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

A Look Back at Lifting the US Crude Oil Ban on the 9th Anniversary

On December 18, 2015, the U.S. crude oil export ban was officially lifted—a historic milestone for American energy producers. No organization celebrated this achievement more fervently than DEPA. For three years, DEPA led the charge to open global markets for U.S. crude exports, advocating tirelessly for policymakers to unleash American light, sweet oil and strengthen the nation's competitiveness in the global energy arena.

The foresight of DEPA Founder and Executive Chairman Harold Hamm on this issue was visionary. Under Harold's leadership, DEPA members, and our collaborating associations, spearheaded a relentless advocacy effort. Nearly every week, DEPA representatives traveled to Washington, D.C., conducting over 350 Congressional meetings and participating in three critical Congressional hearings to champion this cause. By early 2016, just weeks after congress repealed the ban, its importance became unmistakably clear to all.

A press release from the DEPA staff issued December 18, 2015 read *"For too long, America has been held hostage to the predatory pricing tactics of OPEC."*

"Today, American policymakers have taken a stand against OPEC's strategy to run down the price of oil and run US independent oil and natural gas producers out of business.

Through this historic legislative action, America will reassert our nation's energy leadership."

DEPA has been at the forefront of the exports issue for the past three years, urging policymakers to allow the US to export its light, sweet oil and unleash American competitiveness on global energy markets. As a nationwide alliance DEPA represents US independent producers, royalty owners, and oilfield service companies. Exports have become an increasingly urgent issue, with the combination of America's ban on exports and OPEC price manipulation contributing to the loss of 63 percent of US oil and natural gas rigs, 250,000 direct oil and natural gas jobs, and 1 million indirect jobs over the past year alone.

"Oil exports set the stage for a market recovery," Hamm said. "By mid-2016, we see the beginning of an oversupply correction. Production is already falling off, demand is at a record high, and crude oil exports now allow the US oil industry to compete globally."

A year earlier Harold was invited by the Senate Committee on Energy and Natural Resources to testify in a hearing titled *Explore Opportunities and Challenges Associated with Lifting the Ban on US Crude Oil Exports.*

Also invited were three individuals that would testify lifting the export ban would result in high prices at the pump and other negative domino effect results. Looking back on the speculation and projection we know how wrong they were, but at the time it was an uphill battle.

Please enjoy this hindsight view of the January 30, 2014 hearing and the genius that is Harold Hamm.

Good morning, Chairman Wyden, Ranking Member Murkowski and members of the committee. My name is Harold Hamm. I serve as Chairman and Chief Executive Officer at Continental Resources, an Oklahoma City based independent oil and gas exploration and production company. We do not have refineries.

It's an honor to address you today on this critical subject of crude oil exports. Whether blueberries or barrels of oil restrictions hamper growth in the market and the same is with this critical product that we're talking about, crude oil because we need to lift this restriction sooner than later.

As Chairman of Domestic Energy Producers Alliance and as CEO of the company that co-developed the first field ever drilled exclusively with horizontal drilling, no fracks and a company that has the largest lease holder and most active driller in the Bakken Play in North Dakota is in a unique position to be one of the first to see American energy independence on the horizon 3 years ago. As technology continues to advance and new supplies of premium crude oil are discovered, today I see firsthand what's necessary to continue this American oil and gas renaissance and achieve energy independence for our country.

I appreciate you inviting me to share my experience and insight with you here today.

In October 2011 DEPA put a stake in the ground and predicted American energy independence by 2020. America's independent oil and gas producers have unlocked the technology and resources that made this a reality, not the majors. As a result we can today mark the recent 40th anniversary of the OPEC oil embargo by ending their oil scarcity in America and along with it ending the last short sighted regulation passed during that same period.

The laws passed in the 70s artificially controlled the supply, demand and price of U.S. energy and brought about unintended consequences. One law even banned the use of natural gas as a boiler fuel and mandated U.S. power plants to switch to less friendly alternative, coal. We understand what's happened.

Thankfully in response to dramatic changes in our global energy industry legislators have repealed or let expire nearly all post embargo regulations save two, the Energy Policy and Conservation Act of 1975 and the Export Administration Act of 1979 which essentially banned crude oil exports. The scarcity mentality that originally led to the creation of these export restrictions no longer 14 reflects the economic reality of the global energy marketplace that we have today.

The full transcript from the hearing

WE ARE THE PEOPLE OF AMERICAN OIL AND NATURAL GAS

DEPA

DOMESTIC ENERGY PRODUCERS ALLIANCE

EXECUTIVE BOARD OF DIRECTORS

HAROLD HAMM
EXECUTIVE CHAIRMAN

JOHN SCHMITZ
CHAIRMAN

JERRY SIMMONS
PRESIDENT/CEO

ROCK ZIERMAN
VICE PRESIDENT

PATRICK MONTALBAN
SECRETARY/TREASURER

DAN BOREN
STEPHANIE CANALES
ED CROSS
RON NESS
BEN SHEPPERD
BROOK SIMMONS
BILL STEVENS

DEPA STAFF

PETER REGAN
CONGRESSIONAL AND ALLIANCE LIAISON

DAVID CRANE
LOBBYIST

CYNTHIA SIMONDS
CHIEF ADMINISTRATIVE OFFICER

MISTY SANDLIN
BOOKKEEPING

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.

Our work is critical. Your support is vital.

PO BOX 33190 • TULSA, OK 74153 • 405-669-6646 • INFO@DEPAUSA.ORG

9 A Look Back at Lifting the US Crude Oil Ban Cont'd

We are entering a new era of energy abundance in America and the world. Heretofore we have only been able to extract hydrocarbons from reservoir quality rock primarily through vertical wells. But through technological breakthroughs in horizontal drilling we can develop resources previously thought to be unattainable by drilling two and 3 mile along laterals.

America now counts their natural gas supplies in centuries. Experts agree we'll be energy independent in terms of crude oil within this decade. This phenomenon was brought about by a group of independent American producers and missed by the general consensus of the industry. It was in complete contrast to the popular belief that the United States would be running out of oil and gas at the turn of the 21st century.

Today we must correct another popular misconception that we're not exporting petroleum. Nothing could be further from the truth. Major oil companies are exporting refined petroleum products without any limitations. Why should an independent producer be allowed to do the same?

Are we going to be their milk cows forever?

Over the years some have argued granting U.S. crude oil producers free access to world markets would drive up the cost of gasoline. The opposite is actually true. Unlike the exports of crude oil, exports of gasoline and other refined products are not restricted. Under current law our government has arbitrarily subsidized in some U.S. refineries, many of which are foreign owned, by giving them the ability to buy American oil at artificially low prices yet sell petroleum products in the higher priced global markets.

The true benefits of exports to the American consumer will be competition for the refining of gasoline. Indeed crude oil is no different than any other commodity demanded by consumers. The lower prices are only brought about by increased supply, greater competition, weaker demand or improved efficiency in the market. When governments attempt to legislate lower prices, it don't matter how well meaning the laws may be, market restrictions, market distortions and unintended consequences inevitably result. Supply and competition fall short of potential and the consumer ends up paying higher prices.

Over the past 18 months consumer prices for both gasoline and diesel have been reduced almost 20 percent due to the American energy renaissance brought about by horizontal drilling. A recent, released only yesterday, a report by ICF International states American consumers cost for these commodities can be reduced another $6.6 billion per year if the export ban is removed.

We find ourselves at a crossroad. Do we cap oil production or modernize Federal rules and regulations to reflect the reality of today? Lifting export restrictions will strengthen our domestic oil industry, a critical component of our economy whose impact reaches far beyond the American consumer.

The energy sector has added jobs for millions of Americans

STATEMENT OF HON. JOHN BARRASSO, U.S. SENATOR FROM WYOMING Senator BARRASSO.

"*Yes, thank you, Mr. Chairman, for holding this important meeting. I read a book this past weekend called Break Out. There's a whole section on what Mr. Hamm has been able to accomplish. It's about pioneers of the future. He truly is one. It goes into the epic battle that is going to decide America's fate. A lot of it has to do with our energy resources, the availability, the production and the new technology that's made it possible. So I want to thank you, Mr. Chairman, for your leadership and bringing this group together. Thank you.*"

and has also served as a job multiplier for our Nation's growing chemical and manufacturing industries.

Energy independence doesn't mean being isolationist. As we've seen in Cuba, Venezuela, North Korea, closed societies don't work. Energy independence means energy security.

In conclusion, the world has drastically changed since the OPEC oil embargo and reactionary enactment of Federal regulations in the 1970s. Even then that ban was symbolic, as we had no oil to export. Americans and consumers of all nations would benefit from the lifting of these restrictions that inhibit the export of crude oil produced in the U.S.

Thank you, Mr. Chairman.

9

STATEMENT OF GRAEME BURNETT, SENIOR VICE PRESIDENT, DELTA AIRLINES

Chairman Wyden, Ranking Member Murkowski and members of the committee, thank you for inviting me to testify before you today. I'd ask that my full remarks be included in the record.

My name is Graeme Burnett. I'm the Senior Vice President for Fuel Optimization at Delta Airlines. In this position I manage Delta's jet fuel supply as well as serve as Chairman of the Board of Monroe Energy, the company that owns and operates Delta's refinery in Pennsylvania.

Behind the U.S. military Delta is the largest user of jet fuel in the world and jet fuel is our largest expense. Because of this we are uniquely situated both as an end user of crude oil and as a refiner to comment on the crude oil export ban and the current debate over whether to lift it. We believe strongly that the ban on U.S. crude oil exports is good policy and that lifting export limits now would come at the expense at the American consumer, who would pay more for gasoline, more for heating oil and more for the price of an airline ticket.

Today the going price for a barrel of U.S. crude is $11 less than a barrel sold in Europe. This price differential can be easily explained. The U.S. crude market is a competitive one with price determined by supply and demand. Once the U.S. domestic market incorporated the increased supply of crude from places like North Dakota, the price of a domestic barrel of oil came down.

In contrast the global market is influenced by a cartel where OPEC countries control production in order to set prices. If we lift the export ban we would, in essence, be allowing the transport of crude out of a competitive market in this country and into a less competitive global one controlled by a few oil producing states.

The results would be easy to predict. U.S. crude would flow out of this country and onto the world market. OPEC would reduce supply to maintain high global prices. The United States use of home grown oil would diminish and prices here at home would rise to match the higher global price for a barrel of crude.

As one commentator put it, allowing for the export of home grown U.S. crude would do nothing more than import higher OPEC prices into the U.S. market.

It's clear who gains from this scenario. The oil exploration and production companies, many of which are foreign owned. With the increased supply of U.S. crude helping to push prices down these companies want to sell U.S. crude on the global market at higher prices largely determined by OPEC. It's equally apparent who would lose, the American consumer, who will see prices rise for gasoline, for petroleum products and for most consumer goods that rely on fuel to get to market.

Our country's refinery workers also stand to lose from lifting export limits. Some recent history can help explain why. Before the shale oil boom there was too much capacity in the refineries in the Northeast, along the Gulf Coast and many were closing. In fact Delta purchased its Pennsylvania refinery in 2012 from ConocoPhilips after their facility had been closed nearly 1 year. The shale oil revolution breathed new life into U.S. refineries and created jobs for thousands of refinery workers.

In thinking about the merits of the export ban we should also consider one of its goals which was to help achieve energy independence. By independence I mean the ability to meet our energy needs from sources within North America.

Notwithstanding the upswing in domestic production this country still imports around 33 percent of its daily crude oil needs from outside of North America. That's why exporting U.S.

Cont'd Statement by Graeme Burnett

crude makes little sense. If we allow for the export of U.S. crude we'll have to import more oil from overseas and subject ourselves once again to an increasing degree of price volatility and higher global prices.

In sum, the export ban works. It may have taken a bit longer than we anticipated in the 1970s but we're now seeing its benefit, lower prices for crude in this country compared to global markets and an increase in home grown energy. The ban may be unnecessary at some point in the future, but we still have a long way to go to protect against oil market volatility and achieve true energy independence. That's why and I'll close with a sports metaphor here, lifting the ban now would be like ending the game after the first quarter.

9 What we know now about predictions from then OR I'm not saying you were wrong but…you were wrong

The 2015 lifting of the U.S. crude oil export ban resulted in a number of significant market outcomes, many of which diverged from the concerns expressed during the congressional testimony Let's examine the real-world impacts on domestic gasoline prices, crude oil pricing, and energy independence:

1. Domestic Gasoline Prices

- **Prediction**: It was claimed that lifting the ban would raise domestic gasoline prices because U.S. crude would be exported, causing U.S. prices to converge with higher global prices.
- **Outcome**: Gasoline prices for consumers **did not rise as predicted**. In fact, studies, including those by the Energy Information Administration (EIA) and independent economic analyses, found that the lifting of the ban had little to no impact on gasoline prices. U.S. gasoline prices are tied more closely to global crude prices (like Brent) than to domestic crude prices (like WTI). Increased exports contributed to a more efficient global oil market, helping stabilize prices rather than inflate them.

