



To: House Committee on Natural Resources Republican Members
From: Subcommittee on Oversight and Investigations Republican Staff; Sang Yi (Sang.Yi@mail.house.gov) (202-821-9930) and Meghan Holland (Meghan.Holland@mail.house.gov) (202-897-7480)
Date: May 17, 2021
Subject: Misuse of Taxpayer Dollars and Corporate Welfare in the Oil and Gas Industry

The Subcommittee on Oversight and Investigations will hold An Oversight Hearing entitled “Misuse of Taxpayer Dollars and Corporate Welfare in the Oil and Gas Industry” on **Wednesday, May 19, 2021, at 1:00 p.m. (EDT)**. This is a virtual hearing.

Member offices are requested to notify Sang Yi by **4:30 p.m. (EDT) on Monday, May 17, 2021**, if their Member intends to participate in person in the hearing room or remotely from his/her laptop from another location. Submissions for the hearing record must be submitted through the Committee’s electronic repository at HNRCDOCS@mail.house.gov. Please contact David DeMarco (David.DeMarco@mail.house.gov) or Everett Winnick (EverettWinnick@mail.house.gov) should any technical difficulties arise.

I. KEY MESSAGES

- Oil and gas development on federal land is a good investment for taxpayers. For every dollar spent by the Bureau of Land Management (BLM) managing the federal onshore program, the industry returns 29 dollars back to the federal government.
- More than just federal revenue generation, oil and gas development supports millions of jobs annually, along with significant economic contributions to local communities and conservation efforts.
- The Biden Administration’s actions continue to hinder energy production on federal lands, which jeopardizes thousands of jobs, revenue streams, State public education programs, and conservation programs like the Land and Water Conservation Fund (LWCF).
- Under the guise of “fair return” to the taxpayer, Democrats’ policies stifle the oil and gas industry and increase the United States’ dependence on foreign energy, endangering the nation’s energy security and reliability and reduces revenues for states.



II. WITNESSES

- **Mr. Alex Epstein**, President and Founder, Center for Industrial Progress [*Republican Witness*]
- **Mr. Michael Smith**, Author
- **Ms. Laura Zachary**, Co-Director, Apogee Economics and Policy
- **Mr. Tim Stretton**, Policy Analyst, Project on Government Oversight

III. BACKGROUND

Hearing Witnesses

Despite Democrats' purported interest in the role the federal government has played in the contributions of the oil and gas sector to jobs and the economy, they failed to invite a witness from the Department of the Interior (DOI) or any government agency to testify. Instead, the Biden Administration's actions detrimentally impact the oil and gas sector, and led to job losses and economic harms. Republicans will highlight the failures of the Biden Administration and the contributions the oil and gas industries have made to jobs and the economy.

The Biden Administration Harms the Economy by Targeting These Industries

The Biden Administration's actions have devastating economic consequences. The effects of both revoking the Keystone XL pipeline permit and banning federal oil and gas leasing will result in the loss of 145,7000 jobs and \$15.8 billion in economic activity this year.¹ If the federal leasing ban of onshore oil and natural gas is made permanent, then by 2040, \$300 billion in wages and \$159 billion in state tax revenues will be cumulatively lost.²

Western states will disproportionately suffer from the lost wages and revenues caused by the Biden Administration's decisions. During the first year of the moratorium, the eight Western states with federal and oil leasing programs will have investment losses of \$2.3 billion, production value losses of \$872 million, and tax revenue losses of \$345 million.³

¹ *An Economy that Works for Everyone: Investing in Rural Communities: Hearing Before the Senate Committee on Banking, Housing, and Urban Affairs*, 117th Cong. (2021), (Testimony of Kathleen Sgamma, President, Western Energy Alliance), available at <https://www.banking.senate.gov/imo/media/doc/Sgamma%20Testimony%204-20-21.pdf>.

² *Id.*

³ *The Department of the Interior's Onshore Oil and Gas Leasing Program: Hearing Before the Senate Committee on Energy and Natural Resources*, 117th Cong. (2021), (Testimony of Mark Gordon, Governor of Wyoming), available at <https://www.energy.senate.gov/services/files/BAEB9A1D-6D39-48E4-8099-2310FCDE2301>.

