



The Energy Reset of 2025: U.S. Oil & Gas Industry Sees Sweeping Legal Shifts in 2025

The U.S. oil and gas industry has undergone one of its most dramatic legal transformations in decades. In 2025, the Trump administration rolled back climate-era regulations and ushered in a wave of deregulatory measures aimed at boosting fossil fuel production and exports. Industry leaders hailed the changes as a revival of American energy dominance, while critics warned of environmental backsliding and legal battles ahead.

Federal Lands Open for Drilling Again

In January 2025, in a move cheered by producers, the U.S. Department of the Interior signaled its intent to reopen federal lands and offshore areas for oil and gas leasing, reversing Biden-era restrictions. Interior Secretary Doug Burgum emphasized the administration's energy agenda on March 27, 2025:

"This quarter's lease sales demonstrate Interior's unwavering commitment to fostering American energy dominance. ... These revenues reflect an ongoing focus on unleashing domestic energy production, supporting job growth, and reducing reliance on foreign resources through efficient, streamlined permitting and leasing processes."

Environmental groups, however, vowed to challenge the lease sales in court, citing risks to fragile ecosystems.

Methane Fee Repealed

In February 2025, the Congressional vote to repeal the Inflation Reduction Act's methane emissions fee was another landmark decision. Oil and gas companies no

longer face penalties for methane leaks, a costly compliance burden.

“This bipartisan resolution is an important step toward repealing the so-called ‘methane fee’ – a duplicative, punitive tax on American energy production that stifles innovation,” Amanda Eversole, EVP of API, said on February 27, 2025.

Environmental advocates countered that the rollback could worsen greenhouse gas emissions.

LNG Export Pause Lifted

The administration also lifted the pause on liquefied natural gas (LNG) exports to non-Free Trade Agreement countries in February 2025. The move was widely seen as a geopolitical play to strengthen ties with Europe, which continues to seek alternatives to Russian gas.

As a direct result of this, “as of July 2025, U.S. export terminals have sent cargoes to 49 countries on five continents,” according to the DOE LNG Snapshot in September 2025.

Foreign Investment Rules Clarified

In March 2025, the White House issued guidance reshaping rules for foreign investment in U.S. energy projects, aiming to attract capital while maintaining national security safeguards. Updated rules clarified foreign investment in upstream, midstream, and LNG projects. The administration said the changes would attract international capital while safeguarding national security.

Climate Initiatives Rolled Back

In April 2025, federal climate targets and renewable energy mandates were scaled back. The administration emphasized fossil fuels as the backbone of U.S. energy security.

During his EPA deregulatory announcement, EPA Administrator Lee Zeldin stated, “This will put a dagger through the heart of climate change religion and introduce a Golden Age for the American economy.”

The One Big Beautiful Bill Act

Perhaps the most sweeping change came with the passage of the so-called “One Big Beautiful Bill Act” in July 2025. The legislation dismantled key provisions of the Inflation Reduction Act, restored tax advantages for fossil fuel producers, and streamlined permitting processes.

“The One Big Beautiful Bill Act delivers durable reforms that will boost American energy from our independent producers, encouraging new investment,” stated the AXPC in July 2025.

Fossil Fuel Tax Incentives Revived

In August and September 2025, tax credits and deductions for oil and gas producers were reinstated, encouraging new exploration.

“Tax credit changes are reshaping the U.S. power generation mix, with capital flowing back into fossil fuels,” according to S&P Global Market Intelligence in October 2025.

Environmental groups called the incentives “a subsidy for pollution.”

Natural Gas and Coal Power Boosted

In October 2025, legal frameworks were adjusted to promote domestic power generation from natural gas and coal. Utilities welcomed the shift, but renewable energy advocates warned it could stall progress toward decarbonization.

Environmental and Safety Standards Relaxed

Finally, in November and December 2025, regulatory changes reduced compliance burdens in environmental and safety standards. Companies were given more flexibility in environmental and safety compliance, sparking debate over risks to communities and ecosystems. Industry groups praised the flexibility, but community activists expressed concern about increased risks to public health.

What Comes Next

The legal overhaul has set the stage for a new era in U.S. energy policy. Supporters argue the changes will strengthen America's global energy position and lower costs for consumers. Opponents warn of lawsuits, environmental damage, and a retreat from climate commitments.

Ultimately, this is not the end of the story. The courts will have the final say.

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