

December 3, 2009

President Barack Obama
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mr. President:

Today at the White House, you had the chance to hear firsthand from several interested and informed parties – lawmakers, business owners, labor, and academics – about the seriousness of the economic challenges facing our nation. The timing was critical; with the official number of unemployed Americans nearing 16 million, with some estimates reportedly in excess of 25 million.

As president of an independent natural gas and oil company (Swift Energy) and chairman of the Independent Petroleum Association of America, I've learned an important lesson: Never in human history has the safe and responsible development of available domestic energy resources failed to create value – not only for those who produce them, but for those who consume them as well. In a modern context, that value can be realized in the form of new, high-wage jobs for the American people, billions in revenue for state, local and federal governments, and a genuine means of reducing our dependence on foreign, unstable energy suppliers abroad.

The American natural gas and oil industry continues to be one of the most powerful and dynamic forces of job creation in the nation – by some estimates, responsible for more than nine million direct and indirect jobs in this country, and more than seven percent of total GDP. That spirit of growth and innovation is especially prevalent among our nation's small and independent producers – men and women who on average employ just 12 workers a piece but still find a way to develop nine out of every 10 wells in service across the country today.

Maybe we're just lucky with our "wildcatter" fortitude. Or maybe it has something to do with the fact that 150 percent of what we make (and haven't quite made yet) is re-invested back into the work of finding and producing energy for the American people. We take this work seriously. And we stand ready and willing to put that work to use, in service of the goals and objectives identified by your jobs panel this afternoon.

Some of the most exciting work in this sector is taking place in areas across the country known as "shale plays." Through technological advancements and industry ingenuity, massive amounts of clean-burning natural gas resources – once thought to be out-of-reach – are now being realized. And to your credit, Mr. President, you've started to take notice – releasing a position statement during your recent trip to China that hailed the United States as "a leader in shale gas technology and developing shale gas resources in a way that mitigates environmental risks."

May we add "creating new jobs" to that list as well? Only a couple years back, analysts predicted that shale gas production in Texas' Barnett Shale would create \$6.5 billion in economic output and 70,000 jobs. Nice try. In 2008, the Barnett generated more than 111,000 permanent jobs and \$11 billion in economic activity – and the expectation is for those numbers to climb dramatically in the years to come.

Penn State University has conducted similar research on the enormous potential of the Marcellus Shale formation in the mid-Atlantic. Last year alone, according to Penn State, 29,000 jobs were created – and more than 50,000 jobs are expected to be created by the end of this year. The production also was responsible for \$2.3 billion in economic development. And along New York's Southern Tier, experts have predicted that natural gas production in Broome County could produce as many as 16,000 jobs and generate more than \$790 million in wages, salaries and benefits.

As you can see, Mr. President – we have plenty of good news to report. We also have our share of disappointing news. For example, your budget calls for massive, job-killing tax hikes on small, independent oil and gas producers, potentially stripping \$36 billion from many of these small businesses.

The result would be a 20 percent drop in oil production and a decline in natural gas production of 12 percent. Countless jobs would also be lost.

We are also concerned that broad, sweeping financial regulation reforms that your Administration is advancing could harm domestic energy production. Derivatives play a critical role in ensuring that our member companies can minimize risk and exposure. Without these key financial tools in place and available to those who need them, less energy would be produced, and fewer high-wage jobs would be retained. It's just that simple.

I am also concerned about your administration's decision to slow-walk the deployment of a commonsense, supply-oriented 5-year offshore energy plan. Without action from the Interior Department, the more than one million jobs projected to be created through responsible, 21st century offshore energy production will simply not be realized.

Economic recovery and long-term, sustainable growth demand access to affordable, reliable and secure energy supplies. We have the energy here at home to help meet our nation's growing demands, and a capable workforce ready, willing and more than able to ensure these resources are produced safely and responsibly. We urge your administration to move forward with commonsense solutions that encourage domestic energy production. American jobs and our national security are at stake.

Sincerely,

A handwritten signature in black ink, appearing to read "Bruce Vincent". The signature is fluid and cursive, with a large initial "B" and a distinct "V".

Bruce Vincent
Chairman