Domestic Energy Producers Alliance
DEPA
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DRILLER
DEPA Report on Industry, Leadership, Legislation and Energy Regulation

# 8th Anniversary of Lifting Crude Oil Export Ban

## From the May 14, 2015 DEPA Press Release

*"Since its inception more than 40 years ago, a lift of the US export ban was not seriously discussed until DEPA undertook a comprehensive education campaign to build the intellectual and public policy basis for lifting the ban."*

In October 2013 DEPA began leading a campaign strategically aimed at energy public policy issues. DEPA positioned itself in the center of the battle to open free markets for the export of crude oil. With DEPA's support, on April 1, 2014, US Congressman Michael McCaul (R-TX) introduced a bill to repeal the ban on exporting crude oil. Ten days later, the Senate Energy Committee Chair Mary Landrieu (D-LA) and then Ranking Member Lisa Murkowski (R-AK) sent a letter to the Department of Energy to study the implications of ending the ban on US crude oil exports.

The ultimate findings of that study, as published in the November 2014 IHS Energy report, Lifting the Crude Oil Export Ban Benefits US Consumers, were that lifting restrictions on crude oil exports would increase real household disposable income because of an investment-led expansion in economic activity and a lower unemployment rate.

When Senators Murkowski, Heidi Heitkamp (D-ND), and eleven others, introduced their "Energy Supply and Distribution Act of 2015" on May 13, 2015, and called for industry-wide support DEPA leadership understood this was a huge step forward in shaping public opinion for lifting the crude oil export ban. They also knew there was much more work to be done to achieve that goal. Harold Hamm and DEPA Staff and Members made over 380 congressional visits in the 14 months leading up to the lifting of the ban. Mr. Hamm personally visited with every US Senator on the issue.

"DEPA's recognition of this issue may have seemed ahead of its time, but nobody is questioning it now," said DEPA's Pete Regan

"We used that study and others to focus on explaining how the export ban affects US independents," Hamm said. "Primarily by putting our current energy renaissance at risk."

He said the current lack of ability for US producers to compete on the global market "effectively eliminates American oil and gas development, drives oil and gas development overseas, and eradicates high-paying, middle-class US jobs."

Additionally, by creating and perpetuating a short-supply cycle in America, the export ban drives gasoline prices up and hits US national security by ensuring OPEC dominance and the power of hostile nations, Hamm said at the time.

In addition to releasing America and our allies from the grip of OPEC's cartel, US crude oil exports strengthen America's economy, national security, and geopolitical leadership. DEPA has and will continue to work tirelessly on these issues as new challenges crop up. DEPA is committed to the work of creating energy independence, strong national security, and bold geopolitical leadership.

"As a DEPA Board member representing Royalty Owners at the time, working with Harold, Blu Hulsey, Pete Regan and David Crane on some of those 380 Congressional visits was an amazing experience. There were literally weekly trips to DC for Congressional meetings. I remember a couple of months during our efforts where I spent more nights in DC hotels than my own bed. Harold was singularly focused and relentless. As we look back eight years later, I don't know of anyone that was a member of Congress at the time or in the industry, who would not say Harold Hamm deserves most of the credit for lifting the ban," DEPA's CEO/President Jerry Simmons.

We'd like to thank our board of directors and active members for their support this year. The individual voices and expertise of the industry are very important. Our government leaders have shown us they want the perspective and knowledge of industry to help them be more informed in their decision-making. Our work is vital, and your participation is critical.

# Hart Energy Hall of Fame Award

The Hart Energy Hall of Fame inducted its first class of Honorees and Agents of Change in Energy (ACEs) this month. Hall of Fame inductees are the groundbreaking pioneers in the energy sector from the last 50+ years, and the ACEs include leaders who are making positive impacts on how we power the world now and into the future.

We were proud to see DEPA Executive Chairman, Continental Resources founder and Executive Chairman **Harold Hamm**, DEPA Board Member, Devon Energy President and CEO **Rick Muncrief**, DEPA Board Member, Founder and CEO of Liberty Energy **Chris Wright** and DEPA Member **Curtis Mewbourne** were among inductees.

Harold Hamm participated in a "Fireside Chat" along with Tom Petrie and Chris Wright to discuss the state of the industry, energy transition, politics, and oil and gas' next 50 years.

Before that presentation Hart Energy's Jordan Soto interviewed Mr. Hamm, asking about energy industry advice he might have for young people.

"Well, first of all, I think we have to let them know that they're in for an awfully good ride. It's a very exciting industry, and we're going to be around this industry for a very long time. We just did a summit in Oklahoma City with the Hamm Institute, and it was determined there that we're going to need oil for the foreseeable future, the next 50 to 100 years. And we have an abundance of both and we're going to be able to meet that supply with oil here in the United States and abroad. And also with natural gas, what we're doing is amazing, cleaning up the air, cleaning up the environment.

We hope the rest of the world will do the same thing that the United States has done and reduce emissions by 40% by using clean burning natural gas. So we're talking a 100-year supply, at least, of natural gas in the future. So you're on the right track if you're studying to be a petroleum engineer, petroleum geologist, or just energy specialist today, and whatever field that you might choose, you're doing the right thing. So I want to encourage you."

# It's Almost Deal Time!

## Get ready for the 2024 NAPE Summit:
## More exhibitors.
## More hubs.
## More speakers.
## More networking.
## More opportunities to make deals happen!

NAPE
Where Deals Happen

## 2024 NAPE Summit Week
## February 7-9, 2024
## George R. Brown Convention Center
## Houston, Texas

NAPE Summit is the world's largest marketplace for all energy sources. For over 30 years, NAPE has been bringing together all the players in the upstream energy industry to network, learn and innovate as they buy, sell or trade energy prospects and producing properties. With global opportunities in oil & gas, renewables, offshore, bitcoin mining, minerals and nonops, NAPE Summit is the must-attend expo of the year.

- **Preferred registrations are up 47% over last year.**
- 80% of NAPE attendees find significant value in the expo and attend every year.
- The average prospect investment is $1.1 million to $10 million.
- 32 countries have been represented at NAPE Summit.
- Over 450 companies exhibited at the 2023 NAPE Summit

### THE EXPO

Day two of NAPE is the heartbeat of the summit! The Expo, starting on Thursday, Feb. 8 is where the vibrations of new business, old friends, exciting ideas, and opportunities wait for you. The expo floor is buzzing with hundreds of exhibitors and thousands of upstream energy professionals from all corners of the industry. Invest in energy deals, discover new tech or expand your professional network — you can do it all on the expo floor!

### ENERGY BUSINESS CONFERENCE

NAPE Summit kicks off Wednesday, Feb. 7, with the NAPE Energy Business Conference, which now offers both business and a technical tracks featuring presentations from senior-level executives and industry leaders discussing some of the industry's most pressing topics. Attendees will enjoy extra networking time along with exclusive insights from the experts the day before the expo floor opens.

NAPE

Where Deals Happen

## BUSINESS TRACK:

- **McKinsey Team Talk**: Oil, Gas and Power Industry Update
- **The Rise and Fall of Natural Gas:** Exploring the Causes and Consequences of Price Volatility
- **Carbon Capture, Utilization and Storage:** Opportunities and Challenges for Economic Development
- **For Better or For Worse:** Preparing for the 2024 Election's Impact on Energy

## TECHNICAL TRACK:

- **The Truth About AI:** Tapping Into Artificial Intelligence to Evaluate Plays, Leases and Potential Recompletions
- **Mission Critical:** Brine Mining for Lithium in the Smackover, Rockies and Beyond
- **Better Storage:** Risk Metrics for Assessing CCUS Reservoirs
- **From Hot Mess to Hot Opportunity:** Orphan Wells Find New Life

### The EBC Luncheon

will feature NAPE Hall of Fame Awards and a keynote presentation

***The Energy Transition Needs to Transition***

by Arjun Murti, Partner, Veriten

## GOVERNORS FORUM/NAPE CHARITIES HONOREES

The grand finale of the Energy Business Conference will also mark the opening of the 2024 NAPE Summit to all registered attendees. **Featuring Texas Gov. Greg Abbott and Oklahoma Gov. Kevin Stitt, the NAPE Governors Forum:** Backing American Energy will be a joint celebration spotlighting the industry that powers the world and saluting America's military heroes through the NAPE Expo Charities.

Following these presentations, Gov. Abbott and Gov. Stitt will discuss the key roles of their states in domestic energy production and security as well as share their unique insights into the current and future outlook of energy, policy and investment.

## NAPE CHARITIES CELEBRATION

Following the Governors Forum, the festivities continue at the NAPE Charities Celebration — separate ticket required — featuring a live performance by country music stars Randy Rogers and Wade Bowen. Make plans to add this reception to your registration and join us for this star-studded evening of enjoying music, networking and saluting America's heroes — our veterans and military service members!

## NAPE JOB FAIR

On Wednesday, Feb. 7, the NAPE Job Fair returns, providing a private environment for job seekers to engage with the right personnel from companies looking to hire as the industry rebounds. All 2024 NAPE Summit exhibiting companies may participate free of charge, and **all registered NAPE attendees have free access to the job resource center!** Areas of expertise represented include administration, engineering, finance, geology, geophysics, land, sales/marketing and more.

## ENERGY INNOVATION CASE COMPETITION

NAPE invites MBA and undergrad students from the best business schools in the world to prove their knowledge and ingenuity by solving a current energy industry challenge in the popular NAPE/TCU Energy Innovation Case Competition. Teams compete in a virtual first round and then the top four teams will face off in person at NAPE, presenting their solutions before a panel of judges made up of energy leaders. Up for grabs: $40,000 in cash — the largest prize of any collegiate case competition.

# NAPE HUBS

**Renewables, Bitcoin and Minerals — NAPE STYLE**

**Summit 'hubs' offer expanded opportunities for networking, learning and making deals happen!**

Helping attendees maximize opportunities in the energy expansion, NAPE Summit provides a venue for professionals across every corner of the energy industry to meet, connect and make deals happen.

