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6 GOUGED AT THE GAS STATION:

7 BIG OIL AND AMERICA'S PAIN AT THE PUMP

8 WEDNESDAY, APRIL 6, 2022

9 House of Representatives,

10 Subcommittee on Oversight and Investigations,

11 Committee on Energy and Commerce,

12 Washington, D.C.

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16 The subcommittee met, pursuant to call, at 10:30 a.m.,
17 in the John D. Dingell Room, 2123 Rayburn House Office
18 Building, Hon. Diana DeGette, [chairwoman of the
19 subcommittee] presiding.

20 Present: Representatives DeGette, Kuster, Rice,
21 Schakowsky, Tonko, Ruiz, Peters, Trahan, O'Halleran, Pallone,
22 Jr. (ex officio), Rush, Eshoo, Castor, Sarbanes, Welch,
23 Dingell, Cardenas, Kelly, McEachin, Clarke, Rochester,
24 Barragan, Soto, Craig, Fletcher, Griffith, Burgess, Long,
25 Palmer, Joyce, Dunn, McMorris-Rodgers (ex officio), McKinley,
26 Scalise, Latta, Guthrie, Bilirakis, Johnson, Bucshon,
27 Walberg, Mullin, Carter, Duncan, Lesko, Pence, Crenshaw, and

28 Armstrong.

29

30 Staff Present: Kate Arey, Content Manager & Digital
31 Assistant; Sarah Burke, Deputy Staff Director; Michael
32 Cameron, Policy Analyst, CPC, Energy, Environment; Jerry
33 Couri, Deputy Chief Counsel for Environment; Theresa Gambo,
34 Financial & Office Administrator; Marissa Gervasi, Counsel,
35 O&I; Brittany Havens, Professional Staff Member, O&I; Jack
36 Heretik, Press Secretary; Nate Hodson, Staff Director; Peter
37 Kielty, General Counsel; Emily King, Member Services
38 Director; Bijan Koochmaraie, Chief Counsel, O&I Chief Counsel;
39 Tim Kurth, Chief Counsel, CPC; Mary Martin, Chief Counsel,
40 Energy & Environment; Brandon Mooney, Deputy Chief Counsel
41 for Energy; Clare Paoletta, Policy Analyst, Health; Olivia
42 Shields, Communications Director; Alan Slobodin, Chief
43 Investigative Counsel, O&I; Peter Spencer, Senior
44 Professional Staff Member, Energy; Michael Taggart, Policy
45 Director; Everett Winnick, Director of Information
46 Technology; Austin Flack, Junior Professional Staff Member;
47 Waverly Gordon, Deputy Staff Director and General Counsel;
48 Jessica Grandberry, Staff Assistant; Tiffany Guarascio, Staff
49 Director; Caitlin Haberman, Senior Professional Staff Member;
50 Perry Hamilton, Clerk; Rebekah Jones, Oversight Counsel; Zach
51 Kahan, Deputy Director Outreach and Member Service; Rick
52 Kessler, Senior Advisor and Staff Director, Energy and

53 Environment; Mackenzie Kuhl, Press Assistant; Will McAuliffe,
54 Counsel; Elysa Montfort, Press Secretary; Tyler O'Connor,
55 Energy Counsel; Kaitlyn Peel, Digital Director; Caroline
56 Rinker, Press Assistant; Chloe Rodriguez, Clerk; Kylea
57 Rogers, Staff Assistant; Harry Samuels, Professional Staff
58 Member; Andrew Souvall, Director of Communications, Outreach
59 and Member Services; Medha Surampudy, Professional Staff
60 Member; Caroline Wood, Staff Assistant; Tuley Wright, Senior
61 Energy and Environment Policy Advisor; and C.J. Young, Deputy
62 Communications Director.

63

64 *Ms. DeGette. The Subcommittee on Oversight and
65 Investigations hearing will now come to order.

66 Today the Committee is holding a hearing entitled,
67 "Gouged at the Gas Station: Big Oil and America's Pain at the
68 Pump.'" Today's hearing will examine the oil industry's role
69 in the recent increase gasoline prices in the United States.

70 Due to the COVID-19 public health emergency, members can
71 participate in today's hearing either in person or remotely
72 via online videoconferencing. In accordance with the updated
73 guidance issued by the attending physician, members, staff,
74 and members of the press present in the hearing room are not
75 required to wear a mask. For members participating remotely,
76 your microphones will be set on mute for the purpose of
77 eliminating inadvertent background noise. Members
78 participating remotely will need to unmute your microphone
79 every time you wish to speak, but note, once you unmute your
80 microphone, anything that is said in WebEx will be heard over
81 the loud speakers in the committee room and subject to be
82 heard by the live stream and C-SPAN.

83 Because members may be participating from different
84 locations at today's hearing, all recognition of members like
85 for questions will be in the order of subcommittee seniority.
86 Documents for the record can be sent to Austin Flack at the
87 e-mail address we've provided to staff and all documents will
88 be entered into evidence at the end of the hearing.

89 The Chair will recognize herself for an opening
90 statement.

91 Americans today are facing extraordinarily high gas
92 prices at the pump. The average price of a gallon of regular
93 gasoline one year ago was under \$3.00. Today, the average is
94 over \$4.00 a gallon, and in some places, it's nearly \$6.00 a
95 gallon. These prices are straining our constituents' budgets
96 and their patience.

97 Today we will hear from the heads of some of our
98 nation's largest oil companies, companies that are making
99 record profits, which will hopefully shed some light on why
100 Americans are paying record high prices for gasoline and what
101 they can do to bring those prices down as quickly as
102 possible.

103 Now, this committee understands it's a complicated
104 issue. It's often stated that oil's a global commodity and
105 its price is determined by the global marketplace. Surely we
106 don't dispute that, but the price of oil alone is not what is
107 alarming most of us on this panel. It's the price at the
108 pump.

109 When Russia's brutal invasion of Ukraine began on
110 February 24th, the cost for a barrel of oil was \$102 and the
111 price that Americans were paying at the pump was \$3.70 a
112 gallon, but today, the price of oil is again back to \$102,
113 but for some reason, Americans are now paying \$4.20 for a

114 gallon of gas.

115 This chart shows the recent disconnect between the price
116 that companies are paying for oil and the price that American
117 consumers are paying at the pump. It shows that as Russia's
118 invasion of Ukraine began, both the price of oil and the
119 price at the pump began to rise, but it shows that on or
120 around March 7, the price of oil peaked at nearly \$130 a
121 barrel, while the price of gas hit \$4.20 a gallon.

122 But then it shows -- then it shows that while the price
123 of oil has dropped significantly from the peak, the price
124 that Americans are paying at the pump has not. And this is
125 what I want to know from our witnesses today. Why?

126 We understand that oil's a global commodity whose price
127 is determined by the global marketplace. We understand that
128 the COVID-19 pandemic threw that global marketplace into
129 disarray.

130 And we understand that Vladimir Putin's senseless,
131 vicious invasion of Ukraine has further reduced the world's
132 oil supply as more and more companies are unwilling to buy
133 Russian oil and rightly so, but here's the thing. If the
134 price of gas is driven by the global market, why is the price
135 of oil company, but the price at the pump is still near
136 record highs?

137 If it's an issue of supply and demand, wouldn't that be
138 reflected in the global price of oil as well? Something just

139 doesn't add up.

140 Some of our witnesses today has stated publicly that
141 their focus is not on helping American families or on fueling
142 America's economy. It's enriching their shareholders. It's
143 that type of focus that led these six companies alone to
144 collectively report over \$75 billion in profits last year.

145 When oil companies are honest about why they haven't
146 increased the supply of oil, they say it's pressure from
147 their shareholders, not government regulation that's holding
148 them back. And one of our witnesses today even told the
149 media that it wouldn't matter if crude were as high as \$200 a
150 barrel, they just simply weren't going to produce more than
151 they already plan to.

152 But you know something, it's not just about the
153 shareholders. The American people, who we represent, provide
154 the industry with more than \$30 billion a year in subsidies,
155 while the oil and gas companies report record high profits
156 and while American families are forced to pay record high
157 prices at the pump.

158 Frankly, this committee is not going to sit back and
159 allow this system, which forces American taxpayers to pay oil
160 companies out of both pockets, first at the pump and then
161 through tax breaks, to continue in its current form.

162 The Biden Administration announced last week it's taking
163 several substantial steps to help alleviate the price that

164 Americans are being forced to pay at the pump, including by
165 releasing a million -- up to a million barrels of oil per day
166 from the Strategic Petroleum Reserve, and now it's time for
167 Congress to do whatever it can to help alleviate the pain
168 that too many Americans are feeling at the pump.

169 If this crisis has showed us anything, it's why we as a
170 country must work to break our addiction to oil as quickly as
171 possible, and it's reinforced the urgent and existential need
172 to transition to a more sustainable energy future. For the
173 sake of our economy, our environment, and our national
174 security, we must work as quickly as possible to go to that
175 clean energy future.

176 I do want to thank the witnesses for appearing today and
177 I now want to invite them to be part of the solution to lower
178 gas prices and now.

179 [The prepared statement of Ms. DeGette follows:]

180

181 *****COMMITTEE INSERT*****

182

183 *Ms. DeGette. With that, I'm pleased to recognize the
184 ranking member, Mr. Griffith, for five minutes.

185 *Mr. Griffith. Thank you, Chair DeGette, for holding
186 this hearing.

187 I believe surging energy prices and their impact on
188 American wallets is an important topic for this subcommittee,
189 but the majority is laying the blame for the problem at the
190 wrong feet.

191 When President Biden points to Vladimir Putin or Big Oil
192 or other scapegoats as the culprit, I'm reminded of the words
193 of the Wizard of Oz. Pay no attention to that man standing
194 behind the curtain. Rather than deflect blame, President
195 Biden should consider his own culpability for higher energy
196 prices thanks to his relentless pursuit of policies that
197 discourage domestic energy production, driving gas prices up
198 to levels not seen since Mr. Biden was Vice President.

199 Over the past few decades, innovative and responsible
200 development of the American resources yielded a reliable,
201 affordable, secure domestic energy supply. This supply drew
202 on all the resources of our country, oil, natural gas, coal,
203 nuclear, hydropower, and renewables.

204 Unfortunately, today we face an entirely different
205 landscape. Since President Biden took office, the prices of
206 crude oil and many other energy commodities have risen to the
207 highest level in more than a decade. As a direct result of

208 President Biden's anti-American energy agenda, prices have
209 rapidly risen for more than a year.

210 On day one, the Administration made clear that it would
211 do all that it could to shut down America's energy production
212 by canceling the Keystone XL pipeline. Later, the President
213 imposed a moratorium on fossil energy development on federal
214 lands and increased pressure from financial regulators to
215 halt fossil fuel investments, and he has no plans of stopping
216 his assault on the energy industry.

217 Even while gas prices skyrocket and allied countries cry
218 out for new energy sources, President Biden continues to
219 announce new taxes and initiatives that are designed to shut
220 down domestic production. One of the first actions of the
221 Biden Administration was a ban on new oil and gas leases on
222 public lands or in offshore waters, signaling a desire to
223 restrict growth of domestic energy or oil production and did
224 so almost immediately. The Administration made it clear that
225 federal acreage is not open for business.

226 It is impossible to generate confidence or investment in
227 production today when future production is clearly being
228 blocked by this Administration.

229 President Biden's rush-to-green agenda involved --
230 involves a whole of government approach that advised multiple
231 federal agencies to play some part in making it more
232 difficult for oil and gas production. For example, the

233 Administration has pressured companies to halt investments in
234 fossil fuels.

235 There is no denying the fact that the Biden
236 Administration has promoted an increasingly complex and
237 challenging regulatory environment for energy companies.
238 While President Biden should have been working to encourage
239 domestic energy production, he went to OPEC to ask for more
240 oil. Since that failed, the Administration is reportedly
241 considering lifting sanctions so the anti-American regimes in
242 Iran and Venezuela can increase their production.

243 It has become painfully clear that the -- that President
244 Biden's anti-American energy policies embolden Putin, and in
245 my opinion, helped to invite the attack on Ukraine.

246 The words and deeds of the White House expose a
247 fundamental misunderstanding of the operations of an industry
248 it seeks to dissolve. After Russia's invasion of Ukraine,
249 President Biden stressed the short-term need to increase oil
250 and natural gas output and expedite liquified natural gas,
251 LNG, project development.

252 The oil and gas industry does not operate well on short-
253 term proposals, however. Due to the nature of the industry,
254 companies like the ones before us today need long-term
255 certainty. A temporary green light to produce oil from the
256 Biden Administration will not undo the damage and the layers
257 of red tape and aggressive anti-fossil fuel policies driving

258 gas prices to new highs.

259 Given the interconnection of the global economy to
260 pressing U.S. energy production also affects our trading
261 partners. Thus, Biden's restrictions in the U.S. forced our
262 allies to depend on Russia and other dictators to power their
263 economies. We need to look for ways to increase our domestic
264 production and export capacity, such as increasing our LNG
265 exports to help our allies break free from Russia.

266 We need energy policy that promotes energy security,
267 while also taking advantage of America's abundant, reliable,
268 and affordable energy resources. In a time when it has never
269 been so expensive before to live in America, we need real
270 solutions to disperse the geopolitical shock and provide
271 certainty to the global market.

272 With that, I want to thank the witnesses for appearing
273 before us today. I look forward to discussing the current
274 barriers the oil and gas industry face and gaining your
275 insights into suggested regulatory or legislative actions we
276 need to take to restore American energy.

277 Thank you. I yield back.

278 [The prepared statement of Mr. Griffith follows:]

279

280 *****COMMITTEE INSERT*****

281

282 *Ms. DeGette. Chair now recognizes the chairman of the
283 full committee, Mr. Pallone, for five minutes.

284 *The Chairman. Let me thank Chairwoman DeGette. I
285 don't think that we could have a more important hearing than
286 the one that you're chairing today.

287 And we're here to get answer from the Big Oil companies
288 about why they're ripping off the American people. At a time
289 of record profits, Big Oil is refusing to increase production
290 to provide the American people some much needed relief at the
291 gas pump. Instead, they're buying back their stock at an
292 estimated cost of about \$40 billion this year.

293 Big Oil is lining their pockets with one hand and taking
294 billions in taxpayer subsidies with the other. Meanwhile,
295 the American people are getting ripped off as these companies
296 choose to keep production low so that their own profits stay
297 high. The American people are understandably fed up with
298 these prices and we're here today to demand answers from Big
299 Oil about when they will finally start providing the American
300 people some relief.

301 As oil prices rise and Americans are hurting, the six
302 oil companies testifying today made more than \$75 billion in
303 profits between them last year. It's also likely these
304 companies are making even more money this year. In fact, on
305 Monday, Exxon announced that its first quarter profits may be
306 more than \$9 billion. That's higher than last year's first

307 quarter profits of \$8.8 billion. And all these profits,
308 while Americans are getting taken for a ride at the gas pump.

309 Even in the face of a devastating war in Ukraine and a
310 bipartisan agreement to ban the import of Russian oil,
311 several of the companies testifying today told their
312 shareholders that they would rather make money off high
313 prices in the market than invest in additional oil
314 production.

315 If these companies really wanted to do something about
316 high gas prices, they would put their profits to work by
317 increasing supply. Right now, the oil and gas industry has
318 more than 9,000 approved but unused drilling permits and they
319 should focus on using them. The problem is not a shortage of
320 permits or land. Big Oil is choosing to keep supply low,
321 prices high, and their pockets lined with the hard earned
322 dollars of struggling American consumers.

323 And the game that Big Oil is playing is unfortunately
324 nothing new. For decades, American consumers have been
325 subject to the whims of global petro-dictators and the oil
326 companies have benefited from doing business with them.
327 Foreign adversaries like Russia's Putin can make prices
328 unpredictable and unstable and Big Oil is profiteering from
329 our continued reliance on this volatile global commodity.

330 Republicans continue to push the same old oil above all
331 policies, ignoring that these policies have led us to greater

332 dependence on this volatile commodity. And where has all
333 this gotten us? The United States now produces more oil and
334 gas than any other country in the world, but Americans are
335 still subject to the actions of the Big Oil companies.

336 And democrats have a different plan. We're focused on
337 actually reducing costs for American consumers at the pump
338 and today, we also demand or we're also involved in enacting
339 21st Century, all of the above policies that will give
340 consumers real options, not just a 1970's choice between oil,
341 diesel, and gas.

342 The best way to protect Americans from oil price spikes
343 is to curb our dependence on oil and transition to renewable
344 energy, which is more stable, affordable, and generated right
345 here at home.

346 So democrats have worked hard to bring real energy
347 security to the American people. We have devoted billions of
348 dollars to the Weatherization Assistance Program to reduce
349 energy costs for homeowners and the Low-Income Home Energy
350 Assistance Program to offset rising energy costs. We've
351 invested in electric vehicles to give consumers a choice and
352 make high gas prices a thing of the past.

353 And just last week, as mentioned by Chairwoman DeGette,
354 President Biden announced an unprecedented release of oil from
355 the Strategic Petroleum Reserve to help drive down prices for
356 American consumers.

357 So we've done our part or we're doing our part to try to
358 produce or have more oil available on the marketplace, but
359 now it's time for Big Oil to take some action to reduce the
360 pain at the gas pump. Produce more oil, produce more with
361 the wells you have, the 9,000 permits that you're not using.

362 I look forward to hearing from each of the witnesses
363 today about how their companies can help the American people
364 instead of lining their own pockets. And I certainly don't
365 want to hear from any of them that, "That's not our
366 responsibility. You know, we're just companies trying to
367 make a buck.'" If anybody says that to me, I'm going to say
368 that's -- you know, that's unbelievable if that's your
369 attitude here today.

370 You can make a difference, whether it's more production
371 or somehow, you know, reducing prices, your wholesale prices.
372 I don't want to hear that, you know, "We only do the
373 wholesale prices. This is all done at the retail level.'"
374 That's a lot of garbage.

375 The bottom line is you set the wholesale price and
376 that's the biggest part of the retail price. So don't tell
377 us that you can't do anything about it. You can do something
378 about it and we expect you to do that. Maybe it's a matter
379 of patriotism. I don't know what to call it, but something
380 must be done on your part.

381 I yield back. Thank you, Madam Chair.

382 [The prepared statement of The Chairman follows:]

383

384 *****COMMITTEE INSERT*****

385

386 *Ms. DeGette. I thank the gentleman.

387 The Chair now recognizes the ranking member of the full
388 committee, Mrs. Rodgers, for five minutes.

389 *Mrs. Rodgers. Thank you, Madam Chair.

390 I want to be very clear with the American people. This
391 hearing is a deliberate distraction. We're not convened to
392 address the pain you've been feeling at the pump for more
393 than a year. If that were the case, Energy Secretary
394 Granholm would be here to discuss how we can work together to
395 flip the switch on domestic American energy to drive down the
396 high cost of gas prices.

397 Today is purely political. President Biden needs cover
398 for his war on American energy that has caused gas prices to
399 skyrocket. First the Administration tried blaming Putin.
400 They called it the Putin price hike, but anyone who's been
401 filling up their tank since last January knows this is not
402 true.

403 The average gas price when President Biden took office
404 was \$2.38 and it climbed over \$1.00 a gallon well before the
405 invasion, and the American people are too smart and have not
406 fallen for this. So the blame is shifting to the industry.
407 This isn't a new tactic. Just last year, Energy and Commerce
408 democrats held a price gouging hearing to blame the increased
409 prices Americans are facing across the board on corporate
410 greed, another deliberate attempt to deflect from the

411 negative effect of the Biden Administration's policies and
412 their own record spending. The American people didn't buy it
413 then and they're not buying it now.

414 President Biden and the majority democrats should accept
415 responsibility. This is not the Putin price hike or the
416 result of companies suddenly deciding to make money in 2022.
417 This is the Biden price hike and it's been a steady climb
418 since he took office.

419 Energy is foundational to life. When energy prices go
420 up, so does everything else in every part of our lives.
421 Thanks to President Biden's skyrocketing energy prices,
422 Americans are suffering across the board for everyday
423 expenses. Why isn't this Administration reversing course?
424 High gas prices are a feature of this Administration's
425 policies, not a bug.

426 President Biden seems to want high gas prices for
427 Americans to feel pain every time they fill up their tanks.
428 Democrats have never made driving down gas prices a priority.
429 Why? Because they want to usher in a green revolution. If
430 you're wondering what life is going to look like under the
431 Green New Deal, you're getting a small taste of it now. It's
432 not reality and it's not something that people can afford.

433 Oil and gas are going to be needed for decades to come.
434 Instead of accepting this reality, they continue to shut down
435 American energy. Sadly, this should not come as a surprise.

436 In March 2020, candidate Joe Biden said, quote, "No more
437 subsidies for fossil fuel industry. No more drilling on
438 federal lands. No more drilling, including offshore. No
439 ability for the oil industry to continue to drill, period.'`

440 President Biden put a place -- and put in place a
441 moratorium on new drilling. In May 2020, candidate Joe Biden
442 pledged to stop the Keystone XL pipeline. He delivered on
443 day one. And there are countless other examples of this
444 Administration's war on domestic American energy.

445 This radical agenda is hurting our national security.
446 Not only will the democrats rush-to-green force America to be
447 reliant on China, it also weakness our geopolitical
448 leadership. We must return to the pre-Biden days of energy
449 independence. We must lead the world in energy production to
450 help our allies and counter our adversaries.

451 Instead of ramping up production here, President Biden
452 has begged OPEC and Russia to drill more oil, considered
453 lifting sanctions on the brutal Maduro regime, wants to
454 reinstate the Iran nuclear deal, told suffering Americans to
455 buy an electric vehicle, and depleted our Strategic Petroleum
456 Reserves.

457 Republicans are focused on solutions to drive down gas
458 prices. I'm co-leading the American Energy from Russia Act,
459 to flip the switch on American energy and unleash production.
460 This legislation would remove barriers to LNG exports and

461 unlock America's energy potential by requiring leasing and
462 permitting of energy and mineral development on federal lands
463 and waters. It would also immediately approve the Keystone
464 XL pipeline, force the DOE Secretary to have a plan to
465 increase domestic production before allowing any more non-
466 emergency SPR withdrawals.

467 We must also build energy infrastructure in America,
468 like pipelines and LNG export facilities. We need to focus
469 on domestic mining and critical minerals production. That's
470 how we secure our energy future, guard against foreign
471 dictators, and bring prosperity and optimism to America.

472 Americans need relief and we stand ready to deliver
473 results.

474 I yield back. Thank you.

475 [The prepared statement of Mrs. Rodgers follows:]

476

477 *****COMMITTEE INSERT*****

478

479 *Ms. DeGette. The Chair now asks unanimous consent that
480 the members written opening statements will be made part of
481 the record.

482 And without objection, so ordered.

483 I now would like to introduce our witnesses for today's
484 hearing who, unfortunately, will be appearing remotely.

485 Mr. David Lawler, the chairman and president, VP
486 America, Inc.

487 Mr. Michael Wirth, chairman and chief executive officer,
488 Chevron Corporation.

489 Mr. Richard Muncrief, president and chief executive
490 officer, Devon Energy Corporation.

491 Mr. Darren Woods, chief executive officer, ExxonMobil
492 Corporation.

493 And Mr. Scott Sheffield, chief executive officer,
494 Pioneer Natural Resources Company.

495 And Ms. Gretchen Watkins, president, Shell USA, Inc.

496 Lieutenant General H.R. McMaster, senior fellow, Hoover
497 Institution, Stanford University.

498 And I do want to thank all of the witnesses for
499 appearing before the subcommittee today.

500 All of you know the committee's holding an investigative
501 hearing and when doing so, we have the practice of taking
502 testimony under oath.

503 Do any of you have objections to testifying under oath?

504 Please state yes or no.

505 Let the record -- let the record reflect the witnesses
506 have responded no.

507 The Chair then advises you that under the rules of the
508 House and the rules of committee, you're entitled to be
509 accompanied by counsel.

