

## Statement of Rhett Bennett, CEO, Black Mountain

### \* Challenges to oil and gas development on federal lands and waters including difficulty securing permits, rights-of-way, leases or other necessary authorizations

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### \* Why operators may have permits and still be unable to commence production (addressing misinformation from the White House regarding APDs)

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### \* Impacts of the leasing ban on oil and gas development

- Lowers confidence of producers/investors in federal program; makes producers “gun shy”
  - i.e. drill and continue to develop leased acreage on federal lands where potential permitting risk, leasing moratoriums, or extensive environment reviews threaten value, or jump over to private land? No brainer.

### \* Challenges to securing financing as a result of the ESG movement and forthcoming regulation

- We’ve seen the RBL market shrink from a quantum and participant perspective
  - Years of volatility and low prices were a driver (maintaining borrowing base can be challenging)
  - Producers are being forced to get more creative to fund projects; for better/worse.
    - Better: more options in market
    - Worse: takes longer than in the past

### \* Actions that Congress and the Administration can take to increase production in the near term

- As a general rule of thumb – eliminate policy uncertainty. Fossil fuels are a vital player in the energy mix, so visibility into the future regulatory climate will allow producers to operate with confidence and investors to participate with confidence.
  - Ex. Proposed Royalty Rate increase for onshore federal leases

### \* Impacts of the ESG movement on investment in domestic oil and gas production

- An “all of the above approach” is a commonly debated statement (and has been for over a decade). Instead of continuing to debate the prior as an either/or, we should focus and talk about the interdependency of these resources; the pros and cons of all. How the approach has to be holistic, and why fossil fuels play a crucial role.
- As a result of NOT having that conversation, ESG pressures are driving capital away from fossil fuel development
  - Private Equity withdrawal is straining American production
    - Buyout firms have cut annual U.S focused energy and utility spending by 60% since 2017 (2017-2021) (via Preqin)
    - Traditional energy funds raised a record low \$4.6B in 2021 (via Preqin)
  - The ESG movement has led to a flight of institutional capital from the space
    - Harvard’s \$53B endowment (Harvard Management Co.) and many others will stop backing businesses and funds that explore or develop fossil fuels
  - Some of the most prominent financiers of the U.S. oil patch for the past decade, such as Blackstone and Apollo, have announced their next funds will move away from fossil fuels

- An opinion from our side of the table is “If ESG and responsible production is a concern, don’t you want to remain invested so you have a say/your opinion carries weight?”