



TESTIMONY

OF

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To

HOUSE NATURAL RESOURCES COMMITTEE REPUBLICAN FORUM

U.S. HOUSE OF REPRESENTATIVES

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INDEPENDENT PETROLEUM ASSOCIATION OF AMERICA

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The Independent Petroleum Association of America (IPAA) appreciates the opportunity to discuss the current situation facing the United States regarding energy policy. We welcome the opportunity to continue the dialogue and believe it is time for our nation to have a real discussion about energy security and the challenges facing our nation. America's independent oil and natural gas producers are, and will continue to be, a key player in ensuring our nation can be energy secure in the coming years.

IPAA represents thousands of independent oil and natural gas explorers and producers across the nation, as well as the service and supply industries that support their efforts. Independent producers develop 91 percent of U.S. oil and natural gas wells – producing 83 percent of America's oil and 90 percent of America's natural gas. The average independent producer has been in business for 26 years and employs 12 full-time and three part-time employees. IPAA's members are truly the face of small business in the oil and natural gas industry and support millions of direct and indirect jobs across the United States.

Independent producers continually look to develop creative solutions to problems that exist within the scope of oil and natural gas production on federal, state and private lands. We are committed to finding innovative answers to these issues that will enhance the ability of America to once again have a robust onshore and offshore oil and natural gas program. IPAA member companies are smart, responsible stewards of federal lands and look to have a real discussion about energy policy in our nation.

From day one, the Biden Administration's attacks on American oil and natural gas producers have been relentless. The President has sought to shackle our industry with new taxes, increased regulations and limit access to federal onshore and offshore lands for oil and natural gas development. From changes to industry tax treatment to a massive increase in federal regulations governing the industry, President Biden and his allies in Congress have been determined to stop America's energy renaissance. Instead of looking for ways to work with America's oil and natural gas producers to find practical solutions to address our nation's energy needs, the Biden Administration is committed to an aggressive climate-related agenda.

IPAA welcomes a discussion about efforts to encourage safe and responsible American energy production on federal lands. While the United States has seen strong numbers from production on state and private lands, the same cannot be said for federal lands. Oil and natural gas projects on federal lands face months of delay due to regulatory obstacles from the federal government that require a given producer to face countless challenges and slow the process to a crawl. Significant federal delays only deter companies from wanting to operate on federal lands, translating to lost federal revenue from the royalties generated.

Now as the United States and the world faces an energy supply disruption brought on by Russia's brutal invasion of Ukraine, the Biden Administration is imploring America's oil and natural gas producers to raise output. From Secretary of Energy Jennifer Granholm to a whole host of other officials in the Administration – the simple answer to our



members is “drill.” Secretary Granholm’s response further shows how the Biden Administration continues to play politics with American energy policy. Exploring and producing oil and natural gas on federal, state and private lands is a highly regulated and complex process. The Secretary’s response also ignores the fact that America’s independent producers face enormous difficulties securing labor and the supplies to commence operations. Despite Secretary Granholm’s efforts to have Americans look the other way, the Biden Administration’s unrelenting attacks on our industry for the last year have had a detrimental impact on our nation’s energy security.

The Biden Administration has committed to an aggressive climate-related agenda, one that seeks to shift American energy supply away from hydrocarbon sources. Even as Russian forces continued their massive buildup of military equipment on the frontier of Ukraine hours before the invasion, U.S. Special Envoy for Climate John Kerry said, “I hope President Putin will help us to stay on track with respect to what we need to do for climate.” As the people of Ukraine faced massive Russian forces on their borders, the Biden Administration’s focus on climate did not waiver.

The Biden Administration now threatens the American oil and natural gas industry with warnings about increased prices when it knows well that prices are controlled by commodity markets – not producers or refiners. American petroleum producers are price takers, not price makers. The Biden Administration has rejected American oil and natural gas production at every available opportunity and have taken actions to hamper our work. These actions include:

- Choosing to stop legally required leasing of federal onshore and offshore resources and, when forced by courts to move forward, hide behind different court decisions that do not address mandatory legal requirements.
- Appointing FERC commissioners that are changing the pipeline permitting process to cripple essential natural gas pipeline construction.
- Turning to OPEC, Venezuela and other nations to seek increased oil production rather than assisting producers here at home.
- Directing its financial regulators to seek ways to limit capital investment in fossil energy.
- Nominating to the Federal Reserve Board candidates who want to use the Federal Reserve as a method to suppress capital for American oil and natural gas production.

IPAA has submitted extensive comments to the Department of the Interior outlining regulatory reform measures that would help increase access to America’s oil and natural gas resources on federal lands. There is a need for enacting reasonable reforms to the “National Environmental Policy Act” (NEPA) and to look for opportunities to delegate federal authority to state regulatory agencies. It is clear that the current program governing oil and natural gas activities on federal lands is broken. Instead of working with



IPAA and our members, the Biden Administration seems committed to hampering the safe, continued development of mineral resources on federal lands.

So, what else can be done to address these challenges? First, we must encourage capital investment and dial back activist pressure to divest from oil and natural gas production. Second, business thrives where there is a predictable landscape. Federal, state and local government must streamline ordinances so producers have a predictable market in which to operate. Third, remove the hurdles for pipeline projects and allow abundant natural gas supplies to reach customers in the cleanest, most efficient method available. Fourth, regulators should develop and greenlight new infrastructure projects to meet growing demand.

These solutions won't immediately solve the problem of today's high prices. But it's a good starting point and protects consumers from future price shocks. Now is the time to protect our future both from an economic and national security standpoint.

It is time for the Biden Administration to look at American oil and natural gas as a partner in efforts to address our nation's energy challenges, not the enemy. We need to have a comprehensive discussion about our energy needs. IPAA members understand we aren't the only solution to questions surrounding American energy, but we must be part of the conversation.

Thank you for the opportunity to speak today and I look forward to answering questions.