510 Do any of you desire to be accompanied by counsel during
511 your testimony today? Please unmute and state for the
512 record.

513 By the way, I can see all of you on our screen here. So
514 that's good.

515 So now I'm going to swear you in, and so, if you would,
516 please raise your right hand so that you may be sworn in.

517 [Witnesses sworn.]

518 *Ms. DeGette. Let the record reflect the witnesses have
519 responded affirmatively and you're now under oath and subject
520 to the penalties set forth in Title 18, Section 1001 of the
521 United States Code.

522 And at this time, the Chair will recognize each witness
523 for five minutes to provide their opening statement.

524 Before we begin, I want to make the witnesses know that
525 there's a time on your screen that will count down your
526 remaining time.

527 Mr. Lawler, you're now recognized for five minutes.

528

529 TESTIMONY OF DAVID LAWLER, CHAIRMAN AND PRESIDENT, BP
530 AMERICA, INC.; MICHAEL WIRTH, CHAIRMAN AND CHIEF EXECUTIVE
531 OFFICER, CHEVON CORPORATION; RICHARD MUNCRIEF, PRESIDENT AND
532 CHIEF EXECUTIVE OFFICER, DEVON ENERGY CORPORATION; DARREN
533 WOODS, CHIEF EXECUTIVE OFFICER, EXXONMOBIL CORPORATION; SCOTT
534 SHEFFIELD, CHIEF EXECUTIVE OFFICER, PIONEER NATURAL RESOURCES
535 COMPANY; GRETCHEN WATKINS, PRESIDENT, SHELL USA, INC.; AND
536 LTG H.R. MCMASTER (U.S. ARMY RETIRED), SENIOR FELLOW, HOOVER
537 INSTITUTION, STANFORD UNIVERSITY

538

539 TESTIMONY OF DAVID LAWLER

540

541 *Mr. Lawler. Thank you.

542 Chairman Pallone, Chairwoman DeGette, Ranking Member
543 McMorris-Rodgers, Ranking Member Griffith, and members of the
544 committee, my name is David Lawler. I'm the chairman and
545 president of BP America and a resident of Denver, Colorado.
546 Thank you for the opportunity to appear before you today.

547 I appreciate the committee's attention to the hardships
548 that families and businesses are feeling due to the rising
549 cost of energy. We share these concerns. We are committed
550 to continuing to help meet America's near-term energy needs,
551 while also continuing to transition BP to a low-carbon
552 future.

553 BP has a 150-year history in the United States. We

554 employ more than 12,000 people here and maintain a larger
555 presence in the U.S. than in any other country.

556 Before continuing with my testimony, I want to
557 acknowledge the crisis in Ukraine. We are witnessing an act
558 of aggression by Russia that is having tragic humanitarian
559 consequences of the region. Our hearts go out to the people
560 of Ukraine and all of those impacted by this crisis.

561 BP will continue to support those affected in Ukraine
562 and the wider region. At the same time, we are helping
563 ensure that the energy supply remains secure given that
564 Russian oil and gas is deeply integrated into Europe's energy
565 system.

566 The price of oil, gasoline, and other refined products
567 are driven by international markets. Energy markets are
568 complex and global in nature. That means that products like
569 refined fuel reach end consumers through several different
570 paths along the supply chain.

571 The current volatile energy markets underscore the need
572 to invest in reliable energy, both low-carbon sources and
573 resilient hydrocarbons. This is the heart of BP's
574 transformation.

575 In 2020, BP established a new purpose, reimagining energy
576 for people and our planet. At the same time, we announced a
577 new ambition, to become a net zero company by 2050 or sooner
578 and to help the world get to net zero. We aim to be net zero

579 across our operations, production, and sales by 2050 or
580 sooner. BP also set several near-term targets and aims along
581 our path to reach net zero by mid-century, and BP is in
582 action toward this transformation.

583 In 2021, we invested \$2.2 billion in low-carbon energy
584 sources, up from \$750 million in 2019. Globally, over the
585 past two years, our pipeline for renewables increased more
586 than 4 times, from 6 gigawatts to 24.5 gigawatts.

587 We plan to continue investing in low-carbon energy
588 sources in the years ahead. By the end of the decade, we aim
589 to invest \$4 to \$6 billion per year. This means roughly a
590 third of our capital expenditure will be in low-carbon
591 energy.

592 A large portion of these low-carbon investments are
593 being made in the United States. This includes a \$1.1
594 billion initial investment in a partnership in Ecuador's two
595 wind leases located off the coast of New York and
596 Massachusetts. Between them, we aim to develop 4.4 gigawatts
597 of low-carbon energy. That's enough to power than two
598 million homes each year.

599 BP aims to steadily increase our investment in low-
600 carbon energy, while continuing to invest in resilient
601 hydrocarbons here in the United States. BP's Gulf of Mexico
602 business exemplifies this approach. In the Gulf, we're
603 producing some of BP's highest value energy anywhere in the

604 world. This year, BP aims to safely start up Argos, a fifth
605 production platform that will increase our production in the
606 region by 25 percent.

607 Our U.S. onshore oil and gas operations, BP xEnergy, a
608 business that I lead, is driving down emissions while safely
609 producing oil and gas in Texas and Louisiana. BPX plans to
610 spend more than \$1 billion to install a state-of-the-art
611 infrastructure network that will significantly reduce
612 emissions from our U.S. onshore operations through
613 electrification.

614 In uncertain times, one of BP's primary roles is to
615 maintain the safe, secure supply of the energy on which
616 societies depend. The importance of this role has rarely
617 been clearer than in recent weeks. At the same time, BP will
618 pursue our mission's targets and aims, while continuing to
619 increase our supply of energy from low-carbon sources.

620 Thank you again for this opportunity. I look forward to
621 your questions.

622 [The prepared statement of David Lawler follows:]

623

624 *****COMMITTEE INSERT*****

625

626 *Ms. DeGette. Thank you.

627 The Chair now recognizes Mr. Wirth for five minutes.

628

629 TESTIMONY OF MICHAEL WIRTH

630

631 *Mr. Wirth. Chairs DeGette and Pallone, Rankin Members
632 Griffith and McMorris-Rodgers, members of the subcommittee,
633 thank you for the opportunity to speak with you today. My
634 name is Mike Wirth and I'm the chairman and CEO of Chevron.

635 We are living through a critical and unprecedented
636 moment in history. Over the last six weeks, we've watched
637 the events in Ukraine with grave and growing concern.
638 Russia's actions have cost many lives and displaced millions
639 of people from their homes. The senseless violence and loss
640 of life are heartbreaking.

641 We appreciate the efforts of leaders across the globe to
642 find a path to end the hostilities and we support a prompt
643 and just diplomatic resolution.

644 In addition to the toll on human life, the crisis has
645 also led to a surge in commodity prices, particularly with
646 respect to energy. It is affecting people around the world,
647 including here in the United States. This has added to the
648 tremendous pressures that our economy and citizens were
649 already experiencing from a global pandemic.

650 At Chevron, we understand the hardship that rising
651 energy costs have posed for so many Americans. From higher
652 prices at the pump, to increased rates for natural gas,
653 heating, and electricity. And as the global landscape

654 continues to evolve, we're focused on doing our part to
655 provide Americans with access to affordable, reliable, and
656 ever cleaner energy.

657 I also want to be very clear about where Chevron stands.
658 We do not control the market price of crude oil or natural
659 gas, nor of refined products like gasoline and diesel fuel,
660 and we have no tolerance for price gouging.

661 In his remarks last week about the release of supplies
662 from the Strategic Petroleum Reserve, President Biden
663 stressed the critical role that companies like ours have to
664 play in increasing domestic supply of oil and gas. At
665 Chevron, we're committed to doing our part to contribute to
666 this goal. We are pursuing the responsible development of
667 oil and gas, while also investing to advance a lower carbon
668 future.

669 We're answering the call for strong domestic energy
670 supply by focusing on Chevron's core strategy, leveraging our
671 strengths to deliver lower carbon energy to a growing world.
672 Chevron has already committed to increase our capital
673 spending this year by more than 60 percent compared to 2021,
674 with approximately half of that increase going to oil and gas
675 production and the other half to renewable fuels and lower
676 carbon energy.

677 This is expected to grow our production in the Permian
678 Basin here in the United States from 600,000 barrels of oil

679 equivalent per day last year to over 1 million barrels per
680 day by 2025. As we make these investments, Chevron is
681 focused on innovating to meet the energy demands of today and
682 tomorrow.

683 We're increasing American energy production and we're
684 also producing energy that is ever cleaner. That's why we've
685 committed \$10 billion between now and 2028 to lower the
686 carbon intensity of the energy we supply.

687 We also remain mindful that energy security is national
688 security and that maintaining American leadership is
689 important for the world. We intend to continue working with
690 Congress, the Biden Administration, and the whole of
691 government to achieve our shared goal of delivering
692 affordable, reliable, and ever cleaner energy to American
693 consumers.

694 Recent events underscore the importance of our industry
695 working collaboratively with policymakers on these critical
696 issues. Whether it's accelerating programs for new energy
697 exploration or streamlining the permanent process for the
698 development of critical energy infrastructure, we believe
699 there are a number of policy steps that could bolster
700 American energy supply and place on sounder footing for the
701 future. I look forward to a continued dialogue on these
702 important issues.

703 I've been truly inspired by the -- the American people

704 to respond to today's challenges with extraordinary
705 resilience, and I'm optimistic about all that Chevron is
706 doing to meet the world's needs for affordable, reliable, and
707 ever cleaner energy.

708 Thank you and I look forward to your questions.

709 [The prepared statement of Mr. Wirth follows:]

710

711 *****COMMITTEE INSERT*****

712

713 *Ms. DeGette. Thank you.

714 The Chair now recognizes Mr. Muncrief for five minutes.

715

716 TESTIMONY OF RICHARD MUNCRIEF

717

718 *Mr. Muncrief. Chair DeGette, Pallone, Ranking Member
719 Griffith, and members of the committee, thank you for the
720 opportunity to discuss the current state and importance of
721 U.S. energy production before you today. I'm Rick Muncrief,
722 CEO of Devon Energy.

723 We are in a moment of crisis given Russia's unprovoked
724 and unjustified invasion of Ukraine. Devon Energy is an
725 independent exploration and production company headquartered
726 in Oklahoma City. Founded in 1971, Devon employees more than
727 1,600 hardworking people with operations in Oklahoma, Texas,
728 New Mexico, Wyoming, and North Dakota.

729 In January of 2021, we completed a merger with WPX
730 Energy and are proudly producing more American made oil and
731 energy today than at any time in our 50-year company history.

732 Devon is an upstream company. We find and produce oil,
733 natural gas, and natural gas liquids. We do not refine or
734 sell refined products. We invest heavily to recover these
735 resources and then contract to sell them at prices dictated
736 by a complex global commodity market. We do not set or have
737 significant influence over the price of our products.

738 Multiple factors impact the price of any global
739 commodity, and over the past two years, we have extreme
740 volatility. As the COVID pandemic all but shut down global

741 economies, demand for our products decreased drastically and
742 the market price for crude oil plummeted. In fact, in April
743 of 2020, crude oil futures actually went to a negative \$37.00
744 a barrel. As economies began reopening, markets adjusted and
745 we at Devon adjusted and began increasing production again.

746 The events in Ukraine have now added upward pressure in
747 the markets. While we're seeing prices level off,
748 uncertainty still continues, which creates volatility and I
749 don't believe out of the woods yet.

750 Now, shifting to our operations, Devon operates on
751 private, state, federal, and Indian leases and must follow
752 numerous stringent permitting processes before we can begin
753 production. One of the permits we must obtain is an APD or
754 an application for permit to drill. The APD only covers the
755 drilling and completing activity that will be done on the
756 lease itself.

757 We also must obtain additional permits or rights-of-ways
758 for pipelines, roads, water disposal, electricity system, and
759 a host of other activities that will occur off the lease.
760 Under normal circumstances, in the Delaware Basin, our
761 practice is to plan on getting from APD to drilling in five
762 to six weeks if there are no infrastructure or permit issues
763 to slow progress.

764 Additionally, the process to drill and complete a well
765 and bring it to full production may mean that a significant

766 number of weeks transpire before a well reaches its full
767 potential. Now, with the significant delays due to global
768 supply chain constraints, and quite honestly, a shortage of
769 workers, the time is substantially increased and is now
770 closer to six months.

771 Even with these challenges, Devon's net domestic oil
772 production increased to a new record high in 2021, reaching
773 an average of nearly 300,000 barrels of oil produced each
774 day, making us one of the largest oil producers in the U.S.
775 Now, to build upon this momentum in 2022, our plan is to
776 increase the rig count from 14 that we had in 2021 to 19
777 today, which is we're at, representing an investment of
778 approximately \$2 billion.

779 This level of activity is expected to bring more than
780 300 new producing wells online and bolster our productive
781 capacity. I can assure you that at Devon, we are
782 pragmatically investing in our business for the long haul and
783 we have a responsibility to more than 660,000 shareholder
784 owners to be prudent and thoughtful.

785 As a publicly-traded company, a significant component of
786 Devon's owners consist of pensions that representative
787 government employees, teachers, police, firefighters, and
788 non-profit organizations. We're also owned by many
789 hardworking individuals through their retirement plans or
790 brokerage accounts. Like other sectors in the market, our

791 shareholders expect us to operate in a way that delivers on a
792 return on capital invested while providing additional value
793 in the form of cash returns. We're focused on achieving
794 these objectives while pursuing environmental and operational
795 excellence, including strong targets to reduce our carbon
796 footprint.

797 What's required now is a thoughtful, collaborative
798 dialogue between policymakers and the oil and gas industry,
799 pragmatic solutions that ensure our nation's energy security,
800 and leadership in the global marketplace must be fostered by
801 clear and consistent regulatory policies.

802 We know that oil and gas will remain a critical energy
803 source for decades to come, and Devon is proud to produce it
804 safely, responsibly, and with care for the environment and
805 our stakeholders.

806 Thank you again for the invitation to address the
807 committee and further this most important discussion.

808 [The prepared statement of Mr. Muncrief follows:]

809

810 *****COMMITTEE INSERT*****

811

812 *Ms. DeGette. Thank you.

813 The Chair now recognizes Mr. Woods for five minutes.

814

815 TESTIMONY OF DARREN WOODS

816

817 *Mr. Woods. Good morning, Chairwoman DeGette, Ranking
818 Member Griffith, Chairman Pallone, Ranking Member McMorris-
819 Rodgers, and members of the committee. I'm Darren Woods,
820 chairman and CEO of ExxonMobil.

821 I welcome the opportunity today to discuss fuel pricing
822 with the committee, but first, speaking on behalf of all of
823 ExxonMobil, I want to emphasize that we stand with
824 communities around the world in deploring Russia's aggression
825 and the devastation it has inflicted on the people of
826 Ukraine.

827 Within days of the invasion, we started work to exit the
828 Sakhalin-1 project. We've operated in Russia's Far East
829 since 2003 and announced that we would make no new
830 investments in Russia.

831 Here in the United States, the impact of the invasion is
832 also being felt. American families are paying more at the
833 pump, increase in the cost of living that is already rising
834 as a result of inflation. Even before the invasion of
835 Ukraine, as the world emerged from the pandemic, we were
836 seeing a growing imbalance in global oil and gas markets.
837 The invasion has further demonstrated how quickly and
838 dramatically markets can be disrupted and how that impacts
839 the everyday lives of Americans.

840 Many of us will recall the Arab oil embargo of the early
841 1970s, the long lines and rapidly rising prices. It was a
842 disruption caused by a sudden and significant drop in supply
843 when around two million barrels of oil a day were withdrawn
844 from the global markets.

845 The opposite occurred during the early days of the
846 pandemic. A sudden drop in demand sent oil prices crashing,
847 to the point where they were actually negative, meaning our
848 industry sustained huge losses, to the point many went out of
849 business. All cut back on their investments. This reduction
850 in investment laid the foundation for our current market and
851 supply challenges.

852 Today, Russia provides roughly 10 percent of the oil
853 needed to meet global demand and about 30 percent of Europe's
854 natural gas demand. A loss of this volume will be much more
855 significant than the impact of the Arab oil embargo and would
856 represent the largest supply distribution in the history of
857 our industry.

858 Unfortunately, there's no quick fix, but in the near
859 term, the answer is straightforward. If we want to reduce
860 prices, we need to increase supply. Our industry needs to
861 make substantial investments just to maintain constant
862 production levels. Without investment, the volume of
863 production declines roughly 7 percent per year. That's why,
864 even during the depths of the pandemic, when oil prices

865 collapsed and ExxonMobil lost \$22 billion, we continued to
866 invest to increase supply. That was not without risk and was
867 often criticized, but ExxonMobil's focus in the long-term
868 fundamentals and continued investments are today delivering
869 more supply to Americans.

870 In the Permian Basin in Texas and New Mexico, for
871 example, we expect to increase production this year by 25
872 percent over 2021, which was up 25 percent versus 2020.
873 Outside the United States, we're also increasing production
874 through a number of projects, including a world-class
875 development in Guyana. In fact, we expect our total oil
876 production this year will be the highest in 15 years.

877 In addition, with new technologies and innovation, we
878 can increase supply to meet the need for reliable and
879 affordable energy, while helping society achieve its ambition
880 for a net zero future. ExxonMobil is committed to meeting
881 the need for energy, while also developing solutions to lower
882 emissions and address the risk of climate change.

883 Our low-carbon solutions business is advancing projects
884 with the potential to significantly lower emissions in the
885 hardest to carbonize sectors of our economy. And while we do
886 not own or operate any gas stations here in the United
887 States, we know that today's high prices at the pump are
888 hurting Americans. The impact of high energy costs
889 underscores the importance of reliable and affordable energy

890 supplies.

891 Finally, no single company sets the price of oil or
892 gasoline. The market establishes the price based on
893 available supply and the demand for that supply. Continued
894 investments in new production is the only way to achieve
895 balanced markets and more affordable prices that bring real
896 relief at the pump.

897 Government has a critical role to play here. Policies
898 need to provide certainty and improve predictability.
899 Consistent, efficient, and effective policies will help spur
900 further investment in U.S. oil and gas production. Access to
901 reliable and affordable energy is essential to modern life
902 and underpins economic and social progress around the world.

903 ExxonMobil is proud to contribute to this progress by
904 reliably supplying the energy the world needs, strengthening
905 global energy security, and playing a leading role in the
906 energy transition.

907 Thank you.

908 [The prepared statement of Mr. Woods follows:]

909

910 *****COMMITTEE INSERT*****

911

912 *Ms. DeGette. Thank the gentleman.

913 The Chair now recognizes Mr. Sheffield for five minutes.

914

915 TESTIMONY OF SCOTT SHEFFIELD

916

917 *Mr. Sheffield. Chair DeGette, Ranking Member Griffith,
918 Chairman Pallone, Ranking Member Rodgers, and distinguished
919 members, thank you for the opportunity to testify.

920 Pioneer was one of the first companies in the U.S. to
921 publicly speak out against evasion of Ukraine. The company
922 and its employees have pledged over \$20 million for
923 humanitarian needs. Pioneer and other U.S. oil and gas
924 companies are doing much more to help Ukraine protect the
925 U.S.

926 The only natural gas that we produce have proved to be a
927 geopolitical asset for the U.S. It's also the critical
928 offset to Russian gas in Europe. Without U.S. natural gas
929 delivered as LNG, Europe would have even greater difficulty
930 standing up to Russia.

931 Pioneer is the largest producer and most active driller
932 in the Permian Basin, which is considered the largest
933 oilfield in the U.S. Over the past decade, our company has
934 invested \$45 billion to quadruple production to over 600,000
935 barrels of oil equivalent per day.

936 Pioneer is solely an upstream company. Our products are
937 purchased by refiners and utilities. Pioneer operates
938 exclusively on private lands, does not refine its oil and gas
939 commodities, produce gasoline or operate retail gas stations.

940 Pioneer is a price taker. We do not set the sales price of
941 our products. Prices are determined by international markets
942 based on global supply or demand fundamentals.

943 Over the past 10 years, growth from the U.S. shale
944 revolution has added over 8 million barrels of oil per day
945 and 90 bcf of natural gas per day in this country, which has
946 provided jobs, increased energy security, reduced energy
947 costs, and significantly reduced greenhouse gas emissions.

948 Past shale production growth proved to be based on a
949 destructive financial model. We overspent and overborrowed
950 as an industry and contributed to the oil price wars of 2014
951 and 2015, 2019, and 2020, which led to hundreds of
952 bankruptcies. As a result, the industry's returns were
953 dismal.

954 We ended up at the bottom of the S&P 500 in stock
955 performance over the last several years. This led the
956 industry falling from 12 percent of the S&P 500 to less than
957 4 percent. It became abundantly clear that for the industry
958 to survive, the model of production growth at any cost needed
959 to change. The investment community of mutual index and
960 pension funds, which represents the retirement funds of
961 millions of Americans, demanded change.

962 A new model of sustainable growth generates returns more
963 consistent with other industry sectors in the S&P 500.
964 Instead of the U.S. growing up to 1.5 million barrels of oil

965 per day in some years, and oversupplying the market, the
966 long-term annual growth rate is expected to be 500 to 700,000
967 barrels of oil per day over the next several years in this
968 country.

969 Long term, the Permian Basin is the only drilling oil
970 shale basin in this country. The drilling inventories in the
971 other U.S. shale basins are limited. The Permian Basin is
972 producing today at a record high of 5 million barrels of oil
973 per day, 20 bcf natural gas per day. Based on current
974 internal forecasts, it will reach 8 million barrels of oil
975 per day and over 35 bcf of natural gas per day around 2030.

976 Pioneer's providing its share of long-term growth at
977 approximately 5 percent per day and we expect to produce over
978 a million barrels of oil equivalent per day by 2030.

979 Why can't Pioneer and the industry grow faster? The
980 industry not only has to spend significant capital just to
981 offset existing production declines, but is experiencing
982 severe cost inflation, a labor shortage due to 3 downturns in
983 12 years, shortages of drilling rigs, frack fleets, frack
984 sand, steel pipe, and other equipment and materials and the
985 need for pipelines and LNG facilities. Given these
986 constraints, it would take 18 to 24 months to add any
987 meaningful incremental production.

988 Further, the capital available to our industry is
989 severely impaired with equity offerings, private equity, and

990 bank financings essentially non-existent in the industry
991 today. We face a future oil price curve that declines by
992 more than \$25 over the next 5 years.

993 In the face of Russia's destabilization, aggression, now
994 is the time to come together for another bipartisan effort to
995 protect America's energy security and to ensure that the U.S.
996 can continue to provide global leadership. We need more oil
997 and natural gas pipelines, LNG plants. At the same time, we
998 need to support adding nuclear power and other sources of
999 alternative energy that are made in America and not in China.

1000 American energy security, whether from oil and gas or
1001 alternative sources, is important to all of us and I do not
1002 want my grandchildren to be dependent upon foreign energy
1003 supplies, the way our country was for most of my life.
1004 That's why I feel so strongly American focused, all-of-the-
1005 above strategy is needed to maintain affordable energy and
1006 energy security for the benefit of future generations of
1007 America.

1008 Thank you.

1009 [The prepared statement of Mr. Sheffield follows:]

1010

1011 *****COMMITTEE INSERT*****

1012

1013 *Ms. DeGette. I thank the gentleman.

1014 The Chair now recognizes Ms. Watkins for five minutes.

1015

1016 TESTIMONY OF GRETCHEN WATKINS

1017

1018 *Ms. Watkins. Chair DeGette, Ranking Member Griffith,
1019 and members of the subcommittee, thank you for the
1020 opportunity to be here today to discuss Shell's response to
1021 the invasion of Ukraine, the global energy disruption caused
1022 by the invasion, and our efforts to address rising energy
1023 costs in the United States.