NAPE launched the Renewable Energy Pavilion in 2021, followed by the Bitcoin Mining Pavilion in 2023. Expanding again, the 2024 NAPE Summit will debut a third hub dedicated to minerals and nonoperated interests.

## WHAT TO EXPECT AT THE NAPE HUBS

**Expert insights:** Gain valuable knowledge and tips from respected dealmakers and thought leaders who will share their experiences, strategies and success stories.
**Networking:** Connect with fellow professionals, investors and decision-makers to build lasting relationships and explore collaborative opportunities.
**Emerging trends:** Stay up to date with the latest issues, developments and technologies in minerals/nonops, bitcoin and renewables.
**Deal Flow:** Discover potential investments, acquisitions and partnerships that can propel your business to new heights.

The hubs will be home to exhibitors, prospect previews, speaker sessions and the NAPE cocktail reception.

**For the full schedule, visit NAPEexpo.com.**

## NEW! NAPE MINERALS & NONOP HUB

While minerals and nonoperated interests have been part of NAPE for years, the new Minerals & NonOp Hub will provide a centralized knowledge and networking center for leaders, investors, stakeholders and newcomers interested in the immense potential of nonoperated interests in oil, gas and mineral properties.

*"NAPE brings together more upstream executives than any event in the world. The historical challenge for minerals and nonoperating executives has been finding each other in the large sea of booths. With NAPE's new Minerals & NonOp Hub, this will no longer be an issue because everyone will have a dedicated area to get together for networking and deal discussions,"* said Tim Pawul, President of Minerals & Royalties Authority LLC, a sponsor of the hub.

Pawul is excited about meeting people who are attending NAPE specifically to network with minerals and nonop companies: "These individuals and companies may have minerals, leasehold and/or AFEs to sell, and with the new hub, I will be able to engage with a lot more people who could be potential counterparties in transactions."

**Those who would benefit most from attending this hub include:**

- E&Ps interested in selling down AFEs, partnering with nonop companies on their development program and/or finding acquisition partners on transactions through selling nonop working interest or overriding royalty interest financing.
- Minerals owners/companies looking to buy and sell mineral rights.
- Nonop owners/companies looking to buy and sell leasehold, AFEs and PDP.

### BITCOIN MINING HUB

Making its NAPE debut last year, the Bitcoin Mining Hub provides the largest venue for oil and gas professionals to establish partnerships and explore how to incorporate this powerful tool into an effective asset management strategy.

"There is natural alignment between the oil and gas industry and our membership of innovative technology companies and bitcoin miners," said Steve Kinard, director of bitcoin mining analytics at the Texas Blockchain Council, a sponsor of the Bitcoin Mining Hub. "NAPE provides the best opportunity to increase awareness in the oil and gas industry because the event is one of the best attended and most important networking opportunities. Our members recognize that, and we expect this partnership to grow."

Dispelling myths was among the highlights of last year's hub." As a former oil and gas professional, it was great to see familiar faces and companies that had their first opportunity to learn about this technology outside of a lot of the misleading and confusing headlines that tend to get the most attention in the media," Kinard said.

But his favorite part was the real opportunity the hub provided to do deals that benefit E&P operators, bitcoin miners and the environmental reputation of both industries. "I think there will be many more announcements of actual deployments of bitcoin mining in the oil field," he said about the 2024 Summit. "This is quickly evolving from the theoretical to a common part of optimizing operations and gas marketing strategies."

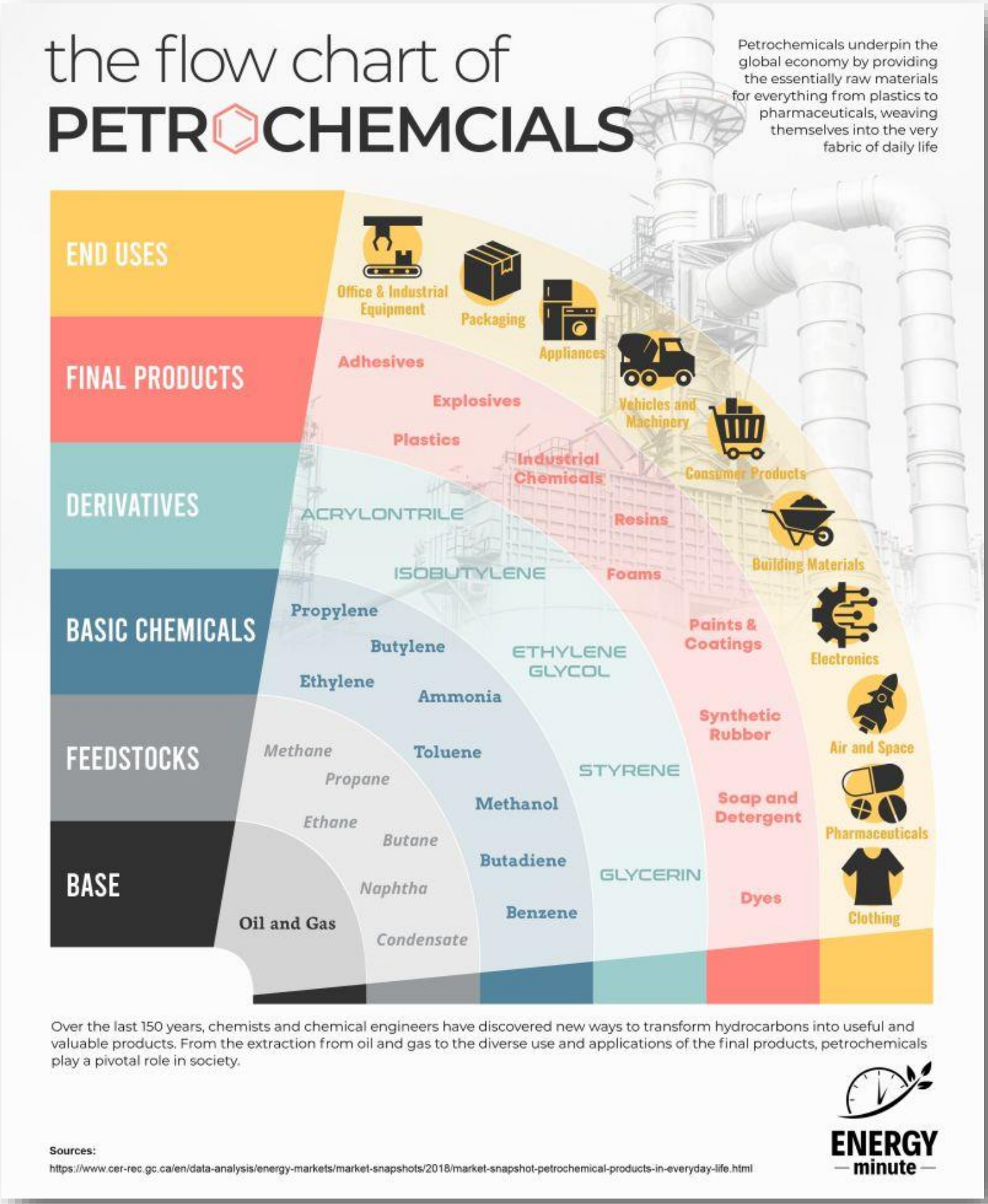
**RENEWABLE ENERGY HUB**

NAPE created the Renewable Energy Pavilion in 2021 to provide a dedicated place on the NAPE show floor for professionals and companies working in renewables as well as those just starting to explore. Now called the Renewable Energy Hub, the space continues to provide the ideal venue for dealmakers and decision-makers looking for synergies in the energy expansion to explore crossover opportunities between oil and gas and renewable energies.

"I see no reason why professionals in the oil and gas industry should not occupy the leading edge of the renewables movement," said Clifton Squibb, partner at Munsch Hardt Kopf & Harr PC. "Some of the most exciting and promising renewable energy and carbon-mitigation prospects require an understanding of subsurface resources. Geothermal applications, lithium extraction, carbon capture and hydrogen production all involve subsurface development. There is no better platform than NAPE to deepen and widen the community that is working on these emerging applications."

Squibb will be part of a Renewable Energy Hub panel discussion focusing on how renewables can coexist with oil and gas. "Our legal systems have developed doctrines to adjudicate disputes when parties make competing claims to co-located resources. As new applications emerge and as renewables spread, these legal concepts are going to be tested in new and unforeseen ways," he said. "I hope our panel discussion advances the conversation around what parties should be considering so they can strategically protect themselves and take advantage of opportunities. When all competing parties have clarity on those points, we have a much more efficient marketplace."

# Oil Drives Our Modern Society



# Ending Chevron Deference and What it Could Mean

## *Chevron U.S.A. Inc. v. National Resources Defense Council, Inc. 1984*

**The Primary Holding:** If Congress did not clearly direct an agency to do something via statute, then the agency can make a reasonable decision on how to proceed and the courts will give the agency deference in ambiguous situations as long as its interpretation is reasonable. This doctrine provided federal agencies with a lot of space to interpret federal laws.

The Chevron Deference Doctrine was born out of a Reagan Administration attempt to deregulated. The 1981 executive order reads, "reduce regulatory burdens, increase agency accountability and provide for presidential intervention into agency decision making."

If the longtime legal doctrine is overturned the effort to push climate change via regulation would be complicated, at best. Last May the Supreme Court indicated with would be taking up the issue. On January 17, 2024, oral arguments in two key cases where Chevron Deference was used will be heard.

- **Relentless, Inc. v. Department of Commerce**[1]
  To prevent overfishing of Atlantic Herring and promote conservation the Magnuson-Stevens Fishery Conservation and Management Act was established. Owners of two fishing vessels challenged the Rule arguing that the monitoring requirement disproportionately burdens them because of their longer trips and inability to qualify for exemptions.