2. Price Differential and Per-Barrel Pricing

- At the time of the ban's lifting, the price differential between West Texas Intermediate (WTI, the U.S. benchmark) and Brent Crude (the global benchmark) narrowed.
- **2015 Prices**: WTI was trading at a discount to Brent due to the inability to export surplus crude.
- **2016 Prices**: By mid-2016, the WTI-Brent spread diminished significantly, reflecting better alignment between U.S. and global markets.

In January 2016, WTI prices were around $30/barrel (a low caused by a global oil glut), similar to Brent prices, indicating the U.S. market had integrated more fully into the global market.

3. Impact on U.S. Refiners

- **Prediction**: Those opposed to lifting the ban argued U.S. refiners would suffer as crude exports would lead to increased competition for domestic crude, raising their costs.
- **Outcome**: Refiners faced some cost pressure but adapted by focusing on complex refining capabilities that could handle a wider range of crude types. Gulf Coast refiners, in particular, continued to benefit from access to discounted domestic and imported crudes.

4. OPEC's Role and Market Dynamics

- **Prediction**: It was believed by those opposed to lifting the ban that OPEC would reduce production to maintain high prices, effectively importing OPEC's pricing power into the U.S.
- **Outcome**: OPEC's influence was challenged, not strengthened. The surge in U.S. production, along with lifted export restrictions, contributed to the broader global oil glut, weakening OPEC's pricing power. This dynamic culminated in price wars and market-share battles (e.g., the 2020 Saudi-Russian oil price war).

5. Energy Independence

- **Prediction**: Some of the congressional testimony suggested that lifting the ban would undermine energy independence.
- **Outcome**: The U.S. achieved greater energy independence, defined as reduced reliance on foreign oil imports. By 2019, the U.S. became a net exporter of petroleum products, a milestone made possible by the ability to export crude oil, which incentivized higher domestic production.

Key Takeaways

Testimony by those opposed to lifting the ban overstated the negative impacts of lifting the crude export ban.
Instead of harming consumers and U.S. energy independence, as Mr. Hamm and DEPA leadership predicted the lift:

- Helped U.S. producers find new markets, encouraging increased production.

- Integrated the U.S. into the global market, stabilizing crude price dynamics.
- Had minimal impact on gasoline prices for American consumers.
- Contributed to the U.S. becoming a net energy exporter, bolstering energy independence.
  While there were adjustments for refiners and other market players, the overall effects were positive for the U.S. oil and gas industry and consumers.

STATEMENT OF DANIEL J. WEISS, SENIOR FELLOW AND DIRECTOR OF CLIMATE STRATEGY, CENTER FOR AMERICAN PROGRESS

Chairman Wyden, Ranking Member Murkowski and Senators of the Energy Committee, thank you for the opportunity to testify about whether to lift the crude oil export ban.

Since 2008 the United States has produced more and used less oil due to advances in drilling technology, innovatingly employed by Mr. Hamm and his company and due to more efficient vehicles. This reduced oil imports and lowered our vulnerability to a foreign oil supply disruption that could cause a gasoline price spike. Lifting the ban on crude oil exports could squander this recently improved energy security and price stability.

To maintain these benefits we urge you to defend the existing domestic crude oil export ban.

When Congress passed it in 1975 the U.S. produced 64 percent of its oil and liquid fuels while importing only 36 percent. In 2013 we produced and imported nearly the same proportions of petroleum. The only experience we've had in the United States of lifting an oil export prohibition occurred following the 1996 removal of a ban on Alaska oil exports. During the ban much Alaskan oil was shipped to the West Coast.

A Congressional Research Service analysis found that lifting the oil ban tripled the already existing price difference between West Coast and national gasoline prices. CRS concluded that ''when Alaskan oil exports ceased, the gasoline price differential between the West Coast and the national average did decline.'' Lifting the nationwide crude oil export ban could similarly raise gasoline prices.

The analysts Barclays Plc. predicts that lifting the export ban could add $10 billion a year to consumers' fuel bills. Without the ban oil companies could sell their oil at the higher world market price which the Energy Information Administration projects will average $9 per barrel higher this year. In fact yesterday the foreign domestic price spread for oil was $10 a barrel.

Who Says Committee Hearing aren't entertaining?

A short statement from Senator Al Franken, D-MN

Senator FRANKEN: Yes, I didn't want to interrupt the Ranking Member, (Sen. Murkowski) but when she was talking about our—where we've come in the last few years in oil production and thanked my esteemed colleague from North Dakota, Senator Hoeven. I just wanted to point out that while as Governor he did all kinds of things to make sure that the Bakken was developed there. He did not discover the oil there. [Laughter.]

Senator FRANKEN: I just wanted to point that out. But, if you would please discover some oil in Minnesota it would be most welcome. [Laughter.]

Senator HOEVEN: You need to talk to our guest, Harold Hamm. He may do that yet.

Senator FRANKEN: OK.

Although domestic production has significantly grown over the past 5 years, thanks to Mr. Hamm and many of his colleagues, the Energy Information Administration projects that crude oil, I'm sorry, that crude oil production will peak in 2019 and begin a steady decline after that. This energy abundance could be a temporary phenomenon.

The EIA also predicts that in 2014 the U.S. will consume 5 million barrels per day more of oil and liquids than we produce. This gap between demand and supply will continue at least through 2040 growing by 13 percent. I'd advise you to look at the chart that the clerk has. Thank you.

Any domestic oil sold overseas must be replaced by more expensive imported oil which could raise gasoline prices. The replacement oil would likely be heavy crude imported from Venezuela and Canada. As you know Venezuela is not very friendly to the United States. Although Canada is our closest ally, its heavy tar sands oil produces nearly double the carbon pollution responsible for climate change compared to conventional U.S. oil as measured from well to tank by the National Energy Technology Lab. Neither of these are good options.

The U.S. imports more oil from the Organization of Petroleum Exporting Countries or OPEC than any other single source. OPEC oil is vulnerable to supply disruptions. EIA found recently that interruptions ''may occur frequently for a variety of reasons including conflicts and natural disasters.'' Oil produced in the United States is significantly less vulnerable to supply disruptions and therefore provides more energy security.

As Mr. Hamm and Ms. Jaffe both noted, the U.S. is exporting 3 million barrels per day of refined petroleum products. So we are exporting oil already, but as a finished product made by American workers. That explains why AFL/CIO President Richard Trumka opposes the export of crude oil. He would rather see that oil kept here and made into a product by American workers rather than shipped as a raw feed stock to be made into a product by foreign workers.

Now oil companies are doing quite well. They're already making huge profits even with the export ban. The 5 largest oil companies, BP, Chevron, ConocoPhillips, ExxonMobil and Shell, made a combined total profit of over one trillion dollars in the last decade and that figure is based on their quarterly reports.

Our transportation system is almost entirely powered by oil which makes crude oil different from many other commodities. American families, the economy and our energy security are vulnerable to sudden foreign oil supply disruptions and price spikes. We must invest in alternative, non-petroleum transportation power including electric vehicles, advanced clean biofuels and public transit to reduce this exposure of relying on only a single fuel for such an important part of our economy.

Now there's no independent evidence that energy security or fuel prices will remain unchanged after the removal of the crude oil export ban. President Obama and Congress should maintain our recent gasoline price stability and energy security by defending the ban on crude oil exports. Thank you for having me and happy to answer any questions.

Daniel Weiss's 2014 congressional testimony opposed lifting the crude oil export ban, citing concerns about energy security, gasoline prices, and environmental impacts.

In retrospect, we can assess the accuracy of his predictions based on the outcomes following the ban's removal in late 2015.

Here's a detailed breakdown of what Weiss was correct and incorrect about:

What Weiss Was Correct About

1. **Environmental Concerns Related to Heavy Crudes:**

- Weiss warned that lifting the ban could lead to increased imports of heavier crude oils from Venezuela and Canada
- **Reality**: U.S. refiners did continue importing heavy crudes, particularly from Canada, However, imports from Venezuela declined sharply due to geopolitical factors and sanctions.

2. **Oil Companies Benefiting from Higher Prices:**

- He argued that oil companies would profit from selling U.S. crude at higher global prices.
- **Reality**: The removal of the ban allowed U.S. producers to access international markets, boosting revenues. This was especially beneficial for U.S. shale producers as the WTI-Brent price differential narrowed.

3. **Importance of Diversifying Energy Sources:**

- Weiss highlighted the need to reduce reliance on oil through investments in alternative fuels, EVs, and public transit.
- **Reality**: While unrelated to the ban, his broader point about the vulnerability of relying solely on oil remains valid, as energy diversification has since become a major policy focus.

Next page for what he was INCORRECT about

I'm just going to ask one question to start this off and particularly about what jumped out at me.

Mr. Hamm and Mr. Burnett have different views. Mr. Hamm is for lifting the restriction on oil exports and Mr. Burnett is not. But both believe the same benefits and potential pitfalls exist for their preferred policy position. Lower prices, if the Senate follows their advice, higher prices if we don't.

So the question then becomes for me how can this be?

We've got two very thoughtful individuals here and they have diametrically opposed views. They think the same benefits and same pitfalls will ensue for their position.

So is this a lack of knowledge on the effects of the policy?

Is it possible, as Ms. Jaffe alluded to in her written testimony, that different regions of the country would be affected in different ways and is the question if export restrictions are lifted is it possible that America would see prices go up in some parts of the country and down in others?

So let me just zip down the row and hear the 4 of you weigh in on that. Mr. Hamm.

Mr. HAMM. Thank you, Chairman Wyden. I think it comes down to one example I can give. Recently Bill Day, spokesman for Valero Energy, the largest oil refinery in the United States, they used to talk about the nationwide export ban. He said it insulated American consumers from geopolitical price shocks.

But in reality he told the market recently and these graphs that he handed out was that it provided a particular unfair advantage, if you will, in the market to Valero because they were seeing pressure on refineries outside of the U.S. and closures occurring. In fact this year projected about a million barrels a day refinery closures, last year about a half million barrels and 1.6 million barrels per day the previous year.

Now I think we all realize that refinery closures is not good for consumer prices anywhere that they're occurring. They're not good for my business. We need refineries that we can get oil to. If we're forcing the refineries out of business with an unfair advantage that they have, that they've been given, that's not good for anyone.

So the difference between me as the producer without a refinery and this gentleman with a refinery is considerate.

The CHAIRMAN. Same question, Mr. Burnett.

What Weiss Was Incorrect About

1. **Gasoline Prices Increasing:**

- Weiss predicted that lifting the ban would raise gasoline prices for U.S. consumers, citing a potential $10 billion annual increase in consumer fuel bills.
- **Reality**: Gasoline prices did not rise significantly due to the ban's removal. Instead, studies (e.g., by the EIA and Brookings Institution) found that U.S. gasoline prices, tied to global crude benchmarks, remained stable or slightly declined as the U.S. exported surplus oil and integrated more efficiently into global markets.

2. **Energy Security Being Undermined:**

- He argued that lifting the ban would harm U.S. energy security by increasing reliance on foreign oil.
- **Reality**: The U.S. achieved greater energy security, becoming a net exporter of petroleum products by 2019. The ability to export crude incentivized higher domestic production, reducing reliance on imports.

3. **Domestic Crude Oil as a Temporary Abundance:**

- Weiss noted that crude production would peak in 2019 and decline, implying the oil boom was a short-lived phenomenon.
- **Reality**: U.S. crude production continued to grow beyond 2019, supported by technological advancements and increased global market access. Although production briefly dipped during the COVID-19 pandemic, it has since rebounded.

4. **Impact on Refinery Jobs:**

- He claimed that lifting the ban would harm U.S. refinery jobs by reducing domestic crude supply.
- **Reality**: U.S. refiners adapted to the new market dynamics. Many continued processing a mix of domestic and imported crudes while exporting record amounts of refined products.

5. **OPEC's Dominance in Global Markets:**

- Weiss warned that lifting the ban would strengthen OPEC's influence on global oil prices.
- **Reality**: The U.S. shale revolution, coupled with export capabilities, weakened OPEC's market control. U.S. crude exports provided a counterbalance to OPEC's production strategies.

Overall Impact: The lifting of the export ban contributed to greater U.S. energy independence, more efficient global oil market dynamics, and stable domestic gasoline prices, contradicting many of Weiss's concerns.

