DOMESTIC ENERGY PRODUCERS ALLIANCE

DEPA DRILLER

MAY 2023

DEPA REPORT ON INDUSTRY, LEADERSHIP, LEGISLATION AND ENERGY REGULATION

DEPA DC FLY IN 2023

A unique opportunity to meet with several committees

The annual DEPA DC Fly-In concluded May 11 after meeting with 30+ members of the Republican Study Committee, the Republican Policy Committee, and the House Energy Action Team in the Capitol building.

During the meeting, DEPA Executive Chairman, Harold Hamm, and Board Director Chris Wright answered questions about the current reality of producing and getting to market the fossil fuels needed to help return the US to a stable energy-independent position and ensure our national security is not at risk with the some of the pending legislation and regulation that has been introduced. They also spoke to the Congressmen about the critical role affordable, stable, clean energy plays in the effort to elevate people around the world out of poverty.

We found the Congressmen engaged and interested in what the boots on the ground inside domestic energy had to say about H.R. 1 and the degree to which new regulations would harm America's poor and middle-class specifically vs the positive movement to environmental barometers. Spoiler Alert—Research by the EPA, using its own climate models concluded even eliminating all fossil fuels from the United States would result in less than 0.2 degrees Celsius in temperature mitigation by 2100.

In addition to the Energy Lunch our group visited with Congressman Kelly Armstrong (R-ND-At Large), Congressman Carol Miller (R-WV-1), Congressman Adrian Smith (R-NE-3), Congressman Troy Balderson (R-OH-12), Congressman Jeff Duncan (R-SC-3), Congressman Bill Johnson (R-OH-6), Congressman Kevin Hern (R-OK-1), Congressman Gary Palmer (R-AL-6), and Congressman August Pfluger (R-TX-11) while in the Rayburn House Office Building.

Federal Energy Regulation Commission Commissioner James Danly gave informal remarks and answered questions during the opening reception and Congressman Ryan Zinke (R-MT-1) was the dinner speaker. Senator Joe Manchin (R-WV-111) was the breakfast speaker on May 11.

Being available to answer questions to our DC leadership is just one of the many things DEPA is doing to protect our country from policy and regulation that is potentially very dangerous to food security, our national economic stability, our energy reliability, and every other aspect of modern life. Our collaborating association the California Independent Petroleum Association recently released the following statement "Even if California eliminates every gas-powered car and grounded every airplane, we would still consume roughly 540,000 barrels of oil daily." Cement, steel, plastics, and fertilizer are the four pillars of the modern world. Cement is the only one of these four that doesn't get production feedstock from hydrocarbons. However, it does require enormous amounts of process heat from the combustion of coal dust, petroleum coke, and heavy fuel oil. (From Liberty Energy's *Bettering Human Lives* report. If you haven't read it, you certainly should! It is available on their website.)

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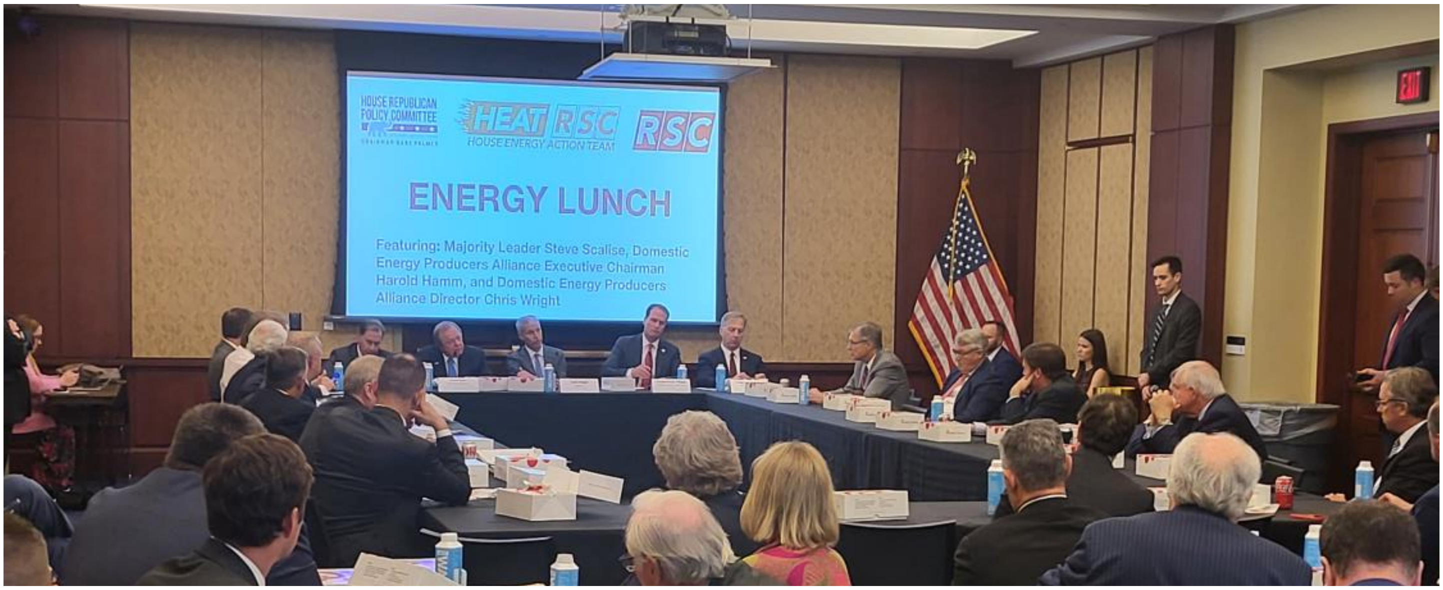

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DEPA believes in seeking common ground, through common sense solutions, to the challenges facing our industry. Our bipartisan approach provides a uniquely powerful voice for our members at the state and national level.

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Before leaving the Capitol for the day, most of the group posed for a photo.

LtoR: Bobby Baggett, Vignesh Proddaturi, Peter Regan, Stephanie Canales, Debbie Bloem, Rob Bloem, Jerry Simmons, Jean Ann Simmons, Bob Warren, Mike McDonald, David Le Norman, Cynthia Simonds, Ed Cross, Patrick Montalban, James Taylor, Linnea Lueken, and Aaron Stover

Cont'd from Cover

We hope you will watch for opportunities to get involved with DEPA; sign onto a letter, participate in our regulatory calls, join us in Washington D.C. for meetings. There are many ways to participate in what is currently a critical fight for common sense and the future of our country.

2023 Q1 Board of Directors Meeting at the Hay Adams Hotel in Washington DC, May 10.

Rt: Toby Mack, President of the Energy Equipment & Infrastructure Alliance offers insights to the board.

Above: Rep. Ryan Zinke chats with DEPA members before the May 10 dinner event.

Rt: Sen. Joe Manchin meets DEPA members before breakfast where he was the presenter.

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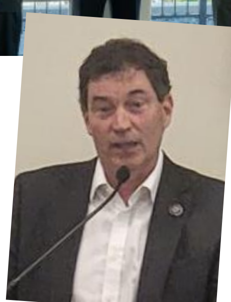
DC Fly-In and Board Meeting 2023











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Texas Alliance of Energy Producers

During our Q1 Board Meeting in Washington DC we highlighted three minutes of Congressional testimony by Diana Furchtgott-Roth, Director of the Center for Energy, Climate, and Environment and a Herbert and Joyce Morgan Fellow. A frequent witness in congressional hearing, Furchtgott-Roth has been the chief economist of the Labor Department, the equivalent to the chief economist of the Treasury Department, and chief of staff to the Council of Economic Advisors. We were very pleased to be able to have Ms. Furchtgott-Roth as our guest for dinner on May 10 while we were in Washington.

