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Lies Big Oil Told Me

10 Ways the Fossil Fuel Industry is Deceiving Americans About Fuel Prices, the Clean Energy Transition and More

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Ever since President Joe Biden took office last year, the fossil fuel industry and its right-wing allies have falsely and disingenuously blamed the Biden administration for higher fuel prices. With a steady stream of lies, fossil fuel industry talking heads have promoted a false narrative inaccurately blaming Biden's actions to combat climate change for fuel price increases. At the same time, fossil fuel industry lobbyists and Republicans in Congress are trying to derail the transition to clean, affordable renewable energy by lying about the feasibility of moving off fossil fuels, greenwashing their records and using aggressive social media tactics to influence public opinion.

Contrary to the oil and gas industry's tired lies and misleading talking points, energy experts and economists agree that the rise in energy prices since summer 2021 stemmed from an unexpectedly quick economic recovery from the depths of the pandemic, which left the industry scrambling to meet greater-than-expected fuel demand. Yet industry executives persist in espousing lie after lie, despite fact-checks from media outlets including USA Today, The Washington Post and PolitiFact. As one energy analyst succinctly told Politico, the Biden administration's decisions about drilling "have no direct connection to today's pump prices, but in messaging, a president who is restricting oil production renders himself vulnerable to criticism anyway."

American Petroleum Institute CEO Mike Sommers

In that disingenuous vein, Mike Sommers, chief executive of the American Petroleum Institute, has falsely claimed that Biden administration decisions have been "key factors" behind rising short-term gasoline prices. For political effect, Sommers has blamed fuel prices on Biden decisions to deny a permit for the Keystone XL pipeline, to temporarily pause new oil and gas leases and to suspend oil and gas leases in the Arctic National Wildlife Refuge in Alaska. "We currently have an administration that does not seem to want for production in the United States to continue," Sommers asserted in a Fox News interview last fall.

In reality, the Biden administration has not aggressively cracked down on domestic fossil fuel production. The Biden administration attempted to navigate the issue by saying that oil and gas companies should meet consumers' short-term needs while preparing for a cleaner future. Energy Secretary Jennifer Granholm even urged oil drillers in December 2021 to produce more fossil fuels. "Please, take advantage of the leases that you have," Granholm said. "Hire workers. Get your rig count up."

The Biden administration's long-term energy policy decisions ardently opposed by oil industry lobbyists will not have a meaningful influence on the supply of oil and gas for many years. After four years of the Trump administration, which recklessly granted favors and outright giveaways to the fossil fuel industry, the ramp-up of oil and gas production will be with us for a long time to come. For example, the federal government recently projected that by 2023, U.S. oil production will reach a record of 12.4 million barrels per day on average.

In the meantime, the stark reality of climate change is bearing down upon us. With wildfires, droughts, floods, hurricanes and other climate-fueled dangerous weather event recurring with increased frequency, the U.S. must be a leader rather than a laggard on energy policy. We must invest in a rapid transition to renewables in the transportation and electricity sectors and stop drilling on public lands and waters. Moving away from fossil fuels and staving off a global warming catastrophe requires debunking those with a vested financial interest in preserving the dirty status quo. The following is a rebuttal to some of the industry's most egregious lies:

LIE # 1: The Biden administration is pushing up gasoline prices

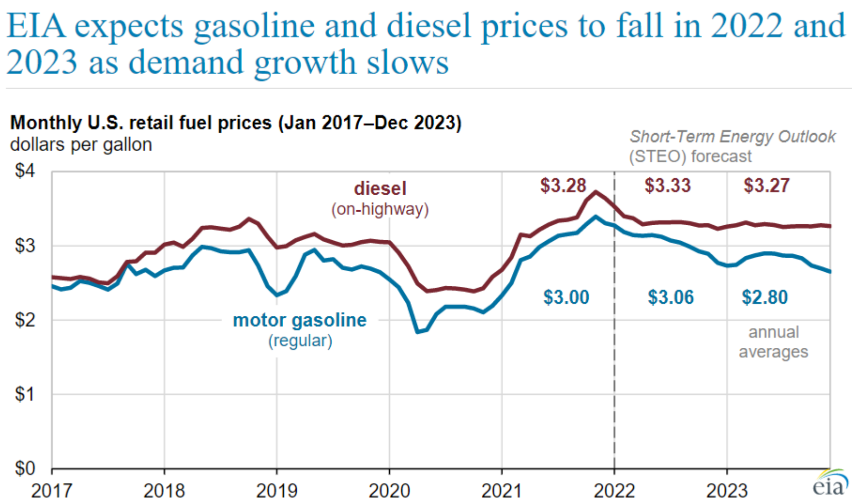
TRUTH: The primary influence on the price of oil is the worldwide demand and supply for fuel in the near term, not long-term plans for drilling in the U.S. in the coming decades.

The day-to-day fluctuations in the international markets for oil and gas have little to do with long-term U.S. policies for domestic drilling and pipelines. Instead, prices hinge on short-term factors such as economic growth, the state of the pandemic international oil production.

A case in point was in late November and early December when oil prices plunged on news of the rapidly spreading omicron variant — a temporary drop in prices that had nothing to do with Biden administration policies. Since then, the price of oil has risen amid waning concerns about the impact of the coronavirus on global fuel demand.

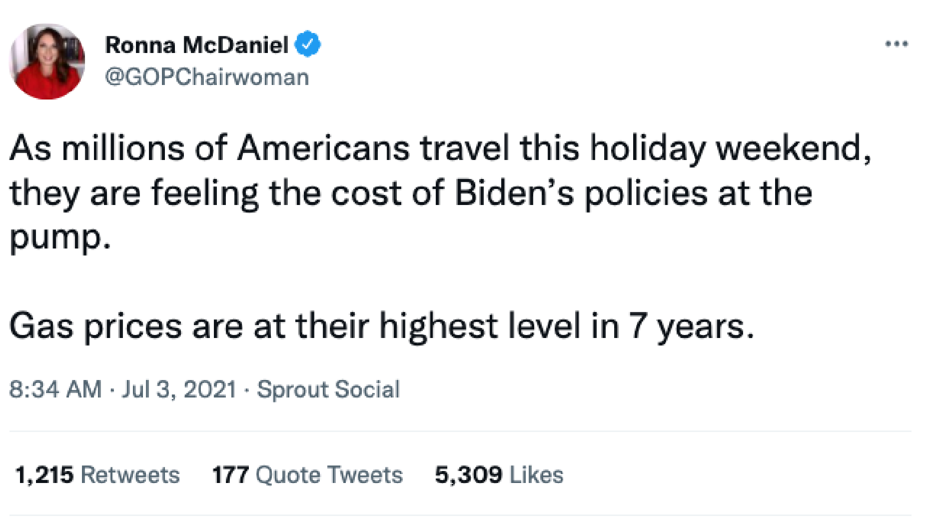
Like any commodity, oil and gas prices are driven by supply and demand. Gasoline demand plunged during the early months of the pandemic, sending oil prices below zero at one point in 2020. But consumer demand for energy rebounded faster than the industry anticipated. Prices at the pump soared as demand surged. According to the U.S. Energy

Information Administration, global crude oil consumption exceeded production since the third quarter of 2020, and energy producers have been drawing down stocks of oil that had been in storage since the early months of the pandemic. However, the EIA expects these supply-demand imbalances will be resolved in 2022 and forecasts that gasoline and crude oil prices will soon fall amid slower demand growth and increased production.