1024 I lead Shell USA, the U.S. subsidiary of Shell PLC.
1025 Shell strongly condemns the unprovoked attack on Ukraine and
1026 we have acted swiftly in response. Shell announced that it
1027 would withdraw from all Russian hydrocarbons, halt the spot
1028 purchases of Russian crude and LNG, exit our equity
1029 partnerships in Gazprom related joint ventures, and end our
1030 involvement in the Nord Stream 2 pipeline.

1031 The phased withdrawal from our downstream operations in
1032 Russia is being planned with a priority on the safety of our
1033 staff and operations and in line with relevant legal
1034 obligations. We will continue to work with governments
1035 across the world as they assess the incredibly difficult
1036 challenges presented by responding to the war in Ukraine,
1037 while managing the effects on global energy supplies.

1038 The global energy disruption has highlighted the
1039 importance and difficulty of moving towards a future in which
1040 global economies are less dependent on fossil fuels. We

1041 believe Shell's powering progress strategy continues to be
1042 the right approach and we remain committed to helping society
1043 achieve its goal of net zero emissions.

1044 At Shell, we recognize that rising energy prices as a
1045 result of building pressure on oil supply pose a significant
1046 challenge for consumers and businesses. Shell is focused on
1047 doing our part to ensure a reliable supply of energy products
1048 and mitigate the disruptions caused by efforts to move away
1049 from Russian hydrocarbons in the global marketplace.

1050 Because oil is a global commodity, Shell does not set or
1051 control the price of crude oil. Similarly, Shell does not
1052 set or control the price that consumers pay. Indeed, it
1053 would be illegal for Shell to do so because nearly all Shell
1054 branded retail stations in the U.S. are owned by independent
1055 operators who set their own prices in the marketplace.

1056 Shell already had in progress actions that will allow us
1057 to respond to the current crisis. In the Gulf of Mexico, we
1058 recently started production from the PowerNap project at
1059 20,000 barrels of oil a day, and just this morning, we have
1060 announced first oil at another project in the Gulf which will
1061 provide an additional 15,000 barrels a day. We also expect
1062 to bring online new production from the Vito field by the end
1063 of this year.

1064 Shell offers three thoughts regarding the challenges
1065 posed by today's energy environment. First, we cannot depart

1066 from the past towards diversification and lower carbon
1067 sources. We are diversifying our own portfolio through
1068 several recent developments, including our recent acquisition
1069 of solar and energy storage provider Savion, substantial wind
1070 power investments, including our recent \$390 million
1071 investment in a 50-percent stake in an offshore block in the
1072 New York Bight, and renewable natural gas ventures in Oregon,
1073 Idaho, and Kansas.

1074 Second, the government should continue to advance the
1075 approval of and permitting of otherwise ready oil and gas
1076 projects that would bring new supplies of oil and gas online
1077 within weeks or months.

1078 And third, the Interior Department should end its pause
1079 on federal oil and gas leasing, especially in the Gulf of
1080 Mexico, which is among the lowest greenhouse gas intensive
1081 productions in the world.

1082 Even in the current crisis, Shell is unwavering in its
1083 commitment to the energy transition. The market challenges
1084 presented by the reduction of Russian oil and gas in the
1085 global market presents an opening for policymakers to look
1086 for a realistic pathway that would blunt the disruptive
1087 effects of the ongoing crisis and accelerate the transition
1088 to a lower carbon future.

1089 Shell recognizes that recent events have led to volatile
1090 gas prices that pose challenges for consumers. To address

1091 these burdens, I view it as our obligation to continue to
1092 provide a reliable and secure energy supply for Americans and
1093 consumers around the world. From the Shell employees working
1094 offshore to produce oil, to our staff workers in refineries
1095 that have been working throughout the pandemic, to our
1096 employees planning and building new offshore windfarms, we
1097 take this obligation very seriously.

1098 Shell will continue to invest in clean energies and we
1099 will continue to work with our customers to help them
1100 decarbonize. We are committed to helping society achieve a
1101 low carbon future.

1102 Thank you for the opportunity to be here today.

1103 [The prepared statement of Ms. Watkins follows:]

1104

1105 *****COMMITTEE INSERT*****

1106

1107 *Ms. DeGette. Thank you very much.

1108 General McMaster, you're now recognized for five

1109 minutes.

1110

1111 TESTIMONY OF LTG H.R. MCMASTER

1112

1113 *Mr. McMaster. Chairwoman DeGette, Ranking Member
1114 Griffith, and members of the subcommittee, it is a privilege
1115 to testify before this committee a critical moment for our
1116 nation and the free world. I hope that my statement for the
1117 record is useful to you and the important work that this
1118 committee is undertaking to strengthen our nation and promote
1119 peace and prosperity.

1120 I believe that this committee, this Congress, and the
1121 Biden Administration have a historic opportunity to overcome
1122 the interconnected economic and security challenges we face,
1123 especially those at the nexus of energy security and national
1124 security.

1125 Because we have been complacent, and I think preoccupied
1126 with our own traumas and divisions, we are behind in doing
1127 so. We urgently need new policies and new legislation to
1128 catch up, strengthen our nation, and build a better future
1129 for generations of Americans to come.

1130 In my statement for the record, I argue for policies and
1131 legislation aimed at achieving the goals of, first, reducing
1132 the coercive power of authoritarian regimes over energy
1133 supplies; second, integrating energy security and climate
1134 policies; and third, removing bureaucratic and regulatory
1135 obstacles to progress to meet burgeoning global energy needs.

1136 With the brutal and unprovoked Russian assault on
1137 Ukraine, our post-Cold War holiday from history has come to
1138 an end. As more of the horrors that the Ukrainian people are
1139 enduring become apparent, it is also clear that the United
1140 States fell behind in realizing its potential to improve
1141 global energy security and reduce Vladimir Putin's ability to
1142 wage indiscriminate warfare while constraining the world's
1143 response through dependence on Russian energy supplies.

1144 Let us be inspired by the courage and determination of
1145 the Ukrainian people who are fighting for the freedoms we too
1146 often take for granted. It is past time to work together
1147 across political parties and between the government and
1148 industry to unleash the power of American energy, to weaken
1149 the authoritarian regimes, and strengthen the free world.

1150 Thank you.

1151 [The prepared statement of Mr. McMaster follows:]

1152

1153 *****COMMITTEE INSERT*****

1154

1155 *Ms. DeGette. I thank the gentleman.

1156 It's now time for members to have the opportunity to ask
1157 the panel questions, and before I begin, once again, I want
1158 to remind members to mute themselves while not speaking and
1159 also the witnesses, even during your question time. This
1160 will prevent feedback for witnesses and listeners at home.

1161 The Chair will now recognize herself for five minutes.

1162 Many of the witnesses today testified that demand for
1163 gasoline went down during the pandemic and therefore, supply
1164 went down dramatically as well, too, and that's because the
1165 majority of the price of gas, of course, is determined by the
1166 price of crude oil. The reality is that gas prices are high
1167 because crude oil prices are high, and the reason why crude
1168 oil prices are so high is because there's less supply in the
1169 global market.

1170 Does everybody agree with that? And I'm going to go
1171 right down the list and ask you yes or no.

1172 Mr. Lawler?

1173 *Mr. Lawler. Yes, there's less crude oil supply.

1174 *Ms. DeGette. Thank you.

1175 Mr. Wirth?

1176 *Mr. Wirth. Madan Chair, fuel prices are impacted by a
1177 number of factors, crude oil being a very significant one.

1178 *Ms. DeGette. So you don't agree that crude oil prices
1179 are high because there's less supply?

1180 *Mr. Wirth. Crude oil prices are high because there are
1181 concerns about potential disruptions to future supply --

1182 *Ms. DeGette. Okay. I don't have time. I'm sorry.
1183 Mr. Muncrief? Mr. Muncrief?

1184 *Mr. Muncrief. Crude oil prices are higher because we
1185 have had some supply constraints.

1186 *Ms. DeGette. Right, and because there's less supply,
1187 right? It's a supply and demand issue; isn't that correct?

1188 *Mr. Muncrief. There has been less supply and there's
1189 also concerns about --

1190 *Ms. DeGette. Thank you.

1191 *Mr. Muncrief. -- even further erosion in supply.

1192 *Ms. DeGette. Mr. Woods? Mr. Woods?

1193 *Mr. Woods. It's a combination of higher demand and
1194 lower supply.

1195 *Ms. DeGette. Thank you. That's what I said.
1196 Mr. Sheffield?

1197 *Mr. Sheffield. Lower supply and higher demand.

1198 *Ms. DeGette. Right.

1199 Ms. Watkins?

1200 *Ms. Watkins. Generally, yes, Chairwoman.

1201 *Ms. DeGette. Thank you so much.

1202 So one of the things that has confused me, as I said in
1203 my opening statement and it's making people mad, is why are
1204 gas prices still high even after crude oil prices came down?

1205 And this is the chart. I don't know if you can see it, it --
1206 on Zoom, but you can see how when price per barrel of oil
1207 went down, the price per gallon of gas stayed the same. I
1208 don't get that.

1209 So I want to ask you, Mr. Lawler, BP operates a number
1210 of gas stations in the U.S. and internationally. So, Mr.
1211 Lawler, can you explain -- people are saying, well, we don't
1212 own the gas stations, but actually, BP does.

1213 Why is there such a disconnect between the drop in cost
1214 of crude oil and the much slower drop in the price of gas at
1215 the pump?

1216 *Mr. Lawler. Thank you, Congresswoman.

1217 So just as a point of clarity, you know, BP has branded
1218 stations here in the United States of around 7,500 or so and
1219 only about 10 percent of those stations do we operate and set
1220 prices.

1221 *Ms. DeGette. Okay. So maybe you can tell me why is
1222 there a disconnect between the drop in cost of crude oil and
1223 that the fact gas prices are staying the same.

1224 *Mr. Lawler. Yes, happy to do so.

1225 So as shared earlier, it is --

1226 *Ms. DeGette. Very briefly. I have another question.
1227 Go ahead.

1228 *Mr. Lawler. Okay. Thank you.

1229 Yeah, it is a very complex set of factors that impact

1230 the price of gasoline. So, for example, the price of oil
1231 that's entering a refinery could've been purchased at a
1232 higher price, and therefore, that price then flows through
1233 all the way to the station. It's not necessarily an
1234 instantaneous market.

1235 There's also quite a reflection of supply risk. So we
1236 talked about, just a moment ago, that crude oil supplies are
1237 down. That actually applies to all refined products, whether
1238 that's jet, diesel, gasoline, and that supply risk is
1239 impacting --

1240 *Ms. DeGette. So you're saying --

1241 *Mr. Lawler. -- the global market.

1242 *Ms. DeGette. -- you're saying that the price at the
1243 pump may be higher because of jet fuel prices? Is that one
1244 of the factors you're saying?

1245 *Mr. Lawler. What I'm saying is that all refined
1246 products at this point carry a supply risk, which --

1247 *Ms. DeGette. Okay.

1248 *Mr. Lawler. -- is part of the complex pricing equation
1249 that impacts prices at the pump.

1250 *Ms. DeGette. Okay.

1251 Can any of the rest of you, in the 41 seconds I have
1252 left, tell me if you have an idea why price per barrel of oil
1253 is falling, but price at the pump is still staying just as
1254 high?

1255 Anyone else?

1256 *Mr. Wirth. Congresswoman, I think President Biden did
1257 a pretty good job explaining this last week during his
1258 comments when he announced the intent to release oil from the
1259 Strategic Reserve and he talked about the fact that across
1260 the supply chain, as prices flow, oil and product prices are
1261 correlated over time, but at the retail level, the costs that
1262 a retailer has paid for fuel a week or two weeks prior and
1263 the cost that they may need to pay to -- all factor into the
1264 competition and the pricing that you see at the pump.

1265 And so these things do correlate over the long term, but
1266 in the short term, they don't always move in tandem.

1267 *Ms. DeGette. Except for here, they did correlate. So
1268 the President was talking about the relief he's going to give
1269 to the American taxpayers and the American citizens at the
1270 pump. The SPRO is a short-term solution to that, but the
1271 question I wanted to ask you, and which I will ask you later
1272 so you can think about it between now and then, is what
1273 concrete steps can each of your companies take right now to
1274 reduce the price at the pump for my constituents?

1275 And with that, I'm going to yield five minutes to Mr.
1276 Griffith.

1277 *Mr. Griffith. Thank you, Madam Chair.

1278 My time is short, so I would ask that you answer yes or
1279 no.

1280 Mr. Woods, is your company taking advantage of the
1281 crisis in Ukraine to keep prices artificially high in order
1282 to increase your own profits?

1283 *Mr. Woods. Absolutely not.

1284 *Mr. Griffith. Mr. Wirth --

1285 *Mr. Wirth. Yes, sir.

1286 *Mr. Griffith. -- is your company taking advantage of
1287 the crisis in Ukraine to keep prices artificially high in
1288 order to increase your own profits?

1289 *Mr. Wirth. No, we are not.

1290 *Mr. Griffith. Mr. Lawler, is your company taking
1291 advantage of the crisis in Ukraine to keep prices
1292 artificially high in order to increase your own profits?

1293 *Mr. Lawler. Absolutely not.

1294 *Mr. Griffith. Ms. Watkins, is your company taking
1295 advantage of the crisis in Ukraine to keep prices
1296 artificially high in order to increase your own profits?

1297 *Ms. Watkins. No, we are not.

1298 *Mr. Griffith. And you all recall that you're under
1299 oath. Do any of you wish to change your answers?

1300 Hearing none.

1301 All right. The Biden Administration's fiscal year 2022
1302 budget request listed the following as a key objective, not
1303 funding work that directly subsidizes fossil fuels, including
1304 work that lowers the cost of production, lowers the cost of

1305 consumption or raises the revenues retained by producers of
1306 fossil fuels.

1307 Do statements like this facilitate more domestic
1308 production, yes or no, Ms. Watkins?

1309 *Ms. Watkins. I don't know --

1310 *Mr. Griffith. Yes or no.

1311 *Ms. Watkins. -- I don't know the answer to that. I
1312 don't know the context within which that was stated.

1313 *Mr. Griffith. This was the President's budget
1314 objectives. One of the top objectives of his budget was not
1315 to fund work that directly subsidizes fossil fuels, including
1316 work that lowers the cost of production, lowers the cost of
1317 consumption or raises revenues retained by producers of
1318 fossil fuels.

1319 Mr. Lawler, do statements like that facilitate more
1320 domestic production? Yes or no.

1321 *Mr. Lawler. Well, I'm unfamiliar with those particular
1322 comments, so I could not provide any --

1323 *Mr. Griffith. All right. So let me -- so apparently
1324 everybody wants to get into the weeds and hide behind words.
1325 The President says he wants to make sure that we do not lower
1326 the cost of production.

1327 Is that going to make you produce more or less? Mr.
1328 Woods, more or less?

1329 *Mr. Woods. I think the government has a role in

1330 encouraging investment and creating a positive investment
1331 climate.

1332 *Mr. Griffith. And when we create a negative climate,
1333 you produce less. Isn't that true? Yes or no.

1334 *Mr. Woods. There tends to be a chilling effect with
1335 negative words.

1336 *Mr. Griffith. There you go. There you go.

1337 Mr. Wirth, you want to weigh in on this and give me a
1338 real answer? Yes or no, is that hurting production or does
1339 that encourage you to produce when the President says, in his
1340 budget document, not funding work that directly subsidizes
1341 fossil fuels, including work that lowers the cost of
1342 production, lowers the cost of consumption? That'd be the
1343 consumers that Ms. DeGette's been complaining about having to
1344 pay these high prices and they don't want to lower those
1345 prices.

1346 And when you hear statements like that, do you increase
1347 production? Yes or no.

1348 *Mr. Wirth. Congressman, mixed messages from the
1349 government do not encourage us to make investments with
1350 confidence in future supply.

1351 *Mr. Griffith. Well, and I appreciate you don't want to
1352 get stuck with answers, but the bottom line is that's not a
1353 mixed message. That's a clearly anti-fossil fuel message
1354 from the President of the United States at a time when he

1355 claims he wants increasing production.

1356 All right. President Biden recently has begun to stress
1357 short-term need to increase oil and natural gas output and
1358 expedite LNG, liquid natural gas, project development, but in
1359 his fiscal year 2023 budget request, it focuses almost
1360 entirely on transitioning away from fossil fuels. It even
1361 proposes tax hikes on oil and gas production.

1362 The proposal alleges that oil, gas, and coal tax
1363 preferences distort markets by encouraging more investment in
1364 the fossil fuel sector than would occur under a neutral
1365 system. The provision also alleges that this market
1366 distortion is detrimental to long-term energy security and is
1367 inconsistent with the Administration's policy of supporting a
1368 clean energy economy.

1369 Are those proposed tax hikes -- are these proposed tax
1370 hikes on the oil and gas industry an incentive to explore and
1371 develop more domestic production?

1372 What say you, Mr. Sheffield?

1373 *Mr. Sheffield. Less production.

1374 *Mr. Griffith. Mr. Muncrief --

1375 *Mr. Muncrief. Less production.

1376 *Mr. Griffith. -- more or less production?

1377 *Mr. Muncrief. Less production.

1378 *Mr. Griffith. All right. Thank you.

1379 General McMaster, in your written testimony, you talk

1380 about America's role in defeating the tyranny in World War
1381 II, providing more -- the U.S. provided more than 85 percent
1382 of the allies oil use.

1383 What do you see as America's trajectory today as global
1384 leader helping to meet the rising demand for oil? And you
1385 have five seconds.

1386 *Mr. McMaster. The trajectory is negative. We need to
1387 reserve it immediately. There -- we should not be beholden
1388 to an authoritarian powers for energy supply, and if we have
1389 the right investments, we can make up for the gap in supply
1390 now that we're all paying for.

1391 Thank you.

1392 *Mr. Griffith. Thank you.

1393 I yield back.

1394 *Ms. DeGette. Thank the gentleman.

1395 Chair now recognizes the chairman of the full committee,
1396 Mr. Pallone, for five minutes.

1397 *The Chairman. Thank you, Chairwoman DeGette.

1398 Let me say I appreciate the executives being here today
1399 and particularly your willingness to move toward renewables.
1400 Every one of you, I believe, stressed that you are moving
1401 towards renewables, which, of course, is the real answer in
1402 the long run, but for now, I do want to point out -- I heard
1403 Mr. Griffith say in his opening that you all, you know, were
1404 dealing with the Ukraine crisis. But the reality is that

1405 during this crisis, you've had record profits and stock
1406 buybacks, and the American people want to know why they're
1407 paying such high prices at the pump and giving your industry
1408 lavish tax breaks while your profits are being turned over to
1409 shareholders.

1410 So, first, I'd like to ask each of our witnesses here
1411 today to please state your net profit from last year, that's
1412 2021, but it's a matter of public record. So if you don't
1413 tell me, I'm going to tell you quickly.

1414 So let me start with Mr. Woods. What was Exxon's net
1415 profit last year?

1416 *Mr. Woods. \$23 billion after a loss of \$22 billion in
1417 2020.

1418 *The Chairman. Thank you. And I just saw the
1419 announcement on Monday that Exxon's profits for only the
1420 first quarter of 2022 could be as high as \$9 billion. That's
1421 incredible.

1422 Mr. Lawler, what was BP's net profit last year?

1423 *Mr. Lawler. It was approximately \$7.6 billion after a
1424 2020 loss of \$20 billion.

1425 *The Chairman. All right.

1426 And, Mr. Wirth, Chevron's 2021 net profit?

1427 *Mr. Wirth. 2021 was \$15.6 billion after a loss of \$5.5
1428 billion the prior year.

1429 *The Chairman. And Mr. (sic) Watkins, Shell's net

1430 profit, 2021?

1431 *Ms. Watkins. Yes. Shell's earnings last year were
1432 about \$19 billion.

1433 *The Chairman. Thank you, Ms. Watkins.

1434 And, Mr. Muncrief, Devon's net profits in 2021?

1435 *Mr. Muncrief. \$2.8 billion.

1436 *The Chairman. Thank you.

1437 Mr. Sheffield, Pioneer's net profit in 2021?

1438 *Mr. Sheffield. It's \$2.1 billion after the largest
1439 loss in the company's history before.

1440 *The Chairman. Thank you.

1441 Now, that's almost \$77 billion in profit just from the
1442 six companies testifying before us today, and there's nothing
1443 wrong with making an honest profit, but as gas prices have
1444 soared, your companies have funneled record profits back to
1445 shareholders. In fact, for 2021 and 2022, the six companies
1446 here today have collectively executed or announced
1447 approximately \$45 billion in share repurchase programs, in
1448 addition to the almost \$40 billion in dividends you issued to
1449 shareholders last year.

1450 Now, that's a lot of money to shareholders, but it's
1451 coming at the expense of the American people who need you to
1452 dramatically increase production, not shareholder wealth.

1453 So it was mentioned that President Biden recently took
1454 the step of ordering a massive release from the SPRO to

1455 increase fuel supplies by up to a million barrels a day, but
1456 that can't go on forever, nor should it.

1457 For the American people to have relief from high gas
1458 prices, your companies need to do their part and increase
1459 production to meet demand and some of you said you are going
1460 to do that. I heard the president of Exxon particularly say
1461 that, but what I want to know is will you commit -- and this
1462 is going to be yes or no of each of you.

1463 Will you commit to doing whatever it takes, including
1464 increasing production, but also reducing dividends and
1465 buybacks in order to lower prices for struggling American
1466 consumers? Yes or no.

1467 We'll start with Mr. Woods.

1468 *Mr. Woods. We are increasing our production, as I said
1469 in our prepared remarks. The investments that we've made
1470 since 2017 --

1471 *The Chairman. Well, I need a yes or no.

1472 *Mr. Woods. -- laid the foundation --

1473 *The Chairman. So answer yes or no, Mr. Woods. Yes or
1474 no?

1475 *Mr. Woods. We will increase our production, yes.

1476 *The Chairman. But you're not going to -- that means
1477 you're not going to reduce dividends and buybacks. Well,
1478 that's unfortunate because we need you to do that as well.

1479 Mr. Wirth, yes or no?

1480 *Mr. Wirth. Mr. Chairman, we're investing 60 percent
1481 more capital this year than we did last year.

1482 *The Chairman. I guess it -- I guess the answer is no,
1483 you're not willing to do -- increase production and reduce
1484 dividends and buybacks.

1485 *Mr. Wirth. Mr. Chairman, we can increase production
1486 and return value to our --

1487 *The Chairman. Okay. I'm going to take that as a no.
1488 Mr. Lawler, yes or no?

1489 *Mr. Lawler. Yes. I can't commit -- I can't commit to
1490 a reduction in buybacks and dividends --

1491 *The Chairman. All right. I hear you.

1492 Mr. -- Ms. Watkins? Ms. Watkins?

1493 *Ms. Watkins. We think we can return value to our
1494 shareholders, as well as increase production, as well as
1495 invest for the future in renewables, low and no-carbon fuels
1496 for our customers. We will be doing all of that.

1497 *The Chairman. All right. That sounds like a yes.

1498 Mr. Sheffield?

1499 *Mr. Sheffield. We are increasing production and the
1500 answer is no on dividends.

1501 *The Chairman. All right. That's an honest answer.

1502 Mr. Muncrief?

1503 *Mr. Muncrief. Yes, we'll see production increases over
1504 time and the answer is no on dividends and share repurchases.

1505 *The Chairman. Well, I appreciate that. Now, of
1506 course, we're -- it's unfortunate that many of you are saying
1507 you're not going to address the increased buybacks and more
1508 dividends to your shareholders because I think that should be
1509 part of what you do, but in any case, I appreciate your
1510 responses.

1511 Thank you, Madam Chair.

1512 *Ms. DeGette. I thank the gentleman.

1513 Chair now recognizes Mrs. Rodgers for five minutes.

1514 *Mrs. Rodgers. Thank you, Madam Chair.