Mr. BURNETT. I think the fundamental difference in our position is whether U.S. oil prices would go up or go down as a result of exports. It's my position that if the U.S. begins exporting crude oil the OPEC producing countries in Saudi Arabia in particular will act to maintain crude oil price by reducing their output. So my logic is based on the fact that crude oil prices will rise to an international level will not decrease.

The net result of that would be increased feed stock cost to our refineries and the closure of refining capacity in the United States, particularly in the Northeast. The consequences of that is less supply of gasoline and other fuels and higher costs. Thank you.

The CHAIRMAN. Alright. Ms. Jaffe, you sort of started this by the allusion that there may be regional differences. So let me let you take a crack at this.

Ms. JAFFE. So first I have to talk about how the international oil market works because sometimes people are unclear. When we export refined products globally it means that refiners in Europe have bought those products and they have cut their refinery runs. So therefore OPEC is already affected because they cannot sell more of their crude oil to Europe because those refinery runs are shut and our gasoline exports are already hurting OPEC.

Whatever OPEC policies they will take, they will take whether we export the products or whether we export the crude oil. So that is not the issue. Right?

The issue is the oil market. We have a slogan in the oil market. We call it the Tyranny of Geography. The Tyranny of Geography means that whether I'm selling refined products or whether Mr. Hamm is selling his crude oil, he wants to sell it to the closest possible refiner because that is how he makes the highest amount of money because the transportation cost eats into his profits. That means that even if we were to lift the export ban the crude oil would first and foremost look for a buyer inside the United States because that is how it would be most profitable, because that would be the cheapest transportation.

Now if it happened that there was a refinery in Mexico or Canada that would benefit, actually most of our condensate today is going to Canada for use as a diluent for the transportation of heavy crude. The oil will flow to the best possible use.

Now what that can mean in when we have bottlenecks whether that's a pipeline bottleneck or we have some kind of a transportation bottleneck or we have some kind of regulatory bottleneck is that those bottlenecks create some distortions that might artificially lower prices in one particular geography for a particular time until that bottleneck is removed.

In conclusion, the repeal of the export ban symbolized a renewed chapter in American energy policy. It underscored the resilience and innovation of U.S. producers and set the stage for a future where American oil could compete more freely on the global stage. Yet, as industry leaders acknowledged, the path forward would require navigating persistent market challenges. As David Arrington, a Texas oil and gas producer, noted, "You're going to see some relief, but it's not a panacea. It's not going to fix everything."

Looking back, the lifting of the crude oil export ban was a pivotal moment, reshaping the dynamics of energy trade and cementing the U.S. as a key player in global markets. While challenges remain, this historic decision underscored the strategic importance of fostering a balanced and forward-looking energy policy.

DEPA Gov't Relations & Energy Dominance Framework for 2025

The framework highlights DEPA's commitment to advancing U.S. energy independence and supporting the oil and gas industry while resisting policies that could hinder development or raise energy costs.

As we enter the new year, DEPA is proud to unveil our **Government Relations and Energy Dominance Framework**, designed to reinforce U.S. energy independence and provide robust support for the domestic oil and gas industry. This comprehensive strategy focuses on advocacy, education, and policy initiatives that will directly benefit the energy sector and the companies that drive it.

Lame Duck Priorities: Setting the Stage for Success

In the short term, DEPA is prioritizing actions to:

- **Protect and Extend Pro-Energy Tax Provisions**: These provisions are essential for maintaining competitiveness and innovation within the industry. DEPA is working to preserve benefits like intangible drilling costs and percentage depletion allowances.
- **Support Key Federal Nominations**: Strategic appointments in agencies like the Department of Energy and the EPA will help shape a regulatory environment conducive to growth.
- **Educate Incoming Leaders**: Outreach to the new administration and congressional leadership will ensure a balanced understanding of the industry's critical role in the U.S. economy.

Advancing Tax Policy for Energy Growth

With several provisions from the Tax Cuts and Jobs Act set to expire, DEPA is advocating for measures that safeguard industry interests, such as eliminating or amending the corporate minimum tax and expanding deductions for research and experimentation. These efforts aim to minimize costs and foster innovation for energy companies.

Agenda for Energy Dominance

Our framework emphasizes repealing restrictive policies from the Inflation Reduction Act, reopening federal lands for development, and revising regulations that stifle growth.

This includes opposing carbon taxes, carbon border adjustments, and restrictive efficiency mandates that disproportionately affect the oil and gas industry.

Industry-Specific Goals

DEPA's framework is tailored to address key challenges faced by energy companies:

- Streamlining permitting processes for federal oil and gas projects.
- Simplifying regulations for small producers and LNG export operations.
- Advocating for retroactive deductions to enhance R&D investments.

A Unified Policy Stance

DEPA remains steadfast in opposing anti-energy policies that threaten U.S. energy independence and economic stability. By encouraging state collaboration and combating radical energy initiatives, we aim to build a stronger, more resilient energy future.

What This Means for Our Members

For oil and gas professionals, this framework represents a clear commitment to supporting your work and advancing our shared goal of energy dominance. Through targeted advocacy and policy reforms, DEPA ensures your ability to grow, innovate, and contribute to a secure and independent energy landscape.

Together, we can make 2025 a year of unparalleled progress for the industry.

DOE RELEASES LNG REPORT

The U.S. Department of Energy (DOE) **released an updated study** of U.S. liquefied natural gas (LNG) exports on December 18.

DOE has been given the responsibility by Congress under the Natural Gas Act to evaluate the public interest of proposed exports to countries with which the United States does not have a Free Trade Agreement.

The study, has a 60-day comment period that will begin once published in the Federal Register. The public is encouraged to submit comments, which will inform how DOE may apply the study's findings to its public interest analysis of export applications going forward. This is consistent with DOE's past practice.

MSN Reports:

"While the department is now moving forward with the public comment period, a senior DOE official told reporters the department has no intention to revise the report after receiving comments, calling the study 'final.'"

Additional to the study, and subsequent publication in the Federal Register, U.S. Energy Secretary Jennifer M. Granholm released a **Secretarial Statement** outlining departmental leadership's perspective on the final study. FULL STATEMENT.

The U.S. liquefied natural gas export sector has experienced transformative and unprecedented growth in just a decade, with the first LNG exports from the lower-48 states commencing in 2016. DOE has authorized 48 billion cubic feet per day (Bcf/d) of natural gas for export, or nearly half of current domestic production.

Of this 48 Bcf/day in total authorized exports, 14 Bcf/d of associated capacity is now operating, making the U.S. the largest exporter of LNG in the world. Another 12 Bcf/d is under construction and expected to double present export volumes by 2030, at which time the U.S. will remain the top exporter, exceeding other countries by roughly 40 percent based on announced expansions. And a further 22 Bcf/d of capacity exports has been approved by DOE, but has not secured a final investment decision to begin construction.

Given these robust export commitments already made, and before considering additional applications that would take authorized U.S. natural gas exports beyond levels previously evaluated, DOE leadership recognized the need for a comprehensive update to ensure the most comprehensive and up-to-date analysis possible of market, economic, national security, and environmental considerations of different potential volumes of U.S. LNG exports.

Excerpts from Secretary Granholm's Statement

"The Natural Gas Act has given the U.S. Secretary of Energy the responsibility to evaluate whether authorizations for the export of liquefied natural gas to non-free-trade-agreement countries is consistent with the "public interest." [...] I want to take this opportunity to highlight five key findings and considerations that I think are especially relevant to help guide future Secretaries of Energy in making decisions about whether particular applications are in the public interest. Today's publication reinforces that a business-as-usual approach is neither sustainable nor advisable.

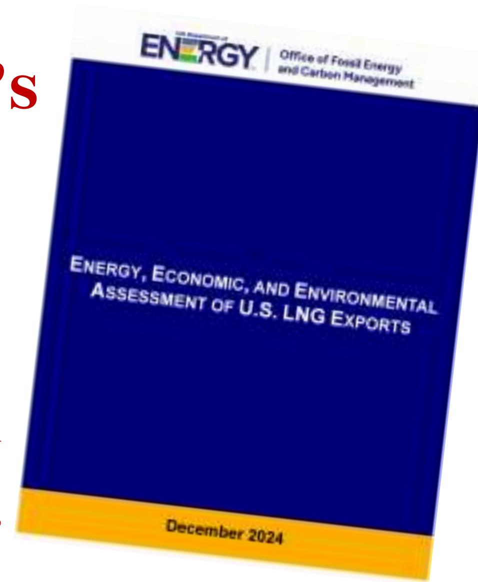
'DOE analysis exposes a triple-cost increase to U.S. consumers from increasing LNG exports – the increasing domestic price of the natural gas itself, increases in electricity prices (natural gas being a key input in many U.S. power markets), and the increased costs for consumers from the pass-through of higher costs to U.S. manufacturers.

'Special scrutiny needs to be applied toward very large LNG projects. An LNG project exporting 4 billion cubic feet per day – considering its direct life cycle emissions – would yield more annual greenhouse gas emissions by itself than 141 of the world's countries each did in 2023.

'...any sound and durable approach for considering additional authorizations should consider where those LNG exports are headed, and whether targeted guardrails may be utilized to protect the public interest.'... 'the demand for LNG in the People's Republic of China – already the world's largest importer – is expected to nearly double between now and 2030 and become the highest of any country by 2050. PRC entities have already signed several contracts with operating or proposed U.S. LNG projects.

'In the decade to come, we will see strong and mounting pressure within our democratic system to ensure that the United States uses its market position in a way that truly advances our national interest and energy security, which must include the needs of American workers, American families, and our responsibility to address the climate crisis. In our view, the question is not whether U.S. export policy will be forced to respond to those interests, but when and what that response is."

Chair Rodgers Statement on DOE's Climate Driven Anti-LNG Study



House Energy and Commerce Committee Chair Cathy McMorris Rodgers (R-WA) issued the following statement after the Department of Energy (DOE) released its anti-liquefied natural gas (LNG) study, which aims to hamstring the incoming Presidential administration.

"Let's call this 'study' what it is: A clear attempt to cement Joe Biden's rush-to-green agenda. The administration's de facto ban on LNG exports and this rushed climate driven study are politically motivated decisions to appease radical environmental activists. This is unacceptable. By trying to shut down American LNG, DOE is threatening hardworking Americans' jobs and economic development, weakening the energy security of our allies, and strengthening our adversaries. That's why House Republicans are committed to reversing this ban and unleashing America's abundant natural gas resources to help lower costs across the board."

BACKGROUND:

January 26, 2024: The Biden administration announces indefinite "pause" on LNG export permits. Chair Rodgers immediately rebukes the decision, calling it a "gift to Putin."

February 5, 2024: More than 150 House Republicans demand President Biden ends his de facto ban on American LNG exports.

February 15, 2024: E&C Republicans lead bipartisan passage of H.R. 7176 to reverse President Biden's LNG export ban.

April 8, 2024: The Subcommittee on Energy, Climate, and Grid Security holds a field hearing in Port Arthur, Texas, with local leaders and energy workers to highlight the economic and public benefits of American energy production, including job creation.

November 7, 2024: Bloomberg Law reports that the "Biden administration is racing to complete a study that could complicate President-Elect Donald Trump's plan to immediately approve new liquefied natural gas export terminals."

November 15, 2024: E&C Republicans send a letter to DOE Secretary Jennifer Granholm demanding the agency stop rushing to prematurely release its anti-liquefied natural gas (LNG) study.

- **KEY LETTER EXCERPTS:** *DOE has studied the macroeconomic impacts and environmental effects of LNG exports since 2012, examining a wide range of export scenarios and publishing a series of reports that consistently find that LNG exports serve the U.S. public interest. DOE has also already clarified the scope of the required analysis, excluding the global environmental impacts of production and consumption of LNG. DOE correctly determined that upstream and downstream activities of LNG exportation are not within the scope of DOE's environmental review.*

Despite DOE's prior findings and published reviews in favor of U.S. LNG exports, and contrary to DOE's limited statutory authority under the NGA, the Biden administration's DOE announced that it would expand its environmental review as part of a "managed transition" to reduce use of fossil fuels. Recent press reports indicate that DOE is racing to complete a study on the climate impacts of LNG exports to hamper the incoming Republican administration and provide opportunities to challenge future project approvals in court.

DOE's LNG Report Repeats Debunked Myths
US Energy Policy Needs a Reality Check

DEPA's Statement about the Report

The long-awaited report from the Department of Energy (DOE) on the impact of US LNG exports comes as no surprise from the current administration. The claim that increased LNG exports result in a "triple-cost increase to US consumers" is not supported by reality.