  The district court granted summary judgment in favor of the Agency, ruling that the MSA's ambiguity on industry-paid monitors allows for agency interpretation under Chevron deference, that the Rule complies with the MSA's National Standards and the Regulatory Flexibility Act, and does not violate the Commerce Clause. The U.S. Court of Appeals for the First Circuit affirmed.

- **Loper Bright Enterprises v. Raimondo**
  Loper Bright Enterprises is a New Jersey-based family-owned herring fishing company operating in the waters of New England. In February 2020, Loper filed a lawsuit in the United States District Court for the District of Columbia alleging that the MSA did not authorize the NMFS to mandate industry-funded monitoring of herring fisheries. The District Court, applying *Chevron*, granted summary judgment in favor of NMFS. Despite *Chevron* providing deference in the case of an ambiguously worded statute, the District Court found that the MSA unambiguously provides for industry-funded monitoring of the herring fishery, and thus concluded its analysis at the first step of *Chevron*. The Court acknowledged Loper's arguments regarding ambiguity in the statutory language but noted that even if these arguments successfully argued for ambiguity in the text, NMFS's interpretation of the MSA would have been a reasonable reading of the statute.

  On November 10, 2022, Loper Bright petitioned the Supreme Court to hear its case. In its petition, Loper Bright presented two questions to the Court. First, it asked the Court to rule on whether granting the NMFS the power to require domestic vessels to pay the salaries of monitors it carries was based on a proper application of *Chevron*. Second, it asked the Court to rule on whether *Chevron* should be overruled outright, or at least limited in its scope. On May 1, 2023, the Court granted the petition, limited to the second question presented. In the reasonably likely event that the Court does overrule this seminal decision, that would mean the death of one of the most cited decisions in the federal judiciary — according to the legal database Lexis Nexis, federal courts have cited *Chevron* in over 19,000 different judicial opinions.

> ***"It's been called the Voldemort of administrative law. The phantom, lurking spirit of the executive branch of government that is ever present but, as of recently, rarely uttered by the high court."***
> ***- Federal Times***

In its 2021-2022 term, the Supreme Court issued three major questions doctrine decisions. Each decision applied the doctrine **without** discussing the Chevron framework in any way. The Court's silence on Chevron in its latest major questions cases has led some to argue that the Court has moved away from seeing the doctrine as a reason not to defer under Chevron or an exception to Chevron.

Last year's Supreme Court in West Virginia v EPA invoked the major questions doctrine. The major questions doctrine allows federal judges to strike down any federal policy of 'economic or political significance' because Congress wasn't sufficiently clear in authorizing the policy inside the scope of the agency's authority. The major questions doctrine is the antithesis of deference, the major questions doctrine requires a federal agency to show "clear congressional authorization" when claiming the power to make decisions of vast "economic and political significance."

Without *Chevron*, every one of the cases that used it could become the subject of protracted litigation, and the climate agenda that has spun out of control will find itself in crisis.

On December 2, 2023, at the COP to the United National Framework Convention on Climate Change, the Biden Administration announced its final rule under the Clean Air Act (CAA) to reduce methane and other air pollutants in the oil and natural gas industry (the Final Rule). The Final Rule builds on the EPA's initial proposed rule and supplemental proposed rule from 2021 and 2022. In the new year, if the Supreme Court overrules or otherwise limits the application of the *Chevron* doctrine in these cases, legal challenges to the Final Rule and the amount of deference a court gives to EPA will be affected, along with many other decisions.

1. "Relentless, Inc. v. Department of Commerce." *Oyez,* www.oyez.org/cases/2023/22-1219. Accessed 19 Dec. 2023.

The DEPA Staff would like to wish you a peaceful, relaxing, holiday filled with memories, friends, and family as we all look forward to the new year.

# "The Final Rule"

In November 2021, EPA proposed a rule to reduce methane emissions from oil and gas sources through the imposition of standards and requirements on new, modified and reconstructed sources. November 2022, EPA proposed a supplemental rule to reduce methane emissions, which addressed public comments to the 2021 Proposed Rule and made adjustments due to new legislation.

On December 2, 2023, at the 28th meeting of the Conference of the Parties to the United Nations Framework Convention on Climate Change, the Biden Administration announced its final rule under the Clean Air Act to reduce methane and other air pollutants in the oil and natural gas industry.

DEPA joined the Producers Associations'. A group which met regularly in an effort to prepare comments for submission to the EPA. EPA said it considered nearly one million comments on two proposals (subpart OOOOb and OOOOc) as it developed the final rule.

Jim Elliott, an attorney with Spillman Law Firm who led the Producers Alliance sent this after the release of the final rule. "The devil is in the details, but the final standards remain largely unchanged. The "relief" provided by EPA for most of your members is certain extended compliance deadlines. As best as I can tell, nothing changed in terms of LDAR/monitoring for low production wells – they dismissed our proposed additional category for a single well head/throughput 'medium' sized site.

Here is a quick and dirty summary for those really pressed for time:

1. It appears EPA made revisions to "encourage innovation" and perhaps streamline a pathway for owner/operators to use new monitoring technologies.
2. A few extended compliance timeframes:

   a. 2 year phase-in period for eliminating routine flaring of associated gas.

   b. 1 year phase-in period for zero-emissions standards for pneumatic controllers/pumps
3. EPA changed the "applicability date" – kicked it up to December 6, 2022 – a source constructed/modified before then will be considered an existing source.
4. Super-Emitter Program: EPA will be the gate keeper – 3rd parties will need to notify EPA of "events" and EPA will determine if the potential owner/operator of the emissions will be notified and be required to investigate and report back. "EPA will make the super-emitter data publicly available on a timely basis."

   a. Amazingly, EPA seems proud to report that the "rule does not allow the third parties to enter a well site or other facility." That is so generous of them.
5. Sets emissions standards for dry seal compressors for the first time.
6. Requires BMPs during liquids unloading.
7. Additional "flexibility" for states:

   a. States have two years from effective date of the rule to submit plans (proposed 18 months)

Existing sources have three years from when plan is submitted to EPA to comply – so possibly 5 years for existing sources to come into compliance.

# Producers Associations Preliminary Statement on Finalized EPA Methane Regulations

The Domestic Energy Producers' Alliance (DEPA) issued the following joint statement on December 2, as part of the 'Producers Associations,' in response to the release of the Environmental Protection Agency (EPA) Subpart OOOOb and OOOOc methane regulatory package.

"The Producers Associations will be evaluating the Environmental Protection Agency's (EPA) federal New Source Performance Standards revisions (Subpart OOOOb) and its Emissions Guidelines (Subpart OOOOc) mandating new state existing source regulations. The new source requirements will impose complicated new requirements, and the 2022 proposed existing source requirements have been estimated to lead to the shutdown of 300,000 of the nation's 750,000 low production wells, wells that are essential to our country's energy production. The Producer Associations support the cost-effective management of methane and volatile organic compounds emissions related to the oil and natural gas production industry that achieve sound environmental benefits while reflecting the significant differences between aspects of the industry. The Producer Associations are comprised of national, regional, and state associations that represent the full range of oil and natural gas producers from large publicly traded companies to small privately held companies."

The Producers Associations group is made up of the following national and state trade associations:

the Independent Petroleum Association of America ("IPAA"),
Arkansas Independent Producers and Royalty Owners ("AIPRO"),
Domestic Energy Producers' Alliance ("DEPA"),
Eastern Kansas Oil & Gas Association ("EKOGA"),
Illinois Oil & Gas Association ("IOGA"),
Gas & Oil Association of West Virginia ("GO-WV"),
Independent Petroleum Association of New Mexico ("IPANM"),
Indiana Oil and Gas Association ("INOGA"),
International Association of Drilling Contractors ("IADC"),
Kansas Independent Oil & Gas Association ("KIOGA"),
Kentucky Oil & Gas Association ("KOGA"),
Michigan Oil and Gas Association ("MOGA"),
National Stripper Well Association ("NSWA"),
North Dakota Petroleum Council ("NDPC"),
Ohio Oil and Gas Association ("OOGA"),
The Petroleum Alliance of Oklahoma ("The Alliance"),
Petroleum Association of Wyoming ("PAW"),
Pennsylvania Independent Oil &Gas Association ("PIOGA"),
Texas Alliance of Energy Producers ("Texas Alliance"),
Texas Independent Producers & Royalty Owners Association ("TIPRO"), and the Western Energy Alliance.

# Spotlight on Technology

Frank Stepic, Chief Technology Strategist, Sabel Technology Systems Solutions

## Digital Twins

Many of you are formulating your 2024 plans and have come across the term 'Digital Twin.' You've definitely seen or been asked how you're going to use 'AI' for your business. Today, we'll talk about digital twins, how they can be utilized and things to consider before moving forward. If you're using reporting and digital solutions, you are probably better prepared for a successful experience than you think. This is the first of three articles to lead you on journey to be more predictive, utilize advanced tools like AI, and get the most from your IT investment.

### What is a Digital Twin?

There are several definitions on-line for digital twin (DT). To simplify, the term Digital Twin means to produce a virtual representation of products, processes, operation theaters (e.g. Plant or Facility), etc. that matches your organization's mission and goals. These are more complete views and tools than traditional reporting and can give you the ability to alter your business, even to it's core.

For example, some of the best manufacturing companies today employ Agile, Lean and Six Sigma to efficiently deliver high quality, complex products. But this still means you see Kanban boards, planner reports, manual quality ops, and many meetings to ensure the machine stays in tune. With a Digital Twin, now picture a cell or plant leader being able to see multiple views and metrics on one console, quickly address issues by notifying support personnel, and see potential issues weeks and months in advance. I know what you're saying, "This information is in multiple systems that are not connected. I've been told that this prevents me from combining this functionality." You are correct, this data is distributed and difficult to weave into a common solution. But there are Digital Twin solutions available today combined with advanced data management and predictive analytics that have some leading groups reaping the benefits. Even with these solutions, though, there are many things you want to consider before embarking on your project.