1515 I'd like to focus on energy security. The number one
1516 thing that we can do to lower gasoline prices is increase
1517 domestic production of oil. It's really that simple.
1518 Unfortunately, the Biden Administration has done the opposite
1519 and declared war on American energy.

1520 Under President Biden's leadership, American oil
1521 production has declined by 1.5 million barrels per day.
1522 Permits for pipelines and other important energy
1523 infrastructure has been delayed or revoked outright. And the
1524 Administration is pressuring banks to stop lending for fossil
1525 fuel projects. As a result, gas prices are the most
1526 expensive in U.S. history.

1527 General McMaster, can you explain why American energy is
1528 vital in the competition between the free world and
1529 authoritarian powers like Russia and China?

1530 *Mr. McMaster. Thank you.

1531 It's absolutely vital because really what Russia
1532 endeavored to do was to gain coercive power over the global
1533 economy and over Europe's economy in particular, and we all
1534 witnessed how they've used that coercive power over many,
1535 many years, not just in connection with the renewed invasion
1536 of Ukraine, which began in February.

1537 The only way to break that grip on the global economy
1538 and the course of power over Europe's economy, Germany's
1539 economy in particular, is with alternative sources, and
1540 what's sad about it is that we have it within our power to
1541 make up for that production and to break Russia's and other
1542 authoritarian regimes' coercive power over the energy market.

1543 So this is one of the -- a tremendous opportunity, I
1544 think, to advance the interests --

1545 *Mrs. Rodgers. Thank you.

1546 *Mr. McMaster. -- of the United States and the free
1547 world.

1548 *Mrs. Rodgers. Thank you.

1549 What signal does it send to our allies when the Biden
1550 Administration says no to a pipeline from Canada and yes to
1551 oil from OPEC, Russia, Iran, and Venezuela?

1552 *Mr. McMaster. Well, I'll tell you it really makes no
1553 sense at all. It doesn't pass the common sense test to
1554 cancel a Canadian pipeline and green light a Russian one.

1555 And then, of course, it doesn't make any sense either to put
1556 all these obstacles in place for permitting and that would
1557 allow us to increase our production and our exports and then
1558 to supplicate to the Venezuelans and the Iranians to get them
1559 to increase their production and exports.

1560 So I think it is past time for us to do what makes
1561 sense, and of course, this is consistent as well with the
1562 effort on climate and CO2 reductions because our production -
1563 - our export is greener, and of course, without our supplies,
1564 what's happening is the world is ramping up coal consumption
1565 and coal burning, which is the worst thing for the
1566 environment.

1567 So it's time to --

1568 *Mrs. Rodgers. Yes.

1569 *Mr. McMaster. -- our policies, increase U.S.
1570 production, and increase U.S. exports.

1571 *Mrs. Rodgers. Thank you. Thank you, General McMaster.

1572 I'm concerned that part of the reason gasoline prices
1573 are so high is because the democrats ultimately are opposed
1574 to domestic drilling and hydraulic fracturing. They would
1575 rather let OPEC, Russia, Iran, and Venezuela produce the
1576 energy to meet our needs.

1577 Is it true that Russia promoted and funded anti-fracking
1578 propaganda in Europe and the United States?

1579 *Mr. McMaster. Absolutely. The evidence is

1580 overwhelming. In fact, there have been hearings on this --
1581 back in 2014 in the House that pulled the curtain back on
1582 quite a bit of it, and there's been some very good
1583 investigative journalism as well. And this is Russia's
1584 effort to portray fracking as unsafe and to do so, so they
1585 can keep their coercive power over the global energy market
1586 and on Europe in particular.

1587 And, of course, this is a huge missed opportunity for
1588 the world because the largest ever reduction of manmade CO2
1589 emissions ever was associated with the availability of cheap
1590 natural gas here in the United States, which was, of course,
1591 connected to shale oil and fracking. So we're denying
1592 ourselves --

1593 *Mrs. Rodgers. Yes.

1594 *Mr. McMaster. -- a tremendous opportunity from a
1595 security perspective, but also from a climate and CO2
1596 emissions reduction perspective.

1597 *Mrs. Rodgers. Thank you.

1598 Is it true that Russia has worked to discourage American
1599 exports and strengthen its grip on Europe's energy supplies
1600 with pipelines like Nord Stream 2?

1601 *Mr. McMaster. Absolutely. And this is a story of
1602 rampant corruption. I mean, look at Gerald Schroeder, at the
1603 former chancellor, who received huge payoffs from the Russia
1604 oil industry to begin Nord Stream 1. And then, of course,

1605 the -- you know, the continued corruption to try to coopt
1606 politicians within Europe and within Germany to get Nord
1607 Stream 2 through.

1608 So this is -- this is a corrupt enterprise. It's part -
1609 - Russia's oil enterprise is part of their international
1610 criminal enterprise and we have to recognize that the best
1611 way to counter that is with alternative sources of supply and
1612 especially American/North American supply. I would include
1613 Canada in that as well and Mexico.

1614 *Mrs. Rodgers. Thank you. I really -- I appreciate you
1615 being here, your leadership, and your insights.

1616 I yield back, Madam Chair.

1617 *Ms. DeGette. Chair now recognizes Ms. Kuster for five
1618 minutes.

1619 *Ms. Kuster. Thank you, Chairwoman DeGette, for hosting
1620 this important hearing today.

1621 The recent rise in gas prices has once again made it
1622 abundantly clear that our nation's dependence on oil is
1623 unsustainable both in the short term and in the long term.
1624 The American people are reminded of this each and every time
1625 they fill up at the pump.

1626 In New Hampshire, granite staters are paying even more
1627 than the national average of \$4.23 per gallon, and yet, while
1628 consumers are being pinched at the pump, oil companies have
1629 been raking in profits and pushing for policies that will

1630 only make our country more dependent upon oil. It's long
1631 past time we promote long-term American energy independence
1632 through investments in clean and renewable energy production
1633 to insulate our economy and our consumers from these short-
1634 term crises.

1635 This gas price rollercoaster might be great for your
1636 companies' bottom lines, but it's hurting the American
1637 people's pocketbooks. To the six oil companies before us
1638 today, you made more than \$75 billion combined in profits
1639 just last year, and it looks as though with your first
1640 quarter, you're on path for record profits again.

1641 Now, to address your comments earlier, we understand you
1642 did lose money during the pandemic. Most Americans did.
1643 Everyone had a tough 2020, including businesses and the
1644 60,000 workers that the oil industry laid off last year, but
1645 the facts are that oil majors testifying here today still
1646 returned billions of dollars to your shareholders in 2020, at
1647 the same time that you were laying off your workforce.

1648 So, please, don't use 2020 as an excuse for gouging the
1649 American people today. In fact, other than in 2020, all four
1650 of the oil majors testifying today made billions of dollars
1651 every year between 2017 and 2021. So one bad year does not
1652 excuse the practice of ripping off American consumers.

1653 Now, I'd like to focus in on the four oil majors
1654 testifying today to identify how much money your company

1655 spent in 2021 on stock buybacks and dividends and how much
1656 your companies plan to spend during this year of record
1657 profits on the clean energy investments that several of you
1658 mentioned during your testimony, and just the numbers will
1659 do. You know that our time is short.

1660 Mr. Woods, how much money did Exxon spend on stock
1661 buybacks and dividends in 2021 and how much do you plan to
1662 spend on 2022 on low-carbon technologies?

1663 *Mr. Woods. We did not buy back any stock in 2021. Our
1664 dividends were roughly \$15 billion. Half of our stock are
1665 owned by average American families. It was an important
1666 income stream for them in the depths of the pandemic and
1667 during the recovery, and so we were committed --

1668 *Ms. Kuster. So would you be surprised that the public
1669 record shows \$14.9 billion in stock buybacks and dividends?
1670 Would that number surprise you?

1671 *Mr. Woods. That is the \$15 billion in dividends that I
1672 mentioned --

1673 *Ms. Kuster. I thought you just --

1674 *Mr. Woods. -- with no buybacks.

1675 *Ms. Kuster. -- told that you would not spend any.

1676 *Mr. Woods. On buybacks. We had no buybacks. We had
1677 \$15 billion in dividends, which goes to --

1678 *Ms. Kuster. \$15 billion in dividends. And how much on
1679 low-carbon investments?

1680 *Mr. Woods. We're ramping our low-carbon solutions
1681 business and have a commitment of \$15 billion through 2025 to
1682 invest in --

1683 *Ms. Kuster. And how much last year when you were --

1684 *Mr. Woods. -- technologies that will boost emissions.

1685 *Ms. Kuster. -- paying the \$15 in dividend -- \$15
1686 billion in dividends?

1687 *Mr. Woods. I think it's important to recognize that
1688 dividends that we pay are --

1689 *Ms. Kuster. Would the number --

1690 *Mr. Woods. -- critical income to people and during
1691 those difficult economic times, our dividends were relied
1692 on --

1693 *Ms. Kuster. Right. I'm just trying to compare.

1694 *Mr. Woods. -- for income.

1695 *Ms. Kuster. I understand that, but \$15 billion in
1696 stock dividends and \$2.5 billion in low-carbon investments.
1697 Does that sound about right?

1698 *Mr. Woods. That sounds about right. We recognize we
1699 are growing our --

1700 *Ms. Kuster. Okay. Mr. Wirth --

1701 *Mr. Woods. -- low-carbon solutions business.

1702 *Ms. Kuster. -- the same question for you on Chevron.
1703 How much in stock buybacks or dividends and how much in low-
1704 carbon investments?

1705 *Mr. Wirth. Congressman (sic), in 2021, we paid out
1706 roughly \$10 billion in dividends. We bought back around \$1.4
1707 billion in stock. And this year, we expect to spend between
1708 \$4 and \$5 billion on low-carbon energy.

1709 *Ms. Kuster. Thank you, Mr. Wirth.

1710 Mr. Lawler, how much did you spend in stock buybacks and
1711 dividends and how much in low-carbon investments?

1712 *Mr. Lawler. Yes, Congresswoman. We spent about \$4.5
1713 billion in dividends and about \$4.1 billion on buybacks. We
1714 spent several billion dollars on low-carbon energy, ramping
1715 to \$3 to \$4 billion by 2025, and then we will be at \$5
1716 billion --

1717 *Ms. Kuster. Okay. Ms. Watkins at Shell, my time is
1718 almost up. How much in stock buybacks and dividends and how
1719 much in low-carbon investments?

1720 *Ms. Watkins. In 2021, we spent about \$6.3 billion on
1721 dividends and about \$2.8 billion on share buybacks, and we --
1722 on our renewable energy, we spent about \$2 to \$3 billion last
1723 year and even more on low-carbon fuels and investments in
1724 low-carbon fuels.

1725 *Ms. Kuster. Okay. My time is up and I yield back.

1726 *Ms. DeGette. I thank the gentlelady.

1727 Mr. Burgess, you're now recognized for five minutes.

1728 *Mr. Burgess. And I think the Chair. I thank our
1729 witnesses for being here. I do wish you were here in person,

1730 but, unfortunately, we don't do things that way anymore.

1731 Mr. Woods, I just have to ask you who are the
1732 shareholders? Are any part of those shareholders retired
1733 teachers in Texas whose pension plans may invest in your
1734 stock?

1735 *Mr. Woods. Absolutely. A very large proportion of the
1736 people who own our stock look for our dividends as a source
1737 of income. One of the reasons why we walked such a fine line
1738 in 2020 during the pandemic was to maintain those dividends,
1739 recognizing the important role they play in retirees and the
1740 average American family.

1741 *Mr. Burgess. And I think that needs to be underscored.
1742 I suspect the same is true for almost every one of our
1743 witnesses here today.

1744 I -- to encourage production, and my thesis is that the
1745 federal regulatory burden has increased over the last 15
1746 months, we saw what regulatory reduction did in the previous
1747 administration and led us to a situation where really we were
1748 energy independent. We were energy dominant in the world.

1749 So on that thesis of lowering regulations and increasing
1750 the performance of the federal agencies that are supposed to
1751 provide you with the permits to drill, I'm concerned because
1752 at the federal agency level, we've got a ton of people who
1753 haven't yet returned to work. They're still working from
1754 home and I can't help but feel that that impacts your ability

1755 to get an answer from a federal agency in a timely fashion.

1756 So for that reason, I introduced a bill that will
1757 withhold any future unallocated COVID funding from the
1758 Department of Interior until they return to work to address
1759 your permitting problems.

1760 I've also introduced a bill that would immediately
1761 restart all oil and gas leasing permitting on federal land
1762 and prohibit the President from delaying the issuance of
1763 future oil and gas leases, permits approvals or
1764 authorizations on federal land authorization.

1765 This Administration needs to get back to work and they
1766 need to rescind their anti-energy executive orders and ramp
1767 up production here in America. We cannot forget in September
1768 of 2019, in an unguarded moment, then former Vice President
1769 Joe Biden promised a young voter, "I guarantee you, I
1770 guarantee you we will end fossil fuels.'`

1771 So, Mr. Woods, let me ask you, the Biden Administration
1772 has claimed that the oil and gas industry is sitting on more
1773 than 12 million acres of non-producing federal land, with
1774 9,000 unused but already approved permits for production. So
1775 can we go through this?

1776 Just talk to us a little bit about how you obtain a
1777 federal lease.

1778 *Mr. Woods. I would tell you today, Congressman, we
1779 have about 2,000 leases on federal lands and all but about 1

1780 percent those are producing oil or gas.

1781 *Mr. Burgess. So after you get approved for a federal
1782 lease, can you immediately start to drill?

1783 *Mr. Woods. It is a fairly complicated process that
1784 requires understanding, one, what's on the lease, developing
1785 plans to produce that, the discoveries that you have on the
1786 lease, putting gathering systems in, getting permits for
1787 that, infrastructure to move product oil. So it is a fairly
1788 complex, interdependent system of permits and investments
1789 across from the drill well all the way to the market.

1790 It's a fairly complicated and long process, particularly
1791 with delays in the regulatory process.

1792 *Mr. Burgess. Yeah, and I appreciate that. And, you
1793 know, it almost seems like the Administration is being
1794 disingenuous when they accuse you of not performing on these
1795 leases. It is a complex and complicated process precisely
1796 because we make it a complex and complicated process.

1797 Let me just ask you again, Mr. Woods, do you think
1798 Congress could play a role in providing greater clarification
1799 of Department of Interior's leasing and permitting procedures
1800 to avoid potential litigation?

1801 *Mr. Woods. I think increased clarity, increased
1802 certainty, increased predictability, more efficient and
1803 effective permitting processes and regulatory processes would
1804 benefit the industry significantly.

1805 *Mr. Burgess. Thank you. And I've got a ton more
1806 questions I'm going to submit to all of you for the record,
1807 but, Mr. McMaster, let me just ask you we've seen now the
1808 releases from the Strategic Petroleum Reserve in a non-
1809 emergent situation. We hear over and over again that energy
1810 security is national security.

1811 Are we putting our national security at risk with these
1812 releases from the SPR?

1813 *Mr. McMaster. I don't know what the extent of the risk
1814 is, but if there is risk associated with it, I think it's
1815 going to be important to replenish those reserves at some
1816 point, hopefully when prices are lower, but I do think that
1817 this is obviously a short-term measure for what is really a
1818 long-term what I would characterize as an opportunity to
1819 increase U.S. production in a way that satisfies the global
1820 market and again, reduces the -- power of authoritarian
1821 regimes.

1822 Thank you.

1823 *Mr. Burgess. Thank you. And thank you for your
1824 testimony today. Thank you for your written testimony.

1825 *Ms. DeGette. The Chair now recognizes Miss Rice for
1826 five minutes.

1827 *Miss Rice. Thank you, Madam Chairwoman.

1828 And I'd just like to make note of the reference that --
1829 the reference that was made before to the credibility of

1830 Russian propaganda when it comes to energy issues. I just
1831 wish that more of my colleagues could give that same
1832 credibility to Russian propaganda when it comes to impacting
1833 our elections and the future of our democracy, and hopefully,
1834 we -- more of them will go in that direction.

1835 Mr. McMaster, I would like to direct my questions to
1836 you. We've all talked about Putin's unprovoked invasion of
1837 Ukraine and how it has sent global markets into disarray,
1838 caused unspeakable tragedy for the citizens of Ukraine. Gas
1839 prices have spiked partly in response to this latest global
1840 crisis, but we have been here before during the Arab oil
1841 embargo, the Iranian Revolution, the Gulf War, the Iraq war,
1842 and on and on.

1843 So long as we remain dependent on oil to meet our huge
1844 domestic needs, countries like Russia and Saudi Arabia are
1845 going to continue to have leverage over us and our allies.
1846 We have to transition to cleaner energy here at home and away
1847 from our reliance on fossil fuels.

1848 General McMaster, could you speak to the importance of
1849 ending U.S. reliance on fossil fuels, particularly foreign
1850 oil imports, as a matter of national energy security?

1851 *Mr. McMaster. Congresswoman Rice, thank you so much
1852 for the opportunity to be with all of you.

1853 And to answer that question, of course I think it's
1854 immensely important to reduce the course of power of hostile

1855 regimes over us in the area of fossil fuels, but also in
1856 connection with all energy sources. One of my concerns is
1857 that in our race to renewables, which we have to do with
1858 undiminished vigor, we risk actually transitioning from
1859 dependence on oil in the Middle East in the 1970s or on
1860 Russian oil, as we're seeing today, on supply chains that are
1861 captured by the Chinese in connection with renewables.

1862 So when we put into place a sensible energy policy, I
1863 think it involves increasing U.S. production, increasing U.S.
1864 exports, and then also making our supply chains much more
1865 resilient, especially those in connection with wind and solar
1866 and all of the upstream components and minerals that go into
1867 that

1868 *Miss Rice. -- General McMaster, and in fact, the
1869 Department of Defense, just for example, has recognized the
1870 security implications of relying so much on petroleum and has
1871 invested heavily, as you know, in biofuels and renewables for
1872 military purposes, military purposes.

1873 Can you explain why -- and I say you because of your
1874 past experience. Can you explain why the U.S. military has
1875 looked for ways to reduce its reliance on products derived
1876 from crude oil and increase the potential for alternative
1877 fuel sources?

1878 *Mr. McMaster. Well, I think the military criteria has
1879 to always be military effectiveness and so what's important,

1880 I think, is to ensure that as you can see with the failed
1881 Russian offensive, that logistically, you can sustain forces,
1882 and what's critical for energy for the military is to ensure
1883 freedom of movement and action at the end of extended and
1884 contested supply lines in obscure environments, and so that
1885 should be a range of energy capabilities, including, I should
1886 say --

1887 *Miss Rice. But do you agree with the Department of
1888 Defense --

1889 *Mr. McMaster. -- batteries, which, of course, is
1890 another vulnerable supply chain, Congresswoman.

1891 *Miss Rice. Yes, but you agree with the Department of
1892 Defense going in that direction, don't you?

1893 *Mr. McMaster. If it increases freedom of movement and
1894 action. It shouldn't be done --

1895 *Miss Rice. Okay. So in your --

1896 *Mr. McMaster. -- it shouldn't be done for any other
1897 purpose, I don't think, than military effectiveness.

1898 *Miss Rice. I -- well, I would agree with you and I
1899 thank you for pointing that out.

1900 In your testimony, you talk about the need to develop
1901 our domestic manufacturing capacity for renewable energy
1902 hardware and equipment, as you were just talking about. You
1903 state that it is vital to act on the Biden Administration's
1904 100-day supply chain review report and onshore renewables

1905 manufacturing. I agree with you and that's why I supported
1906 the bipartisan infrastructure law and that is why President
1907 Biden invoked the Defense Production Act, to encourage
1908 domestic production of battery materials.

1909 Thanks to the Biden Administration, we'll also soon
1910 break ground on wind farms off the coast of Long Island, and
1911 you mentioned that before. That will power as many as two
1912 million homes.

1913 Can you expand on the importance of onshoring renewables
1914 manufacturing so projects like these can be built with
1915 American technology and labor?

1916 *Mr. McMaster. Congresswoman, it's -- it is so
1917 important to do this because China is in a race to get a lock
1918 on these critical supply chains. Everything from the rare
1919 earths and other minerals that go into the manufacturing
1920 process, as well as the separation from ore and the
1921 refinement of those materials.

1922 We don't have the capacity anymore in the United States.
1923 The one U.S. mining company for rare earths is 10 percent
1924 owned by the Chinese. How can that make any sense? So we
1925 are really very far behind in securing the upstream
1926 components to renewable energy, as well as the manufacturing,
1927 as you've mentioned, and that's going to take, I think, an
1928 element of economic statecraft, significant investment
1929 because, as I mentioned in my statement for the record, we've

1930 just been complacent for too long and we risk again trading
1931 energy dependence on one form for energy dependence of a new
1932 form and doing it to the Chinese Communist Party.

1933 *Miss Rice. General, thank you so much, and thank you
1934 to all the witnesses and I yield back.

1935 *Ms. DeGette. I thank the gentlelady.

1936 Chair now recognizes Mr. McKinley for five minutes.

1937 *Mr. McKinley. Thank you, Madam Chairman.

1938 Surely this committee recognizes that the gas prices are
1939 set at the global market and are markedly influenced by
1940 domestic regulations. So let's just take a step back.

1941 According to the Energy Information Administration, gas
1942 prices historically tend to increase dramatically under
1943 democrat presidents imposing more regulations and have even
1944 decreased under republican presidents. Gas prices have --
1945 actually dropped 52 percent under President Reagan.

1946 So since our goal is to lower gas prices at the pump for
1947 Americans, we must stop overregulating. Listen to what the
1948 panelists have been saying to us all day today. To reduce
1949 prices, we must allow increased to production and supply.

1950 So, Madam Chairman, high gas prices seem to be
1951 responding to the increased regulations that have been
1952 imposed. The Administration -- this Administration has
1953 already been waging its own war on fossil fuels by issuing a
1954 federal leasing moratorium, slowing down the permitting

1955 process. Companies have sought 22,000 permits for drilling,
1956 but only 9,000 have been approved.

1957 They're weaponizing the Federal Reserve and the SEC and
1958 they're cancelling the Keystone Pipeline and threatening
1959 others, like Line 5, the Atlantic Coast Pipeline, Dakota
1960 Access Pipeline, the Mountain Valley Pipeline. No wonder the
1961 market is nervous and prices have increased.

1962 Remember, our goal is to lower gas prices at the pump
1963 for Americans. Increasing regulations will have -- will
1964 produce the opposite effect.

1965 So, Mr. McMaster, yesterday, The Wall Street Journal
1966 reported that the Biden Administration is seeking to increase
1967 oil imports from Canada. Really? Didn't he just cancel the
1968 permit for the Keystone Pipeline that imported 830,000
1969 barrels of crude oil per day from Canada? And Canada's
1970 network of pipeline are already running at full capacity. So
1971 we'll have to import by rail, which, according to analysts,
1972 is more expensive.

1973 So my question to you, Mr. McMaster, will energy prices
1974 go down if we rely on rail to transport crude oil?

1975 *Mr. McMaster. Congressman, I'm not an economist. I'm
1976 a washed up general, you know, but I would say that I think
1977 that they would go up, you know, of course, and what -- I
1978 think this is just one example of the irrationality of energy
1979 policy and this is what I mean by the need to integrate

1980 energy policy with national security policy and with climate
1981 policy.

1982 Of course it is much more ecologically friendly to
1983 transport that oil and gas through a pipeline rather than
1984 through rail and trucks and so forth. So this is just one of
1985 many, many examples in which energy policies and decisions
1986 run counter to what our overall goals and objectives are.

1987 *Mr. McKinley. General, if I could ask -- I've got two
1988 more quick questions to you.

1989 One is the Atlantic Coast and the Mountain Valley
1990 Pipelines were -- if they had been completed, would that have
1991 made energy costs in America more likely to have decreased?

1992 *Mr. McMaster. Yes, to -- and also -- and also just --

1993 *Mr. McKinley. Thank you.