Furchtgott-Roth was before the Senate Budget Committee on fossil fuels May 3, 2023 testifying that poor and middle-class Americans are disproportionately pay the price for the Biden Administrations environmental regulations focused on slowing fossil fuel development and promoting electrification. In an effort to discredit Furchtgott-Roth and her testimony, Senator Sheldon Whitehouse (D-RI) attacked her employer for taking money from oil and gas companies. That is when the highlight reel begins. If you haven't seen this video, **you should check it out.**

Who Pays the Price: The Real Cost of President Biden's Energy Agenda

Testimony before
Senate Committee on the Budget
United States Senate
Wednesday, May 3, 2023

Diana Furchtgott-Roth Director,
Center on Energy, Climate, and Environment
and The Herbert and Joyce Morgan Fellow
in Energy and Environmental Policy
The Heritage Foundation

My name is Diana Furchtgott-Roth. I am the director of the Center for Energy, Climate, and Environment at The Heritage Foundation. The views I express in this testimony are my own and should not be construed as representing any official position of The Heritage Foundation.

Chairman Whitehouse, Ranking Member Grassley, Members of the Committee, I am honored to be invited to testify before you today on the subject of "Who Pays the Price: The Real Cost of President Biden's Energy Agenda."

In addition to my role at The Heritage Foundation, I am also an adjunct professor of economics at George Washington University. My professional training is in economics. From 2019 to 2021 I was deputy assistant secretary for research and technology at the U.S. Department of Transportation. Previous positions include acting assistant secretary for economic policy at the U.S. Department of the Treasury; chief economist at the U.S. Department of Labor; and chief of staff of the Council of Economic Advisers under President George W. Bush.

Today I'd like to make the following points: Poor and middle-class people pay a steep price for President Biden's energy agenda. They suffer a decline in value, safety and security, while the regulations do not mitigate climate change. Americans' jobs in the oil and gas fields are being sacrificed to Chinese nationals (sometimes with forced labor) making wind turbines and solar panels. Americans' jobs in auto plants are being sacrificed to Chinese nationals (sometimes with forced labor) making batteries and electric vehicle components.

Last week Stellantis announced that it would be offering buyouts to 33,500 hourly and whitecollar workers in an attempt to cut 3,500 jobs due to its planned transition to electric vehicles.[1] It closed a plant in Illinois in December. General Motors and Ford are also laying off workers as part of their move to make more battery-powered vehicles.

United Auto Workers president Shawn Fain said in a statement on April 26, "Stellantis' push to cut thousands of jobs while raking in billions in profits is disgusting. This is a slap in the face to our members, their families, their communities, and the American people who saved this company 15 years ago. Even now, politicians and taxpayers are bankrolling the electric vehicle transition, and this is the thanks the working class gets. Shame on Stellantis."[2]

Fossil fuels generate substantial tax revenues for federal, state, and local governments. In contrast to fossil fuels, renewables get substantial subsidies and generate comparatively few tax revenues. Renewables raise the costs of electricity, which disproportionately affects the poor and middle class. President Biden's plan to transition away from fossil fuels is making the United States weaker and China stronger, without noticeable effects on global temperatures, using the Model for the Assessment of Greenhouse Gas Induced Climate Change developed by researchers at the EPA, which is used for such calculations at the Heritage Foundation. In order to comply with recent proposed rules by the Environmental Protection Agency to regulate tailpipe emissions, 60% of vehicle sales would have to be battery powered electric in 2030, and 67% in 2032.[3] This would be impractical, costly, and less safe for drivers. The Department of Energy also wants to regulate a variety of other appliances, depriving Americans of the ability to have a simple gas stove[4]—an appliance that goes back almost 200 years. Poor and middle-class people will be paying the price for these rules, both proposed and enacted.

Fossil fuels are also essential for agriculture. Reliable energy availability creates cheap food, jobs, and more productive economic growth. This contributes to lower greenhouse gas emissions in the long run. If the world gives up its energy and agricultural security, countries will be left with the insecurity of higher food and transportation costs, higher electricity costs, and lost jobs, with decreased food access, with the poor paying most of the price. High food and energy costs in emerging economies reduce economic growth, leading to pressures to migrate to countries with job opportunities, particularly in Europe and North America.

Tax Provisions for Fossil Fuels

The best tax policy would be to abolish all energy subsidies and mandates, which distort investment and consumption choices. President Biden wants to raise an additional $120 billion taxes on fossil fuel producers over the next decade. This would raise prices of electricity, heating, and gasoline, and disproportionately hurt low-income Americans, who spend a high proportion of their income on electricity and motor fuel.

The fossil fuel industry already pays substantial taxes, and gasoline is one of the most highly taxed products after labor. Many tax provisions for fossil fuels apply to other industries. For instance, capital cost recovery provisions, which cost $14 billion over 10 years, allow fossil fuel companies to deduct certain expenditures in the same way that is common in other industries.[5] President Biden proposes that these deductions be spread over a period ranging from 5 to 39 years, or disallowed completely. One tax deduction for fossil fuels is for intangible drilling costs, which costs $10 billion over 10 years,[6] and has parallels in tax deductions in other industries. For example, if a pharmaceutical company invests in research in drugs that are not brought to market, the company can write off those costs.

All firms benefit from foreign tax credits, and oil companies can treat royalties as fully deductible foreign income tax. Many oil and gas companies are set up as Master Limited Partnerships, as are companies in other industries.[7]

Other tax provisions are specific to fossil fuels. Small independent producers benefit from percentage depletion, which is an accelerated depreciation method used by small independent producers and owners of royalties. Percentage depletion for oil and gas wells cost $9 billion over 10 years.[8] From 2019 to 2023, the Joint Committee on Taxation estimates the credit for investments in clean coal facilities cost about $200 million a year.[9] During the same period, the credit for carbon sequestration is estimated to cost a total of $100 million.[10]

These financial incentives are far smaller than those for wind and solar. In April the Joint Tax Committee estimated that green tax credits from the Inflation Reduction Act will cost $570 billion from 2023 to 2033.[11] As of 2022, wind and solar power produced less than 6% of our domestic primary energy consumption.[12] The reality is that the federal government is spending billions on renewables, making electricity more expensive, and getting billions in revenues from the oil and gas sector, with vast benefits for consumers. The poor and middle class are paying the higher electricity prices.

The oil and gas industry generates direct revenues for the federal government in the form of corporate income taxes, excise taxes on gasoline, and fees for oil and gas leasing on federal lands. The oil and gas extraction industry paid 19%

of income in federal taxes in 2018, compared to 11% for industries as a whole.[13] In fiscal 2019, the last full year before the pandemic, the federal government collected and disbursed to states over $4 billion from oil and gas leasing on onshore federal lands.[14] Federal gas taxes bring in $42 billion a year and are expected to do so over the next decade, according to the Congressional Budget Office's baseline projection.[15] The availability of affordable oil and gas also generates indirect revenues by increasing GDP and encouraging manufacturing from other countries to locate in the United States.