Source: U.S. Energy Information Administration

Republicans and the oil industry, however, have chosen to distort the truth about what impacts fuel prices – blaming short-term price changes on longer-term energy policy decisions. Shortly after coming into office, Biden paused the sale of new federal oil leases, pledging in a January 2021 executive order to conduct a comprehensive review of the policies governing the leasing of publicly owned land for oil and gas drilling. The industry seized on the leasing pause decision to blame Biden for increases in gasoline prices. When prices surged last summer, Sen, John Barrasso, (R-Wy), who has received about $1.2 million in oil and gas contributions over his career, rushed to blame the Biden administration, claiming in a Fox News opinion piece that "[b]ad policy is already creating conditions like higher gasoline prices that we haven't seen in a very long time." One day later, Ronna McDaniel, chair of the Republican National Committee, claimed that Americans "are feeling the cost of Biden's policies at the pump."



LIE # 2: The Biden administration has dramatically scaled back domestic drilling

TRUTH: Biden has been mostly unsuccessful in scaling back domestic oil exploration and production

The oil and gas industry and allies on Capitol Hill have falsely claimed that the Biden administration has significantly scaled back drilling. Members of the Congressional Western Caucus and other Republican lawmakers have been especially aggressive in pushing this misleading narrative, capitalizing on consumers' real anxieties about inflation to ensure the transition to cleaner fuel sources never happens. "Like a bull in a china shop, Biden used the first day of his presidency to demolish our energy independence one pen stroke at a time," wrote Reps Buddy Carter (R-Ga) and Dan Newhouse (R-Wa).

The reality is far more complicated. Biden pledged as a candidate to bar drilling on federal lands and waters. Yet the Biden administration has been stymied in its efforts to scale back the Trump-era oil drilling bonanza, which opened up thousands of acres of new federal lands for oil company exploitation. A Trump-appointed federal judge in Louisiana ruled in June 2021 against the administration's pause in oil and gas lease sales, the Biden administration resumed new leases. And a Public Citizen analysis from December 2021 found that the administration has been approving drilling permits on existing leases faster than three out of four years under Trump. As oil prices have risen, the industry has ramped up drilling and reported surging profits, and the industry is regularly breaking production records in America's largest oil field, the Permian Basin.

LIE #3: Biden's decision to cancel the Keystone XL pipeline will harm Americans

TRUTH: The Keystone XL pipeline would have facilitated exports rather than domestic supply.

The oil industry claims that efforts to spark domestic fossil fuel production are a better idea than relying on fuel from overseas. At the same time, the industry has promoted one of the most carbon-intensive sources of fuel. The Biden administration blocked the ill-conceived Keystone XL pipeline, which would have brought oil from carbon-intensive Canadian tar sands to U.S. refineries, and the pipeline's developer later pulled out of the project. When the Biden administration revoked the controversial project's permit upon taking office, conservative figures went into full hyperbole mode. Alaska Gov. Mike Dunleavy claimed that "it's going to be the poor that suffer the most." Sen. Joe Manchin (D-WV), a reliable industry ally, has urged Biden to reverse course, making similar arguments as industry groups and Republicans. But economics professor Robert Godby of the University of Wyoming told PolitiFact that Keystone XL "could have alleviated some local and regional pipeline bottlenecks in the upper Midwest and northern Rocky Mountain region, but overall should not have been expected to lower oil or gasoline prices in the U.S." In fact, Public Citizen has argued that by increasing petroleum exports, the pipeline could have raised gasoline prices for consumers and impeded energy security by sending oil abroad that would otherwise be sold in the U.S.

Alaska Gov. Mike Dunleavy on Fox Business

LIE #4: Charging reasonable fees to drill on public lands will impact fuel prices

TRUTH: Making oil companies pay a fair price to drill on public property will have no noticeable impact for consumers

As long as oil and gas companies are allowed to drill on public property, taxpayers should get a fair return from drilling on publicly owned lands and waters. The Build Back Better legislation passed last year by the House of Representatives would end the practice of charging polluters below-market rates to extract resources that belong to taxpayers. The federal government's current 12.5% minimum royalty rate for onshore drilling was established by the Mineral Leasing Act of 1920 and hasn't been updated for more than a century. The Build Back Better legislation would raise it to 18.75%.