To create an effective DT solution, you are going to engage many leaders and members of your organization (and probably some of your very best Subject Matter Experts (SMEs)) then pay for software, digital components, and consultants. It is not a simple investment when going on this path. The first consideration to make to avoid wasted time and resources has nothing to do with technology. When preparing for a DT initiative, ask these questions:

- What major challenges are we facing and how would a DT help address these? Are these temporary or long-term challenges?
- Do the contributing pieces to the DT exist today or is a larger effort needed (Ex. The DT needs plant equipment data but few existing machines are sensored or produce the necessary data)? Does the ROI support the TOTAL investment?

- Can multiple aspects of the mission be combined? A major challenge of DTs is that designing the data to meet a major challenge or address specific goals requires investment. You want to achieve the most from this investment. Another reason to have as minimal solution as possible is to avoid data synchronization and quality issues.
- What is version 2.0? A friend of mine issued a survey once that asked 'Now that you've implemented IoT and have your organization performing at a high level, what's next?' Having been bitten by this exact situation after acquiring an industry-leading operation, the answer is to formulate a plan for your next major mission. As impossible and large as the current mission feels, the day will come when your survival as an organization will depend on those next steps. Make sure your DT and data are able to support that future.

### Where is the best place to start?

Almost every group uses reporting in some form today. This may be the basis of your digital twin. After crafting the mission and envisioning a digital twin, the best place to start is to form a basis and inventory of your current landscape. This may include critical IT systems and data, pipeline, product design information, and reports of all types.

Your DT journey may take time and multiple phases. Many groups find themselves using this general route to their ultimate goals:

1. Connect and be ready to act from anywhere ->
2. Anticipate and Predict ->
3. Continuously simulate and challenge

Being in the 'Connect' phase does not mean you're behind, it only allows you to give yourself an accurate self-assessment. In fact, you may find that different parts of your organization are in varied phases. This can be a great benefit if a leading-edge group has unanswered needs, those needs can be used to prioritize other group's efforts – missing physical or digital data or insights.

### Charting the path

Hopefully you found this article helpful. As I mentioned earlier, this three-part series is meant to show a path to effectively use Digital Twin and AI technology on your digital journey. Next month, we'll discuss how a DT can help identify candidates for automation or reuse. Thanks for reading and feel free to contact us with any questions.

References:

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Halliburton - https://www.halliburton.com/en/software/decisionspace-365-enterprise/decisionspace-365-well-construction/digital-well-operations

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Frank Stepic is currently the Chief Technology Strategist for Sabel Systems, supporting alignment of new technologies and capabilities with clients in multiple industries including Energy, Defense, and Aviation. Mr. Stepic has over 30 years of experience in strategic digital concepts and their implementation in high-tech manufacturing, strategic digital mergers and acquisitions, and enterprise technology planning.
The bulk of his career of 20 years was spent at General Electric where he served in roles comprising manufacturing quality, data architecture, digital transformation, mergers & acquisitions, program management, six sigma, operations, and business development.

He is currently focused on the use of technology to improve innovation in the Energy, Aviation, Additive & Organic Manufacturing, and Medical industries with the use of leading-edge technologies and the development of advanced metrics and methods.

Mr. Stepic graduated from the University of Cincinnati, with a B.S. in Aerospace Eng in 1991 and an M.S. in AsE Propulsion and Structural Analysis in 1998.

# DEPA's Comments on the Dakota Access Pipeline Draft Environmental Impact Statement

Dear Mr. Cossette,

DEPA is a nationwide collaboration of 39 coalition associations – from California to West Virginia, Texas to Montana – representing individuals and companies engaged in domestic onshore oil and natural gas exploration and production. DEPA is a non-partisan association seeking common ground, and in common sense solutions to the challenges facing American oil and natural gas production.

The existing DAPL crossing is a critical linchpin in the nation's energy infrastructure. It has been constructed with meticulous attention to safety and environmental considerations. Maintaining this crossing is crucial for ensuring safe, efficient, and uninterrupted transportation of crude oil. Altering the operations of the pipeline as suggested in several of the alternatives would not only impose significant financial and logistical burdens on the industry and the region, but also undermine the years of planning and investment that have gone into developing this critical energy asset. The strategic importance of this crossing is demonstrated by its robust construction, adherence to the highest safety standards, and its minimal environmental footprint. Maintaining the existing route and continued uninterrupted operation guarantees the least ecological impact while offering maximum efficiency.


WE ARE THE PEOPLE OF AMERICAN OIL AND NATURAL GAS
DEPA
DOMESTIC ENERGY PRODUCERS ALLIANCE

December 13, 2023

U.S. Army Corps of Engineers
Attn: Brent Cossette
CENWO-ODT-N
1616 Capitol Avenue
Omaha, NE 68102

RE: Official Comments on the Dakota Access Pipeline Draft Environmental Impact Statement

Dear Mr. Cossette,

DEPA is a nationwide collaboration of 39 coalition associations – from California to West Virginia, Texas to Montana – representing individuals and companies engaged in domestic onshore oil and natural gas exploration and production. DEPA is a non-partisan association seeking common ground, and in common sense solutions to

The continued and uninterrupted operation of DAPL under Alternative Three has far-reaching positive impacts on the regional and national economy. By facilitating a steady flow of energy resources, it helps maintain competitive oil prices, supports thousands of jobs, and contributes significantly to local, state, and tribal nation revenues. Any disruption of DAPL may risk these economic gains, potentially leading to job losses, decreased investment, and a slowdown in regional economic growth.

The existing pipeline route, as maintained under Alternative Three, minimizes environmental risks and maximizes safety. This route was chosen after extensive environmental assessments and public consultations, ensuring minimal impact on sensitive ecological areas and communities. The technology and monitoring systems in place along the current route are state-of-the-art, ensuring early detection and rapid response to any potential incidents. This level of safety and environmental consideration is unlikely to be matched by any alternative routes or methods of transportation.

**Key Benefits of Alternative 3:**

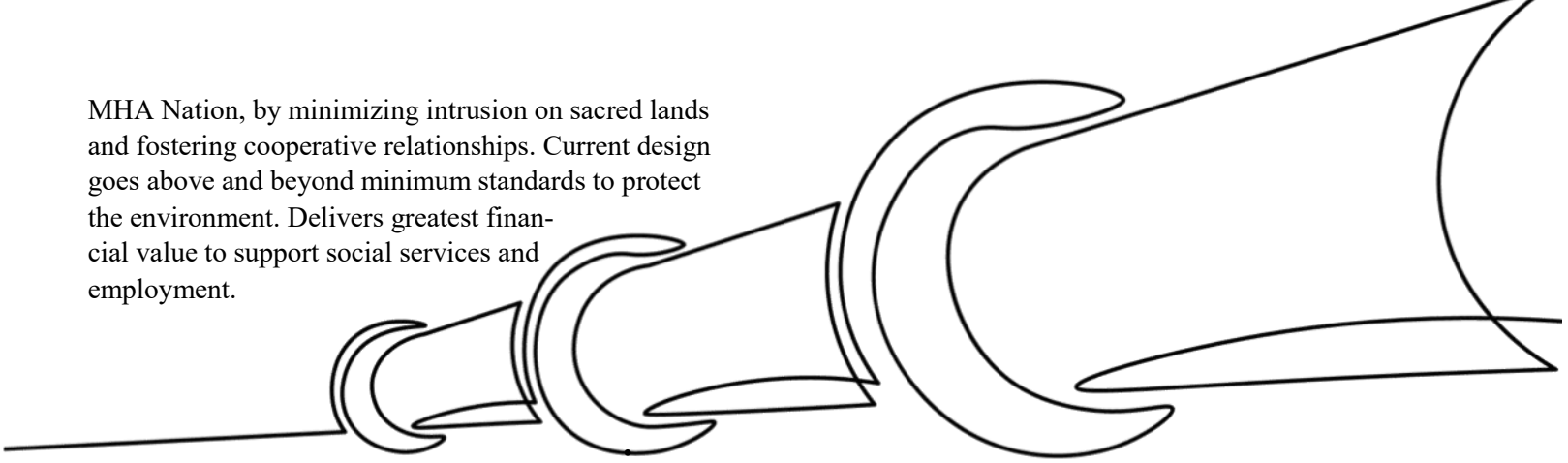
• **Environmental Security:** requires no new construction, thus significantly reducing environmental impact and maintaining a minimal carbon footprint, in harmony with environmental conservation objectives. Also fosters a lower carbon footprint than Alternatives One and Two, as most volume flowing on DAPL moves to rail and truck[1].

• **Economic and Operational Efficiency:** utilizes existing infrastructure, minimizing financial and operational challenges. It preserves economic stability in the oil and gas sector and sustains employment levels. It is the least-cost transportation alternative that supports highest netback for royalty owners and tribal communities; continued tax revenue for state and preservation of overall economic stability in the North Dakota region.

• **Safety and Reliability:** incorporates enhanced safety measures and monitoring systems to ensure the highest standards of operation. Pipelines have lower spills than alternative transport sources like rail and truck. DAPL was fully encased 95 feet below Lake Oahe and has robust monitoring and leak detection that surpasses regulatory requirements.

• **Support for Tribal Communities:** addresses the needs and concerns of tribal nations, especially the

MHA Nation, by minimizing intrusion on sacred lands and fostering cooperative relationships. Current design goes above and beyond minimum standards to protect the environment. Delivers greatest financial value to support social services and employment.



**Other Industries:** maintains supply chain stability and costs for regional agriculture industry by not competing for rail and trucking that is vital for the agriculture-to-market economy.

Alternatives One, Two, and Five pose significant risks and challenges. These alternatives involve altering or rerouting the pipeline, which could lead to substantial financial and operational burdens and potentially compromise the economic stability of the region. Any disruption in the existing supply chain would also likely result in increased transportation costs, heightened safety risks, and potential new and unnecessary environmental hazards. These alternatives may not offer the same level of environmental safeguards as the current route and may also lead to increased reliance on other modes of transport[1] that are less efficient than a safely operating pipeline. The increased reliance on less efficient transportation methods like rail or truck could increase unnecessary risks while driving up prices and constricting critical supplies and affecting other industries in the region.

