

U.S. House Natural Resources Republican Forum on Supply Chain

December 9, 2021 Testimony

Thank you for having me today. My name is Chris Wright. I am the CEO of Liberty Oilfield Services, the second largest frac company in the U.S., and we are headquartered in Denver, Colorado.

I am the first in my family in the oil & gas business. This was not my original plan. I set out to work in energy as it the enabler of EVERYTHING else in the world. Over 35 years ago, I chose to attend MIT specifically to work on fusion energy as the world was wracked by fears that we were soon to run out of oil & gas. In graduate school at UC Berkeley I worked on solar energy. After graduate school, I began my career as an energy technology entrepreneur working in geothermal energy and oil & gas.

I am here today because the world is gripped by a deadly delusion that somehow in the next ten or thirty years we are going to “Transition” fully away from fossil fuels. This cannot happen, and will not happen. Willful ignorance of this reality is driving politically motivated attacks on our industry which are impoverishing Americans and citizens of the world with increasingly deadly consequences.

In the thirty years since the Kyoto climate accords were drafted, total global energy from hydrocarbons has **grown** by 60% and hydrocarbon market share has shrunk by only 4% percentage points from 87% of global energy to 83%. However, the costs of this premature, top-down effort to transition energy are measured in the trillions of dollars. So far the results have been unsatisfactory, as electricity prices have been driven up and energy system reliability has been driven down. Europe today is Exhibit A of the problem with political control of energy. Historically, energy transitions happen slowly, and that is true even when the new energy sources bring superior performance and lower cost, neither of which is true today.

I am ALL for making energy cleaner, driving down greenhouse gas emissions and catalyzing exciting new energy technologies. I have spent my entire career working towards these goals. The biggest energy transformation of my lifetime has been the American shale revolution which has delivered enormous benefits to our country and the world, including:

- Driving down oil & gas prices, saving American families over \$1,500 per year
- Natural gas is now by FAR the biggest source of U.S. electricity, which has significantly cleaned American air AND driven down GHG emissions per capita to the lowest in 60 years!
- America is Energy Independent for the first time since the 1950's
- Today the U.S. is the world's largest producer of oil and natural gas, bringing HUGE economic, environmental and geopolitical benefits

Simply stated: oil and gas are the economy. Every sector of our economy depends vitally on oil & gas. We have no prospect of building a wind turbine or solar panel without copious amounts of oil and gas. These facts are rarely stated, but they are facts.

We are facing many supply chain issues that I am sure will not surprise anyone: semiconductors from Asia, rising engine part costs, skyrocketing steel prices, and even a near crisis in securing basic air filters for our trucks. However, market forces will likely rectify these problems in the coming months.

The supply chain problems that truly alarm me are not subject to market forces and are unlikely to be rectified in the coming months as they are politically driven. A growing, and highly destructive, delusion about the energy system is driving up the cost to produce oil and gas in the U.S. in the mistaken belief that this is helpful in response to climate change. It is not.

“Energy Transition” efforts have expanded beyond investments in alternative energy to now include direct attacks on hydrocarbons. This is unfortunate both for energy consumers and for de-carbonization efforts. The biggest needle-mover in de-carbonization has been natural gas taking market share from coal, mostly via lower fuel prices and lower plant capital costs.

The attack on oil & gas is happening through many avenues, sometimes described as a “whole of government” approach. We have seen pipeline permits revoked, critical pipelines cancelled by developers due to regulatory burden and political opposition, suspension of new-well permitting on Federal Lands, strangling regulation and uncertainty, all of this together with a rapidly growing “ESG”

movement among capital providers that seems to view oil and gas as the greatest threat to humans and the environment.

History says otherwise. Borrowing Thomas Hobbes, life was far more nasty, brutish and short prior to the arrival of oil and gas a century or so ago. For example, global human life expectancy -- stagnant throughout human history -- has doubled since the arrival of oil and gas. Energy matters. A lot. Unfortunately, we still have roughly one-third of humanity cooking their daily meals burning wood, dung, or agricultural waste. The indoor air pollution generated with these dirty fuels kills around 3 million people annually -- roughly equal to the global death rate from COVID. The cure here is simple: propane cook stoves and LPG canisters.

Energy poverty is not just in poor countries. The European Trade Union Confederation found that “15% of the EU’s working poor – over 2.5 million people – lacks enough money to turn on their heating”. In the U.S. over 10% of Americans receive utility disconnection notices or self-report keeping their homes at unsafe temperatures to afford their heating and cooling bills. Yet, we are rushing headlong in this country to copy the misguided energy policies that are wreaking havoc in Europe today as the world faces our worst energy crisis in 50 years.

Even *prior* to the current spikes in European energy prices, Germany had driven their electricity prices up to TRIPLE those of the United States via their top down policies to transform their electricity grid. Yet Germany only realized a *smaller* percentage reduction in their GHG emissions than the U.S. has over the last decade. Lots of pain and little gain. California has pursued similar energy policies with similar results: skyrocketing energy prices disproportionately impacting lower income citizens, reduced electric grid reliability, and deindustrialization. The result: once the land of opportunity, California now has the highest adjusted poverty rate in the nation per the U.S. Census Bureau.

We can and must do better.