A far-right member of Congress, Rep. Lauren Boebert (R. Colo) tweeted that "It is as if the Biden Regime has the singular goal of raising gas prices for Americans." Boebert failed to mention her husband's lucrative work as an energy consultant. But the reality is that states are more aggressive at ensuring that their taxpayers are not ripped off. For example, oil-friendly states Wyoming and Utah collect about 17% in royalties and Texas goes as high as 25%. Officials from Colorado and Texas have told the Government Accountability Office that increases in royalty rates do not have a significant impact on production. An analysis by Taxpayers for Common Sense found that raising oil and gas royalty rates for leases on federal lands would mean drivers accustomed to paying $3 per gallon of gas would be forced to pay a whopping $3.00055 for that same gallon of gasoline.

LIE #5: The shift to clean energy is too expensive and impractical

TRUTH: Technological advancements have made renewable energy affordable and realistic.

Determined to fight electrification and decarbonization, oil industry executives falsely claim that widespread adoption of clean renewable energy is not feasible — at least in the short term. The chief executive of Saudi Aramco, the world's biggest oil producer, recently warned of social unrest if the world does not keep on drilling for fossil fuels. "Admitting that oil and gas will play an essential and significant role during the transition and beyond will be hard for some," he said. "But admitting this reality will be far easier than dealing with energy insecurity, rampant inflation and social unrest as the prices become intolerably high." At the same conference, Chevron CEO Mike Wirth continued the industry's tune, saying that said that oil and gas "continue to play a central role in meeting the world's energy needs, and we play an essential role in delivering them in a lower carbon way."

Industry-tied lawmakers on Capitol Hill are far more aggressive, seeking to tie the shift to renewables as an infeasible, elitist dream, rather than recognizing renewables as a viable business that has made gigantic strides over the past 15 years and has become competitive with fossil fuels on price. Rep. Dan Newhouse (R.-Wash) asserted that Biden administration policies "have caused prices to shoot through the roof, and his plans to haphazardly cut out traditional energy sources and make America completely reliant on intermittent renewable resources will keep those prices rising – all while hitting middle and low-income households the hardest." Rep. James Comer (R-Ky.) claimed that "Democrats continue to prioritize progressive and expensive environmental dreams while Americans are facing an energy crisis nightmare."

The oil industry has spared no expense in its decades-long effort to spread doubt about the transition to clean energy, in an effort to prolong its ability to extract profits. The oil industry has funded energy and climate research centers at Stanford, Harvard and other prestigious universities. Industry-tied academics often downplay the ability to transition to renewable energy, writing opinion pieces that fail to disclose their industry ties.

Fossil fuel executives and those on their payroll ignore the reality that transitioning to cleaner energy is realistic and within our grasp. For example, sales of electric vehicles have skyrocketed in recent years, driven by soaring demand in China and Europe and are expected to set records when 2021 sales data is final. North American demand for electric vehicles has lagged behind China and Europe, but U.S. sales soared to a new record in 2021 after the introduction of new models by Volkswagen and Ford. At the same time, the cost of wind and solar power has plummeted in recent years and is now competitive with natural gas and far less expensive than coal or nuclear power – even before taking subsidies into account. Over the past decade, the amount of solar power generated for the U.S. power grid was 20 times higher than in 2011, while wind power generation more than doubled in that same time, according to the U.S. Energy Information Administration. Meanwhile, plummeting costs of battery storage make it feasible to store green energy for use at night, or when wind production is low.

LIE #6 Ramping up domestic drilling is essential to U.S. energy security

TRUTH: The oil industry is engaged in a massive oil-export binge

Oil and gas produced in America does not necessarily benefit U.S. consumers. While the U.S. fracking industry has been steadily ramping up domestic natural gas production, a key industry aim is to ship that natural gas overseas. This year, the U.S. is on track to become the world's biggest exporter of liquefied natural gas (LNG), overtaking Qatar and Australia. The industry has long sought to create a globalized market for natural gas, the outcome of which would be increased prices. Natural gas producers and LNG exporters might well benefit from these price increases, but they would come at the expense of U.S. households and American manufacturers.