States collect oil and gas taxes from gasoline and diesel excise taxes; state taxes levied on the value or volume of oil and gas produced; property taxes on the value of oil and gas property; oil and gas lease revenues from state lands; and oil and gas lease revenues from federal lands. For example, in the last fiscal year ending August 31, 2022, oil and natural gas brought in $10.8 billion to the State of Texas. [16] In Alaska, the Energy Policy Research Foundation has estimated that the recently-approved Willow Project will have a net present value of $44.6 billion in 2026, with $2.8 billion paid in federal royalties and taxes, and $820 million paid to the State of Alaska in royalties and taxes.[17]

EPA's New EV Regulations Weaken America

New proposed regulations[18] on automobile emissions from the Environmental Protection Agency would require new car sales to be 60% battery powered electric by 2030 and 67% by 2032, compared to fewer than 6% in 2022. EPA is also planning new rules for power plants,[19] driving up the costs of the electricity needed to charge these vehicles. These rules would raise driving costs for Americans, and poor and middle-class Americans disproportionately would pay the price.

New electric vehicles cost more than gasoline-powered vehicles. The electric version of the base version of the Ford 150 pickup truck, the best-selling vehicle in America, costs an additional $26,000. [20] Tesla's base prices start at about $40,000 for a Model 3 and go up to almost $100,000 for a Model X.[21] These are staggering costs to impose on American families. Cars are part of the American Dream for many Americans, a dream that for too many American families is put out of reach by these new regulations.

Charging will also cost more. At the same time as EPA issuing new rules for automobile emissions, it is also planning new rules for emissions from power plants, The New York Times has reported. [22] According to the reports, EPA will regulate carbon dioxide and other so-called greenhouse gas emissions from both new and existing natural gas and coal-fired power plants, and require carbon capture systems or a switch to hydrogen fuels. These systems for capturing carbon are costly and will be passed on to consumers in the form of higher electricity rates. Drivers will find it more expensive to use electricity for all purposes, including charging their electric vehicles, harming poor and middle-class drivers the most.

Some states, such as California and Texas, have experienced many brownouts and blackouts in recent years as the existing electric grid cannot meet existing demand. Few new net sources of electricity generation are coming online. Electricity is not a fully reliable source of energy in these states. Moreover, it is becoming increasingly expensive. Pacific Gas and Electric has advised its customers that the average electricity bill will be $187 a month as of March 1, 2023, and increase of 5% from January 1, 2023. Over the past two years rates have risen by almost a third.[23] Upper-income residents can afford backup generators to deal with blackouts, but poor and middle-income residents cannot. Food spoils in their refrigerators and their children cannot do homework without electricity for lights and computers.

Three-quarters of vehicles sold are previously owned cars.[24] In 2019, the last year for which complete data on used car sales are available, Americans bought 41 million used cars and 13 million new cars.[25] But people do not want to buy used electric vehicles, because it is difficult to evaluate how long the battery will last. Replacing an EV battery can cost anywhere from $5,000 to $20,000.[26] The poor and middle class will suffer most from higher prices for used vehicles, because they cannot afford the new electric vehicles.

Mandating electric vehicles would reduce Americans' standard of living. Back in the early 1900s, when Henry Ford started producing cars, only rich Americans could afford them. Throughout the 20th century cars became less expensive, and many households can afford not one but two. Cars are already becoming more expensive, and the proposed rule accelerates that trend, taking America back a century, where new cars will be only for the rich.

Recharging an electric vehicle from empty can take over an hour, compared to 5 minutes to fill up with gas.[27] If there is a line to use the charging station the wait can double. Most people do not want to let their EV battery go below 20%, and the charging rate goes down when it is charged over 80%.[28] Throughout America the poor rarely have access to indoor garages for overnight charging, and in most large cities, such as New York City, the middle-class also have no access to indoor charging. Using charging stations on the street, if available, risks theft of expensive charging cables.

Battery-powered vehicles lack sufficient range to satisfy most customers. Although 60 to 70 miles of range is enough for most trips, people buy cars for all circumstances, including vacations and cold weather. Moreover, batteries lose up to 40% of their range in cold climates.[29] A study by Autocar[30] shows that electric vehicles lose, on average, a third of their range in the winter, which reduces the typical 240-mile range to 160 miles. If a heat pump is added to the car, the loss is less, but still the 240-mile range would shrink to 180.

Car results varied. The Fiat 500 42kWh Icon lost 40% of its range in the winter.[31] The Ford Mustang Mach-E Extended Range RWD lost 35%, and the Porsche Taycan 4S Performance Battery Plus, with heat pump, lost 22% (the Taycan costs between $83,000 and $166,000). [32]

The loss of range in cold weather is one reason why, at the end of 2021, the latest full year available, North Dakota has 380 electric vehicle (EV) registrations, the fewest in the United States, according to the Energy Department. [33] North Dakota will receive $26 million for charging stations, according to the Department of Transportation, [34] or $68,000 per registered EV. Wyoming, with $27 million and 510 EVs, gets $53,000 per EV.[35] South Dakota, with $29 million, has 680 vehicles, and will collect $43,000 per vehicle.[36] Alaska had 1,290 registered electric vehicles (EVs). Alaska will get $52 million[37] of the $7.5 billion that the new Infrastructure Investment and Jobs Act allocates to states for electric charging stations.[38] That works out to more than $40,000 per electric vehicle. These funds could be saved or put to better use.

In comparison, there were 563,070 registered EVs in California and 95,640 in Florida, according to the Energy Department. [39] California is getting a much larger allocation for its charging stations, $384 million over 5 years.[40] Drivers in the Golden State use EVs, so the stations will at least get some use. On a per vehicle basis, this works out to $682 per registered EV. But with California drivers piloting expensive Teslas and Hummers down sunny freeways, reasonable people might ask why electric charging stations need to be provided by the taxpayer.

Minerals such as lithium and cobalt are essential for batteries. Mining for these minerals is energy-intensive, and the Chinese Communist Party (CCP) has facilitated access to domestic and foreign minerals for battery production. Lithium is mined in western China's Qinghai Province, aided by government funding, and China purchases cobalt for electric batteries from Kisanfu, in the Democratic Republic of Congo.[41] The United States makes opening new mines virtually impossible, even though the jobs generated would help all Americans, particularly the poor and middle class. Thus, the rule will result in a massive increase in mining in countries that have no respect for the environment or human welfare. The sorts of mining that will be conducted as a result of the rule will be bad for the environment and are frequently performed by child workers.

Electric vehicles are not emissions free. In addition to batteries made with fossil fuels, increased electricity demand places additional stress on the electrical grid, as California has found out from rolling blackouts. In its proposal, EPA discusses the benefits of reducing pollutants from cars,[42] but higher emissions will come from the electricity generated to recharge the cars. This electricity is made with natural gas and coal, because wind and solar powers a small share of America's power. EPA admits that "We expect that in some areas, increased electricity generation would increase ambient SO2, PM 2.5, ozone, or some air toxics."[43]

The push towards expensive electric vehicles directly contradicts the Department of Transportation's focus on "Health and Equity." According to the Department," households in low-income areas typically own fewer vehicles, have longer commutes, and have higher transportation costs." These are the people who will pay the price for new EPA regulations. Their cars will be older, less safe, and break down more frequently, resulting in higher repair and maintenance costs.