"Ten years ago, the United States was not exporting LNG. Today, the US stands as the number one LNG exporter in the world. And what has happened to natural gas prices for American consumers during this period? They've gone down, not up. The narrative suggesting that LNG exports trigger significant domestic price spikes was thoroughly debunked in 2015, when DEPA played a pivotal role in lifting the crude oil export ban. That lesson holds true today: increased energy exports strengthen the US economy, enhance global energy security, and do not harm American consumers," said Jerry Simmons CEO and President for the Domestic Energy Producers' Alliance (DEPA)

Simmons went on to say "Attempts to stir public anxiety over consumer price impacts are unfounded, and this DOE report reflects a policy direction that fails to align with economic and energy realities. We are confident that the incoming administration will reassess this misguided approach and adopt energy policies that prioritize growth, energy security, and market-driven solutions."

It's telling that this DOE report was labeled as "final" even before the public comment deadline was released. That speaks volumes about the process. We look forward to policies that make sense for America's energy future, support our leadership role in global markets, and benefit consumers at home.

A Legacy of Leadership at KIOGA, A New Chapter at IOGA

Edward Cross has stepped down from his 21-year tenure as president and COO of the Kansas Independent Oil & Gas Association. He has accepted a position as Chief Executive Officer (CEO) of the Illinois Oil & Gas Association. Cross said he is proud to have worked with so many good people in what he considers a critical industry and he looks forward to his new role.

"Good fortune found me because I was born into a family that cherished honesty, integrity, love, patience, gentleness, and kindness," said Cross. "I can't help it; they passed that on to me."

Cross issued the following statement: "I have been blessed to lead KIOGA for over 21 years. A life well-lived is a life spent being part of something bigger than you while still having an indelible impact on the outcome.

My time at KIOGA has been amazing! I could not have asked for a better opportunity. The experiences I've had, the people I've met, the challenges that together we overcame form a body of memory that is beyond meaning for me. I am privileged to have worked for KIOGA and to represent their interests.

I will continue my advocacy for the oil and gas industry. I really enjoy working in the energy space. I am very passionate about helping, and I look forward with great anticipation to my next challenge."

The Illinois Oil & Gas Association (IOGA) recently distributed a news release. You can see that news release by clicking **HERE**.

THERE'S NO PLACE LIKE ~~HOME~~ NAPE

2025 NAPE SUMMIT | FEB. 5-7 | HOUSTON, TX

SAVE THE RATES!

PRIORITY REGISTRATION RATES END DEC. 6

Don't miss out on lucrative deals, transformational connections and critical market information.
Register by Dec. 6 to save $100 and join thousands of energy professionals! Scan the QR code or visit NAPEexpo.com.

CURRENT BOOTH RATES END DEC. 6

Looking for your next deal or client? Purchase a NAPE booth to earn face time with industry decision-makers — 73% of NAPE attendees are executives or managers! Scan the QR code or email exhibit@NAPEexpo.com and save up to $750 on your booth.

Beyond Energy Part 2: How Cabinet Roles Can Shape US the Oil and Gas Industry

Nominations This Month:

- Labor Secretary: Lori Chavez-DeRemer
- Agriculture Secretary Brooke Rollins
- Education Secretary Linda McMahon
- Secretary Housing and Urban Development Scott Turner
- Centers for Medicare and Medicaid Services administrator: Dr. Mehmet Oz
- Surgeon general: Dr. Janette Nesheiwat
- U.S. ambassador to Canada: Pete Hoekstra
- U.S. ambassador to the United Kingdom: Warren Stephens
- Deputy chief of staff for legislative, political and public affairs: James Blair
- Deputy chief of staff for communications and personnel: Taylor Budowich
- Presidential Personnel Office head: Sergio Gor
- Domestic Policy Council director: Vince Haley
- Secretary of the Navy: John Phelan
- Director of the National Institutes of Health: Jay Bhattacharya
- U.S. Trade Representative: Jamieson Greer
- Deputy secretary of Health and Human Services: Jim O'Neill
- Director of White House National Economic Council: Kevin Hassett
- Assistant to the president and special envoy for Ukraine and Russia: Retired Gen. Keith Kellogg
- U.S. ambassador to France: Charles Kushner
- FBI director: Kash Patel

The Labor Secretary's policies on workforce management, safety, and economic fairness significantly affect the oil and gas industry's ability to operate efficiently. Proactive measures to enhance skills, safety, and flexibility can bolster productivity and competitiveness, while overly restrictive regulations could hinder the industry's growth and ability to meet domestic and international demand

While not directly focused on the oil and gas industry, the **Agriculture Secretary's** policies on land use, rural development, biofuels, and conservation indirectly shape the industry's operational environment. A Secretary who prioritizes balanced development and supports infrastructure improvements can help the industry maintain production efficiency and competitiveness in domestic and international markets. Conversely, policies that heavily favor biofuels or restrict land access may present challenges for the oil and gas sector.

While the **Education Secretary's** influence on the oil and gas industry is indirect, their policies on STEM education, vocational training, workforce reskilling, and partnerships with higher education institutions have significant implications. A focus on fostering a skilled and adaptable workforce supports the industry's ability to innovate, meet domestic energy demands, and compete globally. Conversely, neglecting energy-related education and training could exacerbate workforce shortages and limit the industry's growth potential.

The **Secretary of Housing and Urban Development (HUD)** primarily oversees housing and urban policy, but their actions can indirectly influence the U.S. oil and gas industry in the following ways:

1. AFFORDABLE HOUSING FOR INDUSTRY WORKERS

- **Housing in Energy Hubs:** HUD programs that support af-

fordable housing in regions with significant oil and gas activity (e.g., the Permian Basin or Bakken Shale) help attract and retain the workforce needed for production operations.

- **Addressing Housing Shortages:** The oil and gas boom in certain areas can lead to rapid population growth, straining housing availability. HUD's involvement in increasing affordable housing supply can stabilize these communities and reduce housing-related barriers for workers.

2. **COMMUNITY DEVELOPMENT IN ENERGY PRODUCING REGIONS**

- **Infrastructure Funding:** Through Community Development Block Grants (CDBG), HUD can support infrastructure projects in areas critical to the oil and gas industry. Improved community infrastructure can enhance quality of life for workers and make regions more attractive for operations.
- **Urban Planning for Energy Needs:** HUD's policies on urban and regional development can facilitate or hinder infrastructure such as pipelines, refineries, and transport hubs.

3. **ENERGY-EFFICIENT HOUSING**

- **Energy Codes and Retrofits:** HUD programs often emphasize energy-efficient building codes and retrofitting. While this primarily focuses on residential energy use, it can create a ripple effect in energy markets, including demand for natural gas and related products.
- **Support for Natural Gas Heating:** Policies favoring natural gas as a clean and affordable heating option for HUD-assisted housing could increase domestic demand for natural gas.

4. **ENVIRONMENTAL JUSTICE AND INDUSTRY OPERATIONS**

- **Impact on Permitting and Development:** HUD's focus on environmental justice may lead to increased scrutiny of oil and gas operations near disadvantaged communities. This could result in delays or additional regulatory requirements for projects.
- **Community Opposition to Projects:** If HUD prioritizes addressing environmental concerns tied to oil and gas development, it may empower communities to oppose industry projects, potentially slowing production or infrastructure expansion.

5. **ECONOMIC DEVELOPMENT IN OIL- PRODUCING AREAS**

- **HUD Grants and Loans:** HUD's economic development initiatives can benefit oil-producing areas by fostering broader economic diversification, which can support the industry indirectly through better services, transportation, and infrastructure.

6. **DISASTER RECOVERY AND RESILIENCE**

- **Support After Natural Disasters:** HUD manages disaster recovery funds, which are critical in energy-producing regions affected by hurricanes, floods, or other natural disasters. These funds can help rebuild critical infrastructure, including housing for oil and gas workers.
- **Resilient Housing Near Operations:** HUD's push for resilient housing in vulnerable regions ensures that energy-producing areas remain habitable and operational after natural disasters.

7. **URBAN DEVELOPMENT AND TRANSPORTATION**

- **Transit and Accessibility:** HUD policies encouraging urban transit systems and infrastructure can indirectly affect the oil and gas industry by shaping domestic energy consumption patterns, such as reliance on gasoline for personal vehicles versus public transportation.
- **Land Use Policies:** HUD's coordination with local governments on urban planning may influence the siting of energy facilities and transportation routes.

The **HUD Secretary's** influence on the oil and gas industry lies in housing availability, community development, and infrastructure support in key energy-producing regions. Policies that prioritize affordable housing and infrastructure development can enhance workforce stability and productivity. However, an emphasis on environmental justice or stringent urban development policies could introduce challenges for expanding operations or building infrastructure critical to domestic and international oil and gas sales.

While the **Centers for Medicare and Medicaid Services Administrator** does not directly regulate the oil and gas industry, their policies influence workforce health, healthcare access, and costs, which are critical to maintaining a productive and stable labor force. Effective CMS programs in rural and energy-producing regions can support the industry's operational efficiency and economic stability, while healthcare reforms could impact employer costs and broader economic conditions in energy-dependent states.

The Surgeon General's influence on the oil and gas industry is largely indirect, focusing on workforce health, safety, and public perception. While their actions can encourage the industry to adopt better health practices and safety measures, they may also amplify calls for stricter environmental and health regulations. Proactive engagement with the Surgeon General's health priorities can help the oil and gas sector sustain its operations while contributing to public and worker well-being.

The **U.S. Ambassador to Canada** significantly impacts the oil and gas industry by maintaining strong diplomatic ties, facilitating cross-border trade, resolving disputes, and promoting investment in infrastructure and innovation. Canada is one of the United States' largest energy trading partners, providing substantial crude oil imports and natural gas while being a key destination for U.S. energy exports. Through collaboration on energy security and climate challenges, the Ambassador ensures that U.S. oil and gas remains a critical

The **U.S. Ambassador to the UK** plays a strategic role in fostering trade, investment, and policy alignment that benefits the U.S. oil and gas industry. By promoting U.S. energy security, advocating for fair trade practices, and navigating global energy challenges, the Ambassador helps ensure that the industry thrives both domestically and in international markets like the UK.

The **Deputy Chief of Staff for Legislative, Political, and Public Affairs** holds a high-level position in the executive branch or within a federal agency, often tasked with shaping legislative strategy, managing political relationships, and overseeing public communication. While not directly involved in oil and gas operations, this role can profoundly affect the industry through policy advocacy, stakeholder engagement, and public messaging. Here's how:

1. **LEGISLATIVE ADVOCACY AND STRATEGY**

- **Shaping Energy Legislation:** The Deputy Chief of Staff collaborates with Congress to push for or against legislation that impacts oil and gas production, such as tax incentives, permitting reforms, or environmental regulations.
- **Advocating for Industry-Friendly Policies:** By liaising with key lawmakers, they can ensure the administration's priorities align with the needs of the oil and gas sector, including maintaining favorable trade terms and regulatory frameworks.
- **Blocking Adverse Legislation:** They work to mitigate or oppose bills that could increase operational costs for the industry, such as higher royalties, stricter methane rules, or outright bans on certain drilling practices.

2. POLITICAL RELATIONSHIPS AND COALITION BUILDING

- **Fostering Alliances:** The Deputy Chief of Staff builds relationships with industry allies, trade associations, and state leaders to advocate for shared priorities, such as expanded domestic production or streamlined infrastructure approvals.
- **State and Regional Advocacy:** They can facilitate dialogues between federal agencies and oil-producing states to address unique regional challenges and support state-led initiatives.
- **Navigating Partisan Dynamics:** In a polarized political environment, they play a critical role in finding bipartisan solutions that benefit the industry while meeting broader national goals.

3. INFLUENCE ON REGULATORY AGENCIES

- **Guiding Regulatory Priorities:** The Deputy Chief of Staff helps shape the administration's direction for agencies like the Environmental Protection Agency (EPA), Department of the Interior, and Department of Energy, influencing policies that directly affect oil and gas production.
- **Expediting Permitting Processes:** They can prioritize reforms to streamline the permitting of drilling operations, pipelines, and export facilities, reducing delays that impact domestic and international sales.

4. PUBLIC MESSAGING AND REPUTATION MANAGEMENT

- **Shaping Public Opinion:** Through strategic communications, the Deputy Chief of Staff can influence how the public perceives the oil and gas industry, highlighting its role in energy security, job creation, and economic growth.
- **Countering Opposition:** By crafting responses to criticisms from environmental groups or political opponents, they can defend the industry against calls for divestment or reduced reliance on fossil fuels.
- **Promoting U.S. Energy Leadership:** They can emphasize the importance of U.S. oil and gas in global energy markets, boosting confidence among allies and trading partners.