Before 2015, U.S. liquified natural gas exports were nonexistent. In the years since, the market for LNG exports has exploded, rising to 9.8 billion cubic feet per day in 2021, compared with 6.5 billion cubic feet per day in 2020. Exports are expected to rise to more than 12 billion cubic feet per day by 2023, according to projections by the U.S. Energy Information Administration. While this export boom has benefited domestic producers, the export of natural gas via pipelines and tankers has harmed U.S. consumers and manufacturing companies by pushing up natural gas prices, raising the prices of home heating and industrial processes that rely on natural gas. The Biden administration has said it is not considering a ban on LNG exports, but it remains clear that the U.S. should not latch its economic growth in the 21st century to exporting finite, climate-destroying natural resources with volatile prices.

LIE #7: Banks are unfairly cutting off loans to the fossil fuel industry

TRUTH: Banks are rightly cautious about extending loans to an industry with a track record of failure.

The oil industry and Republicans in Congress have complained loudly in recent years about banks choosing to consider the elevated risks of climate change in making decisions about where to invest. The U.S. oil industry in 2020 pressed a federal bank regulator to loosen guidelines aimed at protecting banks from making imprudent loans to then-struggling oil companies, though the regulator rejected that request.. Under Trump, the oil industry and Republicans even pushed a federal banking regulator to issue a rule forcing banks to lend to fossil fuel companies. A banking industry lobbying group said the rule "ignores basic facts about how banking works in the U.S." and would dictate to bank executives and board members how to make lending decisions. Despite criticism from banks and consumer and climate advocates, a Trump-appointed acting financial regulator finalized the rule, only to have it halted before it could go into effect under President Biden.

These political machinations ignore the real reasons banks are reluctant to make loans to fossil fuel companies: their disastrous record of business failures and the threat that the coming green transition poses even to profitable companies. Investors in U.S. energy companies have been reluctant to plow money into new drilling after a debt-driven boom in U.S. oil drilling led to a wave of bankruptcies that left investors in the lurch. One oil-focused private equity executive bluntly told Forbes: "We had a lost decade in chasing growth in an industry that didn't really need growth, destroyed a lot of shareholder value." Meanwhile, in December 2021, a top federal bank regulator released draft guidance for how banks should manage the risks related to climate change. The guidance lays out expectations for how banks should incorporate climate-related threats into their governance, planning and risk management. The guidance would not ban loans to the oil industry but instead lays out broad principles for how to incorporate the risk of climate change into lending decisions.

LIE #8: Oil and gas companies care about climate change and the environment

TRUTH: Fossil fuel corporations greenwash their dirty records with slick ad campaigns but change little in practice

As far back as 45 years ago, oil industry scientists privately warned their own company executives that their product would spell doom for the planet. Yet, the industry spent millions promoting climate denial for decades, putting short-term profits ahead of the ability of billions of humans to survive on earth for generations to come. Faced with incontrovertible evidence of a warming planet, oil companies are now changing their public messages about climate change, moving away from outright denial of climate change and asserting that they seek to be part of the solution. Even ExxonMobil, long the most aggressive promoter of climate denial, has pivoted to claiming it cares about climate change. The company made this shift amid intense pressure from shareholders who unseated company board members, arguing that the company's nearly exclusive focus on oil and gas would be a poor long-term business choice as governments ramp up pressure to reduce carbon emissions. ExxonMobil recently pledged that it would attempt to reach "net zero" carbon emissions by 2050, a goal that only includes emissions produced by the company and from its electricity suppliers rather than from the use of Exxon's own products.