President Biden's Energy Plans Will Make Cars Less Safe

Almost 43,000 people died on the roads in 2022,[44] the equivalent of 215 plane crashes a year killing 200 people each time. EPA's tailpipe emissions proposal would, if implemented, make Americans even less safe on the road. The prior 2022 fuel economy proposal[45] from the National Highway Transportation and Safety Administration (NHTSA) raises the 2026 Corporate Average Fuel Economy standard to 49 miles per gallon (MPG) from the current standard of 40 MPG. The rule sets a new minimum standard of 59.4 MPG for passenger cars and 42.4 MPG for light trucks made in the United States by model year 2026, with fines for non-compliant carmakers. NHTSA concludes that the higher price of cars would increase fatalities because fewer people would be able to afford the safer, newer, cars, "The slowing of fleet turnover due to higher vehicle prices has the largest impact of the three factors on fatalities."[46]

NHTSA estimates that the decline in new vehicle sales would result in up to 812 additional deaths on the road each year, 16,206 more injuries, and almost 50,000 more crashes involving property damage.[47] This is because fewer people would be able to afford new and later-model used cars, which are safer than old cars. EPA's proposed regulations would make the situation worse.

This increase in prices caused by successive reductions in emissions contradicts NHTSA's core values,[48] namely leading "the Nation by setting the motor vehicle and highway safety agenda," and serving "as the catalyst for addressing critical safety issues that affect the motor vehicle and highway safety communities." Deaths and injuries from the new rules would be concentrated among low-income Americans, disproportionately minorities, who would pay the price of the new rule: due to the price increases, they would buy fewer new cars and fewer later-model used cars.

The push towards expensive electric vehicles directly contradicts the Department of Transportation's focus on "Health and Equity." According to the Department,[49] "households in low-income areas typically own fewer vehicles, have longer commutes, and have higher transportation costs." These are the people who will pay the price for new EPA regulations. Their cars will be older, less safe, and break down more frequently, resulting in higher repair and maintenance costs.

In addition, if people choose not to buy the mandated electric vehicles, carmakers will have to reduce their prices and raise prices of popular pickup trucks and SUVs to stay profitable.[50] Lower-income and Americans in rural areas will be paying more for their preferred vehicles, subsidizing better-off residents in cities and California, who are the main purchasers of electric vehicles.

Automakers will be harmed both by higher prices of the new cars, which will reduce vehicle sales, and by the subsidies for electric vehicles. The increased deaths, injuries, property damage, and offshored carmakers' jobs should concern President Biden and others who value road safety and employment.

Fossil Fuels Are Needed for Food and Border Security

Not only our energy security, but also our agricultural production and food security, depend on fossil fuels. Raising the price of fossil fuels raises the cost of food, and the poor and middle class pay the price. Ammonia is a key component of fertilizer manufacturing, and producing it requires natural gas.

Fossil fuels are essential for food production, and climate restrictions will only send prices higher. Over the past year U.S. food prices have risen 8.5%, according to the Bureau of Labor Statistics, disproportionately harming the poor and the middle class. Cereals were up 13%, bakery products up 14%, poultry was up 7%, and dairy was up 11%.[51]

When Russia cut off natural gas to Europe, helping to send the globe into near-recession conditions, the world learned the importance of energy security. Agricultural and food security are equally important.

Countries will never reach Western income levels using only wind and solar. The misguided policies of Western countries to discourage energy use condemn billions of people around the world to impoverished lives and hunger. This poverty is merely collateral damage for the consciences of Western elites.

The Rhodium Group is forecasting that agricultural emissions will make up 30% of U.S. total greenhouse gas emissions by 2050. [52] Nevertheless, fossil fuels are vital to fertilizers and pesticides, which improve crop production and reduce food prices. In 2021, Sri Lanka President Gotabaya Rajapaksa banned synthetic fertilizer and pesticide imports practically overnight, leaving Sri Lanka's farmers with only organic substitutes, because he claimed that chemical fertilizers and pesticides were leading to "adverse health and environmental impacts."

Six months later, rice production had dropped by 20% and tea production had declined by 18%. Rice is a staple in the country and tea is a vital export. In 2022, with inflation at 55% and the economy in tatters, protestors took over Rajapaksa's home, his government fell, and he had to flee the country.

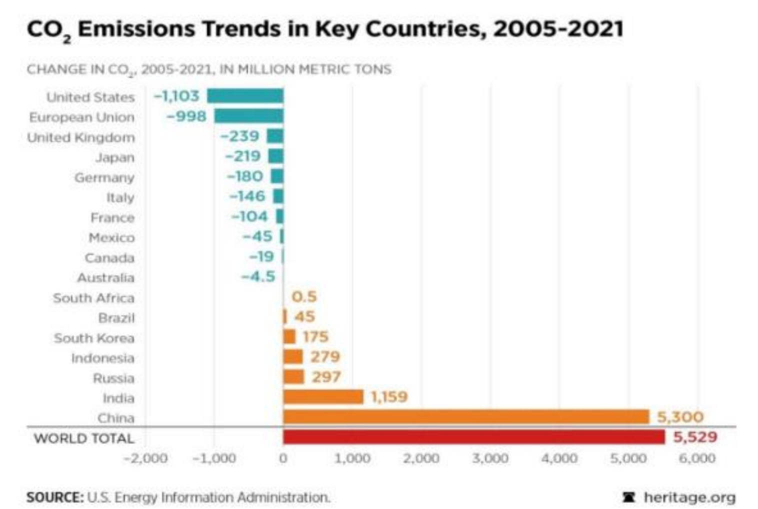
Protests are also occurring in the Netherlands and Belgium as policymakers attempt to curtail fossil fuels in agriculture. Farmers are rioting because they are losing their livelihoods in the name of fighting climate change as European governments seek to reduce emissions of nitrogen oxide and ammonia, necessary inputs of modern agriculture.

European farmers are being told that because of the aim for "net-zero emissions" of greenhouse gases and other so-called pollutants in 2050, their industry is being phased out. The Dutch government wants to cut emissions of pollutants, predominantly nitrogen oxide and ammonia, by 50% nationwide by 2030. Ministers warn that farmers will have to adapt or face the prospect of shuttering their businesses.

Will American farmers and consumers soon face the same fate? Congress will pass a farm bill this year, and with the Inflation Reduction Act funneling $20 billion of climate funds into agriculture, American farmers could face similar pressures.

This disproportionately hurts the poor, who spend a higher share of their income on food. Food access for poor people is at stake. Despite billions of dollars spent by international aid organizations, many people lack food, modern energy, electricity, and running water. One-third of the Earth's population needs energy from fossil fuels, such as oil, natural gas, coal, or nuclear power, to bring people up to Western standards.

Figure 1



Groups such as the Swiss-based Center for International Environmental Law are pressuring international development organizations, private corporations, and pension funds not to invest in conventional fuels, even for food. The center's October report[53] states in its executive summary, "Agriculture accounts for roughly a third of global greenhouse gas (GHG) emissions, and fossil fertilizers—synthetic fertilizers derived from fossil fuels—are an unrecognized contributor to this figure."[54] But the poverty that results from higher food and electricity costs leads to migration and pressures on borders, as people flee Africa for Europe and flee Latin America for North America in search of jobs and fossil-fueled prosperity.

Countries will never reach Western income levels using only wind and solar. The misguided policies of Western countries to discourage energy use condemn billions of people around the world to impoverished lives and hunger. This poverty is merely collateral damage for the consciences of Western elites.

America Pays the Price: President Biden's Energy Plans Are Strengthening China

America is paying the price of President Biden's energy agenda, and China is the winner. President Biden's plans will strengthen China's economy, because China makes nearly 80% of the world's electric batteries, [55] 66% of global solar panels,[56] and 50% of wind turbines.[57] This is especially troubling because the Chinese Communist Party (CCP) is a totalitarian regime which has a poor record both on the environment and on human rights. Beijing is engaged in genocide against the minority Uyghur people of Xinjiang and has imposed draconian restrictions on political freedoms in Hong Kong.[58] The CCP has reduced or eliminated religious liberties for Christians and Buddhist worshippers of the Dalai Lama throughout Tibet.[59] Empowering the Chinese government is fundamentally at odds with "good corporate governance."