1994 *Mr. McMaster. -- and made the supply much more secure
1995 and accessible.

1996 *Mr. McKinley. Okay. And then the third question, in
1997 your testimony, you said that it makes no sense to cancel the
1998 Keystone XL while greenlighting Nord Stream 2.

1999 Could you explain a little bit more on that?

2000 *Mr. McMaster. Well, what happened is, you know, we
2001 denied Canada access to our market and of course, what's
2002 Canada going to do? They're going to have to sell oil
2003 elsewhere, maybe to China, for example, which would give
2004 China maybe more power over Canada's economy.

2005 And then, of course, we enabled the coercive power of
2006 the Kremlin over Germany, which is, you know, importing 51
2007 percent of its gas and 41 percent of its oil from Russia.
2008 This is why the European Union will not impose a hydrocarbon
2009 embargo on Russia, even as they're committing mass murder of
2010 innocent people in Ukraine.

2011 So it was an extremely poor decision that ran counter to
2012 our national security interests, and again, this is why
2013 energy security and national security policies must be
2014 integrated and compatible with one another.

2015 *Mr. McKinley. Thank you, Madam Chair. I think it was
2016 an excellent panel and I think we've got quite a bit of good
2017 information to work with. So thank you.

2018 I yield back.

2019 *Ms. DeGette. I thank the gentleman.

2020 Chair now recognizes Ms. Schakowsky for five minutes.

2021 *Ms. Schakowsky. Thank you, Madam Chair.

2022 You know, the vast number of American people believe
2023 that the main reason for their increase in prices at the
2024 pump, not the only reason, but the main reason is, in fact,
2025 price gouging. You know, during World War II, Congress held
2026 war profiteers accountable, and I want to tell you, the
2027 recent poll, three weeks ago, that there is overwhelming
2028 support, 80 percent of Americans, for a windfall profits tax.

2029 And I want to tell you that I am planning to upgrade my

2030 COVID Price Gouging Prevention Act to make sure that it
2031 extends beyond the COVID crisis because we cannot tolerate,
2032 in any industry, price gouging.

2033 I wanted to ask you, Mr. -- or just to mention, Mr. --
2034 to you, Mr. Lawler, that your global CEO, Bernard Looney,
2035 recently stated, and I quote, that, "BP is literally," he
2036 says, "literally a cash machine when oil prices are at this
2037 level."

2038 And so I do want to ask you this, Mr. Lawler. Do you
2039 think that BP should be receiving any tax payments from the
2040 American people as long as the company is making such great
2041 profits right now? I know that you are projecting that there
2042 is going to be a big profit in the first quarter.

2043 *Mr. Lawler. Thank you. Yeah, appreciate the question.

2044 I think if you look at the whole context of those
2045 comments, what we were really focused on with those comments
2046 is that at these prices, it will be very helpful for the
2047 energy transition. So as we've talked about, it is very
2048 expensive to not only bring on resilient hydrocarbons, but
2049 the massive investment that's going to be needed to
2050 effectuate the energy transition cannot be understated, and
2051 I'll just give you a couple of quick examples.

2052 So in the Gulf of Mexico, I had mentioned in my opening
2053 statement, we're installing this platform called Argos. That
2054 costs \$9 billion and it's been in motion for years --

2055 *Ms. Schakowsky. No, I appreciate -- I appreciate that.
2056 I have a short time, but some of the tax breaks that you get
2057 are uniquely to help you to do oil exploration and I don't
2058 think that taxpayers ought to continue to pay that,
2059 especially as much as 96 percent of subsidies for new oil
2060 wells go toward profits when the prices are so high.

2061 I wanted to ask Mr. Wood (sic) reports indicate that
2062 your company, Exxon -- that Exxon could see a first quarter
2063 profit of about \$9 billion. Do you think that it makes sense
2064 for your company to receive federal subsidies while you are
2065 seeing such high profits?

2066 *Mr. Woods. So I would put our first quarter profit in
2067 the context of a much longer time horizon, which is the time
2068 horizon that we make investments over, and if you look across
2069 the industry as a whole, in our company specifically, across
2070 that time horizon, the return that we generate for the --
2071 that we have to invest is fairly average versus the rest of
2072 industry. We have the cycle highs and the cycle lows and
2073 it's important to look across those.

2074 As I mentioned, in 2020, our company lost \$22 billion,
2075 and so we rode through that, continuing to make investments.
2076 In that year we lost \$22 billion, we made \$20 billion of
2077 capital investments to make sure that --

2078 *Ms. Schakowsky. If I could just because I have such a
2079 short time, you know, lots of companies, especially during

2080 the pandemic, lost money, but we do, as American taxpayers,
2081 pay subsidies to the oil and gas industry and in some cases,
2082 the kinds of tax breaks that really are not available to
2083 other corporations.

2084 Do you think that you should be treated separately and
2085 get the kind of tax breaks that you're getting now even when
2086 the profits are high?

2087 *Mr. Woods. I think and what we advocate for is a level
2088 playing field. We're a global industry, a global business
2089 that competes globally, and having a tax regime that is
2090 competitive with international competitors is important, but
2091 a level playing field is our approach and what we advocate
2092 for. We don't look for special carveouts, a level playing
2093 field.

2094 *Ms. Schakowsky. Okay. But you get special carveouts.
2095 And I'll yield back.

2096 *Ms. DeGette. Chair now recognizes Mr. Long for five
2097 minutes.

2098 *Mr. Long. Thank you, Madam Chair.

2099 And I have a question for the Chairwoman, a question.
2100 Were the -- I know the other day we had a -- had witnesses
2101 here at the table for another hearing in here and then one of
2102 my colleagues said that we don't do things that way anymore.
2103 Were the witnesses invited today or told to stay away?

2104 *Ms. DeGette. So, in fact --

2105 *Mr. Long. Was that their decision to not be here or
2106 was that our decision?

2107 *Ms. DeGette. -- in fact, Mr. Long, I encouraged the
2108 witnesses to come in person. I wanted them here in person.
2109 They opted -- the witnesses opted themselves to testify
2110 remotely. That was their decision.

2111 *Mr. Long. Was that a group -- I mean, did each one of
2112 them decide individually not to be here?

2113 *Ms. DeGette. That is my understanding. I wanted them
2114 here --

2115 *Mr. Long. Okay. If any of you disagree with that, let
2116 me know, but I would --

2117 *Ms. DeGette. Well, you know what, you can ask the
2118 witnesses.

2119 *Mr. Long. That's what -- I am. I'm trying to. Yeah,
2120 I'm sorry.

2121 *Ms. DeGette. Ask them.

2122 *Mr. Long. Yeah, but -- yeah, if you want to --

2123 *Ms. DeGette. Because I wish they would have been right
2124 here.

2125 *Mr. Long. -- chime in on that, why you are not here
2126 because, you know, an empty -- I always like to look people
2127 in the eye. I mean, it's kind of tough to do it through a
2128 computer or screen or whatever we call that thing up there on
2129 the wall.

2130 So -- but, anyway, Mr. Sheffield, am I given to
2131 understand that the oil markets move in anticipation of
2132 future events, not events today, but anticipation of future
2133 events?

2134 *Mr. Sheffield. Yeah. It's all based on the world's
2135 supply, demand, and also predictions of what may happen in
2136 the future. That's correct.

2137 *Mr. Long. Because -- okay. Thank you. Because I
2138 remember very well that President Biden campaigned on the
2139 fact that he was going to pretty much decimate energy
2140 production in this country and this committee right here that
2141 we're in today, Energy and Commerce, a few years ago, I was
2142 on the Energy Subcommittee and we worked long and hard to get
2143 LNG to where we could export LNG. We had to change the law
2144 to be able to do that and we did that very successfully for a
2145 while.

2146 So it goes back to the old saying who are you kidding
2147 when you're kidding yourself. When you're sitting here
2148 talking about price gouging and things like that and we have
2149 a President of the United States that campaigned on the fact
2150 that he was going to do everything he could to decimate
2151 energy production in this country. It -- I'm from Missouri.
2152 You got to show me, and this hearing today doesn't make a lot
2153 of sense to me.

2154 Mr. Sheffield, I'll go with another question for you.

2155 I'm mindful of the impact that higher gas prices have on
2156 Americans. Policies that hinder growth in the energy
2157 industry certainly impact prices. Americans pay for that
2158 energy to run everything, small businesses, heat their homes,
2159 fill their gas tanks, and that means less money to pay for
2160 groceries and other essentials, which, oh by the way, are up
2161 quite a bit. Tires are up 30 to 40 percent, if you need a
2162 set of tires today.

2163 Under the Biden Administration, inflation has hit the
2164 highest point in 40 years. Unfortunately, experts suggest
2165 it's only going to get worse, no matter how much President
2166 Biden tries to pass the blame. A key component of the
2167 Consumer Price Index is gas prices, which have been rising
2168 since day one of the Biden Administration, and actually,
2169 that's not true. They started rising on November 3rd of 4th,
2170 the day -- I think November 3 was the day he got elected and
2171 in anticipation, like I mentioned earlier, of future events,
2172 knowing he was going to be President, knowing he'd campaigned
2173 on killing energy production in this country, they went up
2174 the next day and the next week, they were up, like, if I
2175 remember right, like 20 percent on crude.

2176 A key component of Consumer Price Index is gas prices,
2177 which have risen since day one of the Biden Administration,
2178 like I said. I read that twice in case you didn't get it the
2179 first time.

2180 Oil is priced on future markets and future for American
2181 oil and gas development. It doesn't look so bright under the
2182 Biden energy agenda.

2183 Can you elaborate on how inflation affects your
2184 industry, Mr. Sheffield?

2185 *Mr. Sheffield. Yes. We are seeing severe inflation,
2186 primarily due to the pandemic. We're seeing severe supply
2187 constraints, and I testified already in my testimony that
2188 we're lacking a lot of equipment, and the reasons why we
2189 can't grow faster is we're lacking rigs. We're lacking
2190 fracking fleets.

2191 When you go through three downturns, we can't bring
2192 people back to the Permian Basin. Who wants to come back and
2193 work in the oil and gas industry? We just can't get people
2194 back.

2195 So we are seeing severe inflation. It's up
2196 significantly and we'll continue to see severe inflation over
2197 the next several years.

2198 *Mr. Long. Okay. And I got a quick question for
2199 General McMaster. What steps should we be taking to increase
2200 energy production here in the United States to lower energy
2201 costs and make us once again energy independent, as we were
2202 on January 20th until 11:59 in the morning of 2021?

2203 *Mr. McMaster. I think streamlining the permitting
2204 process and then -- and removing bureaucratic obstacles. I

2205 think that is the number one impediment, and I'd like to hear
2206 from the other members, I think, who could speak more
2207 authoritatively about this, but I am aware of a number of
2208 actions, for example, that are just sitting at the Department
2209 of Energy with all of the environmental impact work done and
2210 are just awaiting signatures.

2211 So I think it's important to remove rather put more
2212 obstacles in place, which has been the tendency, to be able
2213 to tap into the tremendous power associated with American
2214 energy.

2215 *Mr. Long. Okay. Thank you. And thank you all for not
2216 being here today, I think. I think that's what I mean.

2217 I yield back.

2218 *Ms. DeGette. Thank you. Mr. Long, just for your
2219 information, in the interim, I checked with staff and, in
2220 fact, all of the witnesses for today were invited to appear
2221 in person, but they all opted -- it was their decision not to
2222 come in person today --

2223 *Mr. Long. Thank you for inviting them and I'm very,
2224 very sorry they made that decision.

2225 *Ms. DeGette. I am too.

2226 Mr. Tonko, you're now recognized for five minutes.

2227 *Mr. Tonko. Thank you, Madam Chair.

2228 Before you start my clock, I just want to correct
2229 something that my friend and colleague, Ranking Member

2230 Rodgers, said. Here are the facts. According to the non-
2231 partisan Energy Information Administration, domestic oil
2232 production was only 9.8 billion barrels per day during
2233 President Biden's first full month in office. Since then,
2234 production has grown to 11.4 billion barrels per day. That
2235 means oil production has gone up almost 2 billion barrels per
2236 day since President Biden took office.

2237 So it is patently false to say that oil production has
2238 decreased under President Biden.

2239 The oil industry has a notorious track record of
2240 investing in countries run by petro-dictators, including
2241 Russia. According to recent reporting, Shell, Exxon, and BP
2242 are among nine American and European companies that have paid
2243 more than \$15.8 billion in taxes and fees to Russia after,
2244 after it annexed Crimea in 2014.

2245 Those projects have helped to fund Putin's war chest and
2246 provide Russia with the operational and technical energy
2247 expertise that gives it leverage on the global stage, all the
2248 while, we watch in horror as the media alerts to the
2249 tragedies in Ukraine. Each of you has since announced either
2250 pause on or exits from your Russian businesses.

2251 Mr. Woods, Exxon recently announced that it would begin
2252 the process of exiting its Sakhalin 1 venture in Russia and
2253 would not make further investments in Russia.

2254 Briefly, can you explain when Exxon will be completely

2255 divested from Russia?

2256 *Mr. Woods. We're working through that process now.
2257 It's rather complex because we are the operator of offshore
2258 rigs in deep water and environmentally sensitive areas. So
2259 we're working our way through that as expeditiously as
2260 possible.

2261 *Mr. Tonko. Thank you. Mr. Woods, Exxon's former CEO,
2262 Lee Raymond, famously said that he doesn't make decisions
2263 based on what's good for the United States. Another Exxon
2264 CEO and President Trump's first Secretary of State received
2265 the Order of Friendship Award from Putin after, after Russia
2266 had already invaded Georgia.

2267 Do you agree that Exxon should not make decisions based
2268 on what is in the best interest of the United States? And
2269 what actions is Exxon taking to ensure that it no longer
2270 invests in governments run by violent adversaries of global
2271 peace?

2272 *Mr. Woods. Well, we're a company that operates on a
2273 global scale across the world and obviously making decisions
2274 about where we choose to operate, a number of factors are
2275 inputted into that, including the Administration's view and
2276 recommendation on engaging --

2277 *Mr. Tonko. Is it for the best interest of the United
2278 States? That's what I asked.

2279 *Mr. Woods. I would tell you in our business in Russia,

2280 for both democratic and republican administrations have
2281 encouraged --

2282 *Mr. Tonko. Okay.

2283 *Mr. Woods. -- our investments there as a way to bring
2284 western values into Russia and benefit the Russian --

2285 *Mr. Tonko. Okay.

2286 *Mr. Woods. -- people.

2287 *Mr. Tonko. Thank you, sir. Thank you.

2288 Mr. Wirth, I listened as you committed to, and I quote
2289 you, "Maintaining American leadership," but Chevron's
2290 website indicates that it has marketing and retail operations
2291 in Russia and that it supplies Russian oil companies with
2292 lubricants and other materials. According to your website,
2293 Chevron is merely pausing all transactions in Russia.

2294 Question. Will you make a commitment that Chevron will
2295 not simply suspend but terminate all operations in Russia and
2296 that it will no longer supply Russian oil companies with the
2297 lubricants and materials that help Russia fill its coffers?
2298 Yes or no.

2299 *Mr. Wirth. Congressman, we've halted all those sales
2300 and for the foreseeable future, there's no way that those
2301 will resume.

2302 *Mr. Tonko. Mr. Watkins, I would like to take the
2303 opportunity -- or Ms. Watkins, excuse me, I would like to
2304 take the opportunity to share how shocked I was by Shell's

2305 decision to purchase new Russian oil cargos. I think it
2306 justifies the concerns of many who believe that the major oil
2307 companies will always prioritize their own profits, even when
2308 basic moral values are at stake.

2309 Having said that, I'm glad that Shell too has now
2310 decided to exit its operations in Russia and it's withdrawing
2311 from purchases of Russian petroleum products.

2312 Briefly, can you explain when Shell will be completely
2313 divested from Russia?

2314 *Ms. Watkins. We are in the process of working through
2315 that. We have ceased buying all spot crude and all spot LNG
2316 at this point in time. We have walked away from our
2317 investments that we have -- we are in the process of figuring
2318 out how to do that. It is not completely clear. We will
2319 need to be in compliance with all laws and sanctions and we
2320 are doing it as fast we possibly can.

2321 *Mr. Tonko. And, Mr. Lawler, BP has also recently
2322 announced that it is exiting its 19.75 percent stake in
2323 Rosneft, an -- run operation that helps Putin project power
2324 in Europe.

2325 Since Russia's invasion of Crimea, reporting indicates
2326 that BP has paid approximately \$817 million in taxes to the
2327 Kremlin, in addition to \$353 billion in taxes, fees,
2328 royalties, and profits remitted to the Kremlin by Rosneft
2329 itself.

2330 What specific actions is BP taking to exit its Russian
2331 operations and when will BP be completely divested from
2332 Russia?

2333 *Mr. Lawler. Now, thank you for the question. What I
2334 can say is that BP was horrified with the military action and
2335 the war against Ukraine. Within 96 hours, we announced our
2336 intention to exit our position with Rosneft in Russia. That
2337 means up to a \$25 billion write down. So the company's
2338 actually quite serious about our response.

2339 And what I would say is we're looking at all options.
2340 It's still early, but we will -- when that process is
2341 complete. It is underway and --

2342 *Mr. Tonko. Well, I would hope that it would -- I hope
2343 it would be done with great urgency. It's troubling that you
2344 place profits over people and profits over our planet.

2345 With that, I yield back.

2346 *Mr. Lawler. Well, we did write down \$25 billion.

2347 *Ms. DeGette. I thank the gentleman. I thank the
2348 gentleman. Gentleman's time is expired.

2349 Mr. Palmer, you're now recognized for five minutes.

2350 *Mr. Palmer. I thank the Chairman and I thank the
2351 witnesses for being willing to be here today considering all
2352 that you've been through and all that my democrat colleagues
2353 have put you through over the last few months.

2354 And I appreciate the fact that there are multiple

2355 factors that impact the price of oil and natural gas and the
2356 most fundamental obviously is supply versus demand, but
2357 obviously when demand is high and supply is limited, prices
2358 go up. But that's not the only consideration when it comes
2359 to oil and natural gas. Uncertainty created by government
2360 policies that impact investment decisions and the
2361 availability of capital also impact prices.

2362 Would all of you agree with that? And I'd appreciate if
2363 all of you answered at once yes or no.

2364 (Chorus of yeses)

2365 *Mr. Palmer. What is happening here today and what
2366 happened last fall when your companies were attacked by
2367 democrat colleagues on the Oversight Committee will continue
2368 to impact oil and gas industry decisions and prices because
2369 it creates more uncertainty in terms of capital investment.

2370 The hearing before the Oversight Committee last fall
2371 attacked your companies. Now, this is what gets me is here
2372 we are attacking you because supply -- price is high because
2373 supply is low and they opened up the Strategic Petroleum
2374 Reserve to increase supply, but they attacked you last fall
2375 for producing too much oil, and one democrat even used jars
2376 of M&Ms and bags of rice to illustrate the point.

2377 Another democrat on the committee called one of you a
2378 liar and compared your industry to tobacco companies. There
2379 was another democrat said that they want to have Big Oil

2380 hearings like they had Big Tobacco hearings. That -- I kind
2381 of think that's what we're doing today, setting this all up.
2382 It was part of a strategy that was developed at a meeting in
2383 La Jolla, California in 2012, where left-wing activists
2384 mapped out a strategy to take down the fossil fuel industry.

2385 Are you aware that your industry is being set up? Are
2386 you aware that these hearings are likely part of a strategy
2387 to destroy public confidence in your industry that was laid
2388 out, like I said, in 2012, where these activists mapped out
2389 this strategy?

2390 The American people should be aware of what is taking
2391 place here because it's going to impact them enormously. I
2392 think you should trust the judgment of the American people
2393 more than you do the judgment of the Biden Administration or
2394 my democrat colleagues in terms of their choices for
2395 providing energy for their homes, the matter -- and choices
2396 in their decisions on the transportation that they decide
2397 they want to utilize in the conduct of your business and base
2398 it on that.

2399 And I realize that it's going to be very difficult for
2400 you to do that as long as the Biden Administration and the
2401 democrats in Congress work to undermine the domestic energy
2402 production, but it's not just the price of energy that should
2403 be of concern to every one of us -- every American. It's
2404 also a national security issue.

2405 By shutting down our domestic energy production, not
2406 only have we made Eastern -- made Europe, all of Europe, more
2407 vulnerable to the influence of Russia, we've undermined our
2408 own national security, and I'd like, General McMaster, if
2409 you'd comment on that.

2410 *Mr. McMaster. Well, I think, as we've said,
2411 Congressman, you know, energy security is national security.
2412 We can see that just quite dramatically with the invasion of
2413 Ukraine, but that's always been the case, and I do think that
2414 there have been constraints put on our ability to take full
2415 advantage of, you know, the great -- you know, the resources
2416 we have in this country to not only satisfy the global market
2417 in a way that's cleaner, but also in a way that breaks the
2418 grip of these authoritarian regimes.

2419 And I would like to see maybe now put into place an
2420 energy policy that is connected to our national security
2421 strategy and I think it's past time to do that, Congressman.

2422 Thank you.

2423 *Mr. Palmer. I appreciate that. One of my colleagues
2424 pointed out that in previous administrations, we've seen
2425 substantial price impacts. I hearken back to the last time
2426 we saw price increase like this maybe to the presidency of
2427 Jimmy Carter, when the price of gasoline almost doubled by
2428 the end of his Administration. God help us if that happens
2429 in this Administration.

2430 I just want to point out again to the American people, I
2431 hope that are paying attention to this, the inconsistency and
2432 the hypocrisy of these hearings. What's happening here today
2433 is going to impact every American family. It's going to
2434 impact jobs, not only in your industry, but other jobs. And
2435 it is going to undermine the prosperity and economic future
2436 of this country.

2437 And, Madam Chairman, I yield back.

2438 *Ms. DeGette. I thank the gentleman.

2439 Now I'm pleased to recognize Mr. Ruiz for five minutes.

2440 *Mr. Ruiz. Thank you, Chair, for holding this hearing
2441 on a critical issue on the top of my mind and my
2442 constituents' mind.

2443 In my district last week, I saw prices between \$5.49 and
2444 \$6.40 a gallon. These prices are outrageous and my
2445 constituents are struggling at the pump and struggling to
2446 make ends meet. I hear from constituents who tell me how the
2447 outrageous gas prices are putting everything out of reach.
2448 They tell me that they're struggling to afford the gas just
2449 to go to work.

2450 I'm curious, on your salaries, do any of you have
2451 trouble affording the gas to get your job? I didn't think
2452 so. And as this graph behind me based on research shows,
2453 while American families are struggling with high gas prices,
2454 you and your Big Oil corporations are making record profits,

2455 choosing to keep supply low instead of investing oil in
2456 production in the 9,000 unused permits. You choose to make
2457 more profits for shareholders.

2458 During this Russian war, you are ripping the American
2459 people off and it must end. Gas prices need to go down, and
2460 while the rest of America is trying to make this happen, you
2461 all are trying to increase your record profits. And gas
2462 prices cannot continue to be dependent on the whims of
2463 autocrats like Putin, who can weaponize oil against us.

2464 The solution for now and in the future is transitioning
2465 to a clean energy future where we aren't dependent on oil.
2466 We must expand our use of affordable electric vehicles with
2467 batteries that are made in America with American materials.
2468 Right now, we're sitting on the fifth largest lithium deposit
2469 in the world, big enough to power a clean energy future and
2470 meet our battery manufacturing needs right here at home in
2471 Southern California, in my district, underneath the Salton
2472 Sea.

2473 What you unique is that this lithium is extracted from
2474 the brine from geothermal energy production. A clean energy
2475 future will break us free from our dependence on oil. It'll
2476 ensure we won't have to worry about outrageous gas prices
2477 like we're seeing now, and if we do it right, it'll create
2478 sustainable manufacturing here at home.