In opposition to the Biden Administration’s actions, several state school superintendents wrote to President Biden classifying the Administration’s actions as an “arbitrary and inequitable move to shut down oil and gas production on federal lands.”⁴ School administrators noted that revenues from oil and gas production supported their states’ education systems, infrastructure projects, and the employment of thousands of people.⁵ The staggering impact of the ban is exemplified in New Mexico, where a 63 percent of the state’s oil and gas production is federal, and a ten percent decline in production will result in loss of \$709 million in education funding.⁶ The Biden Administration’s actions have put critical education funding in jeopardy.

Contributions of the Oil and Gas Sector to Jobs, Communities, and Conservation

The American oil and gas industry annually generates \$1.3 trillion in economic activity and supports 10.3 million jobs, both directly and indirectly.⁷ Additionally, these industries play a crucial role in conservation, serving as the primary funding source for LWCF.⁸ In 2020, DOI announced that more than \$227 million would be distributed from LWCF, noting the increase over the previous year’s allocation was due to increased oil and gas revenues.⁹ Overall, supporting the oil and gas industry is a wise investment for the taxpayer. For every dollar spent by the BLM managing the federal onshore program, the industry returns 29 dollars back to the federal government.¹⁰

The oil and gas industry also provide benefits to Native Americans. For example, about 21,000 members of the Navajo Nation receive \$96 million annually in royalties from oil and gas.¹¹ Additionally, the “industry partners with tribes, including the Ute Indian Tribe,

⁴ Letter from Hon. Jillian Balow, Wyoming State Superintendent, et al. to Hon. Joseph Biden, President, United States (Feb. 16, 2021) available at <https://edu.wyoming.gov/wp-content/uploads/2021/02/BidenLetter.pdf>.

⁵ *Id.*

⁶ *The Department of the Interior’s Onshore Oil and Gas Leasing Program: Hearing Before the Senate Committee on Energy and Natural Resources*, 117th Cong. (2021), (Testimony of Kathleen Sgamma, President, Western Energy Alliance), available at <https://www.energy.senate.gov/services/files/092189F1-C93A-4480-96BD-B319C1CDC66C>.

⁷ *An Economy that Works for Everyone: Investing in Rural Communities: Hearing Before the Senate Committee on Banking, Housing, and Urban Affairs*, 117th Cong. (2021), (Testimony of Kathleen Sgamma, President, Western Energy Alliance), available at <https://www.banking.senate.gov/imo/media/doc/Sgamma%20Testimony%204-20-21.pdf>.

⁸ Jack Smith, *How Will We Pay for the Land and Water Conservation Fund?*, PERC (Mar. 31, 2020), <https://www.perc.org/2020/03/31/how-will-we-pay-for-the-land-and-water-conservation-fund/>.

⁹ Press Release: Dep’t of the Interior, Secretary Bernhardt Announces \$227 Million for State Outdoor Recreation and Conservation Projects (Mar. 31, 2020), <https://www.doi.gov/pressreleases/secretary-bernhardt-announces-227-million-state-outdoor-recreation-and-conservation>.

¹⁰ *The Department of the Interior’s Onshore Oil and Gas Leasing Program: Hearing Before the Senate Committee on Energy and Natural Resources*, 117th Cong. (2021), (Testimony of Kathleen Sgamma, President, Western Energy Alliance), available at <https://www.energy.senate.gov/services/files/092189F1-C93A-4480-96BD-B319C1CDC66C>.

¹¹ *Id.*

the Southern Ute Indian Tribe, Mandan, Hidatsa, Arikara Nation, the North Arapaho Tribe, and Jicarilla Apache Nation to generate \$1.1 billion on their behalf.”¹²

The Republican witness, Alex Epstein, is the author of “The Moral Case for Fossil Fuels.”¹³ He is expected to provide testimony illustrating the benefits the oil and gas industry provides to our nation. Mr. Epstein is expected to articulate the flaws found in arguments used by environmentalists to demonize the fossil fuel industry and provide an assessment of how fossil fuels and their affordability benefit Americans in our everyday lives.

Beyond creating family-wage jobs, oil and natural gas companies contribute significantly to both local communities and to national conservation efforts. Below are a few examples of how these companies provide benefits for the public good.