Rather than using its own oil and natural gas resources, America will depend on energy from China. Countless other renewable energy components and technologies also depend to a large extent on Chinese supply chains. For instance, many of the components of batteries will either be sourced, processed, or manufactured in China for the foreseeable future. Middle-class Americans are losing jobs at Stellantis, Ford, and GM due to the forced switch to electric vehicles. Recent efforts to require battery manufacturing in the U.S. mask the source of the components. In contrast, none of the gasoline or diesel fuels for transportation are from China.

In order to produce supplies of renewables, China is increasing its construction of coal-fired power plants. America has 225 coal-fired power plants, and China has 1,118 (half of all the coalfired plants in the world).[60] That is one reason why China has increased carbon emissions by over 5,000 million metric tons over the past 16 years.[61] In contrast, America's carbon emissions have declined by over 1,000 million metric tons over the same period due to the use of clean natural gas.[62] (See Figure 1.)

A new report by the Heritage Foundation, Winning the Cold War: A Plan for Countering China, [63] shows how America's environmental policies benefit China and harm America. Heritage issued the report on the same day that the House of Representatives introduced H.R. 1, The Lower Energy Costs

Act, [64] sponsored by Majority Leader Steve Scalise (R-LA), Energy and Commerce Committee Chair Cathy McMorris Rodgers (R-WA), Bruce Westerman (R-AR), and Transportation and Infrastructure Committee Chair Sam Graves (R-MO). The bill emphasizes domestic energy production, lower energy costs, and reduction in emissions.

The Heritage report recommends the following.

- First, Congress and the Executive branch should identify and discourage environmental policies that benefit China or make America dependent on Chinese energy sources and supply chains.
- Second, Congress should pass laws that prevent state and federal agencies from imposing regulatory requirements that make critical infrastructure or supply chains more dependent on China.
- Third, the Federal government should enhance scrutiny of ESG ratings and prevent regulators from taking actions that promote ESG scores.
- Fourth, the government should educate foreign governments, the private sector, and civil society about the CCP's manipulation of ESG issues.
- Fifth, the government should prevent the imposition of net zero policies at the state level. Much could be done by individual states. State legislators should oppose environmental policies that prevent asset managers from maximizing returns for beneficiaries. State pension funds should be invested with a goal of the highest returns to fiduciaries.

Rather than kowtowing to China, companies should reject environmental policies that raise the costs of doing business and favor the CCP. The rush to a green energy future, driven more by politics and virtue-signaling than economics and emissions reductions, will only enrich China at America's expense and place vital energy supply chains at mercy of Beijing.

China has not committed to reducing emissions until 2027. Research by Dr. Kevin Dayaratna, chief statistician and senior research fellow at The Heritage Foundation, has shown that even completely eliminating all fossil fuels from the United States would result in less than 0.2 degrees Celsius in temperature mitigation by 2100. [65] Americans, particularly poor and middle class, would be bearing major costs in higher electricity prices, higher food prices, and a forced switch to costly electric vehicles without benefits for the environment. They would pay the price for President Biden's energy agenda.

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ENDNOTES:

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Go Woke, Go Broke

By Edward Cross, DEPA Board Member and President
Kansas Independent Oil & Gas Association

We have recently seen some big bank collapses. First Republic Bank declared proudly it would not support or lend money to the fossil fuel industry. When a bank tells us they don't want to make money, we believe them.

- First Republic Bank, which recently required a $30 billion bailout from its industry peers to stay afloat, became the first large U.S. bank to stop lending to the fossil fuels industry back in 2021, achieving carbon neutrality that same year.
- It pledged to remain 100% carbon neutral.
- It also said it would purchase totally renewable energy.

A popular tool of the anti-fossil fuel movement is the ever-increasing use of "Environmental, Social, and Governance," or ESG, criteria for investment. The end goal of the Environmental portion of ESG is a "net zero economy" — that is, net zero carbon emissions by 2050, as per the Paris Climate Accords.

Silicon Valley Bank (SVB) also had a sizable green investment strategy.

- It was the go-to bank for clean tech start-ups.
- SVB was also instrumental in helping launch community solar projects.
- Before the collapse, the bank boasted that it financed or helped finance 62% of community solar projects in America.

That didn't work out so well, either.

BlackRock is only one of many institutional investors to advocate for ESG; from banks to ratings agencies to even the SEC, the use of ESG criteria for judging companies' worth is certainly prominent on Wall Street and in Washington.

How the advocates intend to both give rise to the "net zero transition" while avoiding divesting from oil and gas has yet to be demonstrated.

ESG was not the only cause of any of the recent bank collapses. Rising interest rates, hot deposits and faulty asset-liability management contributed to their demise.

At the very least, the recent run of bank collapses offers still more proof that ESG does not lead to better business performance or investment outcomes.

Banks like First Republic rolled the dice and lost. They are now bankrupt thanks, at least in part, to their adoption of ESG policies. Guess "Go Woke, Go Broke" really is a thing.

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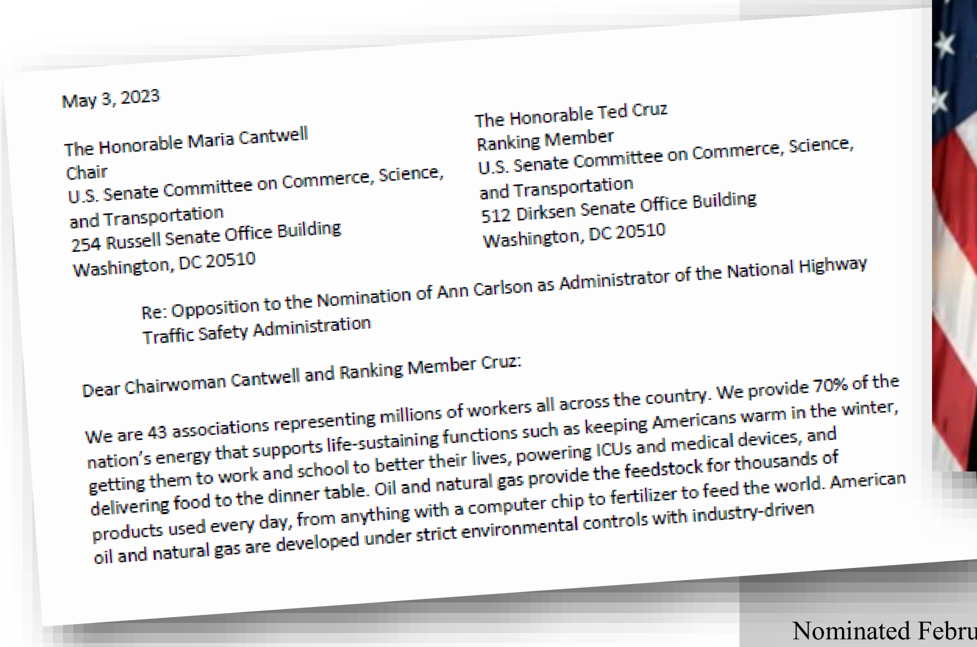
DEPA Joins Trades Letter in Opposition to the Nomination of Ann Carlson as Administrator of the National Highway Traffic Safety Administration


May 3, 2023

The Honorable Maria Cantwell
Chair
U.S. Senate Committee on Commerce, Science, and Transportation
254 Russell Senate Office Building
Washington, DC 20510