2479 So I'd like to hear from the companies here today what

2480 are you doing to move us toward that clean energy future?

2481 Mr. Lawler, can you briefly discuss what BP is doing to
2482 move us toward a clean energy future with more electric
2483 vehicles?

2484 *Mr. Lawler. Absolutely, Congressman. Thank you for
2485 the question.

2486 So I might start by saying I grew up in Denver, Colorado
2487 in the 1970s, and my dad printed the Denver Post each night
2488 and was a member of the union. And I remember clearly as a
2489 child the pain that the cost of gasoline imposed on our
2490 family, and so while today --

2491 *Mr. Ruiz. So what are you doing to honor that memory
2492 and moving towards the clean energy future?

2493 *Mr. Lawler. Well, no, I appreciate that opportunity.
2494 So what we're doing at BP is we're working flat out. Our
2495 refineries are running flat out. We are bringing 140,000
2496 barrels of crude oil to the market this year in the second
2497 half of this year.

2498 We've also invested --

2499 *Mr. Ruiz. That doesn't sound too clean to me. What
2500 are you doing to --

2501 *Mr. Lawler. Well, we're --

2502 *Mr. Ruiz. -- expand the clean energy future with
2503 batteries, electric vehicles, something that will help clean
2504 our air and help us not be dependent on oil?

2505 *Mr. Lawler. No, absolutely. So, again, we're making
2506 the transition investments that are needed. As I mentioned,
2507 we're going to install 4.5 gigawatts of power offshore
2508 Massachusetts and New York. We'll be rapidly expanding the
2509 number of EV charging stations in the States. We do have a
2510 50/50 partnership with Lightsource BP that's putting in
2511 numerous large solar farms across the United States in many,
2512 many places.

2513 And we just bought a company called 7X and we'll be
2514 installing a significant number of solar fields in the
2515 Midcontinent region in the United States. And we will be
2516 spending \$5 billion a year by the end of the decade.

2517 So BP is in action. We have real things that are
2518 happening now.

2519 *Mr. Ruiz. Thank you for that. Thank you for that.

2520 I want to ask Ms. Watkins the same question. What
2521 investments is Shell making to develop and improve on lithium
2522 battery and electric vehicle technology to transition us to a
2523 cleaner future?

2524 *Ms. Watkins. Yes. Shell's making a lot of investments
2525 to advance to a cleaner future. In fact, our whole strategy
2526 is premised on working very closely with our customers in
2527 order to increase the demand for low and no carbon fuels,
2528 including electric vehicles, as you mentioned.

2529 We have a company within our company called Greenlots

2530 that actually is working to install electric vehicle charging
2531 and back office software systems. We're working with cities,
2532 governments, universities, other companies in order to
2533 decarbonize their fleets. So we have a very specific focus
2534 there, as well as on wind and solar.

2535 I mentioned we've just recently bought Offshore New
2536 York, a 50 percent interest for almost \$400 million. That's
2537 just the lease for the Offshore space to install offshore
2538 wind. And so we're investing billions of dollars a year and
2539 as we move through time, that will only increase as -- again,
2540 as our customers work -- as we work with our customers to
2541 increase their demand for low and no carbon fuels.

2542 *Ms. DeGette. Gentleman's time expired.

2543 Chair now recognizes Mr. Dunn for five minutes.

2544 *Mr. Dunn. Thank you, Madam Chair. I appreciate the
2545 opportunity to discuss rising gas prices and how poor
2546 Administration policy contributed to this.

2547 When President Biden took office, he wasted no time
2548 targeting American energy production and you can guess what
2549 happened next. The markets responded. So gas prices were
2550 already rising well before Putin's attack on Russia.

2551 What's worse, we had the chance to prepare to unleash
2552 American energy prior to the Russian invasion, with full
2553 foreknowledge that that invasion was coming. Instead,
2554 largely due to administrative failure, we forced the United

2555 States and our allies to increase our dependence on Russian
2556 energy. The gap left by less American energy exports
2557 directly funds Russia's invasion of Ukraine. That's
2558 shameful.

2559 We could talk about administrative malpractice for
2560 hours. Unfortunately, I only have five minutes, so let's
2561 move into some questions.

2562 General McMaster, nearly one year ago, Russia was
2563 amassing troops at strategic points all along the Ukraine
2564 border, the largest presence of Russian troops since the
2565 invasion of Crimea during the Obama-Biden Administration.
2566 Despite this, the Biden Administration continued to push
2567 policies that attacked our energy supply and our exports to
2568 Europe.

2569 General McMaster, do you believe those actions, such as
2570 cancelling the Keystone Pipeline, emboldened Vladimir Putin?

2571 *Mr. McMaster. Congressman, I do believe this was an
2572 element of Putin's calculus. He believes that we're weak,
2573 right? He's looked at our internal divisions. He's looked
2574 at policies and actions like the surrender to a Jihadist
2575 terrorist organization and our disastrous withdrawal from
2576 Afghanistan. And I think he also looked at our energy
2577 policies and believed, hey, I have coercive of power,
2578 especially over Europe's economy and there'll be a muted
2579 response that he thought would be kind of similar to the weak

2580 response after he first invaded Ukraine in 2013.

2581 *Mr. Dunn. I'm going to move on to Mr. Sheffield just
2582 for a moment. You mentioned in your testimony, Mr.
2583 Sheffield, the oil and natural gas we produce proved a
2584 geopolitical asset for the United States.

2585 Can you list just a few of the federal and state
2586 regulatory obstacles that are restricting your production and
2587 transportation of oil and gas, American oil and gas?

2588 *Mr. Sheffield. Yes. We need more pipelines, both oil
2589 and gas. For instance, use Keystone, for instance. If
2590 Keystone would've been built six, seven years ago, we --
2591 probably Canadian production would be up another million
2592 barrels a day going to the Gulf Coast refineries. That's an
2593 example.

2594 You have to make long-term decisions to help the
2595 industry, but there's not enough oil and gas pipelines.
2596 There's not enough LNG plants. We need LNG plants in the
2597 Northeast. We have the largest gas field in the world in the
2598 Northeast. It's too expensive to get the gas down to the
2599 Gulf Coast. We need to build LNG facilities in the
2600 Northeast.

2601 Those are examples --

2602 *Mr. Dunn. Well, I thank you for your clarity on that,
2603 Mr. Sheffield. I really do. And I appreciate -- will take
2604 that home.

2605 Back to General McMaster, General, while the Biden
2606 Administration continues to push the industry towards
2607 developing and adopting renewable energy technology, the
2608 United States is highly reliant on imports of the minerals
2609 and the production of the materials that are used in
2610 renewable energy technologies. So with the vast majority of
2611 those coming from China, I cannot fathom why we want to
2612 become more dependent on China for energy.

2613 General, doesn't this play directly into China's goal of
2614 world hegemony?

2615 *Mr. McMaster. It does. What Xi Jinping wants to do,
2616 Chairman Xi wants to create a dual circulation economy in
2617 which he is insulated from any kind of financial or economic
2618 ramifications for his aggression against his own people and
2619 internationally, and he fosters dependence on him, especially
2620 in the emerging data-driven global economy and on energy in
2621 particular.

2622 If you think it's bad for oil and gas infrastructure in
2623 the U.S., hey, try to get a mining permit for some of the
2624 minerals that are essential to generating, you know, the
2625 batteries and the magnets and the renewable energy hardware
2626 and equipment. So it's vastly important -- 16 to 20 years
2627 about to get a mining permit in the United States.

2628 So we have a lot of work to do, Congressman, in removing
2629 regulatory barriers to become more competitive and to ensure

2630 that we don't trade one dependency for another in the form of
2631 renewable energy.

2632 *Mr. Dunn. Well, I thank you very much for that
2633 clarity, especially as it applies to the mining of all the
2634 essential minerals and commodities that we need to go to
2635 renewable technology. That was an outstanding point in your
2636 testimony as well. Thank you very much to all the witnesses.

2637 And I yield back, Madam Chair.

2638 *Ms. DeGette. Chair now recognizes the vice chair of
2639 the subcommittee, Mr. Peters, for five minutes.

2640 *Mr. Peters. Thank you, Madam Chair.

2641 If Mr. Putin loves American division, he probably loves
2642 that republicans are blaming President Biden for low
2643 production that happened before he took office or the
2644 inability to get workers in American oil and gas fields, but
2645 one thing we should agree on is that the war in Ukraine is
2646 exposing the interconnections between our energy security,
2647 environment, and our economy, and we should be doing
2648 everything we can to alleviate price shocks and support the
2649 people of Ukraine against Russian aggression.

2650 As we transition to a clean energy economy, we should
2651 focus on bolstering our energy security, which the
2652 Congressional Budget Office defines as the ability of
2653 households, businesses, and government to accommodate
2654 disruptions in supply and energy markets. The increase in

2655 gas prices across the United States clearly reflects a nation
2656 that lacks energy security. One nation, Russia in this case,
2657 can cause significant economic pain to Americans due to our
2658 dependence on oil.

2659 In San Diego, the average price of gasoline reached
2660 nearly \$6.00 a gallon in late March and the most vulnerable
2661 San Diegans feel these price increases the hardest. We have
2662 to respond with real solutions to provide them relief. I'm
2663 grateful for the Biden Administration's actions to reduce
2664 prices, including releasing oil from the Strategic Petroleum
2665 Reserve and working with U.S. companies to replace Russian
2666 oil and gas with American energy.

2667 And I'm open to ideas to reduce prices in the short
2668 term; however, we know that the long-term solution to energy
2669 security is diversification and clean energy, more electric
2670 vehicles, more hydrogen vehicles, more renewables, and more
2671 biofuels.

2672 And we can't ignore the climate science, whatever we do
2673 in the short term. Earlier this week, the International
2674 Panel on Climate Change -- Intergovernmental Panel on Climate
2675 Change, the IPCC, said that we need to rapidly transition to
2676 a clean energy economy and notably they warned that we have
2677 20 fewer years to cut methane pollution than we previously
2678 thought. Instead of by 2050, we now need to cut global
2679 methane pollution by 33 percent by 2030.

2680 Mr. Woods, Exxon refers to itself as energy leader in
2681 addressing methane pollution, and you have committed to
2682 working with the U.S., European, and other governments to
2683 implement the global methane pledge, and as mentioned in my
2684 remarks, we have to accelerate emission reductions by 20
2685 years to avoid dangerous warming. In light of the IPCC's
2686 findings, should Exxon and other companies testifying today
2687 set more aggressive commitments to reducing methane emissions
2688 to align with the new scientific findings?

2689 *Mr. Woods. Well, Congressman, I think you touched on a
2690 very important part that the industry is very focused on, our
2691 work to reduce methane. I know across all the companies that
2692 I engage with, we're focused on it. Our company specifically
2693 has committed to, by 2030, reducing methane emissions by 70
2694 to 80 percent, and as we work towards that goal, we're trying
2695 to improve upon that number and I think --

2696 *Mr. Peters. So what are some of the specific steps
2697 that Exxon should take to accelerate methane emission
2698 reductions?

2699 *Mr. Woods. So there's a process of changing out
2700 equipment, making sure that the process -- the operations
2701 that we use are sensitive to events that release methane,
2702 making sure the equipment is of the right vintage. There's a
2703 lot of maintenance and replacement of equipment that drives
2704 that.

2705 *Mr. Peters. Don't you think U.S. oil and gas companies
2706 should be leading the world in reducing methane pollution?
2707 After all, our customers, your customers are going to be
2708 looking for clean gas.

2709 *Mr. Woods. I think the oil and gas industry has an
2710 obligation to lead in this space and I would make the point
2711 that I think we are doing that. In fact, I think many of the
2712 panel members here today are taking that position, to lead in
2713 reducing methane emissions.

2714 *Mr. Peters. Well, I hope you'll be willing to work
2715 with the committee and Congress to accelerate that
2716 commitment.

2717 And, Mr. Wirth, Chevron and other companies today have
2718 set climate targets and committed to the Paris Agreement. At
2719 the same time, they've argued that cost remains a barrier to
2720 stopping routine flaring, which is a significant contributor
2721 to climate change.

2722 Will you commit to using your increased profits to
2723 further reduce methane pollution and routine flaring?

2724 *Mr. Wirth. Congressman, we absolutely share that
2725 commitment and you've put your finger on a very important
2726 issue, and I would echo the comments of Mr. Woods, that I
2727 think the companies in this industry, particularly the
2728 American companies and some of the international companies
2729 represented on this panel, are absolutely committed to

2730 reducing methane emissions and eliminating routine flaring.

2731 *Mr. Peters. Thank you. I appreciate the witnesses
2732 being with us today, and I want to just call out for my
2733 republican colleagues that these folks in this industry that
2734 you guard so closely see it as a priority to reduce methane
2735 pollution. I need my colleagues on the republican side of
2736 the aisle to commit to that as well and that we can get this
2737 done.

2738 Madam Chair, I yield back.

2739 *Ms. DeGette. I thank the gentleman.

2740 Mr. Joyce, you're now recognized for five minutes.

2741 *Mr. Joyce. First, I'd like to thank Chair DeGette and
2742 Ranking Member Griffith for having this hearing today.

2743 Chair, I'd like to quickly respond to Mr. Tonko to
2744 correct the record. My good friend repeated a claim that the
2745 Biden Administration has made, but it's very misleading --
2746 they're claiming that oil production under President Biden is
2747 up, but they are only comparing it to the first year of the
2748 Trump presidency.

2749 Here's the truth. According to EIA data, U.S. oil
2750 production has declined by over 1.5 million barrels per day
2751 from the peak production of 13 million barrels per day in
2752 2020. President Biden also imposed a moratorium on fossil
2753 energy development on federal lands and waters, and he
2754 stifled U.S. energy production through bureaucratic delays.

2755 Clearly, the Biden Administration is creating a
2756 regulatory environment that is hurting Americans' ability to
2757 produce oil and gas domestically. What we've seen in the
2758 last several months has been an energy crisis, unfortunately
2759 of our own making. We have finally learned what many of my
2760 colleagues and I have been saying repeatedly in this
2761 committee, that the only way to guarantee reliable and
2762 affordable energy for the American people is to utilize the
2763 resources under the feet of my constituents.

2764 Instead, the Biden Administration has given into
2765 environmental groups and left our country beholden to foreign
2766 autocrats and oil cartels. This is not what America needs.

2767 In my home state of Pennsylvania, we have the resources
2768 required to power our nation and get back to energy
2769 dominance, but for now, that potential is locked under ground
2770 and my constituents are left paying higher and higher prices
2771 to fill their gas tanks. We need to stop talking about how
2772 to attack the energy industry and we need to start focusing
2773 on how to stimulate domestic production.

2774 We need a positive energy policy instead of a punitive
2775 energy policy. Many of these companies before us have
2776 invested billions in research and development that have
2777 directly benefited American consumers. Several have made
2778 large investments in Pennsylvania that have not only spurred
2779 domestic production, but provide thousands of family-

2780 sustaining jobs in the communities that I represent.

2781 This is the answer on how we bring gas prices down. The
2782 solution to our energy crisis cannot be found in Saudi
2783 Arabia, but rather in Somerset County, Pennsylvania, in
2784 Bedford County, Pennsylvania, in Cambria County,
2785 Pennsylvania. Enabling production here at home is the only
2786 way to give Americans the economic future that they deserve.

2787 My first question, a great example in my home state of a
2788 type of long-term development that we need is the Shell
2789 Pennsylvania Petrochemicals Complex. It has brought
2790 thousands of construction jobs and hundreds of permanent jobs
2791 to the region. I've been to this plant. I stood with the
2792 pipefitters, the electricians, and the plumbers, working
2793 Pennsylvanians.

2794 Ms. Watkins, can you give us some of the impacts of
2795 Shell's investments in Pennsylvania?

2796 *Ms. Watkins. Yes. Thank you, Congressman.

2797 This is a huge infrastructure project that we've been
2798 investing in for the last few years. In fact, it's the
2799 biggest infrastructure project in the country. At its peak,
2800 it employed 7,500 construction workers, and we're in the
2801 process of commissioning this plant this year. We'll have
2802 600 permanent jobs in Beaver County, Pennsylvania, just
2803 outside of Pittsburgh.

2804 It's a polyethylene plant that's built on the site of an

2805 old zinc smelter, and so we're actually very proud community
2806 members and proud that we've been able to go back into a
2807 community that industry had left and actually really
2808 revitalized that by creating jobs and creating products that
2809 will be vital to the energy transition. This will enable
2810 us --

2811 *Mr. Joyce. My time is limited and I thank you for that
2812 vitality --

2813 *Ms. Watkins. Thank you.

2814 *Mr. Joyce. -- that you're infusing into Pennsylvania.

2815 Mr. Woods, ExxonMobil is another company that has
2816 invested in the shale gas fields of Pennsylvania. At
2817 present, a lack of pipeline and LNG capacity is hampering our
2818 ability to respond to global energy price spikes and support
2819 our friends/our allies in Europe.

2820 How can the federal government work with this energy
2821 sector to ensure the necessary energy infrastructure is there
2822 to facilitate the growth that we need?

2823 *Mr. Woods. Thank you, Congressman. You've touched on
2824 a really important part of the equation with respect to
2825 building out the U.S. oil and gas business, which is
2826 infrastructure and the ability to take the -- what we produce
2827 and get it to market efficiently and effectively.

2828 And one of the big challenges we face today is the
2829 permitting process for pipelines, and then beyond that, the

2830 legal challenges that come from a number of interest groups.
2831 And so both of those need to be addressed if we're going to
2832 effectively and effectively build pipelines that connect
2833 resources with demand.

2834 *Mr. Joyce. Madam Chair, my time has expired. I yield.

2835 *Ms. DeGette. I thank the gentleman. Gentleman's
2836 time's expired.

2837 Ms. Schrier, you're now recognized for five minutes.

2838 *Ms. Schrier. Thank you, Madam Chair, and thank you to
2839 the executives for participating in today's hearing.

2840 I got to tell you, my constituents are hurting. They
2841 are worn down by two years of this pandemic and now, just as
2842 they are getting back on their feet, they're being hit with
2843 skyrocketing prices at the pump and at the grocery store.
2844 Over \$100 to fill up a truck, \$75 to fill my car's gas tank,
2845 and here's the thing. Prices don't have to be this high.
2846 You all can make decisions today that will help our
2847 constituents tomorrow.

2848 Increasing production will demand and bring down prices.
2849 Frankly, given your profits, you could drop prices without
2850 even increasing production. Pre-pandemic, the U.S. produced
2851 about 13 million barrels per day. Now we're at 11, and we
2852 need you to step up now.

2853 And I'll tell you, when I tell my constituents and they
2854 learn that at the same time they're paying these skyrocketing

2855 prices at the pump, \$5 in my area, your companies are making
2856 record profits, they're mad and they should be. Let me just
2857 lay out some numbers, in case you think this is hyperbole,
2858 comparing 2021 profits with 2019, the last typical year.
2859 Exxon, 2019, \$14.3 billion, 2021, \$23 billion. Chevron, \$2.9,
2860 up to \$15.6 billion. BP, \$10 billion, up to \$12.8 billion.
2861 Shell, \$16.5 to \$20.1.

2862 I think most of us would agree that this just doesn't
2863 feel fair. It feels like gouging. It even feels like
2864 profiteering. And right now, we all have a role to play, a
2865 patriotic duty, really, when -- that when there is war in
2866 Europe and gas prices are high and the American people are
2867 hurting, that oil companies should not be sending profits to
2868 shareholders and you all are some of the biggest
2869 shareholders.

2870 I have introduced a bill to suspend the federal gas tax
2871 for the rest of the year, and right now, in the short term,
2872 most people think you should be using the money you have to
2873 extract more oil, meet demand, and bring down prices to give
2874 us, all of us, some relief. And with oil at over \$100 a
2875 barrel, you're going to make a profit regardless.

2876 So I'm asking you in just 20 seconds each, can you tell
2877 me what is the one most important thing that it will take to
2878 ramp up oil production to pre-pandemic production levels?

2879 Ms. Watkins, you can start. What will it take?

2880 *Ms. Watkins. Yeah. We're in the process of bringing
2881 on oil every day. We brought on new oil in the Gulf of
2882 Mexico last week, some more announced today, some more by the
2883 end of the year. Some things that would enable that to
2884 happen even more is the approval of some permits that we have
2885 outstanding right now. Those permits are out there.
2886 Approvals tomorrow would enable us to drill wells that would
2887 likely bring on or --

2888 *Ms. Schrier. Okay. Sounds like --

2889 *Ms. Watkins. -- next year.

2890 *Ms. Schrier. -- permitting is for you.

2891 Mr. Lawler, what would it take for you?

2892 *Mr. Lawler. Thank you for the question. So we're
2893 increasing our capital budget in the onshore by 15 percent
2894 and we're also bringing on a massive offshore platform,
2895 140,000 barrels of oil a day, and we're operating our
2896 refineries at absolute safe maximum capacity.

2897 *Ms. Schrier. Okay. That didn't really answer the
2898 question.

2899 Mr. Wirth, what would it take for you to further
2900 increase production?

2901 *Mr. Wirth. Congresswoman, I appreciate your concern on
2902 this issue. It's a very important one.

2903 Our production in 2021 was higher than our pre-pandemic
2904 production. As I mentioned earlier, we're investing 60

2905 percent more capital this year than we did just last year.
2906 We intend to grow production on the Permian Basin by 10
2907 percent this year. Our company is growing production and
2908 investing in that.

2909 I think broadly speaking for the industry, the issue of
2910 permitting that has been raised multiple times is essential
2911 and also an environment --

2912 *Ms. Schrier. Thank you.

2913 *Mr. Wirth. -- that is supportive of investment in this
2914 industry.

2915 *Ms. Schrier. It sounds -- it sounds like permitting is
2916 the main issue that I'm hearing. My understanding is that
2917 this Administration is working with you on permitting. My
2918 understanding is also that 90 percent of the drilling happens
2919 on private lands, and so I just want to summarize that I
2920 think you can do more and the American people need you to do
2921 more.

2922 Long term, we need to wean ourselves off of this
2923 dependence on fossil fuels, but in the short term, we need
2924 you to step up for the people in my district and for the
2925 people across this country who are feeling extreme pain at
2926 the pump right now.

2927 I yield back.

2928 *Ms. DeGette. I thank the gentlelady.

2929 Chair now recognizes Ms. Trahan for five minutes.

2930 *Ms. Trahan. Thank you, Madam Chair.

2931 In late February, Russia launched its unprovoked and its
2932 violent invasion of Ukraine and President Biden has organized
2933 our allies to impose crippling sanctions on -- has organized
2934 our allies to impose sanctions on Russia. I recently
2935 returned from visiting Eastern Europe, where I heard thanks
2936 for President Biden's and America's leadership on these
2937 issues, but also concerns about American oil and gas
2938 companies profiteering from Russia's invasion.

2939 You know, for the most part, oil companies have rightly
2940 stayed away from trading Russian oil during this global
2941 crisis and several of your companies are discontinuing
2942 investments that have long fueled Putin's war machine, but
2943 among our witnesses, as my colleague, Representative Tonko,
2944 pointed out, there are has been one company that continued to
2945 purchase Russian oil, even after Russia's invasion of
2946 Ukraine.

2947 On March 1st, after the invasion began, Shell purchased
2948 100,000 barrels of Russian oil. Shell got this oil at a deep
2949 discount because no one else would touch it.

2950 Ms. Watkins, I'm aware that your company has since
2951 apologized, but what do you think it says about Shell's
2952 values and credibility that you bought Russian oil while the
2953 Russian military started carrying out its brutal attack on
2954 the people of Ukraine?

2955 *Ms. Watkins. I think it says, you know, we -- within a
2956 day or two, we announced that we were walking away from \$3
2957 billion worth of investments and I think that says a lot
2958 about how we despise what is happening --

2959 *Ms. Trahan. Certainly, but I am aware of your recent
2960 actions. But the reality is after the invasion, you know,
2961 you put the profits ahead of the lives of innocent Ukrainians
2962 and before our ability as a nation to hold Vladimir Putin
2963 accountable. I mean, each of you have been crystal clear in
2964 public statements in the past month that Putin's invasion has
2965 been great for your bottom line.