As described in the Draft EIS, Alternative Four suggests extra safety measures that appear unnecessary upon closer examination. DAPL has already consistently demonstrated a commitment to safety and environmental responsibility, with a proven track record that speaks to the efficacy of existing protocols. The imposition of new conditions, as suggested by Alternative Four, must be evaluated against a rigorous cost-benefit analysis, which we believe will reveal that the marginal gains in risk mitigation do not proportionately align with the additional financial and operational burdens.

In an era of increasing energy demands and global market fluctuations, the importance of DAPL in ensuring energy security cannot be overstated. The pipeline facilitates the efficient transport of domestic crude oil, reducing reliance on foreign oil and strengthening national energy independence. Endorsing Alternative Three is the only decision that best serves the national interest.

Alternative three is a commonsense approach that best balances economic, environmental, safety, and community factors. This balance helps keep the U.S. oil market supplied with environmentally responsible resources that support good paying jobs and steady income for state, local, and tribal governments to support better schools, health care centers, and more for historically impoverished or underserved communities.

In stark contrast, the other alternatives pose significant risks and uncertainties. I urge the USACE to consider the full spectrum of implications associated with the alternatives to the current DAPL operation. It is imperative that the final decision reflects a comprehensive understanding of these factors and supports the continued operation of DAPL as currently routed.

In conclusion, DEPA strongly supports maintaining the existing DAPL crossing as outlined in Alternative Three. This choice represents the most judicious balance between the needs of the oil and gas industry, the welfare of local communities, environmental stewardship, and national energy security. I trust that the USACE will recognize the many benefits of this alternative and will duly reflect this in its decision.

Thank you for your consideration of these critical issues. The decision on DAPL's future will shape the economic and energy landscape of our region and country for years to come.

Sincerely,

Jerry Simmons
President & CEO
Domestic Energy Producers' Alliance

# Interest in EVs Dwindles, Dealers Beg For Sales Requirements to Change

As 2023 draws to a close, the headlines are filled with reports about electric vehicle sales missing their optimistic targets for the year. GM turned away from its target of getting 500,000 EVs on the road, and is slowing plans for the introduction of new EV models. They announced the delay of the new Chevrolet Bolt EV and EUV until 2025. Ford extended its timeline to hit their goal of over half a million cars produced and has cut production of its F-150 Lightning electric truck by 50% at the start of the new year. VW Group cancelled plans for their new German EV factory, and even Tesla has admitted their sales are slowing. Why?

- The Inflation Reduction Act made Fewer models eligible for full EV tax credits
- Interest rates have steadily climbed this year making car loans harder to get for the average person
- Charging infrastructure has proven to be un reliable in practice
- Lingering concerns about range
- Early adopters already have their car

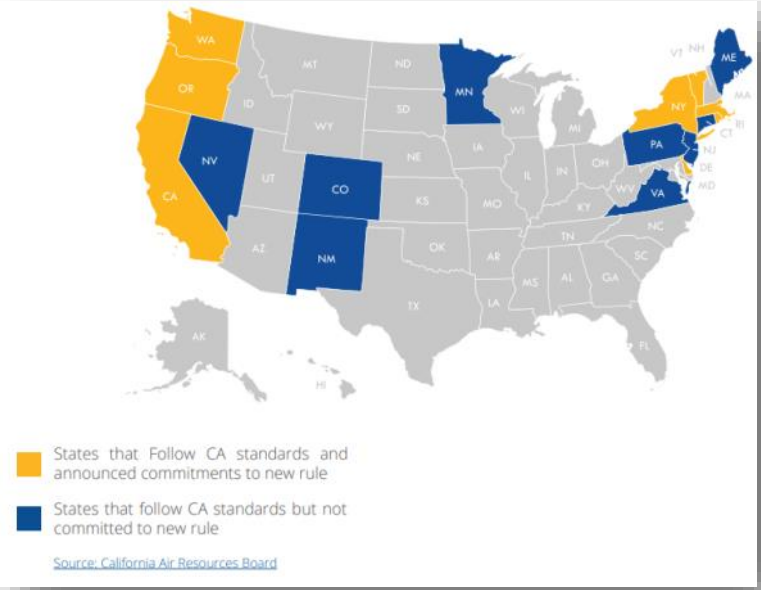
Mid month the Ohio legislature passed a bill to prohibit the restriction of motor vehicle sales based on the vehicles power source. The bill is now headed to Governor Mike DeWine's desk.

"We applaud the Ohio House of Representatives and Ohio Senate for supporting consumer choice in the automotive marketplace," The Consumer Energy Alliance CEA Midwest Executive Director Chris Ventura said. "Consumers should be able to choose vehicles that fit their lifestyles – regardless of fuel type. By supporting the continued research and development of advanced liquid fuels, batteries, and hydrogen fuel cells, Ohioans will be better able to buy vehicles they can afford and which meet their commuting, playing and living needs."

The Consumer Energy Alliance produced an interesting report, Freedom to Fuel: Consumer Choice in the Automotive Marketplace.

The graphics below are from that report. Freedom to Fuel examines key constraints that must be addressed by policymakers before widespread EV adoption can successfully occur, including infrastructure build-out, the ability of electric generation to meet increased demand and critical mineral scarcity.

A letter from nearly 4,000 car dealerships landed on President Biden's desk in the last days of November asking the pull back proposed regulations requiring two-thirds of new vehicles sold in the US to be electric by 2023.

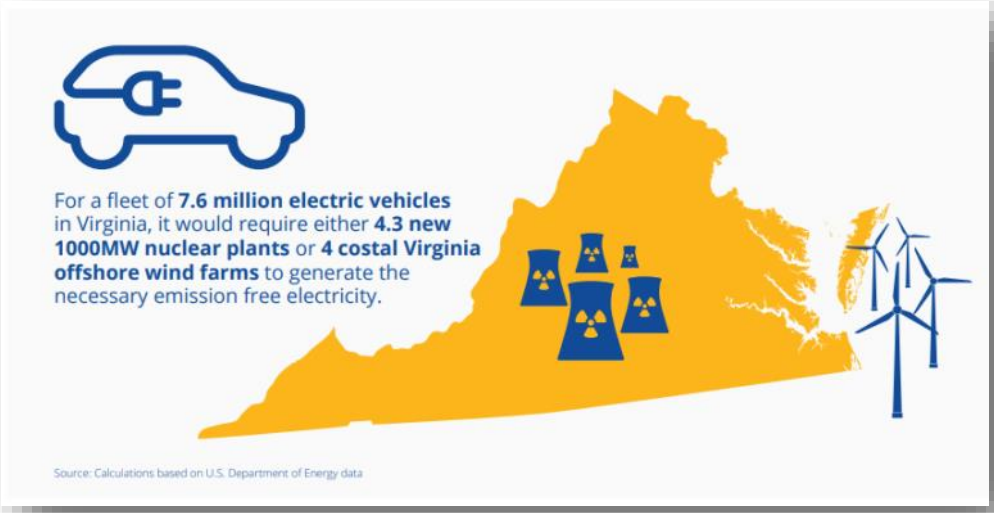



| State | Net Zero Target Date | InterimTargets |
|---|---|---|
| California (executive order) | 2045 | (Statute) 40% below 1990 levels by 2030 |
| Hawaii (statute) | 2045 | 26-28% below 2005 levels by 2025; 40-50% by 20302050 |
| Louisiana (executive order) | 2050 | (Statute) 45% below 1990 levels by 2030; 80% by 2050 |
| Maine (executive order) | 2050 | 60% below 2006 levels by 2031 |
| Maryland (statute) | 2045 | 50% by 2030; 75% by 2040 |
| Massachusetts (statute) | 2050 | 26-28% below 2005 levels by 2025 |
| Michigan (executive order) | 2050 | |
| Montana (executive order) | 2050 | 28% below 2005 levels by 2025; 45% by 20302045 |
| Nevada (statute) | 2050 | 40% below 1990 levels by 2030; 85% below 1990 levels by 2050 |
| New York (statute) | 2050 | 50% below 2005 levels by 2030 |
| North Carolina (executive order) | 2050 | 10% below 1990 levels by 2020; 45%below 1990 levels by 2030; 80% below 1990 levels by 2040 |
| Rhode Island (statute) | 2050 | |
| Virginia (statute) | 2045 | 45% below 1990 levels by 2030; 70% by 2040; 95% by 2050 |
| Washington (statute) | 2050 | |

Source: Council of State Governments

*"Today, the supply of unsold BEVs is surging, as they are not selling nearly as fast as they are arriving at our dealerships -- even with deep price cuts, manufacturer incentives, and generous government incentives.*

*While the goals of the regulations are admirable, they require consumer acceptance to become a reality. With each passing day, it becomes more apparent that this attempted electric vehicle mandate is unrealistic based on current and forecasted customer demand. Already, electric vehicles are stacking up on our lots which is our best indicator of customer demand in the marketplace,"* the letter says.




"Too many members of Congress think Field of Dreams is a blueprint for infrastructure: build it and they will come. No, they won't come. Because Americans didn't want EVs when this wasteful spending was passed and they don't want them now, even with all the massive subsidies and incentives to buy EVs," Daren Bakst, the director of the Competitive Enterprise Institute's Center for Energy and Environment, told Fox News Digital.

December 4, one day ahead of the House of Representatives' consideration of H.R. 4468, the Choice in Automobile Retail Sales Act (CARS Act), the American Fuel & Petrochemical Manufacturers (AFPM) released the results of a national survey fielded among n=1,089 likely general election voters. The data show Americans strongly oppose EPA's vehicle tailpipe emissions proposal for model years 2027-2032 and are less likely to vote for candidates who support banning sales of gas-fueled vehicles.