5. INTERNATIONAL TRADE AND ENERGY DIPLOMACY

- **Advancing Trade Agreements:** The Deputy Chief of Staff collaborates with the Office of the U.S. Trade Representative to secure favorable terms for exporting U.S. oil and gas, especially LNG, to international markets.
- **Engaging with Foreign Governments:** They can support diplomatic efforts to strengthen energy partnerships with allies, reduce trade barriers, and counter competition from adversaries like Russia and Iran.
- **Navigating Climate Commitments:** Balancing international climate agreements with U.S. energy interests ensures that the oil and gas sector remains competitive globally.

6. CRISIS MANAGEMENT AND ENERGY SECURITY

- **Responding to Market Disruptions:** During supply shocks or geopolitical crises, the Deputy Chief of Staff coordinates between agencies and Congress to stabilize energy markets and ensure domestic supply.
- **Supporting Strategic Petroleum Reserves (SPR):** They oversee decisions regarding SPR releases or replenishments, which can influence global oil prices and market dynamics.

7. ENGAGING KEY STAKEHOLDERS

- **Building Industry Relationships:** By maintaining open communication with oil and gas companies, trade associations, and advocacy groups, they ensure that industry concerns are heard and addressed in policymaking.
- **Collaborating with Labor Groups:** Balancing industry needs with labor interests, they can support initiatives that promote job growth while addressing workforce challenges in the sector.

CONCLUSION

The **Deputy Chief of Staff for Legislative, Political, and Public Affairs** wields significant influence over the U.S. oil and gas industry by shaping legislative priorities, regulatory strategies, and public narratives. Through effective advocacy, stakeholder engagement, and crisis management, they can create a political and policy environment that supports robust domestic production and strengthens the industry's position in international markets.

The **Deputy Chief of Staff for Communications and Personnel** indirectly affects the U.S. oil and gas industry by managing public perception, influencing personnel decisions, and coordinating messaging across the administration. Their ability to shape narratives and guide staffing priorities can foster an environment that supports domestic production, strengthens international sales, and ensures the industry's role in energy security and economic growth.

The **Head of the Presidential Personnel Office (PPO)** wields significant influence over the U.S. oil and gas industry indirectly by managing the recruitment, vetting, and appointment of personnel to key positions across the federal government. These decisions shape the regulatory environment, policy priorities, and international positioning of the oil and gas sector. Here's how:

1. SHAPING FEDERAL LEADERSHIP IN ENERGY- RELATED AGENCIES

- **Selecting Key Agency Leaders:** The PPO head oversees the appointment of leaders in agencies critical to the oil and gas industry, such as:
- The **Department of Energy (DOE)**, which oversees energy policy and research.
- The **Environmental Protection Agency (EPA)**, which regulates emissions and environmental impacts.
- The **Department of the Interior (DOI)**, responsible for oil and gas leasing on federal lands and waters.
- The **Federal Energy Regulatory Commission (FERC)**, which regulates pipelines and energy markets.
- **Impact on Regulatory Philosophy:** The individuals appointed can establish a regulatory framework that either supports industry growth (through streamlined permitting and lower compliance costs) or imposes stricter oversight (through environmental mandates and operational restrictions).

2. INFLUENCING JUDICIAL APPOINTMENTS

- **Federal Judgeships:** By advising on appointments to federal courts, the PPO head affects the interpretation and enforcement of energy and environmental laws. Courts frequently rule on disputes involving drilling rights, emissions standards, and trade policies, which directly impact the oil and gas industry.
- **Supreme Court Impact:** High-profile cases on environmental regulations, carbon taxes, or climate change could hinge on the judicial philosophy of appointed justices.

3. STAFFING ACROSS FEDERAL AGENCIES

- **Career and Political Appointments:** The PPO head not only manages high-profile appointees but also oversees the staffing of mid-level and advisory roles. These personnel influence daily operations and decision-making in regulatory agencies.
- **Expertise and Industry Understanding:** Appointing individuals with industry knowledge or favorable views toward oil and gas can ensure balanced policies that account for the industry's needs while addressing environmental and economic considerations.

4. DRIVING POLICY PRIORITIES THROUGH PERSONNEL

- **Energy Transition vs. Energy Independence:** The PPO head can prioritize appointments aligned with the administration's stance on energy policy, such as:
- Advocating for a balanced approach that includes fossil fuels and renewables.
- Supporting an aggressive shift toward clean energy, potentially sidelining oil and gas development.
- **Promoting Industry Innovation:** Appointees to research agencies (e.g., ARPA-E) can steer funding toward technologies like carbon capture or enhanced oil recovery, ensuring oil and gas remain viable during energy transitions.

5. **ECONOMIC AND TRADE IMPACTS**

- **Trade and Energy Diplomacy Roles:** By influencing appointments to roles like the U.S. Trade Representative or diplomatic posts in energy-dependent countries, the PPO head can support policies that promote U.S. oil and gas exports and strengthen global energy partnerships.
- **Energy Security Leadership:** Personnel choices can emphasize the role of U.S. oil and gas in stabilizing global energy markets and reducing reliance on adversarial nations like Russia or Iran.

6. **SETTING THE TONE FOR ENVIRONMENTAL AND CLIMATE POLICY**

- **Environmental Balance:** The PPO head's choices in the EPA and DOI can impact rules governing drilling, emissions, and land use. Pro-industry appointees may prioritize economic growth and job creation, while environmentally focused personnel may push for stricter climate-related measures.
- **Energy Permitting:** Personnel decisions affect how efficiently permits are issued for drilling, pipeline construction, and export terminals, directly impacting production timelines and costs.

7. **WORKFORCE DEVELOPMENT AND LABOR RELATIONS**

- **Department of Labor Appointees:** The PPO head influences appointees who oversee workforce policies. This impacts training programs, safety standards, and job creation in the oil and gas sector.
- **Union Relationships:** Appointees may work to balance industry needs with labor demands, fostering a stable workforce for domestic production.

8. **CRISIS MANAGEMENT AND STRATEGIC RESERVES**

- **Strategic Petroleum Reserve (SPR) Oversight:** Appointing individuals who oversee the SPR ensures the reserve is managed in ways that stabilize markets during crises, benefiting both domestic and international supply chains.
- **Disaster Response Leadership:** Personnel choices affect the federal response to oil spills, hurricanes, or geopolitical shocks that disrupt production or transportation.

CONCLUSION

The **Head of the Presidential Personnel Office** indirectly but profoundly affects the U.S. oil and gas industry by influencing the composition of leadership across federal agencies and courts. Through strategic appointments, the PPO head shapes regulatory environments, international trade policies, and the industry's ability to innovate and thrive in a changing energy landscape. Their decisions ultimately determine how favorable or restrictive the political and regulatory climate is for oil and gas production, both domestically and internationally.

The **Director of the Domestic Policy Council (DPC)** plays a pivotal role in shaping and coordinating domestic policy across various sectors, including energy, environmental regulation, labor, and economic growth. While the DPC does not directly regulate the oil and gas industry, its influence can significantly affect the industry's ability to produce and sell oil and gas for both domestic and international markets. Here's how:

1. **SETTING THE ADMINISTRATION'S DOMESTIC ENERGY POLICY**

- **Energy Production Priorities:** The DPC Director helps shape the administration's priorities regarding domestic energy production, influencing the balance between oil and gas development and renewable energy initiatives.
- **Energy Independence and Security:** By advising on policies that support domestic energy independence, the Director can ensure the oil and gas industry remains a key pillar of U.S. energy strategy.

2. **COORDINATING CLIMATE AND ENVIRONMENTAL POLICIES**

- **Regulatory Coordination:** The DPC Director works with agencies like the Environmental Protection Agency (EPA) and the Department of the Interior to align climate and environmental policies with the administration's goals. This includes decisions on:
- Emission reduction targets.
- Permitting for drilling and pipeline projects.
- Land use for energy production.
- **Impact on Fossil Fuels:** Policies championed by the DPC may encourage or discourage fossil fuel production through carbon pricing, tax incentives, or regulatory burdens.

3. BALANCING COMPETING INTERESTS

- **Industry vs. Environmental Advocacy:** The Director mediates between environmental groups pushing for stricter climate policies and industry stakeholders advocating for a stable regulatory framework to support production.
- **Economic Growth vs. Climate Goals:** The DPC Director advises on how to balance economic benefits from the oil and gas industry with broader climate commitments, shaping the pace of the energy transition.

4. INFLUENCING LEGISLATIVE INITIATIVES

- **Energy Legislation Support:** The DPC Director plays a key role in crafting and advocating for legislative initiatives related to energy, such as subsidies for clean energy or support for carbon capture technologies that could benefit the oil and gas industry.
- **Infrastructure Investment:** Policies supporting infrastructure, like pipelines and export terminals, often fall under the DPC's purview, enabling or hindering industry growth.

5. SUPPORTING WORKFORCE DEVELOPMENT

- **Labor Policy Integration:** Collaborating with the Department of Labor, the DPC Director ensures domestic policies support the oil and gas workforce, including training programs for skilled jobs and safety regulations.
- **Union and Workforce Relations:** The Director can foster policies that address worker concerns, ensuring a stable labor force for oil and gas production.

6. MANAGING CRISIS RESPONSES

- **Energy Supply Stability:** During crises like natural disasters, international conflicts, or supply chain disruptions, the DPC Director helps coordinate federal responses to stabilize energy markets and maintain production capacity.
- **Strategic Petroleum Reserve (SPR):** The Director's input can shape decisions about releasing reserves to stabilize prices or address supply shortages, directly affecting domestic and international markets.

7. PROMOTING INNOVATION AND SUSTAINABILITY

- **Research and Development Policies:** The DPC Director can champion policies that fund research into technologies such as carbon capture, enhanced oil recovery, or methane emission reductions, ensuring the industry remains viable during the energy transition.
- **Tax Incentives for Cleaner Production:** Policies encouraging cleaner extraction and production methods could make U.S. oil and gas more competitive globally while addressing environmental concerns.

8. IMPACTING INTERNATIONAL TRADE AND DIPLOMACY

- **Strengthening Export Policies:** The DPC Director supports policies that enhance U.S. competitiveness in global energy markets, including promoting liquefied natural gas (LNG) exports and ensuring international trade agreements benefit the industry.

While all U.S. presidents fill the same core Cabinet positions, they do have the flexibility to create new positions or restructure existing ones to suit their priorities.

The U.S. Cabinet traditionally includes 15 executive department heads, such as the Secretaries of State, Defense, and Treasury, but a president may introduce new roles or reassign responsibilities to reflect their policy goals.

For Example:
New positions: A president may create new Cabinet-level roles, like:

- The Department of Homeland Security, which was established in 2003 under President George W. Bush
- The Department of Veterans Affairs created in 1989 under George H.W. Bush to better address the needs of US veterans.
- The Department of Education created by Jimmy Carter in 1979 to centralize and improve the federal role in education.
- The Department of Energy was created in 1977 by President Jimmy Carter in response to energy crises and concerns about energy independence

Restructuring responsibilities: Presidents can shift responsibilities among departments to focus on specific initiatives.

- President Carter restructured the Department of Health, Education, and Welfare, which had combined health, education, and welfare programs, splitting it into separate entities (Department of Health and Human Services and Department of Education) to more effectively address each area.
- Following World War II, President Harry S. Truman restructured the U.S. military's Cabinet-level oversight. The Department of War was renamed the Department of Defense to more accurately reflect the post-war global security environment, which emphasized both military defense and international diplomacy. This realignment also involved the creation of the National Security Council (NSC), further integrating defense and foreign policy efforts.

The creation of new Cabinet positions or shifting responsibilities typically requires Congressional approval, especially for new departments or agencies. Presidents have considerable leeway to adjust the structure of their administration to align with their priorities, but changes that require new departments often take time and legislation.

- **Alignment with Foreign Policy Goals:** Domestic policies shaped by the DPC often align with broader geopolitical strategies, reinforcing the U.S. position as a reliable global energy supplier.

9. SHAPING PUBLIC PERCEPTION

- **Advocating for Industry Contributions:** Through domestic policy initiatives, the Director can highlight the oil and gas industry's role in job creation, economic growth, and energy security, countering negative public narratives.
- **Promoting Energy Affordability:** Policies ensuring affordable energy prices for consumers help sustain public support for domestic oil and gas production.

10. LONG-TERM STRATEGIC PLANNING

- **Guiding the Energy Transition:** The DPC Director plays a critical role in setting the timeline and framework for transitioning to renewable energy while ensuring oil and gas remain integral to the energy mix.
- **Ensuring Economic Stability:** By prioritizing policies that prevent disruptions to energy supplies or pricing, the Director safeguards the economic stability that the oil and gas industry provides.

CONCLUSION

The **Domestic Policy Council Director** influences the oil and gas industry by shaping the administration's domestic policy agenda, coordinating regulatory and legislative efforts, and balancing economic, environmental, and energy priorities. Their decisions on workforce development, climate goals, infrastructure, and crisis management play a crucial role in enabling or constraining the industry's ability to produce and sell oil and gas domestically and internationally.