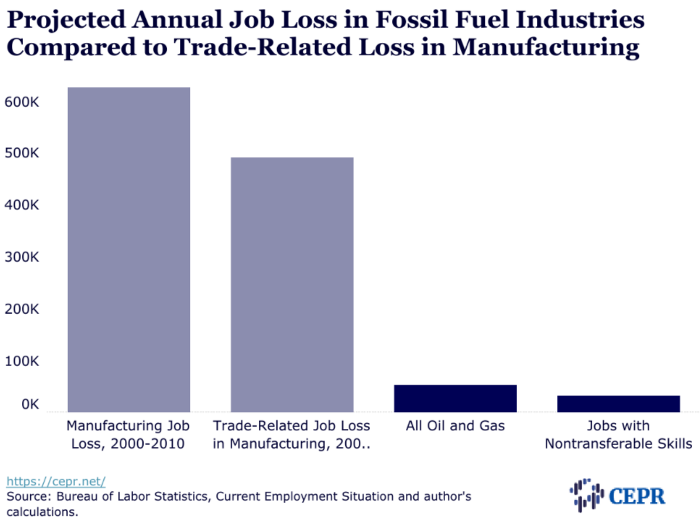
There is ample reason to be skeptical about the oil and gas industry's latest PR positioning. With the public increasingly demanding real action on climate change, the industry has pivoted embrace to false solutions such as "net-zero" energy production, in which dirty energy production is hypothetically offset by reductions in carbon from the atmosphere. However such offsets are deeply flawed, typically fail to actually remove carbon from the atmosphere and often represent empty promises, such as preserving trees that were never in danger of being cut down. Another industry tactic is to emphasize carbon capture and storage schemes — an expensive, energy-intensive and unproven technology that has repeatedly failed to deliver despite substantial government support. One hydrogen plant in Canada was touted for innovative use of green technology but has been found to emit more carbon than it captures. Even some energy executives have been publicly critical of the technology.

Despite carbon capture's poor track record, Congress has been debating whether to increase federal tax credits designed to support this technology, and the bipartisan infrastructure bill passed by Congress last year included more than $12 billion for carbon capture technology and $9 billion for "hydrogen hubs" that would largely benefit incumbent fossil fuel companies while doing little to produce clean energy. "Any legislation funding carbon capture and storage or use or direct air capture is legalizing the funding of scam technologies that merely increase air pollution death and illness, mining and its damage, and fossil-fuel infrastructure, and they have no provable carbon benefit," Stanford University engineering professor Mark Jacobson, told the Intercept. Jacobson added, "By far, the best thing to do with the subsidy money for this is to purchase wind, solar, and storage to eliminate fossil fuels."

LIE #9: Moving away from oil and gas will permanently destroy lots of jobs

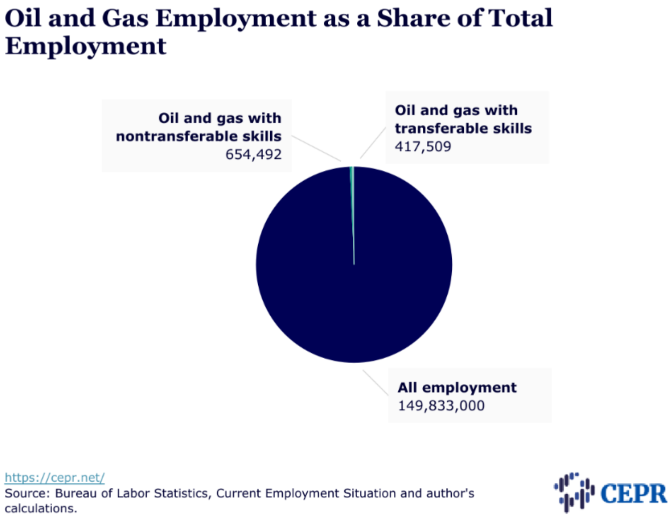
TRUTH: Moving to renewable fuels creates opportunities for workers to transition into new clean energy jobs

A standard oil and gas industry PR tactic is to exaggerate the industry's impact on the job market, while failing to mention that the industry itself has been ruthless in slashing jobs while delivering multimillion payouts to CEOs and other top executives even when they preside over disastrous bankruptcies. The industry has also sought to remove workers from the picture entirely. A new technology being used in west Texas by a drilling



contractor and an ExxonMobil subsidiary would replace oil rig workers with robotic technology.