The Honorable Ted Cruz
Ranking Member
U.S. Senate Committee on Commerce, Science, and Transportation
512 Dirksen Senate Office Building
Washington, DC 20510

Re: Opposition to the Nomination of Ann Carlson as Administrator of the National Highway Traffic Safety Administration

Dear Chairwoman Cantwell and Ranking Member Cruz:

We are 43 associations representing millions of workers all across the country. We provide 70% of the nation's energy that supports life-sustaining functions such as keeping Americans warm in the winter, getting them to work and school to better their lives, powering ICUs and medical devices, and delivering food to the dinner table. Oil and natural gas provide the feedstock for thousands of products used every day, from anything with a computer chip to fertilizer to feed the world. American oil and natural gas are developed under strict environmental controls with industry-driven

Ann Carlson

Dear Chairwoman Cantwell and Ranking Member Cruz:

We are 43 associations representing millions of workers all across the country. We provide 70% of the nation's energy that supports life-sustaining functions such as keeping Americans warm in the winter, getting them to work and school to better their lives, powering ICUs and medical devices, and delivering food to the dinner table. Oil and natural gas provide the feedstock for thousands of products used every day, from anything with a computer chip to fertilizer to feed the world. American oil and natural gas are developed under strict environmental controls with industry-driven technologies that make it the most sustainably produced in the world. Natural gas electricity generation is the number one reason our country has reduced more greenhouse gas emissions than any other over more than a decade. The world would truly be less healthy, safe, and environmentally protected without the energy and products we provide.

We strongly oppose President Biden's nomination of Ann Carlson as Administrator of the National Highway Traffic Safety Administration (NHTSA). Her multiple public statements reveal a clear agenda to go beyond NHTSA's congressionally mandated mission on vehicle performance and safety standards and turn it into a climate change enforcement body. We are also concerned by Carlson's lack of transparency about her work promoting spurious climate change litigation.

Nominated February 12, 2023, Ann Carlson served as the NHTSA's chief counsel and has been acting administrator since August 2022 when Stephen Cliff stepped down to become the executive director of the California Air Resources Board.

Before joining the Biden administration, Carlson was the Shirley Shapiro Professor of Environmental Law at the UCLA School of Law, where she also served as faculty co-director of the Emmett Center on Climate Change and the Environment. Her career focus has been U.S. environmental law and policy with a particular focus on climate change and environmental federalism.

"In no way did Congress intend for the NHTSA to work to address climate change and the Biden administration's nomination of Ann Carlson as administrator is yet another action to change the focus of our federal agencies from their critical responsibilities towards solving climate change," Pfluger said. "With the number of fatal accidents rising, it is critical the NHTSA is led by individuals committed to the core mission of saving lives due to traffic crashes." - Congressmen August Pfluger (R-TX 11) said in a statement responding to the this letter.

"Her multiple public statements reveal a clear agenda to go beyond NHTSA's congressionally mandated mission on vehicle performance and safety standards and turn it into a climate change enforcement body."

Today, the most pressing concern of NHTSA is not climate change impacts decades into the future but traffic safety in the here and now. Americans face real dangers from distracted and impaired drivers behind the wheel and potential vehicle safety standard violations. The number of highway fatalities has increased at unacceptable rates over the past decade, accelerating further under the Biden Administration. From 2011-2021, annual highway deaths increased 32%, from 22,020 to 29,148. Though full data for 2022 are not yet available, the agency reported 31,785 fatalities for the first three quarters, nearly 30% higher than the 10-year average for the same period. Furthermore, the most recent NHTSA data show the economic costs of all traffic crashes totaled $340 billion in 2019, roughly five full years of federal highway funding in the Infrastructure Investment and Jobs Act of 2021.

NHTSA needs an Administrator focused on saving lives and mitigating harm, not reorienting the agency to engage in a whole-of-government approach to climate change. Yet Ms. Carlson appears more concerned about limiting greenhouse gas emissions than fatalities and traffic accidents, as evidenced by her record as NHTSA's chief counsel. As revealed through a FOIA inquiry, her statements show her attention is far from highway safety:

- "The agency is in charge of climate standards for cars and trucks, which is why they have recruited me for the position," she stated in an email to colleagues at the University of California, Los Angeles (UCLA).
- "I think it's important NHTSA has climate people—they never have before," in an email to Mark Gold at the California Natural Resources Agency.
- "I view my appointment (and a number of others) as evidence that the Biden Administration is truly committed to a 'whole of government' approach to addressing climate change," in an email to Emmett Institute on Climate Change & the Environment board members.
- "I've been appointed by the Biden-Harris team to serve as NHTSA's Chief Counsel. The deputy is also a climate person…I understand NHTSA was not the partner it could have been during the Obama era—our appointments are meant to change that," in an email to Jody Freeman, Harvard law professor and former climate counselor in the Obama administration.

Carlson's expressed focus on climate falls outside of NHTSA's congressional mandate, "to help reduce the number of deaths, injuries, and economic losses resulting from motor vehicle crashes on the Nation's highways." Nowhere in NHTSA's statute is climate change addressed. Yet she is running point on a proposed rulemaking on new restrictive vehicle fuel economy standards designed to achieve the president's aggressive goal of compelling a switch to electric vehicles. Carlson views NHTSA's pending restrictions on internal combustion engines as key to overloading the regulatory system with so many new rules that it becomes extremely difficult for the courts to overturn them, as happened with the Clean Power Plan. She has advocated for the Biden Administration to "have a suite of climate policies rather than relying on any single policy—think of it as the 'don't place all your eggs in the same basket' approach." Her policy focus runs far afield from safety to, "tightening efficiency standards, tighter fuel economy standards, limiting drilling on public lands, infrastructure investments, appointing FERC commissioners who can factor carbon into their decision-making, continuing tax incentives to encourage renewable energy and R&D investments, and many international efforts…"

We are also concerned by Ms. Carlson's lack of transparency and conflicts of interest. She failed to disclose her relationship with the Sher Edling law firm and its network of partners on her Department of Transportation recusal form when taking over as NHTSA's chief counsel. Carlson served as an advisor and fundraiser for Sher Edling during her time as an environmental law professor at UCLA.

Ms. Carlson helped recruit states and municipalities to serve as plaintiffs represented by Sher Edling in climate change lawsuits against oil and natural gas companies seeking to offset costs from climate change. She has boasted that, "Sher Edling really knows how to plot against these defendants and knows what it takes in terms of resources, they know what to expect, there will be mud flung in every direction, hoping something will stick to the wall." She helped Sher Edling raise millions of dollars from actor Leonardo DiCaprio's foundation for climate lawsuits using a dark money vehicle called the Collective Action Fund for Accountability, Resilience and Adaptation managed by Wyss Foundation backed organizations. Her failure to disclose these relationships raises several alarm bells and should be considered disqualifying.

We urge you to take an important step to protect Americans on the road by not advancing the nomination of Ms. Carlson as Administrator at NHTSA. Thank you for considering our combined voices representing millions of energy and manufacturing workers.