**Six out of ten (60%) of 2024 general election voters oppose government policy that, by 2032, would require 70% of new cars sold in the U.S. to be electric** (essentially, EPA's light duty vehicle tailpipe emission proposal for model years 2027-2032). Roughly eighteen percent (18%) of those surveyed don't yet have an opinion, indicating one-fifth of the electorate is ripe for additional education and advocacy. While Republicans are near universal (87%) in their opposition to EPA's de facto ban proposal, **a majority of Independents are also opposed (61%).** Democrats are split on the matter, with nearly half either opposed (32%) or not sure (27%), and just forty-one percent (41%) who support the mandate.

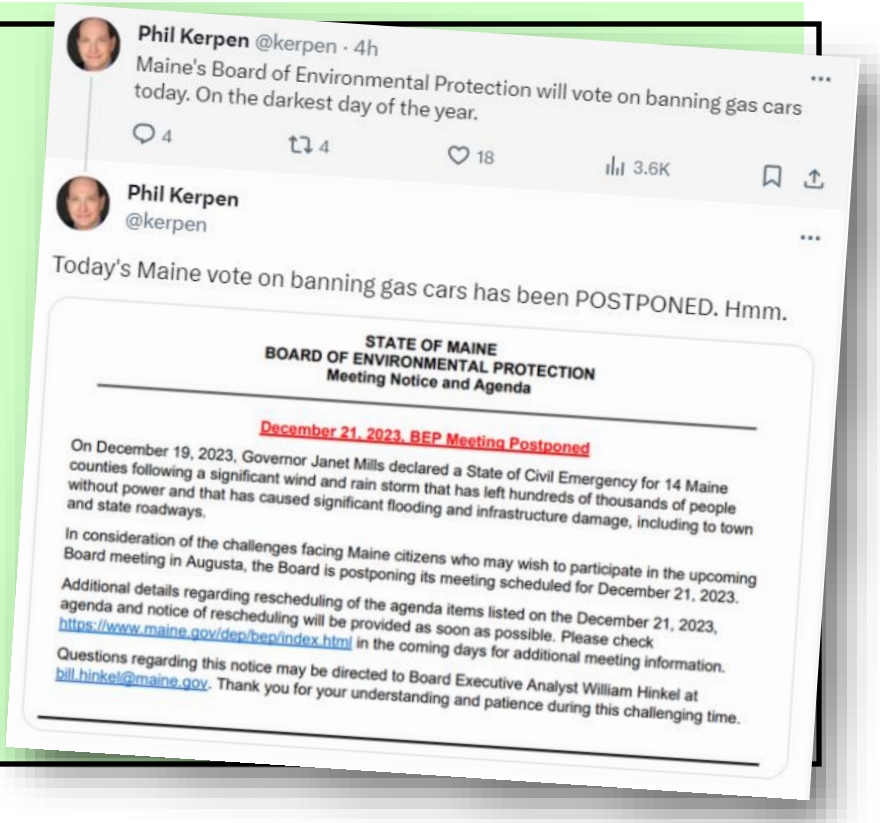
# OH THE IRONY!

## A SIDEBAR

The State of Maine Board of Environmental Protection scheduled a December 21 vote on a California-style vehicle emissions regulation. The package would eventually almost entirely ban the sale of gas powered vehicles.

The meeting was postponed in an announcement December 19 from Governor Janet Mill's office. In the statement, the Governor announced a State of Civil Emergency for 14 Maine counties following a significant wind and rain storm that left hundreds of thousands of residents without power, including town and state roadways.

Luckily the state will not be required to attempt storm damage repair to roads and bridges with battery powered heavy equipment, at this time.



# Pumping the Breaks on Electric Vehicles

Dear Mr. President,
We are auto dealers from across the country who collectively sell every major brand in the U.S. We are small businesses employing thousands of Americans. We are deeply committed to the customers we serve and the communities where we operate, which is why we are asking you to slow down your proposed regulations mandating battery electric vehicle (BEV) production and distribution.

Your Administration has proposed regulations that would essentially mandate a dramatic shift to battery electric vehicles (BEVs), increasing year after year until 2032, when two out of every three vehicles sold in America would have to be battery electric.

Currently, there are many excellent battery electric vehicles available for consumers to purchase. These vehicles are ideal for many people, and we believe their appeal will grow over time. The reality, however, is that electric vehicle demand today is not keeping up with the large influx of BEVs arriving at our dealerships prompted by the current regulations. BEVs are stacking up on our lots.

Last year, there was a lot of hope and hype about EVs. Early adopters formed an initial line and were ready to buy these vehicles as soon as we had them to sell. But that enthusiasm has stalled. Today, the supply of unsold BEVs is surging, as they are not selling nearly as fast as they are arriving at our dealerships -- even with deep price cuts, manufacturer incentives, and generous government incentives.

While the goals of the regulations are admirable, they require consumer acceptance to become a reality. With each passing day, it becomes more apparent that this attempted electric vehicle mandate is unrealistic based on current and forecasted customer demand. Already, electric vehicles are stacking up on our lots which is our best indicator of customer demand in the marketplace.

Mr. President, no government agency, no think tank, and no polling firm knows more about the automobile customer than us. We talk to customers every day. As retail automotive dealerships, we are agnostic as to what we sell. Our business is to provide customers with vehicles that meet the needs of their budgets and lifestyles.

Some customers are in the market for electric vehicles, and we are thrilled to sell them. But the majority of customers are simply not ready to make the change. They are concerned about BEVs being unaffordable. Many do not have garages for home charging or easy access to public charging stations. Customers are also concerned about the loss of driving range in cold or hot weather. Some have long daily commutes and don't have the extra time to charge the battery. Truck buyers are especially put off by the dramatic loss of range when towing. Today's current technology is not adequate to support the needs of the majority of our consumers.

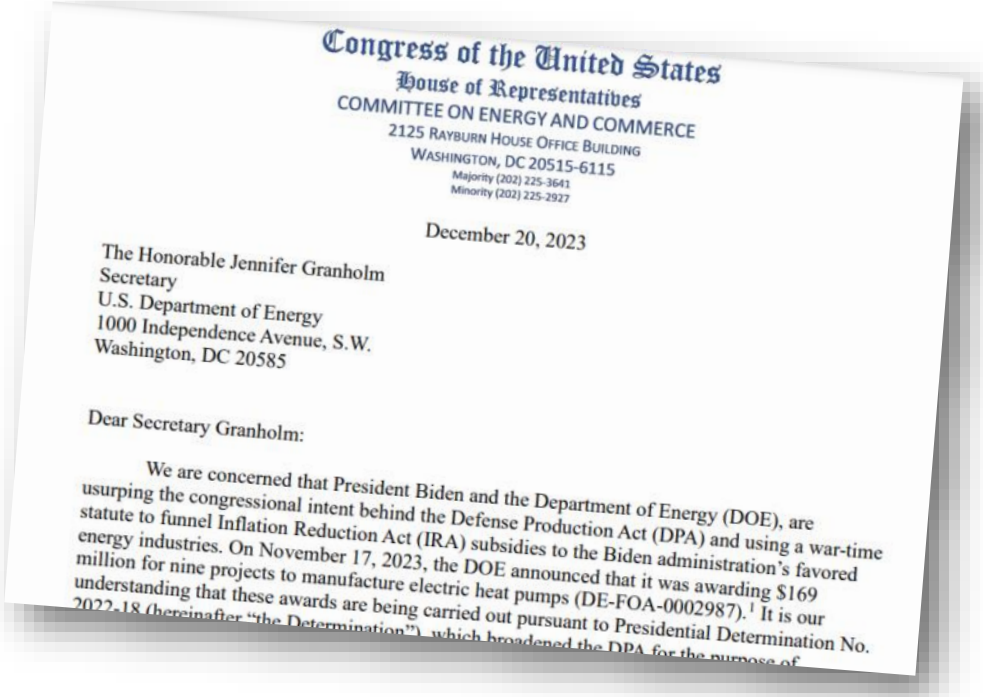
Many of these challenges can and will be addressed by our manufacturers, but many of these challenges are outside of their control. Reliable charging networks, electric grid stability, sourcing of materials, and many other issues need time to resolve. And finally, many people just want to make their own choice about what vehicle is right for them.

Mr. President, it is time to tap the brakes on the unrealistic government electric vehicle mandate. Allow time for the battery technology to advance. Allow time to make BEVs more affordable. Allow time to develop domestic sources for the minerals to make batteries. Allow time for the charging infrastructure to be built and prove reliable. And most of all, allow time for the American consumer to get comfortable with the technology and make the choice to buy an electric vehicle.
Sincerely,
*Supporting Dealerships*

**4,468 Dealerships Signed This Letter**

# Energy & Commerce Chairs Decry Administration's Use of Wartime Authority to Subsidize Radical Rush-to-Green Agenda

House Energy and Commerce Committee Chair Cathy McMorris Rodgers (R-WA) and Energy, Climate, and Grid Security Subcommittee Chair Jeff Duncan (R-SC), on behalf of subcommittee Republicans, sent a letter to Department of Energy (DOE) Secretary Jennifer Granholm December 20 raising concerns that the DOE and President Biden are using a wartime statute to funnel Inflation Reduction Act (IRA) subsidies to the Biden administration's favored energy industries.



Congress of the United States
House of Representatives
COMMITTEE ON ENERGY AND COMMERCE
2125 Rayburn House Office Building
Washington, DC 20515-6115
Majority (202) 225-3641
Minority (202) 225-2927

December 20, 2023

The Honorable Jennifer Granholm
Secretary
U.S. Department of Energy
1000 Independence Avenue, S.W.
Washington, DC 20585

Dear Secretary Granholm:

We are concerned that President Biden and the Department of Energy (DOE), are usurping the congressional intent behind the Defense Production Act (DPA) and using a war-time statute to funnel Inflation Reduction Act (IRA) subsidies to the Biden administration's favored energy industries. On November 17, 2023, the DOE announced that it was awarding $169 million for nine projects to manufacture electric heat pumps (DE-FOA-0002987).[1] It is our understanding that these awards are being carried out pursuant to Presidential Determination No. 2022-18 (hereinafter "the Determination"), which broadened the DPA for the purpose of

**BACKGROUND:**

—On November 17, 2023, the DOE announced that it was awarding $169 million for nine projects to manufacture electric heat pumps.

