

# The Washington Post

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**HD** **The Energy 202: Oil wells on federal lands got a break on payments. Renewables got big past-due bills.**  
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The Trump administration is giving some oil and gas producers drilling on federal lands a break on payments to the government due to the coronavirus crisis – while issuing bills to renewables.

It's reducing royalty payments and suspending leases for oil and gas companies in response to the viral outbreak, which has rocked energy markets so hard the price of a crucial U.S. oil benchmark actually traded below \$0 last month.

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But as Will Englund and I report, wind and solar producers facing their own coronavirus head winds just received retroactive rent bills for their work on public lands.

The moves by the the Bureau of Land Management are in line with the stated preferences of President Trump. The president has said he does not want "to lose our great oil companies" to the pandemic, while in the past he has disparaged wind turbines and placed tariffs on solar panels.

The BLM, which oversees federally controlled land, argues the actions are in accordance with the law. While the agency has the legal authority to offer short-term relief to oil and gas producers, it is obligated to charge rent to wind and solar companies.

The reported number of oil and gas wells getting the relief is small. But critics believe far more applications are pending or on the way. In Utah, 76 wells operated by six companies have been afforded royalty relief by the BLM since late April. That's a small fraction of the 1,498 operating wells there. Though data for other states has not yet been posted, one company said Wednesday that it has been granted relief for "several" wells in Wyoming.

Steve Degenfelder, land manager for Kirkwood Cos., based in Casper, Wyo., said the company has been under pressure all spring. Much of the oil it pumps, in six Rocky Mountain states, sells for \$8 to \$15 less than West Texas Intermediate, which is at about \$30 a barrel, and some of its oil, called Wyoming sour, sells in the single digits.

"All of this is affected by the covid lack of demand," he said. "And storage is as full as can be."

Kirkwood's Utah royalties were reduced from 12.5 percent to 5 percent. Degenfelder said it is hard to quantify the savings that will mean for the family-owned company, which has 55 employees, because the price is so volatile.

He said oil companies were able to take advantage of royalty relief in the 1980s when the price was also low. "It isn't something the current administration pulled out of their hat," he said.

Kirkwood, he said, may apply for relief for its wells in Nevada, North Dakota and Montana.

The cost of reducing oil and gas royalties — which amounted to \$3 billion nationwide last year — by as much as 80 percent extends beyond the federal Treasury. The payments are shared with the states, so the decisions by the BLM will have an effect on their revenue, too.

Wind and solar companies are getting slammed with sometimes massive retroactive rent bills from the government. For more than a year, the agency had delayed billing companies with wind turbines and solar arrays on federally controlled acres as it reviewed industry complaints that it was charging renewable projects too much for rent. The higher rent bills stem from a rule change in late 2016 by the Obama administration.

But this month, the BLM ended the rent holiday — effectively hitting solar and wind operators with multimillion-dollar bills in the middle of the pandemic-fueled economic downturn. It's unclear if the agency is still reviewing the complaints, but the timing of the decision is sure to compound problems for some renewable companies.

The 131-megawatt Tule wind farm near San Diego, run by the Spanish-controlled energy company Avangrid, for example, said it got a \$3 million bill for two years of rent.

And Shannon Eddy, executive director of the Large-scale Solar Association, which represents utility-scale solar developers, said her group's member companies were billed for retroactive rent for this year and last year.

Critics see a contrast in how the Trump administration is responding to different energy producers in tough times. Kate Kelly, public lands director at the Center for American Progress, a liberal think tank, said lawmakers and lobbyists for renewables had been trying to work with the BLM to resolve the rent issue stemming from the 2016 rule. A bipartisan group of 11 senators, including John Barrasso (R-Wyo.) and Lisa Murkowski (R-Alaska), who chair energy and environmental panels in the Senate, had urged the Interior Department in a letter last year to consider reducing payments they saw as "unduly burdensome."

"The Trump administration did a masterful job of punting the rent question for three years, and then they wholly failed to resolve it," Kelly said. "To send massive bills to wind and solar companies amid a global pandemic — and after years of neglecting companies' requests for fair-market rental valuation — is a pretty hostile move. The contrast could not be starker with the administration's response to the oil and gas industry's relief requests."

