market value of about US$4.9 billion. A Denbury representative declined to comment, while an Exxon representative didn't immediately respond to a request for comment.

Denbury has more than than 1,300 miles (2,092 kilometers) of pipelines in the Gulf Coast and Rocky Mountains dedicated to transporting carbon dioxide. Carbon capture is the bedrock of Exxon's climate strategy, which aims to eliminate operational emissions by 2050, and buying Denbury would give the oil giant critical and hard-to-replicate infrastructure as it pursues that goal.

If the takeover happens, it would also be the biggest carbon-management investment since the Inflation Reduction Act passed in August, providing large tax incentives for burying carbon dioxide. The legislation increased tax credits for carbon capture 70 per cent to US$85 a ton. Executives including Exxon CEO Darren Woods have praised the act for its financial support for carbon capture, which Morgan Stanley says could be highly profitable in the future.

Denbury has the most aggressive net zero target of any large U.S. oil company, aiming to be "carbon negative" on a Scope three basis, which includes customers' emissions, by 2030.

The company is working with an adviser exploring a sale, Bloomberg News reported in August. Denbury, which exited bankruptcy in 2020, has used carbon dioxide to squeeze out more crude from old oil fields for more than two decades, a process called enhanced oil recovery. EOR became unfashionable during the shale revolution for its high cost and low volumes, but recently came back into vogue for its green potential, specifically the ability to store more carbon in the ground than is emitted from the resulting oil.

Earlier this year, Exxon pledged to spend US$15 billion on lower-carbon investments through 2027, with carbon capture as a priority. Denbury's Rocky Mountain assets are connected to Exxon's Shute Creek gas facility near LaBarge, Wyoming, which has captured more carbon than any other asset in the U.S.

U.S. Natural Gas Production Set a New Record in 2021

U.S. dry natural gas production set an annual record in 2021, increasing by 3.5% from 2020, according to our recently released Natural Gas Annual. In 2020, production had dipped because of reduced economic activity during the COVID-19 pandemic. In 2021, dry natural gas production exceeded the previous record set in 2019, and our Short-Term Energy Outlook forecasts that production will continue to grow through 2023.

Driven by elevated natural gas prices, U.S. production in the largest resource basins has been increasing. Texas and Pennsylvania have driven this increase; production grew by nearly 1.5 billion cubic feet per day (Bcf/d) in both states between 2020 and 2021. Texas overlays the Permian Basin and Haynesville Basin, which were both major sources of production growth in 2021. Similarly, Pennsylvania overlays the Appalachian Basin, which now accounts for nearly one-third of all U.S. dry natural gas production.

Historically, the Federal Offshore Gulf of Mexico has been an important region for natural gas production, representing 9% of dry natural gas production in 2010. Natural gas production in the Gulf of Mexico, however, has been trending downward in more recent years because of:

Aging wells with declining productivity

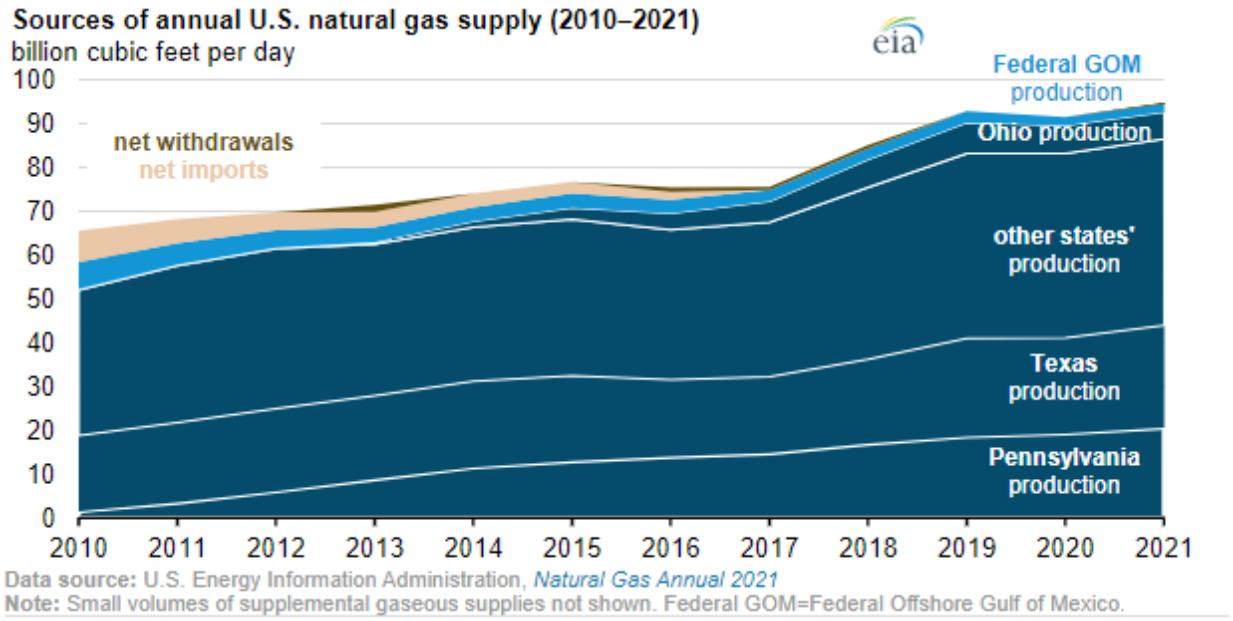
A focus on oil development

The high cost and complexity of undersea production

Exposure to hurricanes

The Gulf of Mexico contributed just 2% of U.S. dry natural gas production in 2021. We expect production declines in the region to continue in the coming years, only partially offset by new projects.