2966 Not only have each of you taken advantage of this war
2967 and the crisis that it has produced to return even more
2968 profit to shareholders, but it also appears that at least
2969 five top oil executives have cashed out some \$99 million
2970 worth of stock personally since the invasion began. These
2971 include top executives from Hess, Marathon, Continental
2972 Resources, and represented here today, Pioneer.

2973 Mr. Sheffield, you sold 22,247 shares worth of -- \$5.3
2974 million on March 2nd, a little over a week after Russian --
2975 Russia invaded Ukraine. Was the value of Pioneer's stock
2976 when you sold it after Russia's invasion higher, lower or the
2977 same as it was prior to -- on February 24th?

2978 *Mr. Sheffield. Yes, Madam, the stock is only up about
2979 8 to 9 percent since the invasion and I still have over 90

2980 percent of my net worth in Pioneer stock. It was the first
2981 time I've sold stock in several years.

2982 *Ms. Trahan. Well, thank you, Mr. Sheffield, but the
2983 undeniable reality is that you did sell over 22,000 shares of
2984 your company's stock and pocketed millions from Putin's
2985 attack on Ukraine.

2986 Look, today's witnesses, they've talked extensively
2987 about industry externalities and the global nature of oil
2988 prices that aren't in their control. Yet, at the same time,
2989 I hear how these same executives and their companies are
2990 independently deciding not to invest in new supply or produce
2991 more, which would drive down gas prices for consumers in
2992 order to return value to the shareholder.

2993 You may not directly control price, but you do
2994 manipulate supply to decrease the amount of product on the
2995 market and you do that to create scarcity, which at the end
2996 of the day, drives up costs for hardworking Americans. It's
2997 easy to make prices skyrocket overnight and that's great for
2998 share prices and stockholders. Mr. Sheffield has showed us
2999 that much, but it's bad for working families in my district
3000 and in every congressional district across our country.

3001 Your companies made a combined \$76.4 billion last year.
3002 You're on track to make more this year. You're cashing
3003 multimillion dollar paychecks and you're profiting personally
3004 off your stock options, telling us that your hands are tied.

3005 Meanwhile, there are millions of folks who are seriously
3006 considering taking a second or third job just to make ends
3007 meet.

3008 So I'll close by asking you what any working parent who
3009 is struggling with their home heating bill or their gas
3010 prices in my district would, sitting here today, no evasion,
3011 no pivoting, no slick lobbyist talking points, how do you
3012 plan to change course today? Will you stop prioritizing
3013 obscene profitability, buybacks and dividends over the
3014 livelihoods of working Americans because after all, you
3015 represent American companies and that used to mean something,
3016 especially when we've been faced with threats abroad.

3017 It's my hope that you'll take this opportunity to make
3018 it mean something again.

3019 And with the remaining time, if anybody wants to answer
3020 that question, I'd be grateful.

3021 *Ms. DeGette. Unfortunately, the gentlelady has 15
3022 seconds left. So perhaps --

3023 *Ms. Trahan. Well, I'm hearing crickets anyway, so I'll
3024 yield back.

3025 *Ms. DeGette. Thank you.

3026 Mr. O'Halleran, you're now recognized for five minutes.

3027 *Mr. O'Halleran. Thank you, Madam Chair.

3028 It's clear to me that no real solutions for lowering gas
3029 prices have come out of this hearing today. People from --

3030 are more focused on playing the blame game rather than
3031 identifying actions to lower gas and energy prices for
3032 Americans.

3033 We're in an unprecedented time. You've seen historic
3034 inflation caused by multiyear pandemic and now a war in
3035 Europe. I have no issues with energy companies making
3036 profits. What I do have an issue with is the excess profits
3037 that you are making at the expense of the American people.

3038 Since the Industrial Revolution, oil and gas companies
3039 have invested in technologies to help ensure Americans have
3040 access to energy that we need to survive and thrive.
3041 However, in America, the natural resources belong to the
3042 American people and often sits on our lands and the ground in
3043 our country. This is critical to remember.

3044 I understand that oil and gas markets are complex. What
3045 I don't understand is that when we are multiple -- we have
3046 multiple unprecedented crises occurring right now, oil and
3047 gas companies are turning a blind eye, choosing their Wall
3048 Street friends over their corporate responsibility to the
3049 American people. They're partners in this whole process over
3050 time.

3051 Thousands of Ukrainians have been slaughtered at the
3052 hands of the Russian invaders. Parts of Arizona saw the
3053 highest rates of inflation in the nation over the past year,
3054 and Americans are paying the highest gas prices that they've

3055 paid in decades. Americans are hurting.

3056 When the world shut down in 2020, Congress passed
3057 bipartisan COVID relief bills that included critical support
3058 for businesses of all sizes. Over the course of the
3059 pandemic, behind -- demand for oil fell sharply and oil
3060 prices were -- temporarily went negative, but oil and gas
3061 companies benefited from over \$8 billion in relief.

3062 Oil and gas companies have long benefited from tax
3063 breaks like the intangible drilling cost deduction and others
3064 that American taxpayers pay billions for every year.

3065 The companies on this panel alone made the \$76.4 billion
3066 in profits last year, but I know that oil and gas companies
3067 are back to raking in profits. They've forgotten the
3068 American taxpayer and their partners in the whole history of
3069 energy in America. Where are oil and gas companies -- where
3070 are they at now when the American public needs help?

3071 Multiple of the witnesses have testified today that
3072 they've forecasted that returning money to investors is more
3073 important than lowering prices. They've stated it time and
3074 time again over the last months. This is -- has real
3075 consequences for people in my district.

3076 High gas prices have a severe impact on rural America.
3077 It's not uncommon for my constituents to rack up over 50
3078 miles a day commuting to work and school and running everyday
3079 errands. When energy prices go up, everything becomes more

3080 expensive. Families, farmers, ranchers, and rural Americans,
3081 everywhere has to make up and make the hard decisions to cost
3082 costs somewhere.

3083 Congress is limited in how much it can affect oil prices
3084 set by global markets, but we can do something. We can work
3085 together for the American people, as we have done in the
3086 past, to overcome this, but we can't let this crisis stop us
3087 from taking steps to ensure our energy independent. We must
3088 invest and you must invest in the future of energy in
3089 America, clean energy in America and the world, but in every
3090 past crisis, we've been told that increasing domestic
3091 production will solve the issue. It hasn't.

3092 The long-term solution is not limiting our dependence on
3093 foreign oil, not just limiting it, but it is to transition
3094 from the current dependence on foreign oil.

3095 I have some other things I'd like to say, but I also
3096 want to correct a couple of things here. We are in a
3097 different landscape. It was mentioned earlier the pricing,
3098 how much it's increased over the last year or so. There was
3099 a chart up here. That different landscape, part of that
3100 didn't show that part of the reason is we've had tens of
3101 millions of jobs come online. That means more energy needs.
3102 That means more costs.

3103 It wasn't just when the Russians attacked Ukraine. It
3104 was a build up to the Ukraine attack that caused a lot of

3105 that price rise. Pre-invasion pricing was -- just went up
3106 exponentially.

3107 And finally, I've heard time and time again over the
3108 last several weeks, but let alone today, that we are not
3109 doing the job on LNG. We're the largest exporter in the
3110 world on LNG, and pretty soon, we have the permits available
3111 and they have to be invested on by your companies, to do 30
3112 plus billion cubic feet additional, over and above. We have
3113 two new facilities coming online.

3114 So with that, Madam Chair, I want to thank you for your
3115 time and --

3116 *Ms. DeGette. I thank the gentleman.

3117 At this time, all of the members of the Oversight
3118 Subcommittee have questioned the witnesses, and at the
3119 request of the witnesses, we are going to recess, and so the
3120 Chair will announce the committee will stand in recess for 10
3121 minutes and we're going to return promptly because we have
3122 many, many more people to question and we're going to have
3123 votes on the floor.

3124 So the committee's in recess for 10 minutes.

3125 [Recess.]

3126 *Ms. DeGette. Committee will come to order and the
3127 Chair is now very pleased to recognize the distinguished
3128 chairman of the Energy Subcommittee, Mr. Rush, for five
3129 minutes.

3130 *Mr. Rush. I want to thank you, Madam Chair, for this -
3131 - hearing. Madam Chair, the overall profits of the U.S.
3132 energy companies are the greatest profits ever recorded in
3133 the history of mankind or the human species. Let me be
3134 clear, these profits are outrageous on its face.

3135 Madam Chair, look at these profits. ExxonMobil in 2021,
3136 \$23 billion in profit. Chevron, 2021 profit came in at \$15.6
3137 billion. And last, but not least, Shell, Shell company's
3138 profit, \$19.3 billion. These are outrageous profits.

3139 In the weeks following the Russian invasion of Ukraine,
3140 many western oil and gas companies loosened themselves from
3141 Russia, including BP and Exxon.

3142 Ms. Watkins, the same week that other companies announce
3143 that they were taking a step back from Russia, your company
3144 was buying cheap Russian crude oil. Shell brought home
3145 700,000 barrels of Russian -- crude oil for nearly \$30 per
3146 barrel under the international oil prices. It managed to
3147 convert that oil into product that it sold at normal pricing.
3148 That single purchase will represent over \$20 million in
3149 profits.

3150 These profits are nothing short of war profits, blood
3151 money. So in the -- of innocent Ukrainian citizens. Of
3152 course, Shell has since apologized, but it seems to me like
3153 that that is an insincere apology. Are they sorry they did
3154 it or are they sorry they got caught while doing it?

3155 Ms. Watkins, let's have some truth now, some true facts.
3156 When was the decision made to purchase that cargo of oil?

3157 *Ms. Watkins. Congressman, I'm not sure when that
3158 decision was made, but I can tell you that we have walked
3159 away --

3160 *Mr. Rush. Well, you're not sure who within Shell
3161 approved the purchase?

3162 *Ms. Watkins. Well, our CEO, Ben van Beurden, came out
3163 and said that he had approved that and he had made a mistake
3164 and he has apologized for that. I can tell you the situation
3165 in Europe at the time was such that attempting to fill
3166 refineries --

3167 *Mr. Rush. Did Shell's chairman of the board also
3168 approve the purchase?

3169 *Ms. Watkins. Sir, I'm not aware of how the approvals
3170 worked, to be honest.

3171 *Mr. Rush. But prior to the war, did Shell purchase
3172 Urals crude?

3173 *Ms. Watkins. I'm sorry. I'm not -- I didn't
3174 understand what --

3175 *Mr. Rush. Prior to the war, did Shell -- purchase
3176 Urals crude oil?

3177 *Ms. Watkins. Yes. Urals was -- is a type of crude
3178 that we run at our European refineries and at the time that
3179 that decision was made, we were attempting to keep refineries

3180 running and keep gasoline at the pump for our customers.

3181 *Mr. Rush. According to the S&P, net Russian crude oil
3182 was supposed to arrive in -- on March 25th. Has that crude
3183 oil arrived? Has Shell taken possession of it? And has
3184 Shell processed that oil through any of its refineries?

3185 *Ms. Watkins. Yes, sir, I believe we have, so that we
3186 can supply diesel and gasoline to our customers in Europe.
3187 At this point in time, we have ceased all spot purchases of
3188 crude and we've ceased all spot purchases of LNG from Russia.
3189 We are doing none of that at the time -- at this time.

3190 *Mr. Rush. Madam Chair, I'm running out of -- let me
3191 ask one other -- Madam Chairman, I ran out.

3192 *Ms. DeGette. I thank the gentleman.

3193 Chair now recognizes Mr. Scalise for five minutes.

3194 *Mr. Scalise. Thank you, Madam Chair, for yielding and
3195 for holding this hearing.

3196 I have some questions for the witnesses, but first,
3197 before we talk about why we're here, I think it's important
3198 to go back and look how we got here. Americans are furious
3199 that gas prices are so high, but they also know that
3200 President Biden walked in, day one, with an agenda to kill
3201 American energy. And don't take my word for it. Let's go
3202 back to candidate Joe Biden.

3203 When Joe Biden was a candidate for President of the
3204 United States, he was very clear what he wanted to do to shut

3205 down American energy production, as a candidate, and here you
3206 see him to the left, ironically, of Bernie Sanders. Joe Biden
3207 said, quote, "No more drilling on federal lands. No more
3208 drilling including offshore. No ability for the oil industry
3209 to continue to drill, period," end.

3210 That was Joe Biden as a candidate, said he wanted to
3211 kill American energy, and I wish it ended there, but that's
3212 just where it got started.

3213 He then went on and issued a barrage of mountains of red
3214 tape from every one of his federal agencies to make it harder
3215 to drill in America. Not in other countries, by the way,
3216 just in America.

3217 Look at all the agencies that President Biden used to go
3218 after American energy producers, the Department of Energy,
3219 the Depart -- the Federal Energy Regulatory Commission,
3220 Securities and Exchange Commission, the Department of
3221 Agriculture, the Council on Environmental Quality, the
3222 Department of State, the Environmental Protection Agency, the
3223 Department of Justice, the Department of Interior. All of
3224 these federal agencies putting mountains of red tape on every
3225 American driller, making it harder to drill in America.

3226 Look at a few of them. Of course, we all know Keystone,
3227 day one, coming from the State Department, killed the
3228 Keystone Pipeline. He's not against all pipelines because he
3229 turned around and gave a gift to Vladimir Putin and

3230 greenlighted Nord Stream. So he made American energy less
3231 secure, but he said it's okay for Russia to produce oil and
3232 send it to Europe, making them addicted to Russian oil,
3233 helping fuel, by the way, Putin's war against Ukraine.

3234 Putin is getting -- before the invasion, was getting
3235 over \$700 million a day selling his oil to America and to
3236 Europe because President Biden issued this assault on
3237 American energy.

3238 Now, again, go back to what Biden said. He did say that
3239 he was going to do it. No more drilling, including offshore.
3240 So what happens when you kill American energy through all
3241 these Biden red tape policies? The price goes up. Just look
3242 at it. It didn't start when Russia invaded Ukraine. The
3243 price was going up from day one when Biden took office
3244 because he carried out an assault on American energy.

3245 So if you want to solve the problem, you don't need to
3246 reinvent the wheel. How about you first get rid of this
3247 entire assault from every federal agency I just mentioned on
3248 producing oil in America?

3249 None of these rules and regulations, by the way, apply
3250 to Russian oil. None of them apply to Iranian oil. None of
3251 them apply to Venezuela, but yet that's who President Biden
3252 is begging to produce more oil. Stop begging dictators to
3253 produce our energy and turn to America, where, by the way, we
3254 do it cleaner than anywhere in the world.

3255 You get energy from Russia. They have a much higher
3256 carbon footprint. I'd love to see the carbon footprint.
3257 Maybe we can have a hearing on that, the carbon footprint of
3258 Joe Biden's anti-American energy policy.

3259 The good news is there is help on the way. Republicans
3260 have filed more than 60 bills, by the way, 60 bills to
3261 reverse this barrage and assault on American energy by
3262 President Biden, more than 60 bills. Our ranking member,
3263 Cathy McMorris-Rodgers, has a bill. There's bills to do all
3264 kind of things to actually allow us to produce our resources,
3265 by the way, cleaner than anybody else in the world. That's
3266 where we should be going with this.

3267 But I've got some questions for our witnesses, and I'll
3268 start with Mr. Lawler. My question is does this whole
3269 mountain of red tape by President Obama (sic) make it harder
3270 for you to produce more energy in America? Yes or no.

3271 Mr. Lawler?

3272 *Mr. Lawler. Well, in general, you know, regulations
3273 that are supportive of the industry are helpful. Regulations
3274 that help improve the energy transition are helpful. So we
3275 do --

3276 *Mr. Scalise. So are these supportive? Are these
3277 supportive of the industry? You've seen them. You know
3278 these. You have to comply with them. It's one of the
3279 reasons you can't produce. And I talk to people that produce

3280 in all parts of the country and they tell me it's these
3281 regulations that are stopping them.

3282 Mr. Wirth with Chevon, do these regulations make it
3283 harder for you to produce energy in America?

3284 *Mr. Wirth. Yes, they do. Yes, they do, Congressman.

3285 *Mr. Scalise. Mr. Sheffield?

3286 *Mr. Sheffield. Yes, they do, sir.

3287 *Mr. Scalise. Mr. Muncrief?

3288 *Mr. Muncrief. Yes, they do.

3289 *Mr. Scalise. Ms. Watkins?

3290 *Ms. Watkins. Congressman, certainly some regulations
3291 are necessary for our business, but as I said before, we've
3292 got --

3293 *Mr. Scalise. Do these?

3294 *Ms. Watkins. -- we've got outstanding permits that
3295 would -- if approved would be -- enable us to bring even more
3296 production on very soon.

3297 *Mr. Scalise. Well, let's open up America now.

3298 *Ms. DeGette. Gentleman's time's expired.

3299 *Mr. Scalise. Let us stop the assault on American
3300 energy --

3301 *Ms. DeGette. The Chair now is very pleased to --

3302 *Mr. Scalise. -- and lower gas prices.

3303 *Ms. DeGette. Excuse me.

3304 *Mr. Scalise. I yield back the balance of my time.

3305 *Ms. DeGette. The Chair's now pleased to recognize the
3306 chair of House subcommittee, Ms. Eshoo, for five minutes.

3307 *Ms. Eshoo. Thank you, Madam Chairwoman, for holding
3308 this very important hearing today and for extending the
3309 legislative courtesy to me to participate.

3310 In response to Russia's invasion of Ukraine, over 50
3311 American companies have pulled out of Russia, including BP
3312 America, ExxonMobil, and Shell USA. And so to those that
3313 have, I salute you for that.

3314 Those that haven't that are with us today, do you plan
3315 to do so?

3316 No response? Okay. One policy that Congress is
3317 considering to address the soaring gas prices is suspending
3318 the federal gas tax, a tax holiday, so to speak, of 18.4
3319 cents per gallon, and there's a serious debate over whether
3320 gas prices would actually fall by this amount in the not too
3321 distance future.

3322 My question is if your companies can pull out of Russia,
3323 can you also commit to passing on the full savings of a gas
3324 tax holiday to consumers? So we'll go through with the panel
3325 and it's a yes or no answer.

3326 Are you refusing to say anything? It's a yes or no
3327 answer.

3328 *Mr. Wirth. Congresswoman, I'll start. This is Mike
3329 Wirth with Chevron. I was waiting to see if somebody was

3330 going to go through the list.

3331 *Ms. Eshoo. Okay.

3332 *Mr. Wirth. We can certainly discontinue the collection
3333 of that tax. Prices move each and every day in both
3334 directions and so I can't guarantee you that the price will
3335 go up or down due to a variety of other factors that
3336 influence prices, but we collect the tax on behalf of the
3337 government and submit it to the government. If that tax were
3338 suspended, we would no longer collect it and pass it on to
3339 the government.

3340 *Ms. Eshoo. So it would go -- the -- it would go to the
3341 government, but would the consumers that are buying the gas,
3342 trying to fill their tanks, would they be the beneficiaries
3343 of that, direct beneficiaries?

3344 *Mr. Wirth. Appreciate your question, Congresswoman.
3345 Let me try to be more clear. The consumers would no longer
3346 pay that tax. We would no longer collect that tax. That
3347 could be a separate issue. The price of gasoline could go
3348 down more than that or it could go the other direction
3349 depending on a variety of other factors that are work in
3350 markets each and every day.

3351 *Ms. Eshoo. To the other gentleman and gentlewoman.

3352 *Mr. Lawler. Yeah. So, Congresswoman, what I would
3353 share is a similar comment in that it is a very complex
3354 market, that that might precipitate increased demand, which

3355 could also increase prices, and I would just tell you that
3356 it's a very complex market-based decision.

3357 *Ms. Eshoo. I -- can't you bring more clarity to this
3358 than just saying that everything is so complex? You know, it
3359 -- I know that this is not pleasant, but the American people
3360 are really not with you. They're angry. They're angry.
3361 And, you know, when -- I think every American company owes
3362 something to America, to the American people. There's pain
3363 at the pump.

3364 And really, what underlies my question is what can you
3365 do to help alleviate that? You know, if you don't plan to
3366 do anything or help to do something, then I think that
3367 becomes absolutely apparent, but I think that it will just
3368 add to another layer of a deep anger and resentment of the
3369 American people.

3370 So let me go through the rest of the individuals that
3371 are testifying today on my original question.

3372 *Mr. Woods. Congresswoman, this is Darren Woods with
3373 ExxonMobil.

3374 I would just tell you I think the point that Mike made
3375 is a function of the supply and the demand. If the price
3376 drops off and demand picks up, supply would pick up. The way
3377 to ultimately solve this problem is to increase the amount of
3378 supply available to American consumers. That's been
3379 something that --

3380 *Ms. Eshoo. Well, you're essentially saying no because
3381 if there were to be a tax holiday, then at the consumer -- at
3382 the pump to fill up would not -- would not get the benefit.

3383 *Mr. Woods. No. What I'm saying is that that tax
3384 holiday doesn't change the amount of supply and the question
3385 is how does supply and demand balance out, which would
3386 ultimately set the price. And I think what you're seeing is
3387 nobody knows exactly how that supply and demand balance would
3388 be struck, but that is what would ultimately determine supply
3389 -- the way to influence price is to release supply.

3390 *Ms. DeGette. The gentlelady's time's expired.

3391 *Ms. Eshoo. I thank the gentlewoman and I yield back.

3392 *Ms. DeGette. Thank you. Thank you.

3393 Chair now recognizes Mr. Latta for five minutes.

3394 *Mr. Latta. I want to thank the Chair for allowing me
3395 to -- on today's hearing and allow -- thank our witnesses for
3396 testifying before us today.

3397 Today we are seeing the blame game played with maximum
3398 effort by our democratic colleagues. We have heard the other
3399 side of the aisle in the Biden Administration point their
3400 fingers in every direction to seek a culprit for the rise in
3401 energy prices. What the Administration should be doing is
3402 pointing their fingers in the mirror.

3403 Since day one of this Administration, President Biden
3404 has pursued policies that would restrict the ability to

3405 produce oil and natural gas in the United States. He
3406 canceled the Keystone XL pipeline, issued a moratorium on
3407 leases for oil and gas exploration on federal lands, used the
3408 immense regulatory powers of the administrative state to bog
3409 down the permitting process for energy infrastructure
3410 projects and pushed his financial regulators to squeeze
3411 investments in the fossil fuel industry. Now he is trying to
3412 convince the American people that this full court press of
3413 anti-American energy policies is not contributing to the rise
3414 in gas prices.

3415 Instead they say it is entirely the fault of greedy oil
3416 companies and the war criminal Putin. I am glad we are
3417 holding this hearing today so we can set the record straight
3418 and get the answers for the American people as to why they
3419 are hurting when they go to fill up their car at the pump.

3420 General McMaster, if I could start my questions with
3421 you, and first I want to thank you for your service to our
3422 nation. In light of the horrible crimes that were discovered
3423 other the weekend in Ukraine perpetrated by the Russian Army,
3424 many Western nations are now catching up to the United States
3425 in recognizing the need to end the importation of Russian oil
3426 and gas. Lithuania has become the model for this where that
3427 nation went from being fully dependent on Russia for energy
3428 only a few years ago to now having the ability to end any
3429 Russian imports.

3430 General, what will be the result of this decisions by
3431 the Western European countries to end Russian imports, and
3432 how will that impact gas prices here and around the world?

