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WLN APPLAUDS THE DEPARTMENT OF INTERIOR RULE MODERNIZING ROYALTY RATES

Today, a long-awaited and significant development has taken place: The U.S. Department of the Interior has finalized a rule increasing the royalty rate for oil and gas produced on federal lands. After more than 100 years with unchanged rates, a fair return on publicly owned resources is on the horizon.

DOI's new rule will align federal royalty rates with rates on state lands, which range from 16.6 percent to 25 percent.

“Oil companies have been reaping record profits while western communities have struggled to fund schools and maintain roads and bridges,” said Gwen Lachelt, WLN Executive Director.

“Western elected officials have been at the forefront of championing common-sense reforms to the federal oil and gas leasing program. Receiving a fair return for the development of publicly owned resources will provide communities with crucial revenues to build resilience and plan for a clean and renewable energy future. WLN commends the Biden administration for honoring its climate commitments and taking this vital step to modernize federal oil and gas royalty rates.”

In addition to updating royalty rates, the rule modernizes minimum leasing bids, rental rates, and minimum bonds to hold oil and gas operators accountable for reclamation costs. It also eliminates non-competitive leasing, a practice that allows companies to lease public lands—at minimal cost—with little to no potential for oil and gas development.

Provisions of the rule include:

- Raising oil production royalty rates from 12.5 to 16.67 percent
- Raising minimum leasing bids from \$2 to \$10 per acre
- Raising lease rental rates from \$1.5 to \$3 per acre for the first two years of a lease, increasing over time
- Charging a \$5 per acre fee to operators interested in leasing

Western Leaders Network is a nonpartisan nonprofit organization dedicated to harnessing the power of local, tribal and state elected officials across the Interior West. Our mission is to advance energy transition, promote clean air and water initiatives, and protect democracy.