Sincerely,

Western Energy Alliance
Alaska Support Industry Alliance
American Association of Professional Landmen
American Exploration & Production Council
American Fuel & Petrochemical Manufacturers
American Petroleum Institute
Arizona Petroleum Marketers Association
Arkansas Independent Producers & Royalty Owners Association
Colorado Alliance of Mineral and Royalty Owners
Colorado Oil & Gas Association
Domestic Energy Producers Alliance
Energy Workforce & Technology Council
Gas and Oil Association of West Virginia
Illinois Oil & Gas Association
Independent Oil and Gas Association of New York
Independent Petroleum Association of America
Independent Petroleum Association of New Mexico
International Association of Drilling Contractors
Kansas Independent Oil & Gas Association
Kentucky Oil and Gas Association
Michigan Oil and Gas Association
Mississippi Independent Producers and Royalty Owners Association
Montana Association of Oil, Gas, and Coal Counties
Montana Petroleum Association
National Ocean Industries Association
National Stripper Well Association
New Mexico Oil and Gas Association
North Dakota Petroleum Council
Northern Montana Oil and Gas Association
Ohio Oil and Gas Association
Panhandle Producers & Royalty Owners Association
Pennsylvania Manufacturers' Association
Permian Basin Petroleum Association
Petroleum Association of Wyoming
Southeast Oil and Gas Association
Texas Alliance of Energy Producers
Texas Independent Producers & Royalty Owners Association
Treasure State Resources Association
The Energy Council
The Petroleum Alliance of Oklahoma
U.S. Oil & Gas Association
Utah Petroleum Association
West Slope Colorado Oil & Gas Association

Upcoming Regulatory Committee Meetings

Regulatory Committee Co-Chairman
Will Houser, Continental Resources
Rusty Shaw, Denbury Resources

Meetings are held by teleconference at 2pm CT, and are open to anyone who would like to attend. Please email CSimonds@depausa.org to be included in call-in information. Dates are subject to change.

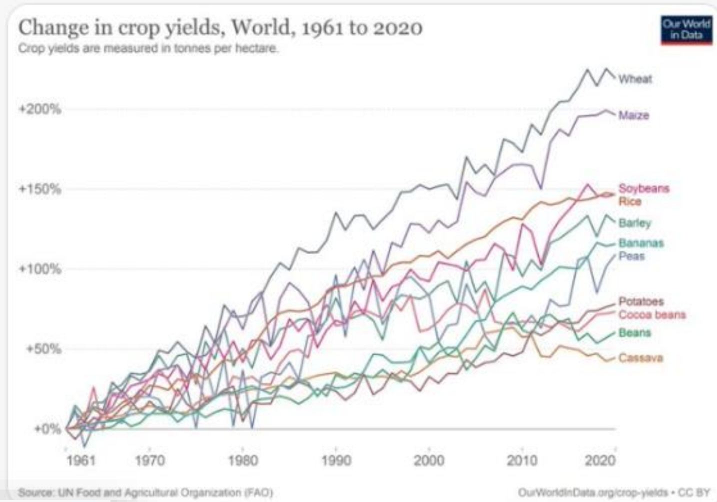
June 15
September 21
December 21

What You Missed on Twitter this Month
if you don't participate

Patrick Moore @EcoSenseNow · May 15

Human emissions of CO_2 from using fossil fuels and making cement are responsible for the majority of the increase in crop yield during the past century. At pre-industrial level of 280 ppm plants were starving. Now they are thriving and more to come.

#CelebrateCO2!!

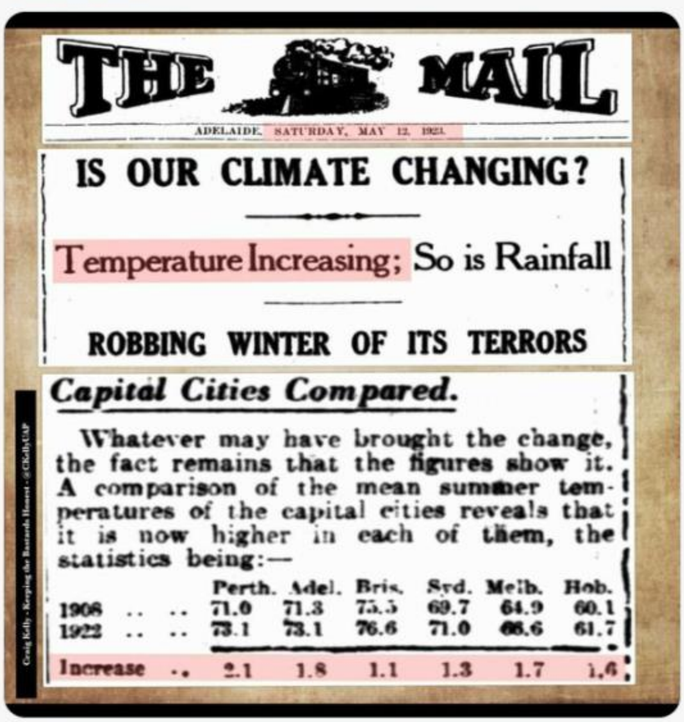


Wide Awake Media @wideawake_media · May 15

Newspaper from 100 years ago.

There is nothing new under the sun (pun intended).

#ClimateScam



THE MAIL

ADELAIDE, SATURDAY, MAY 12, 1923.

IS OUR CLIMATE CHANGING?

Temperature Increasing; So is Rainfall

ROBBING WINTER OF ITS TERRORS

Capital Cities Compared.

Whatever may have brought the change, the fact remains that the figures show it. A comparison of the mean summer temperatures of the capital cities reveals that it is now higher in each of them, the statistics being:—

	Perth.	Adel.	Bris.	Syd.	Melb.	Hob.
1908	71.0	71.3	75.5	69.7	64.9	60.1
1922	73.1	73.1	76.6	71.0	66.6	61.7
Increase ..	2.1	1.8	1.1	1.3	1.7	1.6

Our charge for 2022 was Rational. Going into 2023 DEPA will continue to seek rational decisions, while we keep **purposeful goals in mind.** Our leaders and voters need to overcome the emotional response to the inaccurate messages and keep the purpose of our industry in mind- The welfare of the US, and the world starts with energy. DEPA will bring facts and clear thinking to the table where challenges are being discussed.

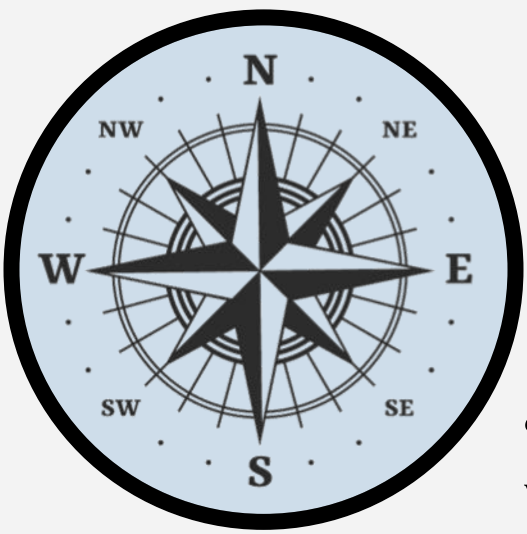
Purposeful

pur-pose-ful (adjective) /ˈpərpəsf(ə)l/

1: Having or showing determination or resolve

2: Having a useful purpose

3: Intentional



2023

"EFFORTS AND COURAGE ARE NOT ENOUGH WITHOUT PURPOSE AND DIRECTION"

- JOHN F. KENNEDY

Be assured DEPA will continue to be prepared, passionate, and persistent when it comes to representing your interests in Washington, D.C.

OUR WORK IS CRITICAL. YOUR SUPPORT IS VITAL.

We look forward to working with you.

