



March 8, 2023

Dear Chairwoman McMorris-Rodgers and Ranking Member Pallone,

The Independent Petroleum Association of America is pleased to support the package of energy bills being marked up today by the committee. We would also like to express our gratitude that such an important issue, America's energy production, is a priority for this Committee and Congress.

I would like to make specific reference to a couple of pieces of legislation. First, H.R. 1121, the "Protecting American Energy Production Act" sponsored by Congressman Duncan. This legislation prohibits the President from declaring a moratorium on the use of hydraulic fracturing unless Congress authorizes such a prohibition. The bill also expresses the sense of Congress that states should maintain primacy for the regulation of hydraulic fracturing for oil and natural gas production on state and private lands.

Hydraulic fracturing is a decades old well completion technology that is often coupled with horizontal drilling to develop oil and natural gas resources from tight rock formations. Hydraulic fracturing occurs after drilling has been completed and involves pumping fluid – typically 99 percent water and sand – into the target formation at pressure in order to open small fractures in the rock, which allow oil and natural gas to flow out of these tight formations.

Advances in hydraulic fracturing technology have reversed the U.S. trajectory from that of energy scarcity to being the leader of oil and natural gas production around the globe. There is no doubt that hydraulic fracturing has allowed the United States to increase oil and natural gas production and enhanced American energy security. In addition, increased use of natural gas, made possible by hydraulic fracturing, air quality has also dramatically improved.

IPAA also supports H.R. 1141, the "Natural Gas Tax Repeal Act" sponsored by Congressman Pfluger. This legislation would strike language designed to establish a tax on natural gas imposed on America's independent oil and natural gas producers as part of the "Inflation Reduction Act" passed by Congress last year.

IPAA recognizes the importance of managing air emissions of methane and other volatile organic compounds. The American oil and natural gas production industry participates in voluntary programs to identify and implement cost effective management technologies. Our members work diligently to comply with state and federal regulations.

The Methane Emissions Reduction Program (MERP), which was passed as part of last year's Inflation Reduction Act, is an inappropriate and unworkable methane emissions tax. This tax was included despite not ever being considered in a hearing, receiving expert testimony in favor or opposition, no economic analysis, and no consideration of efficacy. Instead of looking at this issue holistically, the MERP was on the simple premise that if something is taxed, less of it will be produced.

We also support legislative efforts to bring efficiency and certainty to liquified natural gas (LNG) infrastructure and export terminals.

According to the Energy Information Administration, from 2005-2021, natural gas production in the United States increased from roughly 18 million cubic feet (2005) to over 34 million cubic feet (2021). Additionally, according to EIA, the Henry Hub price for natural gas went from \$13.42 per million BTU (October 2005) to \$3.27 per million BTU (January 2023) representing a savings to consumers of over 75%.

The shale revolution has unlocked vast amounts of energy potential that has brought a greater degree of stability and afforded America the opportunity to become the central player in global energy markets. Limiting exports and restraining production opportunities creates more uncertainty in an already uncertain market. Furthermore, the facts are clear, Americans have benefitted tremendously from the expertise and entrepreneurial spirit of the American oil and natural gas producer. Allowing access to international markets for these resources has not been harmful to American consumers in any way. Quite the opposite, more choices and more markets are beneficial to all parties involved and serve as an economic driver which benefits all Americans.

Again, I want to thank the Committee and its Members for their interest in our industry.

Respectfully,



C. Jeffrey Eshelman, II
President & Chief Executive Officer
Independent Petroleum Association of America (IPAA)