—It is the members' understanding that the awards are being carried out pursuant to an executive order, which broadened the Defense Production Act (DPA) for the purpose of expanding the domestic production capacity for electric heat pumps.

—President Biden's executive order waived numerous statutory requirements in the DPA meant to inform and justify such actions to the public and Congress.

—By waiving these requirements, the public and Congress have been left in the dark as to the justification for these actions and without any assurances that this program will help reduce America's energy reliance on adversaries, like Russia and China.

**THE TEXT FOLLOWS:**

Dear Secretary Granholm:

We are concerned that President Biden and the Department of Energy (DOE), are usurping the congressional intent behind the Defense Production Act (DPA) and using a war-time statute to funnel Inflation Reduction Act (IRA) subsidies to the Biden administration's favored energy industries. On November 17, 2023, the DOE announced that it was awarding $169 million for nine projects to manufacture electric heat pumps (DE-FOA-0002987). It is our understanding that these awards are being carried out pursuant to Presidential Determination No. 2022-18 (hereinafter "the Determination"), which broadened the DPA for the purpose of expanding the domestic production capability for electric heat pumps.

Specifically, the Determination, pursuant to Section 303, of the DPA stated that electric heat pumps are an industrial resource, material, or critical technology item essential to the national defense; without presidential action under section 303 of the DPA, United States industry cannot reasonably be expected to provide the industrial capability for manufacturing electric heat pumps in a timely manner; and purchases, purchase commitments, or other action pursuant to section 303 of the DPA are the most cost effective, expedient, and practical alternative method for meeting the need for electric heat pumps. Further, the Determination claimed that action to expand the domestic production capability for electric heat pumps is necessary to avert an industrial resource or critical technology item shortfall that would severely impair national defense capability.

It is also our understanding that the funding source for the awards was Sec. 30001 of the IRA, which provided $500 million through fiscal year (FY) 2024 to carry out the DPA, of which $250 million was subsequently allocated to the DOE to "support the growth of manufacturing needed to meet the anticipated growing demand for electric heat pumps." Within the Determination, the President waived numerous statutory requirements in DPA Section 303 meant to inform and justify such actions to the public and Congress. By waiving these requirements, the public and Congress are in the dark as to the justification for these executive actions. Consequently, we ask that you respond to the following questions in writing by January 5, 2024.

***"The President is using his wartime emergency powers under the Defense Production Act to turbocharge U.S. manufacturing of clean technologies and strengthen our energy security," said President Biden's National Climate Advisor Ali Zaidi.***

**E&C Committee Letter to Granholm**
**Cont'd**
**To read the letter with footnotes, Click Here**

1. Has the Department of Defense or the DOE issued any report identifying electric heat pumps as essential to national defense?
2. According to the International Energy Agency, China is the largest producer and exporter of heat pumps.6 Will you provide the Committee with information verifying that none of the funds awarded will be made available either directly or indirectly by China or its affiliated entities?
3. Will you provide the Committee with information the DOE has justifying that there is a shortfall of electric heat pumps severely impairing national defense capabilities?
4. Will you provide the Committee with information the DOE has indicating a domestic industrial base shortfall for electric heat pumps prior to the November 17th awards?
5. Will you provide the Committee with information the DOE has justifying that the $169 million in grant funding is the most cost effective, expedient, and practical alternative method for meeting electric heat pump needs?
6. The DOE Heat Pump DPA Program stated its Purpose and Strategic Goals will aim to, "[e]xpand United States electric heat pump manufacturing to reduce the amount of energy needed in our buildings, leading to less reliance by the U.S. and allies on adversaries, such as Russia, for oil and gas." There was no citation provided for this statement detailing how electric heat pumps will reduce reliance on adversarial sources of energy. Can you provide the study, research, or applicable materials supporting this claim?
7. Because approximately $339 million in DPA funds from the IRA remain and the President has issued separate determinations expanding the DPA to produce solar, transformers and electric grid components, insulation, and electrolyzers, fuel cells, and platinum group metals, will you commit to providing the Committee with appropriate explanatory materials that justify the use of the DPA for these energy resources should further awards be announced?

We look forward to your prompt response. Thank you in advance for your cooperation. If you have any questions regarding this matter, please contact Mary Martin or Drew Lingle with the Majority Committee staff at (202) 225-3641.

Sincerely,

Cathy McMorris Rodgers
Chair
Committee on Energy and Commerce

Jeff Duncan
Chair
Subcommittee on Energy, Climate, and Grid Security

Zaidi is a long-time advisor to President Biden, having provided counsel and leadership on climate policy development, legislation, and executive action from day one of the Administration and on the Biden presidential transition and campaign. Zaidi served in leadership roles for climate change and energy during the Obama-Biden Administration and as New York's Chairman of Climate Policy and Finance and Deputy Secretary for Energy and Environment, where he led the state's efforts on climate change and clean energy.

# Don't Forget:

- Electric heat is much more expensive to use than natural gas.
- The Energy Information Administration projects this winter's heating bills to average $601 for natural gas users, but $1,063 for those using electricity.
- Fossil fuels produce about 60% of the nation's electricity.
- Currently there is a shortage of HVAC technicians needed to install and service heat pumps. It has been reported as many as 110,000 HVAC technician jobs are unfilled.

Doug Sheridan
Curation, Commentary & Opinion

Our Take...

The oil and gas industry is under pressure from some, including interests at COP28 UAE, to voluntarily phase out the production of hydrocarbons, which are blamed for causing climate change and environmental degradation. This is a misguided and dangerous proposal that the industry should reject out of hand.

Put simply, the political left and climate activists want the oil and gas industry to do their dirty work for them. They want the industry to take the blame and the responsibility for the consequences of eliminating these fuels, while they take the credit and the praise for supposedly saving the planet.

They want the industry to bear the costs and the risks of transitioning to renewable energy, while they reap the benefits and the rewards of appearing green and clean. They want the industry to be the scapegoat and the villain, they the hero and the savior.

It's is a clever and cunning strategy, but it is also a dishonest and hypocritical one. Note how the political left and climate activists are quick to subsidize renewables, but slow to actually ban fossil fuels—which they could do. The reason is they know they will be held to account by the public for the ensuing disaster of falling living standards and economic chaos.

They also know that oil and gas are essential for powering the modern economy, providing reliable and affordable energy for transportation, manufacturing, agriculture, and many other sectors. Without hydrocarbons, the world would face severe energy shortages, blackouts, inflation, unemployment, and social unrest. They know these things.

Just to reiterate, for good measure...
Eliminating oil and gas by any means other than market forces would rival as one of the most consequential and regrettable unforced errors in history. So greens are attempting to push the oil and gas industry to voluntarily stop producing them on their own. This way, the climate lobby can avoid the backlash and the blame from the public, shifting it to the industry. They'll be able accuse the industry of being greedy and selfish, of hoarding and profiteering.... even as they point to it as the cause of climate change.

The whole thing is a trap, one that the oil and gas industry should avoid stepping into at all costs. The industry has nothing to gain from taking responsibility for what would surely lead to global chaos. It also has nothing to apologize for in providing the world with the energy it needs and wants.

To Sum It Up: The oil and gas industry is, first and foremost, the ally of human progress. If some want to take the risk of turning away from hydrocarbons, it should be *they*... not the oil and gas industry... that force the change on the public and are held accountable for the results. Period.

ENERGY POINT RESEARCH

Doug Sheridan is Managing director and founder of EnergyPoint Research in Houston, Texas.

EnergyPoint is the acknowledged standard for independent measurement and monitoring of the oil and gas industry's satisfaction with the products and services it purchases and utilizes. Through its MarketPartners® Program, the firm regularly surveys significant cross-sections of experienced industry participants involved in the selection and utilization of oilfield suppliers. Survey participants range from executives and managers at some of the world's largest energy companies to operational and field personnel at smaller independents and regionals.

The firm publishes its closely watched annual customer satisfaction ratings and rankings across five industry segments: offshore drilling, land drilling, oilfield services, oilfield products and midstream services. Surveys measure satisfaction by organizational attribute, customer and provider type, respondent title and function, product and service category, geographic region, well and application type, and other categories and attributes.

# What You Missed on Social Media this Month if you don't participate

**Al Gore**
@algore

COP28 is now on the verge of complete failure. The world desperately needs to phase out fossil fuels as quickly as possible, but this obsequious draft reads as if OPEC dictated it word for word. It is even worse than many had feared. It is "Of the Petrostates, By the Petrostates and For the Petrostates." It is deeply offensive to all who have taken this process seriously. There are 24 hours left to show whose side the world is on: the side that wants to protect humanity's future by kickstarting the orderly phase out of fossil fuels or the side of the petrostates and the leaders of the oil and gas companies that are fueling the historic climate catastrophe. In order to prevent COP28 from being the most embarrassing and dismal failure in 28 years of international climate negotiations, the final text must include clear language on phasing out fossil fuels. Anything else is a massive step backwards from where the world needs to be to truly address the climate crisis and make sure the 1.5°C goal doesn't die in Dubai.

From the comments

**Jusper Machogu** @JusperMachogu · 1h

The failure of #COP28 is the success of humanity esp poor hungry Africans who don't have access to energy and Fossil Fuel pdt. The chief alarmist/antihumanist/Neo-colonialist is angry as his depopulation agenda which starts from Africa is failing terribly!

> **Jusper Machogu** @JusperMachogu · Nov 29
> Dear COP28,
>
> A MESSAGE from a Small Scale Farmer in rural Kisii Kenya to the UN COP 28 in UAE.
> ...
> Show more


From the comments

**Jennifer Granholm** • 3rd+
U.S. Secretary of Energy
5d •

This week's wins in the transition to clean energy:
1. U.S. solar & wind power to surpass that of coal in 2024.
2. Record-breaking energy storage installations in Q3.