Net natural gas imports accounted for 11% of total supply as recently as in 2010, but they accounted for none of the total supply in 2021. Imports of natural gas fell between 2007 and about 2017, and they have remained at similar low levels since. The United States is a net exporter (exports exceed imports) of natural gas. Exports of natural gas have been growing each year since 2016, driven by exports of liquefied natural gas (LNG), which reached a record high in 2021.



Natural Gas Production to Increase 4 Percent this Winter, Companies Forecast, H.C., J. Osborne

U.S. natural gas companies are preparing to increase production to near record levels this winter, with prices near their highest level in 14 years, the Natural Gas Supply Association reported.

The trade group, which represents the bulk of the nation's gas producers, forecast production would average 104 billion cubic feet per day this winter, a 4 percent increase from last year.

"The (forecast) shows producers are rising to the challenge of strong winter demand for natural gas at home while meeting the critical needs of an undersupplied global market," said David Attwood, chairman of the gas association and a vice president at Exxon Mobil.

The forecast comes as natural gas is selling for almost $7 per million British Thermal Units on the New York Mercantile Exchange. While down from highs of more than $9 this summer, it is more than twice what Americans paid on average over the past decade, as the shale boom increased U.S. gas production to record levels.

That has driven concern among policy makers, with the Biden Administration at one point considering cutting off U.S. natural gas exports.

Driving the increase in prices in part is a U.S. gas market increasingly tied to global commodity prices, as liquefied natural companies ship U.S. gas abroad to take advantage of markedly higher prices in Europe and Asia. The Houston LNG exporter Cheniere Energy on Tuesday launched another expansion at its Corpus Christi complex that will increase its processing capacity to 25 million metric tons a year from 15 million by the end of 2025.

U.S. LNG shipments are forecast to reach 13.4 billion cubic feet per day this winter, 30 percent higher than the average for the previous three years.

For now, analysts are predicting U.S. natural gas prices to continue their recent decline, as production increases and storage volumes increase.

"Weekly demand changes during the (fall months) can be challenging to predict, but the sell-off in prices is signaling a lack of upside catalysts," Ade Allen, an analyst at Rystad Energy.

Biden Administration Weighs Whether to Shrink Offshore Drilling Lease Sales, The Hill

The Biden administration is considering auctioning off a smaller section of the Gulf of Mexico for drilling than the Trump administration was expected to, according to new documents released.

The Interior Department released a draft of a "Supplemental Environmental Impact Statement" outlining its plans for the sales of the rights to drill offshore.

But while a separate Environmental Impact Statement released by the Trump administration called for a "regionwide" lease sale, the Biden administration's document weighs a range of options.

The Biden document does not specify which option it is most likely to choose, opening the door for a possibly smaller lease sale than the Trump administration would have held.

The Biden administration is still considering regionwide lease sales encompassing 84 million acres, but is apparently giving equal weight to smaller alternatives that would encompass 56 million acres or 27 million acres, respectively.

It is also weighing whether, with any of these alternatives, to add some small additional exclusions.

The Biden administration's document also lists canceling the sales as a possible option, but it is unlikely to do so because the Democrats' Inflation Reduction Act requires it to hold the drilling rights auctions.

Lease sales kickstart the process of new oil and gas drilling on federal lands and waters. But the process is lengthy and these sales often don't result in new energy production right away.

Offshore drilling usually takes several years to bring new barrels of oil to the market, so these auctions are unlikely to directly impact gasoline prices in the near term.

The Inflation Reduction Act — the name of the Democrats' climate, tax and health care bill — required the Biden administration to hold several additional drilling auctions in the Gulf.

The provision was likely added, to the chagrin of many environmental advo-

Biden Administration Weighs Whether to Shrink Offshore Drilling Lease Sales, The Hill

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cates, to secure the support of Sen. Joe Manchin (D-W.Va.) whose vote was crucial to passing the package.

Prior to the law, the Biden administration had implemented a pause on new leases for offshore drilling, although that pause was struck down in court.

The pause was implemented amid concerns about the contribution of U.S. drilling to climate change.

The Interior Department also announced additional sales of rights to drill onshore in Wyoming and New Mexico.

In Wyoming, it plans to auction off as many as 251,000 acres between April and June of 2023, while it plans to auction off as many as 10,000 acres in New Mexico in May 2023.

The department said in a press release that it is also considering auctions in other states and expects to announce those "in the coming weeks."

The Democratic bill ties the future of producing renewable energy on public lands to onshore oil and gas leasing, saying the Interior Department can't approve renewable development unless it has offered a certain amount of acreage up for oil and gas auctions in the past year.

The law requires the offshore auctions to be held before April 2023 and October 2023, respectively, in addition to holding a separate sale by the end of this year.

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