Investing in Communities and Education

Both EOG Resources and Devon Energy are members of the Permian Strategic Partnership (PSP), a coalition of 17 leading Permian Basin energy companies who collaborate with regional community leaders to address challenges and improve the quality of life for people in the Permian Basin.¹⁴ In 2019, PSP provided funds to establish 14 charter schools in Texas, develop a new career technical education high school in New Mexico, and provided discounts on 200 apartment rentals for public school teachers in Texas.¹⁵

Devon Energy made significant investments in Science, Technology, Engineering, and Mathematics (STEM) education, with a 2019 impact reaching 275 schools, 16,748 students, and 816 teachers.¹⁶ Devon also partnered with the Girl Scouts of the Desert Southwest to help bridge the gender gap in the underrepresentation of women in STEM fields.¹⁷ Since 2014, nearly 900 girls have received a Devon Terra Trooper patch for completing an activity related to STEM.¹⁸

ExxonMobil has donated more than \$1.3 billion to education programs globally since 2000.¹⁹ Additionally, the company has invested more than \$120 million in women's

¹² *Id.*

¹³ Epstein, Alex. *The Moral Case for Fossil Fuels*. Portfolio, 2014.

¹⁴ EOG RESOURCES, SUSTAINABILITY REPORT (2019) at 25, https://eogresources-com.s3-us-west-2.amazonaws.com/EOG_2019_Sustainability_Report.pdf [hereinafter EOG Report]; DEVON ENERGY, SUSTAINABILITY REPORT (2020) at 64

https://www.devonenergy.com/documents/Sustainability/DVN_2020_SustainabilityReport.pdf [hereinafter Devon Report].

¹⁵ EOG Report at 25.

¹⁶ Devon Report at 65.

¹⁷ *Id.*

¹⁸ *Id.* at 66.

¹⁹ EXXONMOBIL, SUSTAINABILITY REPORT (2019) at 26, <https://corporate.exxonmobil.com/-/media/Global/Files/sustainability-report/publication/Sustainability-Report.pdf>, [hereinafter Exxon Report].

economic opportunities in more than 90 countries, helping support female-led economic growth around the world.²⁰

In response to the COVID-19 pandemic, EOG Resources donated more than 3,400 masks, as well as shoe coverings, hand sanitizer, and safety glasses to health care workers.²¹ ExxonMobil temporarily reconfigured manufacturing operations in Louisiana to produce up to 160,000 gallons of hand sanitizer, which was donated to frontline workers and military personnel.²²

Conservation Projects

ExxonMobil supports land management programs that enhance wildlife habitats and provide environmental education to local communities.²³ For example, ExxonMobil collaborates with the Wildlife Habitat Council to manage 16 sites around the world, including forests, wetlands and grasslands.²⁴ In addition, they work with local education programs and community programs to support biological field data collection and promotion of native species.²⁵

EOG Resources partnered with the BLM to restore land from a reclaimed well site in New Mexico for use as a public campsite.²⁶ The campsite opened in 2020 and provides access to both Carlsbad Caverns National Park and Guadalupe Mountains National Park.²⁷ Additionally, in 2019, EOG collaborated with Wyoming regulators and local community members to reclaim land previously used as water reservoirs for drilling and production activities.²⁸ This project involved planting nearly 2,000 sagebrush seedlings to reestablish vegetation and accelerate the restoration of native grasslands and scrublands.²⁹ The company's conservation work also included efforts to improve nesting conditions for Ferruginous Hawks and Burrowing Owls, as well as reseeded well pads with native grasses.³⁰

In 2019, the Public Lands Foundation awarded Devon Energy its 2019 Landscape Stewardship Certificate of Appreciation in honor of their work to advance "community-based stewardship on landscapes that include public lands administered by the BLM."³¹ Additionally, the company partners with the BLM and Fish and Wildlife Services to

²⁰ *Id.*

²¹ *Supra* note 17 at 27.

²² Exxon Report at 26.

²³ EXXONMOBIL, BIODIVERSITY AND ECOSYSTEMS SERVICES, (2021), <https://corporate.exxonmobil.com/Sustainability/Sustainability-Report/Environment/Biodiversity-and-ecosystem-services>.

²⁴ *Id.*

²⁵ *Id.*

²⁶ EOG Report at 8

²⁷ *Id.*

²⁸ *Id.*

²⁹ *Id.*

³⁰ *Id.* at 23.

³¹ Devon Report at 32.

conserve the habitat of the Dunes Sagebrush Lizard.³² Also, since 2007, Devon Energy has sponsored the Wyoming Conservation Corps to engage college students in hands-on conservation work around the state.³³

³² *Id.* at 31.

³³ *Id.* at 32.