House Natural Resources Committee Chairman Raúl M. Grijalva (D-Ariz.) on Wednesday asked the Government Accountability Office, a nonpartisan agency that reports to Congress, to produce a report on whether recipients of royalty relief properly showed they needed the aid in response to the drop in oil prices.

"I am concerned that in its haste to approve huge numbers of royalty cuts, BLM may not be fully following the requirements in the regulations," he wrote, adding that the agency has refused to provide his committee with information it asked for.

BLM says it is "continues to engage with the wind and solar industry" on issues related to rental rates. The agency also says its recent decisions do not constitute a bailout to the oil and gas sector.

"These laws and regulations have existed for decades and across multiple administrations, and BLM State Offices are only approving suspension of operations and royalty rate reduction applications when it is in the best interest of conservation to do so or when it would encourage the greatest ultimate recovery of our natural resources," an agency statement said.

"Applications for relief are reviewed by career experts at the Bureau following longstanding procedures and its laws and regulations," the statement said. "Any relief granted is temporary, for up to 60 days. ... These longstanding processes help ensure America has a stable long-term energy supply and provide long-term value to American taxpayers."

The agency says the law requires it to collect the rents from the wind and solar producers. "Federal law requires the BLM to collect fair market value for the use of federal lands, and the process to ensure that American taxpayers receive a fair return," BLM said in a statement.

Despite Trump's expressions of annoyance with wind and solar, his administration is offering renewables some relief elsewhere. Earlier this month, the Treasury Department said it is considering ways to let solar, wind and other alternative-energy projects qualify for time-sensitive tax breaks even if construction is delayed.

Read more here:

The Environmental Protection Agency chief defended continuing to roll back regulations during the pandemic. Since the start of the viral outbreak, the agency has finalized ratcheting back tailpipe emissions standards for cars and overhauling a mercury pollution rule for power plants.

"Will you stop writing rules that will make things actually worse, not better?" Sen. Thomas R. Carper (D-Del.), a frequent Wheeler critic, asked during a Senate Committee on Environment and Public Works hearing.

"All of our rules make things better, sir," replied Wheeler, who was sporting a full beard he grew during the pandemic.

Democrats also slammed Wheeler over the agency's response to the pandemic. Referring to early research suggesting sooty air makes covid-19 more deadly, Sen. Edward J. Markey (D-Mass.) told Wheeler "you should be apologizing to people of color in our country for what you are doing. Shame on you." Last month, the agency opted not to set stricter national air quality standards for soot, a pollutant to which poor and minority communities are more exposed.

Wheeler said the agency has been able to decrease air pollution for all Americans. "There are certainly some environmental justice communities around the country where the air quality is much worse than other areas, but there's also air quality problems in other communities that are not brown or black," he said. "But I think every American, regardless of where they live in this country, deserves to breathe clean air."

Michigan Gov. Gretchen Whitmer (D) said the state will "pursue every line of legal recourse" over the failure of the Edenville Dam. The river dam's failure forced thousands of nearby residents to evacuate amid the pandemic to flee the rush of floodwaters. The Federal Energy Regulatory Commission also said it would investigate the disaster.

"Homes downstream from the dams were inundated by as much as nine feet of water, as the surge breached a second structure along Michigan's Tittabawassee River," Jacob Carah, Frances Stead Sellers, Andrew Freedman and Steven Mufson report. "As 10,000 residents evacuated the city of Midland, a central Michigan community of about 40,000 people, the river reached a level more than a foot higher than the previous record."

Michigan's Department of Environment, Great Lakes and Energy said the breach was a result of historic rainfall as well as deferred maintenance of the dam. "Federal regulators revoked the Edenville Dam's license to produce hydroelectric power in 2018 over whether it could handle big floods," The Post team writes.

"A second dam, at Sanford Lake, downstream from Edenville, was overwhelmed by the floodwaters," they add. A "Midland Daily News report said that the dam's spillway had washed away but that the dam structure was still intact."

The flooding also threatened Dow Chemical Co.'s Midland headquarters, which was evacuated.

Only essential staff remained at the facility, Matthew Cappucci and Andrew Freedman report. The company filed a report with the Nuclear Regulatory Commission because of concern floodwaters could affect its 300-kilowatt nuclear research reactor. "The facility is associated with a Superfund site due to excess dioxins, which are known to cause cancer, in the riverbed downstream of the plant."