In other words, our country is seeing the rise in clean energy AND the expand capacity to store it. Let's go.

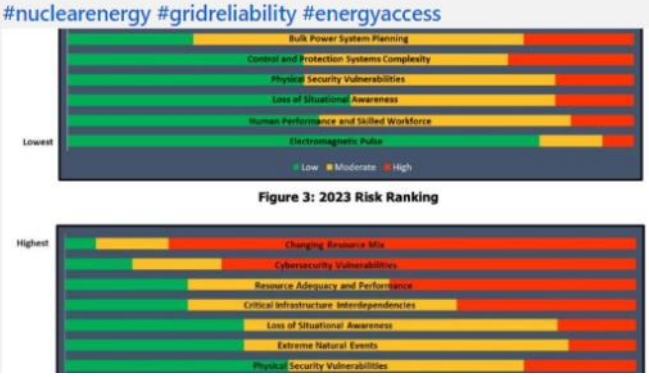
**Ron Gusek** • 1st
President at Liberty Energy
2d

The trade-off to these so-called "wins" from additional renewable deployment is an increasingly fragile grid, the network upon which we depend for our very survival. NERC ranks Changing Resource Mix (increasing penetration of renewables) as the single greatest risk to grid reliability. However, this is notably absent from all the Secretary's comments.

For context, the added storage in Q3 represents about 1 minute of US electricity consumption at current levels.

https://www.powermag.com/nerc-identifies-energy-policy-as-key-risk-to-grid-reliability-amid-evolving-challenges/

#nuclearenergy #gridreliability #energyaccess



**Gov. Greg Abbott** @GovAbbott · Dec 17

This year, I signed critical laws to keep Texas the energy leader of America:

✅ Prohibit **gas** engine bans
✅ Protect our **oil** and **gas** industry from harmful federal actions

Proud of the work done this year to ensure Texas continues to power our nation AND the world. #txlege

**Alex Epstein** • 1st
Founder at Center for Industrial Progress
1h •

"the natural gas industry should just tell Markey, 'No natural gas for you this winter.' If you wanted them to stop production in 2022, you shouldn't get it in Massachusetts. You shouldn't get electricity, which depends on natural gas."

Watch the full interview with Dagen McDowell and Sean Duffy on The Bottom Line: https://lnkd.in/dAcdbueV

Get Fossil Future: FossilFuture.com


**Contrarian** @ContrarianTribe · Dec 17

Elon Musk "We should not demonize **oil** and **gas**"

Even he knows it's necessary and will be for a very long time.

He thinks several decades to become more sustainable.

Meanwhile Trudeau and Guilbeault demand we do it in 6 years?


**Rep. John Block**
@RepBlock

Dear far-left Democrat legislators: Without Oil and Gas, you would have NOTHING — I REPEAT: NOTHING! And when you finally cripple the industry, God help what's left of this once great state. Oh, and the enviro-Marxists hate Nuclear, which is the only other viable and responsible option... UNLESS Democrat voters start to actually read their ballots and vote Republican for their own good.

State's record oil production double-edged political sword

DECEMBER 19, 2023, E-EDITION

DECEMBER 15, 2023, PASATIEMPO

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.

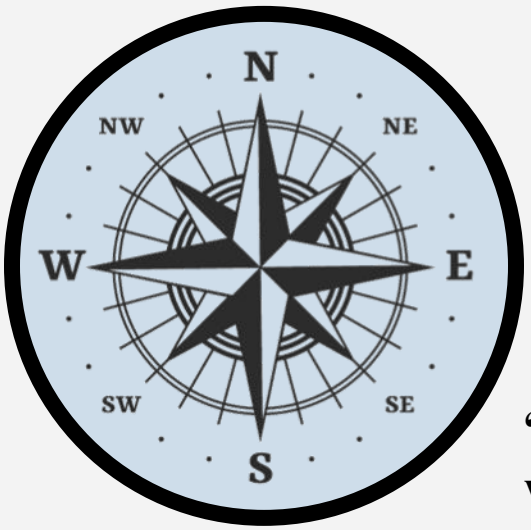
# Purposeful

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.

THE PEOPLE OF AMERICAN OIL & NATURAL GAS

# DEPA

DOMESTIC ENERGY PRODUCERS ALLIANCE

## Member Information:

Member Name:_____

Company Name:_____

Phone:_____

Primary Email:_____

Secondary Email:_____

Mailing Address:_____

City:_____

State:_____ Zip:_____

"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, on a bicycle seat, on the grips, on 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**

## Member Levels:

- ❍ $100,000: DEPA Underwriter
- ❍ $75,000: Lead Investor
- ❍ $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
- ❍ $100: DEPA Supporter

**Return completed form and payment to:**

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**

# WWW. DEPAUSA. ORG

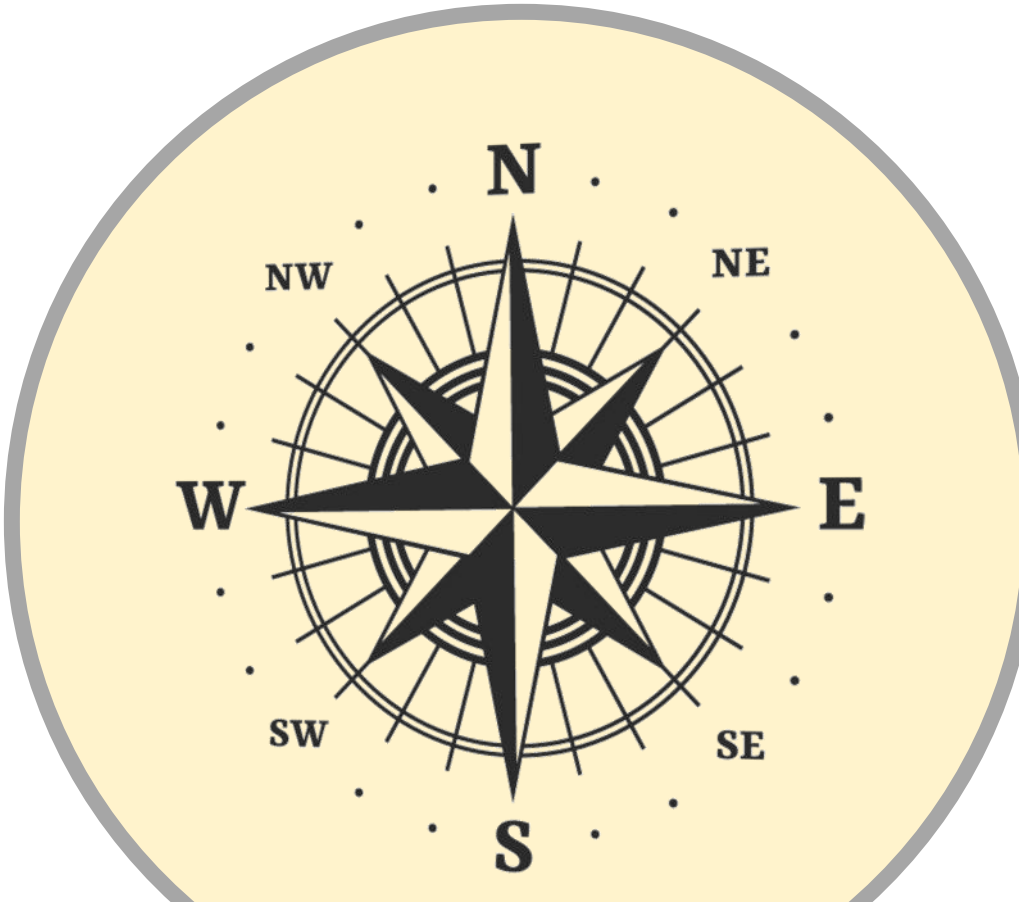
Dear DEPA Members,

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



# DEPA PAC
POLITICAL ACTION COMMITTEE

## 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.

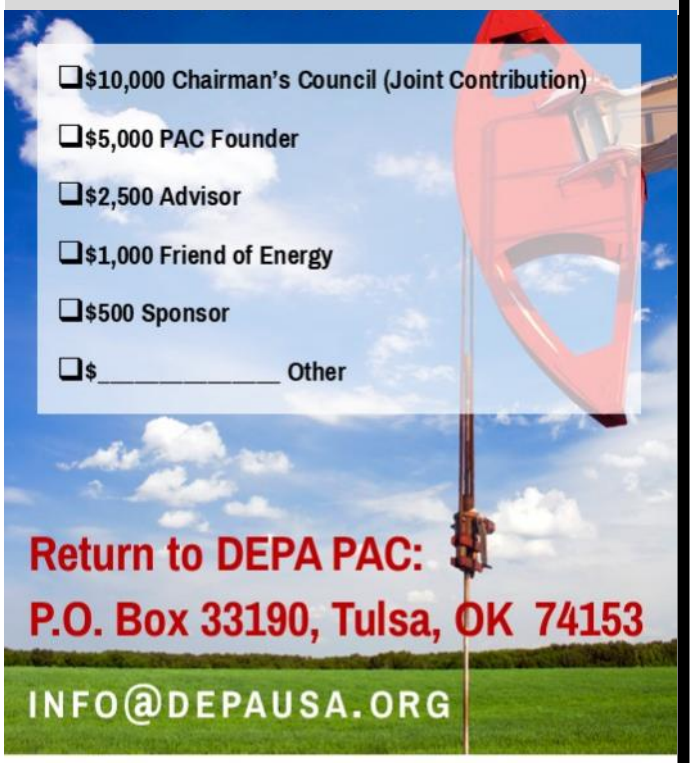
Contributions are not deductible as charitable contributions for federal income tax purposes. Federal law prohibits contributions from corporations, national banks, labor unions, federal govt. contractors, or foreign nationals lacking permanent resident status.

**Signature:**

_____

# DONATE TODAY!

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




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.