The **Secretary of the Navy** affects the oil and gas industry primarily through the Navy's role in ensuring secure maritime trade routes, advancing energy technologies, and stabilizing global geopolitical environments. By influencing energy procurement, infrastructure, and collaboration with industry, the Secretary can either support or challenge the industry's ability to thrive domestically and internationally.

While the **Director of the NIH** does not directly regulate or manage energy production, their influence on public health, workforce safety, and environmental research indirectly affects the oil and gas industry's operational environment and public standing. Positive health advancements can support workforce productivity, while stricter regulations inspired by NIH research may present challenges to production and profitability

The **U.S. Trade Representative** plays a crucial role in shaping the global competitiveness of the U.S. oil and gas industry. By negotiating trade agreements, reducing barriers, addressing disputes, and promoting exports, the USTR ensures that U.S. oil and gas producers have access to global markets. These efforts bolster domestic production and enhance the industry's ability to compete on the international stage.

The **Deputy Secretary of Health and Human Services** influences the oil and gas industry primarily through health-related research, workforce policies, and community health initiatives. While these policies aim to protect public health, they may increase operational costs or lead to stricter regulations for the industry. On the other hand, improved healthcare access, worker safety, and collaboration on health innovations can enhance productivity, stability, and the industry's global competitiveness.

The **Director of the White House National Economic Council (NEC)** holds a key advisory role in shaping U.S. economic policy, which directly and indirectly impacts the U.S. oil and gas industry's ability to produce and sell domestically and internationally. The **NEC Director** significantly influences the economic environment in which the U.S. oil and gas industry operates. By shaping energy, trade, tax, and investment policies, the NEC Director can enhance or constrain the industry's ability to produce and compete globally. Supportive policies may drive growth and exports, while restrictive ones could increase costs or shift focus to alternative energy sources .

The **Assistant to the President and Special Envoy for Ukraine and Russia** could significantly impact the U.S. oil and gas industry due to the geopolitical importance of the region and its influence on global energy markets. Here's how this cabinet position could affect the industry's ability to produce and sell oil and gas:

1. GEOPOLITICAL STABILITY AND ENERGY SECURITY

- **Managing Conflict Impacts:** The Special Envoy's efforts to stabilize or mitigate conflict between Ukraine and Russia could influence global oil and gas prices, as this region is a critical energy hub.
- **Sanctions on Russia:** Advocacy for or enforcement of sanctions targeting Russia's energy sector can reduce global energy supply, leading to higher prices and increased demand for U.S. oil and gas exports.
- **Regional Disruptions:** Continued instability in Ukraine or energy infrastructure sabotage (e.g., pipelines) could create opportunities for U.S. producers to fill supply gaps in Europe.

2. ENERGY PARTNERSHIPS WITH EUROPE

- **Promoting U.S. LNG Exports:** The Special Envoy can facilitate agreements with European allies to reduce reliance on Russian natural gas by increasing U.S. liquefied natural gas (LNG) exports.
- **Strengthening European Energy Security:** By promoting infrastructure projects like LNG terminals and pipelines in Europe, the Envoy can boost demand for U.S. energy products.

3. ECONOMIC SANCTIONS AND TRADE POLICIES

- **Oil and Gas Markets:** Sanctions on Russian oil and gas can shift global trade flows, potentially benefiting U.S. producers but also creating market volatility.
- **Energy Trade Negotiations:** The Special Envoy can work with European and Asian allies to negotiate energy trade agreements favorable to U.S. exports.

4. INFLUENCE ON GLOBAL ENERGY PRICES

- **Supply-Demand Balance:** By engaging in diplomacy that either restricts or enhances Russia's ability to export oil and gas, the Envoy can indirectly affect global energy prices. Higher prices can encourage U.S. production and exports but may also raise domestic energy costs.

5. PIPELINE POLITICS

- **Nord Stream and Alternatives:** Advocacy for alternatives to Russian pipelines, such as increasing capacity in southern and eastern Europe, could open markets for U.S. oil and gas.
- **Protection of Infrastructure:** Supporting the defense of critical energy infrastructure in Ukraine and Europe reduces the risk of disruptions that could destabilize markets.

6. FOSTERING GLOBAL ALLIANCES

- **Countering Russian Influence:** Strengthening alliances with European and Asian nations through energy collaboration can position the U.S. as a reliable supplier and enhance global market share for U.S. oil and gas.
- **Support for Ukraine's Energy Sector:** Investments in rebuilding Ukraine's energy infrastructure can provide opportunities for U.S. energy companies to participate in reconstruction and modernization efforts.

7. ENERGY TRANSITION DIPLOMACY

- **Balancing Energy Security and Climate Goals:** The Envoy may promote U.S. oil and gas as a bridge to cleaner energy sources, particularly in Europe, which is seeking to balance energy security with renewable energy goals.
- **Carbon Capture Technology:** Partnerships with allies could highlight U.S. leadership in cleaner fossil fuel technologies, providing opportunities for U.S. companies to export advanced solutions.

8. MARKET VOLATILITY AND INVESTMENT

- **Global Market Confidence:** Diplomatic successes in the region can reduce market volatility, making it easier for U.S. producers to plan investments and operations.
- **Risk Management for Investors:** Stability in Eastern Europe reduces risks for companies operating in global markets, encouraging investment in U.S. oil and gas production.

CONCLUSION

The **Special Envoy for Ukraine and Russia** plays a strategic role in influencing the global energy landscape. Through diplomacy, sanctions, trade agreements, and partnerships, the Envoy can create conditions that enhance the U.S. oil and gas industry's competitiveness and market opportunities. However, the Envoy's actions can also introduce uncertainty or challenges, depending on the geopolitical context and policy priorities.

The **U.S. Ambassador to France** plays a critical role in advancing U.S. energy interests in Europe. By leveraging diplomacy, trade negotiations, and strategic partnerships, the Ambassador can help expand markets for U.S. oil and gas while addressing challenges posed by climate policies and geopolitical dynamics. This role is vital for ensuring that U.S. energy products remain competitive in an increasingly complex global energy market.

The **FBI Director** could significantly influence the U.S. oil and gas industry by addressing security, counterintelligence, and criminal issues that affect the industry's operations both domestically and internationally. The **FBI Director** directly impacts the U.S. oil and gas industry by safeguarding it against threats ranging from cyberattacks to terrorism, espionage, and fraud. These efforts are essential for ensuring that the industry can continue to produce and distribute oil and gas efficiently and securely, supporting both domestic consumption and international trade. The FBI's role in protecting critical infrastructure and enforcing laws contributes to the industry's overall resilience and reliability.

Cracking Down on Iran's Oil Sanctions Evasion:
What It Means for U.S. Energy Producers

The Stop Harboring Iranian Petroleum (SHIP) Act represents a critical legislative effort to combat Iran's exploitation of illegal oil sales to finance terrorism and destabilize the Middle East. Bipartisan in nature, the SHIP Act passed the U.S. House of Representatives in November 2023 with an overwhelming margin of 342 to 69 and now awaits action in the Senate.

A Timely Legislative Priority

The SHIP Act gained heightened attention following the unprecedented attack on Israel by Iranian-backed Hamas. Representatives Michael Lawler (R-NY) and Jared Moskowitz (D-FL) have been vocal in urging the Senate to act swiftly, emphasizing that further sanctions are essential to weakening Iran's ability to fund terrorism.

Last April Lawler issued the following statement "After this weekend's unprecedented attack from Iran on Israel, it's clearer than ever that the U.S. must further sanction Iran and weaken their ability to promote terror across the Middle East. That's a message the Senate must get behind."

Key Provisions of the SHIP Act

The SHIP Act, introduced in May 2023 by Representative Lawler, focuses on tightening sanctions enforcement in Iran's petroleum sector. Among its provisions, it:

- **Imposes sanctions** on foreign ports and refineries processing Iranian petroleum in violation of U.S. sanctions.
- **Extends primary and secondary U.S. sanctions** to entities knowingly engaging in the transport, refinement, or sale of Iranian petroleum, including ship-to-ship transfers.
- **Includes asset freezes and visa bans** on entities and individuals violating these restrictions.

Notably, these sanctions target foreign financial institutions, refineries, and shipping networks involved in Iran's illicit oil trade while excluding the importation of goods.

Implications for U.S. Oil and Gas Producers

The SHIP Act's rigorous enforcement is critical for ensuring a fair and stable global energy market. Here's why:

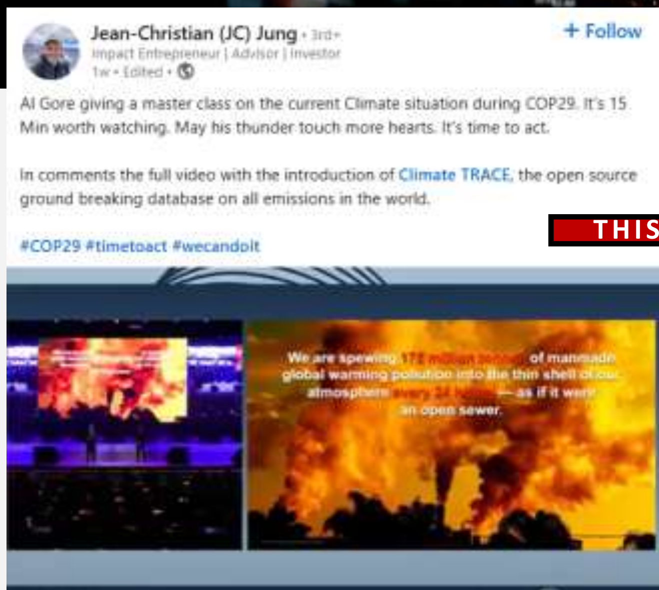
1. **Market Competition and Fairness** Illicit Iranian oil sales undermine market fairness, allowing Iran to sell oil at lower prices, disadvantaging U.S. producers who comply with strict regulations.
2. **Geopolitical Stability** Iran's oil revenue supports terrorism and nuclear activities, destabilizing the region and creating unpredictable market conditions that harm U.S. energy producers.
3. **Global Oil Supply and Pricing** Unauthorized Iranian oil increases supply, potentially depressing global oil prices and squeezing profit margins for U.S. producers, particularly in high-cost operations like shale.
4. **National Energy Security** Strong sanctions reduce reliance on adversarial nations and emphasize the importance of domestic energy production to meet U.S. energy needs.
5. **Policy Consistency and Advocacy** The SHIP Act aligns enforcement actions with existing U.S. energy policies, benefiting producers by maintaining a predictable and equitable regulatory environment.
6. **Targeting Sanction Evasion** By addressing tactics like ship-to-ship transfers and falsified trade routes, the SHIP Act strengthens global enforcement standards, ensuring that competitors adhere to the same rules.

Next Steps

The Senate Foreign Relations Committee is slated to mark up the SHIP Act's companion bill, a vital step toward advancing this critical legislation. The Act has the potential to mitigate unfair competition from illicit Iranian oil and reinforce geopolitical stability, fostering a healthy market for U.S. energy producers.

As the Senate prepares to act, oil and gas professionals should recognize the SHIP Act's importance in securing a level playing field, promoting national energy security, and maintaining fair market dynamics. The SHIP Act is not just about sanctions; it's about safeguarding the integrity of the global energy market and ensuring the stability essential to the industry's success.

Social Media Posts and Articles You Shouldn't Miss


Jean-Christian (JC) Jung • 3rd+
Impact Entrepreneur | Advisor | Investor
1w • Edited •

+ Follow

Al Gore giving a master class on the current Climate situation during COP29. It's 15 Min worth watching. May his thunder touch more hearts. It's time to act.

In comments the full video with the introduction of Climate TRACE, the open source ground breaking database on all emissions in the world.

#COP29 #timetoact #wecandoit

THIS

Colby Tiffee • 1st
Presidio | LinkedIn Top Energy Voice | The Energy Marketing Pro | NGEAO ...
5d (edited)

All this talk and still not one single solution. Let me sum up the speech for everyone...a bunch of whining followed by "time to act", ending without a solution and private jet flight back to Tennessee. #energymarketingpro

Nathan Hammer • 1st
nathanhammer.substack.com
15h •

Biden's administration released the long-awaited LNG Export "study" today. I'm reading through the report currently, but wanted to share with you all in case you need some boring reading material to help you fall asleep. Most interesting paragraph I've found so far below. Why is the USA bottlenecking production and importing goods produced in China? In addition to being the world's largest importer of LNG, they're building coal power plants left and right and have zero environmental law or oversight.

Help me understand how this is truly helping the environment and "climate change"?