A new study is one of the first to map out the location of algae blooms that are popping up across Antarctica. "It identified a large network of algal blooms, cropping up each summer across the peninsula of Antarctica and the nearby islands that dot the Southern Ocean. The researchers counted a total of 1,679 individual blooms, with the largest sometimes covering hundreds of square meters," E&E News reports.

"...The study suggests they may also be a small but notable part of the Antarctic carbon cycle, sucking up several hundred tons of carbon each summer (although much of this carbon may be released again once the algae die or are eaten)."

The information, including the map of where blooms are occurring and what conditions are necessary for the algae to survive, could help scientists predict the fate of algae as climate change warms the region.

Some parts of the planet heat up faster than others. But why? Daniel Pauly, an influential marine scientist at the University of British Columbia, offered one explanation to The Post's Sarah Kaplan in this piece for the Climate Solutions page. He called places "where temperatures have already gone up 2 degrees Celsius 'chunks of the future in the present,'" she writes. "They illustrate how rising temperatures can make an ecosystem go haywire and render certain landscapes unlivable."

National parks continue to reopen. Second Lady Karen Pence visited the recently partially reopened Great Smoky Mountains National Park and called on people to get back outside.

"There's plenty of opportunity there (in the park) to practice your social distancing. ... So, we're saying come, come to the park," she said this week, according to the Knoxville News Sentinel.

But some groups are still calling on visitors to avoid a possibly crowded park. David Lamfrom, southeast regional director for the National Parks Conservation Association, told the publication: "Karen Pence's visit to Great Smoky Mountains National Park downplays the risks of visiting a crowded park ... When people learn that the vice president's wife visited the park, they may believe it is safe for them to visit over the long weekend. It's not."

The Trump administration is considering new sanctions as well as other moves to block Iranian oil sales to Venezuela. "The possibility of new U.S. sanctions and legal action comes as five Iranian gasoline tankers make their way toward Venezuela, offering a potential lifeline to the embattled regime of President Nicolás Maduro," the Wall Street Journal reports. "Iran has warned it will retaliate against the U.S. if it blocks its ships. As crude markets recover from the disarray of a demand-eroding coronavirus pandemic and a devastating price rout, the Islamic Republic has seized an opportunity to use its oil to curry favor with U.S. rivals, including Venezuela and Syria."

The National Park Service finalized a rule loosening hunting regulations in Alaska. On Wednesday, the agency finished its reversal of another Obama-era regulation and struck rules forbidding certain hunting methods on federal land in Alaska that many scientists and conservationists call cruel and inhumane.

As Darryl Fears wrote in 2018, when the changes were first proposed, they include letting "Alaskan game officials decide whether bear cubs can be killed alongside their mothers, caribou can be shot from a boat while swimming, wolves, including pups, can be hunted in their dens and other animals can be targeted from airplanes and snowmobiles."

David Vela, deputy director of the Park Service, said the new rule will ensure the state can do "proper management of hunting and trapping in our national preserves."

More than 250 outdoor sporting businesses and groups want the Trump administration to reject the Pebble Mine permit in Alaska. The letter precedes the U.S. Army Corps of Engineers's impending release of a final environmental impact statement on the proposed mining project.

"In Alaska, fishing and hunting are big business. The foundation of a successful business in this industry is clean water and access to rivers and land that are still remote and wild," the groups wrote. "The rivers downstream of the proposed Pebble mine and its infrastructure are some of the most sought after fishing and hunting destinations in the world."

**CO** brldm : U.S. Bureau of Land Management

**IN** ifosfl : Fossil Fuels | i163 : Renewable Energy Generation | i1 : Energy | i16 : Electricity/Gas Utilities | i16101 : Electric Power Generation | ieutil : Electric Utilities | iutil : Utilities

**NS** gout : Outbreaks/Epidemics | gpol : Domestic Politics | gsars : Novel Coronaviruses | gcat : Political/General News | gcol : Respiratory Tract Diseases | ghea : Health | gmed : Medical Conditions | gpir : Politics/International Relations | gspox : Infectious Diseases

**RE** usa : United States | usw : Western U.S. | namz : North America

**IPD** politics  
**PUB** Washington Post  
**AN** Document WPCOM00020200521eg5I002e5

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