DOMESTIC ENERGY PRODUCERS ALLIANCE

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- ❍ $50,000: Executive Investor
- ❍ $25,000: Principal Investor
- ❍ $15,000: Partner Investor
- ❍ $10,000: Associate Investor
- ❍ $5,000: Affiliate Investor
- ❍ $2,500: Colleague
- ❍ $1,000: Advocate
- ❍ $500: Friend of the Industry
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DEPA P.O. Box 33190 ★ Tulsa, OK 74135
WWW.DEPAUSA.ORG ★ 405-669-6646

Domestic Energy Producers Alliance, Inc.
is a 501(C)(6) not-for-profit organization.
Remittance is not deductible as charitable,
but 70% may be deductible as ordinary business expenses.
Tax ID #26-43968612019

"I'm not convinced there is a better industry that supplies as many jobs, and as many products worldwide…when you're looking at the bottom of your shoes, or a bicycle seat, or the grips, or a steering wheel… if you sit inside an airplane and look around, everything that is in the airplane is made from fossil fuels. And I just can't imagine that anywhere in someone's mind that they believe that they could literally replace all of those products and kill an industry, over a myth."

-Judy Stark, Pres. Panhandle Producers and Royalty Owners Assoc, on the fight to protect the oil and gas industry from misinformation

WWW. DEPAUSA. ORG

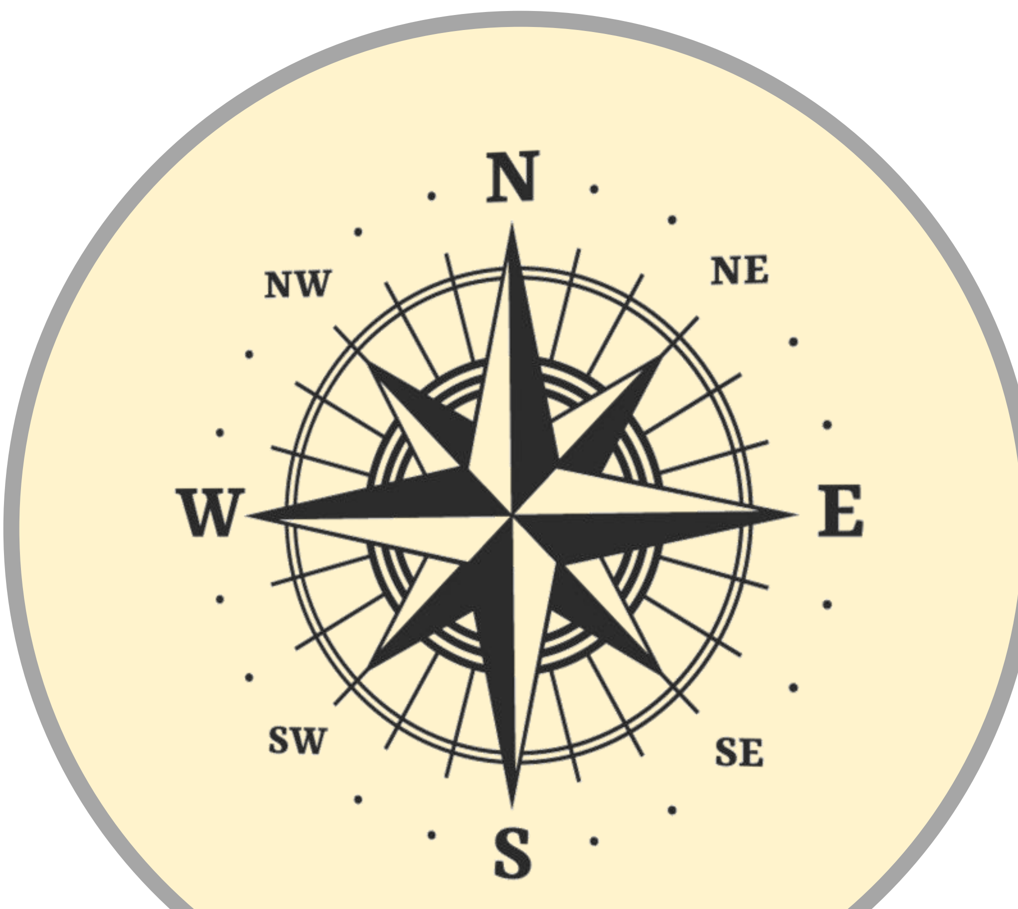
Dear DEPA Members,

The welfare of the US, and the world starts with energy. In 2023 our mission is to be purposeful. “Efforts and courage are not enough with out purpose and direction.” DEPA will continue the effort to seek rational decisions, while we keep **purposeful goals** on the forefront of our agenda**.** Our leaders and voters need to overcome the emotional response to the inaccurate messages and keep the purpose of our industry in mind. DEPA will bring facts and clear thinking to the table where challenges are being discussed.

Please do what you can to support our efforts by donating to our DEPA PAC. PAC donation rules are very stringent. Please follow the instructions on the donation card to make your contribution.

Thank you for all you do, and for your support of DEPA, and our mission.

Jerry Simmons
DEPA President/CEO



DEPAPAC
POLITICAL ACTION COMMITTEE

DONATE TODAY!

Fill out these forms and send them in with your support of our mission work in 2022.

What does your contribution to DEPA *do?*

We believe the only way to accomplish our sharply focused agenda is to establish common ground. We consistently seek common sense solutions to the challenges that face us in business, including our relationships with the legislative and executive branches of the Federal government.

DEPA gives a loud, clear voice to the majority of individuals, and companies responsible for domestic oil and gas production. We should be unapologetic about being the driver of economic growth ad security across the globe. Find out more at **WWW.DEPAUSA.ORG**

Name : ______________________________________

Contact Person:_________________________________

Address: _____________________________________

City:____________________ State:_______ Zip:______

Phone:_______________________________________

Occupation:___________________________________

Amount of Contribution: _________________

All contributions to the Domestic Energy Producers Alliance PAC (DEPA PAC) are voluntary. You may refuse to contribute without reprisal. Contributions to the DEPA PAC are used for federal election purposes, and may be used in connection with state elections.

Any contribution levels listed are merely suggestions. You are free to contribute more, or less, than the guidelines suggest or nothing at all, and you will not benefit or be disadvantaged by the amount of contribution, or a decision not to contribute.

Federal Law Requires us to use our best efforts to collect and report name, mailing address, occupation, and name of employer for each individual whose contributions aggregate in excess of $200 in a calendar year.

Contributions are not deductible as charitable contributions for federal income tax purposes. Federal law prohibits contributions from corporations, national banks, labor unions, federal govt. contractors, or foreign nationals lacking permanent resident status.

Signature:

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- ☐ **$10,000 Chairman's Council (Joint Contribution)**
- ☐ **$5,000 PAC Founder**
- ☐ **$2,500 Advisor**
- ☐ **$1,000 Friend of Energy**
- ☐ **$500 Sponsor**
- ☐ **$____________ Other**

Return to DEPA PAC:
P.O. Box 33190, Tulsa, OK 74153

INFO@DEPAUSA.ORG

Check enclosed for $ _____________

Please make checks payable to : **DEPA PAC**

Credit card payment is possible though an electronic invoice if you'd prefer to make your donation that way.
Contact Debbie Bloem ddbloem@depausa.org, or 405-669-6646 to request and electronic invoice.

Paid for by the Domestic Energy Producers Alliance PAC

PAC contributions are not deductible for federal tax purposes. The maximum an individual may contribute to the PAC is $5,000 per year. Couples may contribute $10,000 from a joint account, but such contribution requires both signatures. Contributions from corporations, labor unions, federal govt contractors, national banks, and foreign nationals without permanent residency status and from any individual contributing another's funds are prohibited.