C. China is the World's Largest LNG Importer According to the EIA, China is the world's third largest natural gas consumer and the world's largest LNG importer,

C. China is the World's Largest LNG Importer According to the EIA, China is the world's third largest natural gas consumer and the world's largest LNG importer, averaging 9.5 Bcf/d in 2023.90 The country is growing its regasification capacity more than any other country in the world, and in 2022 had 5.7 Tcf of existing regasification terminals, plus 5.5 Tcf of regasification capacity under construction with operational start dates between 2023 and 2026.91 LNG is largely used to meet peak power generation demand in the Central and Southern coastal regions, heating in the Northern coastal region, closing the pipeline supply-demand gap in the Central coastal region, and industrial demand (as a result of coal-to-gas switching) in the Southern coastal region

Piping Prosperity: Hugh Brinson Pipeline Advances Permian Gas Infrastructure

By Nathan Hammer

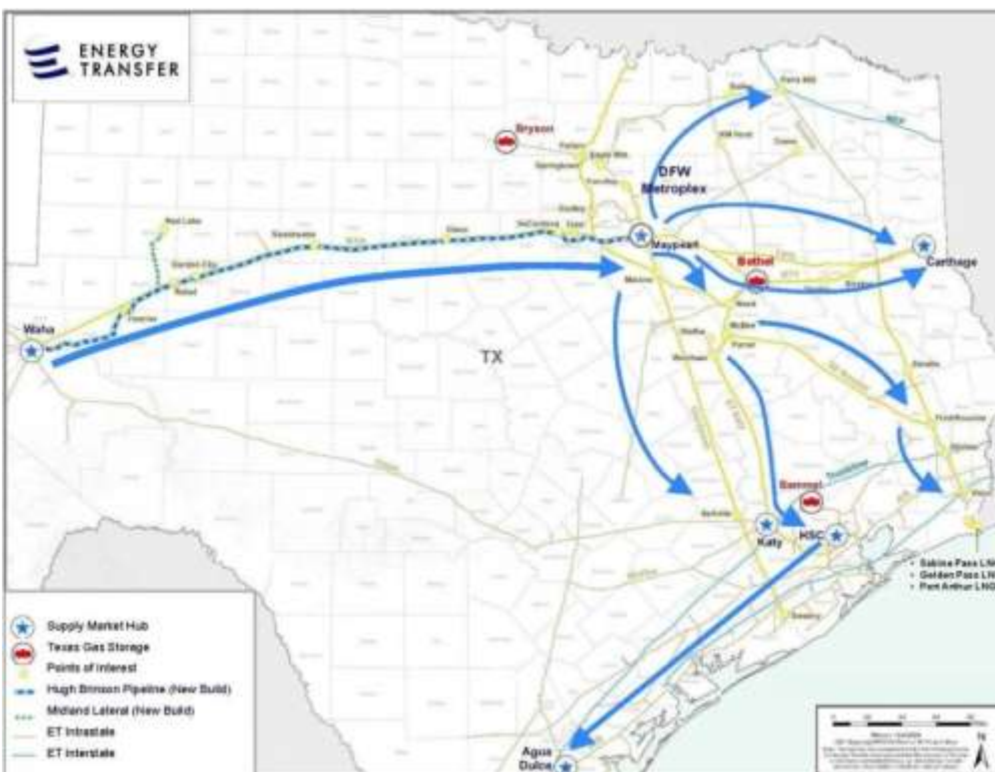
Energy Transfer LP has greenlit the Hugh Brinson Pipeline, a new natural gas conduit set to transport energy from the heart of the Permian Basin. Announced on December 6, 2024, this pipeline marks a pivotal expansion in the region's infrastructure, and another blow to the green new deal that continues to prove unreliable.

The pipeline, stretching approximately 400 miles from Waha to Maypearl, Texas, will initially boast a capacity of 1.5 billion cubic feet per day (Bcf/d). With an eye on future demand, Phase II of the project promises to increase this to 2.2 Bcf/d. The construction will be in two phases, leveraging existing infrastructure to connect Permian Basin production to various markets efficiently.

This project, previously known as the Warrior Pipeline, has secured long-term, fee-based commitments from strong investment-grade counterparties, ensuring a stable financial foundation.

The Hugh Brinson Pipeline isn't just about moving gas; it's about enhancing energy security and economic growth. It's a move that could reshape the distribution landscape in Texas, providing a new artery for the natural gas reserves of the Permian Basin.

With this development, Energy Transfer LP continues to solidify its role as a major player in the energy transportation sector, promising to keep the energy flowing where it's needed most.

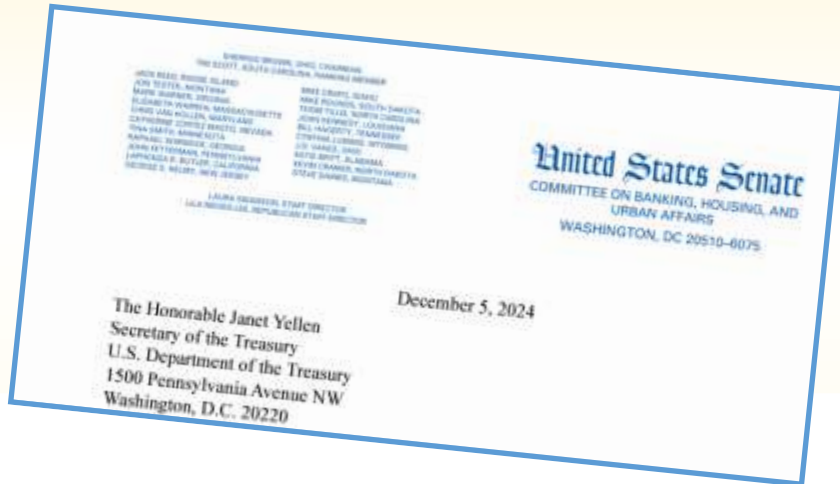


Nathan is an experienced entrepreneur and problem-solver focused on optimizing complex and heavily-regulated industries through innovative process improvements and technology-driven solutions. He seamlessly blends his 16 years of hands-on experience in field services, construction, operations, maintenance, technology, and environmental & safety compliance (USEPA, CISA, PHMSA, DOT, OSHA) across diverse sectors in 29 states.

Stay up to date with the American energy and manufacturing sectors by following his LinkedIn newsletter **Synergizing America.**

You can also follow him at **NATHANHAMMER.SUBSTACK.COM.**

Letter to Janet Yellen from the Committee on Banking, Housing and Urban Affairs



United States Senate
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS
WASHINGTON, DC 20510-6075

December 5, 2024

The Honorable Janet Yellen
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, D.C. 20220

Dear Secretary Yellen:

We are writing to express ongoing concerns regarding the implementation and enforcement of sanctions on Iran's oil sector, particularly as they relate to mandates established under the Stop Harboring Iranian Petroleum (SHIP) Act, which was signed into law in April of this year. Congress has consistently identified Iran's oil sector as a critical area for sanctions due to its significant role in financing destabilizing regional terrorism and nuclear development. Unfortunately, delays in fully implementing the SHIP Act remain a concern, as does the need for increased sanctions enforcement.

During April testimony by Deputy Secretary Adeyemo, Ranking Member Scott directly inquired about Iran's oil sector continuing to flourish and whether your Department needed additional authority to address Iran's sanction evasion. Deputy Secretary Adeyemo's response deferred to the State Department, with subsequent written responses citing a post-pandemic rise in global oil demand as a partial explanation for the increase in Iranian oil sales.

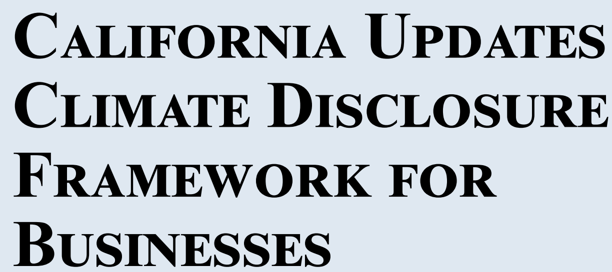
The recent determination on October 11th to expand Executive Order 13902 to persons supporting Iran's petroleum or petrochemical sectors and the subsequent action on December 3rd are encouraging steps, but now your Department must continue to follow through with rigorous enforcement actions. Lax sanctions enforcement has enabled certain nations, particularly in Southeast Asia, to openly disregard U.S. sanctions and sell Iranian crude to China. For example, trade data show that Malaysia is exporting oil to China in excess of its own production capacity, a clear indication of involvement in Iranian oil trade. To address these deficiencies, it is critical that Treasury deploys all available enforcement tools and fully engages in monitoring and sanctioning illicit oil transactions involving Iran.

Iran's illicit oil exporting tactics are well known. For example, United Against Nuclear Iran (UANI) provides valuable public data, such as through its tanker tracker and "Ghost Armada" analysis, monitoring vessels moving Iranian oil, especially to and from Kharg Island. Given the capabilities of the United States Government, we are confident that Treasury has access to additional intelligence sources to further these efforts. In light of the above, we request the following information from your department no later than December 20, 2024.

1. An assessment of all vessels listed by UANI in its Tanker Tracker and its Ghost Armada to determine whether they meet the criteria for sanctions under E.O. 13902 as entities operating in Iran's petroleum and petrochemical sectors.
2. A comprehensive assessment of all foreign financial institutions facilitating Iranian oil exports.
3. A briefing on Treasury's engagements with foreign governments to improve sanctions enforcement on Iranian oil exports.
4. A classified briefing on Treasury's utilization of intelligence community resources to effectively monitor Iranian oil exports and the associated financial networks.
5. An updated Financial Crimes Enforcement Network (FinCEN) advisory to financial institutions alerting them of recent tactics and emerging trends in sanctions evasion by Iran and its oil buyers.

Thank you for your attention to these urgent matters and for your Department's role in upholding the integrity of U.S. sanctions on Iran.

Sincerely,



California Updates Climate Disclosure Framework for Businesses

On September 27, 2024, California Governor Gavin Newsom signed SB 219 into law, refining last year's Climate Corporate Data Accountability Act (SB 253) and Climate-Related Financial Risk Act (SB 261). These laws impose significant climate disclosure obligations on large companies operating in California and have faced legal challenges that leave their future uncertain.

Key Provisions of SB 219

SB 219 provides more clarity and flexibility for businesses, including:

- **Extended Deadlines**: The California Air Resources Board (CARB) now has until July 1, 2025, to adopt regulations for greenhouse gas (GHG) emissions disclosures.
- **Modified Scope 3 Emissions Reporting**: Reporting timelines for Scope 3 emissions (indirect emissions in supply chains) will follow a schedule set by CARB instead of the previously fixed timeline.
- **Simplified Reporting Structure**: Parent companies can consolidate climate-related financial risk reports instead of requiring separate subsidiary filings.
- **Fee Payment Adjustments**: While filing fees remain, their due date is no longer specified.

Background on SB 253 and SB 261

- **SB 253**: Requires businesses with $1 billion+ in revenue to disclose Scope 1 and 2 emissions starting in 2026 and Scope 3 emissions in 2027.
- **SB 261**: Mandates businesses with $500 million+ in revenue to report on climate-related financial risks beginning in 2026.Insurance companies are exempt from SB 261, following alternative national disclosure standards.

Ongoing Legal Challenges

Both laws face legal scrutiny in a U.S. District Court case arguing they violate the First Amendment, the Commerce Clause, and federal Clean Air Act preemption. Although a recent motion to halt the laws on First Amendment grounds was denied, the case remains unresolved.

Next Steps for Businesses

Companies should prepare for compliance by:

1. **Evaluating Applicability**: Determine if operations qualify as "doing business in" California.
2. **Assessing Reporting Requirements**: Align with other regulatory frameworks (e.g., EU standards) to ensure compliance.
3. **Strengthening Internal Processes**: Build robust systems for climate-related disclosures and governance.
4. **Engaging Advisers**: Identify trusted assurance firms to validate emissions data.
5. **Monitoring Legal and Regulatory Developments**: Stay updated on CARB's regulations and litigation outcomes.

California's evolving climate disclosure laws signal heightened accountability for businesses. While compliance deadlines approach, the legal and regulatory landscape continues to shift, requiring proactive measures from affected companies.

Busting California's Big Oil/Price Gouging Myth Part 2

By Brendan Williams,
Head of Government Relations, PBF Energy

California's onslaught of regulations targeting the state's dwindling refining sector continues. The most recent salvo was the California Air Resources Board (CARB) vote to drastically increase the state's Low Carbon Fuel Standard (LCFS) carbon intensity reduction requirements. The board approved the measure despite its own analysis indicating program revisions could increase consumer fuel costs from 36 cents to more than one dollar per gallon. Previous posts noted the justification for trying to punish California refiners and force an overly aggressive shift to alternatives is rooted in the myth that consumer's pump price woes are the result of "Big Oil price gouging." Part 1 in this series debunked the myth of "Big Oil." A review of this year's refining sector financial performance also reveals how claims of refiners "price gouging" for profit are equally false.