Nevertheless, Republican lawmakers closely allied with the oil industry claimed at the start of the Biden administration that Biden's energy policies would destroy jobs. Capitol Hill Republicans echoed the talking points of the Western Energy Alliance, an industry trade group. That group promoted a wildly exaggerated study by an economics professor with a history of pro-fossil fuel research claiming that the incoming Biden administration would create massive economic dislocation and job loss. House Minority Leader Kevin McCarthy (R-Calif.) called Biden's temporary pause on oil leasing "a political stunt crafted to pacify the radical, left-wing of his party [that] will cause overwhelming devastation to California's energy industry, potentially jeopardizing more than 360,000 oil and natural gas-related jobs." Rep. Steve Scalise (R-La.) claimed that the Biden administration's actions "will put thousands of Americans out of work, increase energy costs on hard-working families, and make our country less secure."



The transition to clean energy will certainly impact workers' livelihoods, and significant federal funding for the clean energy transition is needed to help cushion the blow. An analysis by the Center for Economic and Policy Research found that projected job losses from a rapid transition away from oil and gas would be relatively small in the context of the entire economy. Out of roughly 150 million U.S. workers about 1 million work in the oil and gas industry, and fewer than 654,000 have skills that cannot be transferred outside the industry. If all fossil fuel employment were eliminated over 20 years, that would mean a loss of 53,600 jobs per year, 32,700 of which would involve positions with non-transferable skills. While those job losses are significant, especially for those working in the oil industry, the potential impact on the labor market is far smaller than the loss of manufacturing jobs from 2000 through 2010, CEPR found. At the same time, the transition to clean energy represents an enormous job-creation opportunity. A ramp-up in offshore wind power could create up to 128,000 construction jobs, according to a clean energy trade group.

LIE #10: Big oil represents unfettered American capitalism, while clean energy is unfairly propped up by subsidies:

TRUTH: Fossil fuel corporations have been massively subsidized for decades

The oil industry claims that its success is due to the free market. But the truth is that the fossil fuel industry since its inception has long been the beneficiary of generous government largesse. Longstanding federal subsidies and tax breaks, often buried in the tax code, prop up fossil fuel development. Below-market leasing rates, royalties and fees have long subsidized oil and gas companies. These subsidies, common around the world, artificially lower the price of fossil fuels, increasing their use, harming the environment, making it far more difficult to foster the adoption of clean energy.

The Trump administration was especially generous to its allies in the fossil fuel industry. Under the Trump administration's 2017 tax bill, 12 large oil companies operating overseas received more than $96 billion in offshore tax giveaways. Also under Trump oil companies disproportionately benefited from a business tax giveaway included in the 2020 coronavirus rescue legislation, the CARES Act. The industry, which has long-relied on close political connections, even got a hand from Sen. Ted Cruz (R.-Texas), who pushed aggressively to change the rules for up a federal emergency loan program, benefiting an oil company controlled by a major benefactor of Cruz as well as many other companies.

To be sure, clean energy also receives ample support from the federal government. Wind producers receive a tax credit for every megawatt-hour of clean energy they produce, and Congress has been considering expanding those subsidies as part of Build Back Better legislation, allowing solar developers to qualify these tax incentives and incentivizing utilities and developers to hire union contractors. However, it is simply smart, sensible policy to shift away from subsidies from the dirty, planet-destroying industries of the past to clean, sustainable alternatives such as wind and solar.

Conclusion

Over the next year, energy companies and their allies in Congress are likely to pour a massive amount of money into deceptive campaigns to continue business as usual. Using wildly exaggerated rhetoric and scare tactics, the industry will mislead the public about the impact of Biden administration policies to bring about the essential transition to clean energy. Lawmakers in Congress, the Biden administration and the public at large must recognize the industry's deceptive tactics and push aggressively to move the nation — and the world — away from the fossil fuels that have so devastated our planet.