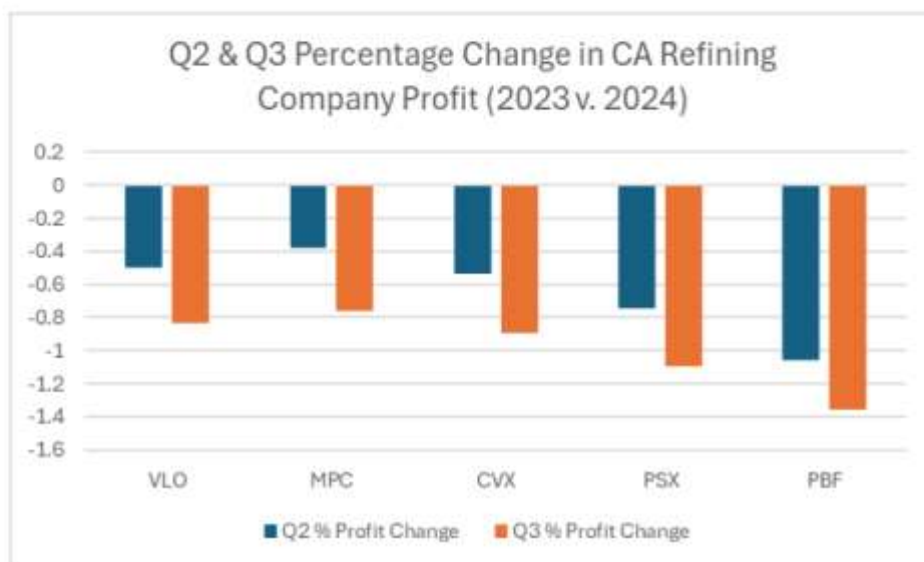
The Refiner "Price Gouging" for Profit Myth

The most recent stir over high gas prices started in 2022, when gas prices spiked as the state and country emerged from the pandemic. While that was a profitable year for refining companies, financial analysts noted performance in regions outside of California, where consumer fuel prices were one to two dollars per gallon *cheaper*, drove industry profits. California was the least profitable refining region during that time.

Over the past two years, refiner profits have been declining significantly, with most companies operating in the state experiencing losses in the third quarter. The chart below highlights the percentage change in California refining company profitability from the second and third quarters of 2023 to 2024 respectively. Since each company is different, with some operating in various parts of the oil and gas supply chain (e.g. Chevron is obviously a large upstream oil producer), the chart focuses on U.S. refining earnings or net operating income only.

Earnings information shows the average ***decrease*** in refining profits from the second quarter of 2023 to Q2 2024 was **64 percent**. Refiners did profit in the second quarter, but the average profit margin was 2.7 percent, or just above break even. For perspective, *nationwide corporate wide average profit margins for the first two quarters of this year exceed 11 percent*.

The third quarter of 2024 was bleaker. The average profit margin for refiners operating in California is **just below zero and the average profit *decrease* from Q3 2023 to Q3 2024 was 98%!** Morgan Stanley indicates the average U.S. corporate profit margin for the quarter was about 12 percent.



Source: Earning releases and SEC Filings

These are nationwide profit figures for refining companies operating in California, but a focus on just the West Coast operations alone paints an uglier picture. For example:

Valero's refining operating income company-wide was $568 million for Q3 2024, but it ***lost*** $99 million - or $4.38 per barrel of throughput - in California. During its earnings call, the company also inferred California refinery closures could be an option if the state's business environment did not change.

Company-wide, Marathon Petroleum managed to squeeze out a small 3 percent profit, but its refining and marketing margin in California was about 9 percent lower than the company as a whole, with California operating costs nearly 38 percent higher than the company's aggregate refining and marketing operating costs. Marathon also shut down a refinery in the Bay Area a few years ago and converted it to a much smaller renewable diesel plant that makes no gasoline.

Phillips 66 took a $104 million impairment in its California refining segment during the quarter and, on the heels of the state passing a costly fuel inventory mandate, announced it would be closing its Los Angeles refinery in 2025.

Despite such a bleak financial environment in refining this year, with refiners operating in California on average losing money in the most recent quarter, the state's gasoline prices are still over $1.40 higher than the rest of the country. Yet, the state's politicians continue reciting their "Big oil price gouging" talking points as justification to keep advancing policies that put even more refining capacity at risk.

As with the myth of "Big Oil," financial results and other publicly available data prove the allegation that the oil companies remaining in California are "price gouging" consumers to reap exponentially high profits is also a fallacy. The state's policymakers should stop lying to their constituents and start changing their approach to energy policy to ensure Californians have a secure, clean and affordable energy future.

Brendan Williams heads PBF Energy's Washington Office, where he leads the company's government relations efforts involving federal legislation and regulations and supports stakeholder engagement across the organization. Prior to joining PBF, he spent nearly a decade with AFPM, the American Fuel & Petrochemical Manufacturers, most recently as the organization's Executive Vice President. In that role, Mr. Williams was responsible for leading AFPM's government relations, communications, regulatory affairs, petrochemical and outreach departments as they worked to educate policymakers, the press, stakeholder groups and the general public about the important role AFPM members and products play in daily life and the American economy. In 2011, *Washingtonian* magazine named Mr. Williams one of DC's top 40 lobbyists under the age of 40. He has also frequently appeared on The Hill's annual "Top Lobbyists" list.

Before working at AFPM, Mr. Williams spent over seven years on Capitol Hill. He served as Legislative Director to Congressman Vito Fossella where he specialized in energy and environment policy. He also spent three years as a staff member of the House Energy & Commerce Committee. He handled a diverse portfolio during his time with the Committee, ranging from energy and environment legislation to health, commerce, trade and consumer protection policy, as well as oversight and investigations work. He staffed several high profile investigations, including inquiries into Enron's collapse, Qwest-Global Crossing swap transactions and the Ford/Firestone tire failures.

Mr. Williams attended Syracuse University where he received a dual degree in Broadcast Journalism and Political Science. He also received an MBA from George Mason University.

You can follow Mr. Williams on LinkedIn to read more from him by going here.

Current DEPA Legal Action

The Domestic Energy Producers' Alliance (DEPA) is actively engaged in **NINE** critical legal challenges on behalf of the oil and gas industry. If you are a producer, service company, pipeline operator, or refiner within the domestic onshore oil and gas sector and are not yet a member of DEPA, we strongly encourage you to join our organization. Your membership is crucial in supporting our efforts to mitigate significant threats that could impact your business operations and livelihood within this industry.

No one is championing the industry's interests as effectively as we are.

EPA Subpart "W"

—As part of the Methane Collation DEPA is part of a challenge filed in mid July regarding the EPA's subpart W in the final rule which exceeds the EPA's statutory authority.

EPA Tailpipe LDV Emissions

-DEPA is the Plaintiff against the EPA regarding light duty vehicle tailpipe emissions: Section 202 of the Clean Air Act charges the EPA with promulgating "standards" about the volume of air pollutants that motor vehicles may lawfully emit. EPA had no authority to promulgate the standards and functionally force vehicle manufacturers to produce more electric vehicles. The EPA seeks to substantially restructure the American automobile market in pursuit of unauthorized climate goals. This is about the direct emissions from each car and truck on the road.

EPA Tailpipe HDV Emissions

-DEPA is the Plaintiff against the EPA regarding heavy duty vehicle tailpipe emissions: (see above)

California Waiver

--DEPA is the Plaintiff against the EPA on the California Waiver: EPA lacks the authority to grant the California Air Resources Board the ability to enforce this rule.

California Diesel Waiver

-- DEPA is the Plaintiff against the EPA on the California Diesel Waiver: EPA lacks the authority to grant the California Air Resources Board the ability to enforce this rule.

SEC Climate Rule

--DEPA is the Plaintiff in a challenge against the SEC on the Climate Rule finalized March 6, 2024. For the first time in its ninety-year history, the U.S. Securities and Exchange Commission has seized power to compel disclosures from publicly traded companies on environmental and social governance matters that have nothing to do with the agency's statutory mission of protecting investors and facilitating healthy capital markets. SEC is starting down a slippery slope by requiring climate-impact disclosures for political reasons. This could lead to all kinds of additional reporting requirements that fall outside the agency's mission.

EPA Emission Standards

—DEPA is the Plaintiff in a challenge against the EPA regarding emission standards Best explained by Kenny Stein, Institute for Energy Research, *"The rulemaking itself extensively focuses on trends in electric vehicle manufacturing and announced plans from automakers and state governments regarding electric vehicles. But EPA's mandate from Congress is to reduce criteria pollutants from vehicles, not to pick and choose what type of vehicles can be sold. EPA cites an executive order from the Biden administration as impetus for this de facto electric vehicle mandate, but an executive order does not create new authority. Congress never intended the Clean Air Act motor vehicle regulations to be used to mandate or ban certain classes of product, it was always intended and has always been interpreted to give EPA the power to reduce pollution from those classes products. Yet EPA openly states that this rulemaking is meant to force a transition to electric vehicles."*

EPA Methane Rule

-- DEPA is a participant in the Methane Collation which filed a petition April 30 for review to show that the final rule exceeds the EPA's statutory authority and otherwise is arbitrary, capricious, an abuse of discretion, and not in accordance with law. Petitioners thus ask that this Court declare unlawful and vacate the Administrator's final action.

Dear DEPA Members,

The welfare of the US, and the world starts with energy. 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

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.

WE ARE THE PEOPLE OF AMERICAN OIL AND NATURAL GAS

DEPA

DOMESTIC ENERGY PRODUCERS ALLIANCE

MEMBER INFORMATION:

MEMBER NAME: ____________________

COMPANY NAME: ____________________

PHONE: ____________________

PRIMARY EMAIL: ____________________

SECONDARY EMAIL: ____________________

MAILING ADDRESS: ____________________

CITY: ____________________

STATE: ____________________

❍ SEND AN ELECTRONIC INVOICE

"Let's all check our desires to be fashionable or hip when we talk about energy. Energy is so critical to human well-being that we must speak honestly, candidly, and frequently to combat the increasingly damaging plague of energy ignorance that has taken over our country and much of the western world."

- Chris Wright, Liberty Energy CEO and DEPA Board Member

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

★ ★ ★ ★ ★ ★ ★ ★

405-669-6646

INFO@DEPAUSA.ORG

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

DEPA PAC

DOMESTIC ENERGY PRODUCERS' ALLIANCE POLITICAL ACTION COMMITTEE

DEPA PAC CO-CHAIRMEN | DAVID LE NORMAN AND DAN BOREN

The DEPA PAC works to ensure there is a loud, clear voice for the industry. Reliable, clean, efficient, affordable, energy is vital to our country, and the world. We are unapologetic about being the driver of economic growth and security across the globe.

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 relations with the legislative and executive branches of the Federal government.

Please support American Energy Independence with your DEPA PAC Donation.

AMERICAN ENERGY POLICY IS NOT A REPUBLICAN ISSUE OR A DEMOCRAT ISSUE. IT IS AN AMERICAN PROSPERITY AND A LEADERSHIP ISSUE.

DEPA PAC

DOMESTIC ENERGY PRODUCERS' ALLIANCE POLITICAL ACTION COMMITTEE

REQUIRED DONOR INFORMATION

Donor Name:________________________________

Contact Person:________________________________

Address:________________________________

City:________________________________

State:______________ Zip:______________

Phone:________________________________

Occupation:________________________________

Employer: ________________________________

Amount of contribution: $____________________

All contributions to the Domestic Energy Producers' Alliance PAC (DEPA PAC) are voluntary. You may refuse to contribution with reprisal. Contribution to the DEPA PAC are used for federal election purposes, and maybe used in connection with state elections.

Any contribution levels listed are merely suggestions. You are free to contribute more, or less, than the guideline suggest or nothing at all, and you will not benefit or be disadvantaged by the amount of the 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 contribution aggregate in excess of $200 in a calendar year.

DONATION ENCLOSED

- ❑ $10,000 CHAIRMAN'S COUNCIL (JOINT CONTRIBUTION)
- ❑ $5,000 DIRECTOR LEVEL
- ❑ $2,500 ADVISOR
- ❑ $1,000 FRIEND OF ENERGY
- ❑ $500 SPONSOR
- ❑ $____________ OTHER

Please make checks payable to: DEPA PAC

❑ **Please send an electronic invoice.**

RETURN TO DEPA PAC:
PO BOX 33190, TULSA OK 74153
INFO@DEPAUSA.ORG
405-669-6646

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

Paid for by the Domestic Energy Producers' Alliance PAC