3433 *Mr. McMaster. Congressman, the result in the near-term
3434 will be to constrain the supply even further, but I think the
3435 key is that we have to start racing now to catch up to be
3436 able to displace Russian oil and gas in the market as well as
3437 to pursue solid supply chains for the transition to
3438 renewables. I think what is really important about what
3439 Europe is doing is to follow up now on infrastructure
3440 investment. So much of that infrastructure was designed to
3441 keep Russia's coercive power over those economies. Some big
3442 investments need to be made in infrastructure on our side of
3443 the Atlantic as well as in Europe.

3444 And then also it is really important to recognize that
3445 we need a rational approach to energy security and climate
3446 and carbon emissions. Germany made a leap. They made a leap
3447 away from nuclear and a leap toward renewables without
3448 investing in hydrocarbon infrastructure, and as a result they
3449 leapt off a cliff and can't keep the lights on. So it is
3450 very important for us to recognize that as we pursue
3451 reductions in carbon emissions that we have a sensible
3452 approach to energy security.

3453 *Mr. Latta. Thank you. Mr. Woods, there have been
3454 efforts to shut down pipelines across the country including

3455 Line 5 which serves Ohio and Michigan, and last year we saw
3456 how gas prices were impacted with the shutdown of the
3457 Colonial Pipeline. Would you speak to the consequences for
3458 gas prices if anti-pipeline advocates got their way and more
3459 pipeline operations were shut down?

3460 *Mr. Woods. Thank you for the question, Congressman.
3461 Infrastructure plays an incredibly important role with
3462 respect to energy supplies and keeping reliable and
3463 affordable energy available for American people around the
3464 nation. What you will tend to find is sources of supply
3465 refining in the Gulf Coast is feeding the demand in the East
3466 Coast, and so having those pipelines available is absolutely
3467 critical.

3468 As upstream production and new resources of natural gas
3469 are found and developed that production needs to be connected
3470 to markets which then have to move via pipelines which are
3471 the most efficient, the most environmentally sound and the
3472 safest modes of transportation. Stopping those lines of
3473 either natural gas to consumers or crude into refineries or
3474 from refineries into demand centers ends up putting a
3475 disruption into the balance of the supply and demand and
3476 increases prices and reduces security for people in accessing
3477 reliable and affordable energy.

3478 *Mr. Latta. Thank you. Mr. Lawler, in my last 30
3479 seconds, what role can the United States play in delivering

3480 cleaner, safer fossil fuels and displacing less responsibly
3481 produced oil and natural gas from countries like Russia?

3482 *Mr. Lawler. Thank you for the question. I think the
3483 U.S. is on track to be a leader, and I think BP is
3484 participating in that. As I mentioned earlier we are
3485 spending \$2- to \$3 billion this year. We will be spending \$4
3486 billion around the 2025 time frame, and it is important that
3487 we keep our eye on both topics right now. It is very
3488 important that we get near-term supply up as we have all
3489 discussed, but it is also important that we follow through on
3490 the clean energy environment that we all want to live in in
3491 the future.

3492 *Ms. DeGette. Gentleman's time has expired. The --

3493 *Mr. Lawler. I yield back.

3494 *Ms. DeGette. -- now recognizes the Chair of the Select
3495 Committee on Climate Change Crisis, Congresswoman Castor from
3496 Florida for five minutes.

3497 *Ms. Castor. Well, thank you, Chair DeGette, for
3498 calling this very important hearing on price gouging by the
3499 big oil companies. It is truly outrageous, and we have seen
3500 since Putin's attack on Ukraine a rise of at least 75 percent
3501 -- or 75 cents, and this is -- I really feel for the small
3502 business owners and the parents trying to get their kids to
3503 school every day. They have supported the ban on Russian oil
3504 imports to America, so they are doing their patriotic duty.

3505 They are willing to help the Ukrainian people, and now it is
3506 time for the big oil corporations to do the same.

3507 It is time for the big oil companies to lower prices
3508 rather than pad your bottom line. It is time for you to end
3509 the billions of dollars in American funded taxpayer subsidies
3510 that are going to support your businesses. It is time to
3511 stop your decades long obstruction of the transition to clean
3512 energy which would provide lower costs for consumers for the
3513 cars and trucks we drive, the way we heat our homes and cool
3514 our homes. It is really scandalous to see this profiteering
3515 at a time when the Ukrainian people and freedom are under
3516 attack, and it is scandalous to watch year after year as you
3517 unleash your lobbyist, the grand oil party, to block action
3518 to get to true energy security.

3519 And what can that look like? Because America is already
3520 the number one producer of oil and gas. Has that insulated
3521 us from the volatility and the price spikes? It hasn't. Now
3522 I want to remind everyone it was just a few years ago that
3523 the Congress and the big oil companies pressed to allow the
3524 export of petroleum products from the United States,
3525 something that many of us opposed at the time. U.S. exports
3526 they said would allow us to become even more independent.
3527 This would lower prices. Has that happened? No. And more
3528 than a half a million barrels of petroleum exports leave the
3529 United States for China every day.

3530 Going down the line I want to ask each of the CEOs how
3531 much of your product produced in the United States does each
3532 of your companies export to China largely being aligned with
3533 Putin these days? Mr. Lawler?

3534 *Mr. Lawler. Thank you, Congressman. So I can't speak
3535 to the exact volume. As you may know the world market is
3536 very dynamic --

3537 *Ms. Castor. Just a quick number is all we need.
3538 Mr. Wirth?

3539 *Mr. Wirth. Congresswoman, that is not a number that I
3540 have at hand, but I would be happy to follow up with your
3541 staff and make sure we get that --

3542 *Mr. Lawler. Muncrief?

3543 *Mr. Wirth. -- information to you.

3544 *Mr. Lawler. Mr. Muncrief?

3545 *Mr. Muncrief. Yes. We export about 10 percent of our
3546 production predominantly to Europe.

3547 *Mr. Lawler. To China. I am just asking about China.

3548 *Mr. Muncrief. Oh, I don't think hardly any to China.

3549 *Mr. Lawler. All right. Mr. Woods?

3550 *Mr. Woods. I am not aware of that number. I think it
3551 is a very small number, but we can follow up with you and
3552 give that to you.

3553 *Mr. Lawler. Mr. Sheffield?

3554 *Mr. Sheffield. A very small number.

3555 *Mr. Lawler. Ms. Watkins?

3556 *Ms. Watkins. I don't have the number, but I can also
3557 follow up with you with it.

3558 *Mr. Lawler. Well, this is very important to know
3559 because we are looking for solutions. So one of the
3560 solutions may be to ban the export of our petroleum products
3561 to countries that are a maligned influence in the world, but
3562 that is not the real answer. The real answer, of course, is
3563 breaking this dependence and addiction on oil and gas.
3564 Renewable energy right now is the cheapest form of energy,
3565 and it is getting cheaper every year.

3566 We have got to accelerate the transition to clean
3567 energy. It is more stable. It is more affordable. It is
3568 generated here at home. The House has passed legislation.
3569 It is being blocked largely by lobbyists aligned with the
3570 fossil fuel companies that would lower the cost of your gas
3571 bill, would lower your A/C bills, would lower the cost of
3572 electric vehicles and would provide -- I mean, this is a time
3573 we have got to provide relief to Americans and not double
3574 down on the same old wretched thing where we are addicted to
3575 oil, and we can't get off.

3576 This is a time we must pivot especially because the
3577 world's top scientists early this week said we are facing a
3578 future catastrophe and much higher costs than the pain we see
3579 at the pump right now unless we make this break right away.

3580 Our time is urgent, and we have a moral obligation to our
3581 kids and future generations to give them a livable planet and
3582 a healthy economy where everyone can thrive, and that is what
3583 we must do. I yield back my time.

3584 *Ms. DeGette. I thank the gentlelady. The Chair now
3585 recognizes Mr. Guthrie for five minutes.

3586 *Mr. Guthrie. Thank you, Madam Chair. General
3587 McMaster, I will have a couple questions for you. I have
3588 known you for 39 years now this summer. I followed your
3589 career the whole time since we first met at West Point. And
3590 I know your intellect. You are an academic. You are a
3591 straight shooter, and sometimes your straight shooting has
3592 taken you to some lonely places. So we should find your
3593 analysis and what you say to be very thoughtful and something
3594 we should find very sobering.

3595 And in your testimony you argue that energy security
3596 versus saving the planet is not a false choice. Energy
3597 security, including American independence, including fossil
3598 fuels is not a false choice. In your book Battlegrounds,
3599 which I read when it first came out, you talk a lot about
3600 climate change, and it is important to address climate
3601 change. You absolutely do not dismiss it. So would you
3602 expand upon the question that energy security versus saving
3603 the planet is a false choice?

3604 *Mr. McMaster. Thank you, Congressman Guthrie, and

3605 thank you for your service and those fond memories from many
3606 years ago at West Point. I really believe it is a false
3607 choice. The problem is, Congressman Guthrie, I think what we
3608 have been doing is pursuing nonsolutions, and we can't afford
3609 to pursue nonsolutions anymore. And what I mean is this idea
3610 that we can have an energy transition that all of a sudden
3611 moves from fossil fuels directly to renewables without a
3612 bridge in place.

3613 And of course this is where the U.S. can play such an
3614 important role by providing the bridge associated with
3615 natural gas and the displacement of coal in particular. If
3616 we want to save the planet, we have to get off of coal for
3617 energy generation. That was the largest reduction in CO2
3618 emissions ever in the history of the world is what we did in
3619 the United States associated with the opportunity presented
3620 by cheap natural gas. It is extremely important to recognize
3621 that whatever we come up with, whatever exquisite solution we
3622 come up with to CO2 emissions and climate change it has to be
3623 applicable in developing economies because they just won't do
3624 it.

3625 They are not going to compromise economic growth and
3626 moving people out of poverty for some exquisite solution that
3627 isn't consistent with what the market will bear. So
3628 affordable renewables yes, huge part of it, but also a big
3629 part of it is relatively inexpensive natural gas which we can

3630 get to with increased production and export.

3631 And then finally it is emerging capabilities like next
3632 generation nuclear which can be combined with hydrogen to
3633 meet so much of this demand and to do it as a zero emissions
3634 (audio drop). It is a combination, Congressman, and what is
3635 sad about it is we continue to pursue these nonsolutions and
3636 get the opposite effect of what we desire, for example, with
3637 burning coal exports going up, CO2 emissions going up in
3638 large measure because of our pursuit of these nonsolutions.

3639 *Mr. Guthrie. Okay. I want to ask you another
3640 question. Talking about you said in renewables we are still
3641 going to be dependent on supply chains in foreign countries.
3642 It is reportably that we left \$3 trillion in critical
3643 minerals in Afghanistan. We left them in the hands of the
3644 Taliban and their new friends the Chinese. Would you comment
3645 on that?

3646 *Mr. McMaster. Congressman, the competition with China
3647 occurs in places outside of the Indo-Pacific region, and in
3648 this case you are pointing out how important South Asia is.
3649 But I would say it cuts across the Middle East. It cuts
3650 across Africa, and it is really important for us to recognize
3651 the importance now of resilient supply chains especially
3652 those associated with renewable energy and energy transition.
3653 Of course, an electric car, I don't know how many magnets, I
3654 forget, is in an electric car, but it is a lot. And then, of

3655 course, battery manufacturing, magnet manufacturing, the
3656 whole upstream supply associated with rare earth and other
3657 critical minerals and the separation from ore, all of that
3658 has to be resilient, and the only way we are going to get
3659 there is with onshoring and nearshoring, and that really I
3660 think has to be a major focus of this committee and the
3661 Congress as well as the Biden administration.

3662 *Mr. Guthrie. Okay. I will ask you one more thing. In
3663 your written statement, you argue that OPEC isn't expanding
3664 their production when President Biden puts out a request
3665 because of their concern with his dealing with Iranian the
3666 Iran deal. Would you comment on as well and also what is
3667 going on in Yemen? Would you comment on that as well?

3668 *Mr. McMaster. Well, it is what I would characterize as
3669 a nonsensical Mideast policy that has alienated what could be
3670 key partners in the Gulf region, and this is foremost among
3671 them Saudi Arabia and the United Arab Emirates. And what
3672 they are upset about is a very weak -- another weak Iran
3673 nuclear deal that would, essentially, just give the
3674 theocratic dictatorships in Iran cover for continuing their
3675 nuclear and their missile programs which are a grave threat
3676 to all of them in the region and, obviously, a great threat
3677 to Israel and then also our failure to designate or taking
3678 off the designation from the Houthis in Yemen as a terrorist
3679 organization even as they are firing rockets into the

3680 Emirates and into Saudi Arabia.

3681 So we ask them for cooperation, but of course, they are
3682 not giving it to us because they are angry with us. And I
3683 think in some cases, you know, rightfully so, because of an
3684 unwise approach to the Middle East and to Iran.

3685 *Mr. Guthrie. Thank you. My time is expired. I yield
3686 back. Look forward to seeing you again, soon.

3687 *Ms. DeGette. Thank you so much. The chair now
3688 recognizes Mr. Sarbanes for five minutes.

3689 *Mr. Sarbanes. Thank you very much, Madam Chair.

3690 I want to thank our witnesses for being here today. Let
3691 me just say up front, I will put my cards on the table. I do
3692 not trust you. I do not mean that in the sense that I
3693 question your personal integrity. I do not. But I recognize
3694 your role. Your role is to lead large for-profit
3695 corporations that are looking to maximize the return to your
3696 shareholders. So when I say I do not trust you, what I mean
3697 is I do not trust you not to take advantage of this situation
3698 to try to meet that goal.

3699 I think that there is clearly an opportunity to profit
3700 from this crisis that has occurred in Ukraine from the
3701 disruption to the global supply chain of oil and gas. And it
3702 is an opportunity that you are seizing on. Again, I
3703 understand why you want to satisfy your shareholders. I
3704 won't speak to what it means for your executive compensation.

3705 But that is your impulse.

3706 And earlier we saw a pretty revealing chart that
3707 Congresswoman DeGette laid out, where she conceded,
3708 obviously, that the price of crude oil had spiked when the
3709 invasion occurred, initially the disruption. And predictably
3710 the price at the gas pump went up as well. But then she
3711 showed how the price of crude is coming down but the prices
3712 at the pump have not come down.

3713 So I think what that reflects is this ability to kind of
3714 manipulate the situation. Your industry can say, "Well we
3715 expected the crude oil price may go up," so you can
3716 anticipate that by charging more to the retailers. And then
3717 if the price comes down, you can say, "Well it is coming
3718 down" -- "Crude is coming down, but it is going to take a
3719 few days before that can be passed along. Or maybe we cannot
3720 pass it along yet because we think the price may go up
3721 again."

3722 You have got a lot of latitude to manipulate and take
3723 advantage of the situation in ways that will boost your
3724 profits. And sometimes it is legitimate to use phrases like
3725 there are variety of factors in the marketplace. Prices move
3726 up and down every day. That is the industry, I understand
3727 that. But sometimes that can just be a good way to cover up
3728 what is an effort to -- or an opportunity to price gouge.

3729 The fact of the matter is that your customers, not just

3730 the generic consumer at the pump. These are your customers.
3731 These are your red-blooded, patriotic, American customers,
3732 many of whom when interviewed are saying, "We are willing to
3733 take a hit. We are willing to pay a little bit more to try
3734 to address this invasion.'`

3735 So they are stepping up. So if you realize savings,
3736 don't you think it is the patriotic thing to do to pass that
3737 savings along?

3738 Let me start with you, Mr. Lawler. If BP America is
3739 realizing savings because the price of crude is going down
3740 now, so you are saving money on that end, isn't it the
3741 patriotic thing to do to pass that savings along to your
3742 customers at the pump?

3743 *Mr. Lawler. So Congressman, as I had shared before, we
3744 sell our crude oil into a market, and it is a competitive
3745 market. And we sell all of our refined products into a
3746 competitive market, and we buy feedstocks for our refineries
3747 in a competitive market. And it is not something that BP
3748 controls.

3749 *Mr. Sarbanes. Mm-hmm.

3750 Mr. Wirth, I am going to see if I can get a better
3751 answer from you. You have costs. The costs go up, costs go
3752 down. The price of crude is going down. That represents a
3753 savings to your operation, does it not? Yes or --

3754 *Mr. Wirth. As the price of crude goes down, that

3755 reduces the cost of inputs to our refineries. That is
3756 correct, Congressman.

3757 *Mr. Sarbanes. Savings. Is it the patriotic thing to
3758 do when that happens, as it has happened, based on what
3759 Congresswoman DeGette showed us earlier; is it the patriotic,
3760 corporately responsible thing to do to pass those savings
3761 along to your customers at the pump?

3762 *Mr. Wirth. Congressman, no single company controls
3763 prices in these markets.

3764 *Mr. Sarbanes. I know. I got it. My time is out.
3765 There is a lot of hocus pocus language you can throw up here.
3766 I think you need to pass savings along when you realize them.
3767 You have done that recently. That can benefit the consumer,
3768 again, your loyal, devoted, customer at the pump.

3769 *Ms. DeGette. The gentleman's time has expired.

3770 *Mr. Sarbanes. And I yield back.

3771 *Ms. DeGette. Mr. Bilirakis, you are recognized for
3772 five minutes.

3773 *Mr. Bilirakis. Thank you. Thank you, Madam Chair.

3774 Thank you again to the witnesses for coming to testify
3775 at this very important hearing. Some of my democratic
3776 colleagues have for weeks, and especially during this
3777 hearing, lambasted American oil and gas companies for high
3778 prices at the pump and attempted to deflect criticism from
3779 the President for his rhetoric and policies that have clearly

3780 sought to defer a -- to deter and reduce domestic oil and gas
3781 production.

3782 My Republican colleagues have talked about the negative
3783 impact that has had -- it has had domestically because of the
3784 President's Green New Deal policies. And that is what they
3785 are. I want to highlight the Biden administration that it is
3786 not -- in other words, is it jeopardizing the United States'
3787 energy and dependency security? I think it is. It is
3788 actively intervening to stop foreign fossil fuel projects
3789 that empower our allies and reduce Europe's dependence on
3790 Russian energy.

3791 And I will give you an example. I am talking about the
3792 Biden administration's recent reversal of the EastMed
3793 Pipeline, which would have delivered natural gas from Greece,
3794 Israel, and Cyprus to the Southeast -- to Southeastern
3795 Europe. Makes sense. The parts of Europe most dependent on
3796 Russia. And I will add that the President in 2014, when he
3797 was vice president, approved of this project.

3798 After establishment of U.S. support in 2019, for our
3799 allies' energy and dependent energy projects, specifically
3800 mentioning the pipeline, the Biden administration reversed
3801 course. Why? Contradicting U.S. policy and not following
3802 the law as outlined in a bill I co-lead, and most of us voted
3803 for, that was signed into law: the Eastern Mediterranean Act
3804 of 2019.

3805 We are seeing what happens when Europe is energy and
3806 secure right now in Ukraine. Nobody can deny that. And even
3807 going back to 2006, the extended effect that has had on our
3808 own national security and that of our NATO allies.

3809 Thank you for your service, General McMaster. And I
3810 have a question for you. In your testimony you talked about
3811 Putin's long history of trying to coerce its neighbors to
3812 extend Russia's influence. Could you please briefly describe
3813 the positive impact EastMed Pipeline could have on reducing
3814 the energy dependence on Southeastern Europe countries --
3815 European countries and hopefully preventing repeat -- a
3816 repeat of what is tragically happening in the Ukraine in
3817 countries like Romania, Bulgaria, I could go on, Moldova, let
3818 alone the NATO allies. If you can comment on that I would
3819 appreciate it, General. Thank you.

3820 *Mr. McMaster. Congressman, what you are highlighting
3821 is a tremendous opportunity. A tremendous opportunity for
3822 international investment in infrastructure. The current
3823 infrastructure that is giving Russia course of power has to
3824 be circumvented. And it has to be circumvented in a number
3825 of ways from -- the Eastern Mediterranean is one tremendous
3826 possibility, as well as the infrastructure you see in
3827 Southeastern Europe, such as Kuril Island, for example, as an
3828 import terminal.

3829 It is important to recognize that a lot of the

3830 infrastructure that Russia is using is old Soviet
3831 infrastructure for -- so for example in Ukraine, where they
3832 are concentrating the offensive now, in the Donbas, that is
3833 the area in which about 90 percent of the energy
3834 infrastructure and potential in Ukraine lies. And that is
3835 not a coincidence. Ukraine is designed to export, right,
3836 energy, not receive energy imports.

3837 So these sorts of infrastructure investments are
3838 immensely important and of course people argue, "Well it is
3839 going to take a long time." Well it takes a much longer
3840 time if you never start. And so I think in every crisis, we
3841 should look for an opportunity. One of the opportunities
3842 here is renewed investment in energy infrastructure globally.

3843 *Mr. Bilirakis. Thank you, General. Common sense.
3844 That is just talking about the pipeline from a national
3845 security perspective as well.

3846 From what I have been hearing, my colleagues across the
3847 aisle and the President of the United States do not seem to
3848 understand or willfully ignore that their actions not only
3849 affect current prices, but heavily influences decision-making
3850 focused in the future like investments, of course, oil
3851 futures and oil price contracting. All which feed back to
3852 the -- affect the current -- current and future prices as
3853 well.

3854 So Mr. Wirth. I know that Chevron, especially after

3855 your acquisition of Noble Energy have -- you have a
3856 significant presence and activity in Eastern Mediterranean.
3857 Could you please describe the impact to the administration's
3858 reversal on the EastMed Pipeline has, not only on other
3859 public and private investments in natural gas projects in the
3860 region, but specifically, the EastMed Pipeline, which is
3861 currently in the stage of seeking investments and evaluating
3862 viability. If you can answer that question, I would
3863 appreciate it. Quickly.

3864 *Mr. Wirth. Congressman, I appreciate you raising this
3865 issue. It is an important one. The Eastern Mediterranean
3866 has tremendous gas resources that currently serve only local
3867 and regional markets. We are working on a number of options
3868 to try to extend that gas into other markets, and Europe in
3869 particular. The Eastern Med Pipeline is one alternative. It
3870 is a complex costly alternative, but it is a real
3871 alternative. We are looking at [inaudible] natural gas,
3872 floating liquified natural gas as we welcome dialogue with
3873 others that could help mobilize on the capital and
3874 infrastructure to get that gas to European allies.

3875 *Ms. DeGette. The gentleman's time is expired.

3876 *Mr. Bilirakis. I think it makes sense. Thank you.

3877 *Ms. DeGette. The chair now recognizes Mr. Welch for
3878 five minutes.

3879 *Mr. Welch. Thank you.

3880 Gentlemen and women, we have -- there is two issues
3881 here. One is a debate about the long-term energy and how
3882 quickly, in my view, we need to transition to renewables.
3883 But there is another issue that is immediate. And that is
3884 the impact of the War in Ukraine, that brutal invasion that
3885 blood thirsty Putin has inflicted on the people of Ukraine
3886 and how that has caused such disruption pain for consumers
3887 everywhere. From Eastern Europe to the United States.

3888 And the question that all of us have is what can we do
3889 to support the people of Ukraine in their effort to survive,
3890 and what can we do to help citizens -- everyday citizens who
3891 are living paycheck to paycheck to be able to pay the bills
3892 that have escalated, particularly at the pump and for home
3893 heating oil.

3894 This is not for me a debate about the long-term policy.
3895 I know we have disagreements here between me and my
3896 colleagues, and perhaps me and some of you. I think we have
3897 got to get the clean energy as quickly as we possibly can.

3898 But here is what alarms me. On March 6, 2020, just
3899 before we had the shutdown as a result of COVID, U.S. crude
3900 oil production was 13.1 million -- thousand barrels per day.
3901 Or a million barrels per day. Yeah, 3,000. Thank you. On
3902 January 2022, it has declined to 11.4.

3903 So what we have seen in that time is production has gone
3904 down, prices have gone up, and what we have seen particularly

3905 since February in the invasion, is that profits have
3906 exploded, dividends have been raised, executive compensation
3907 is up, and shareholders' stock buybacks are up \$41 billion.

3908 So the question I have, and I will start with Mr. Wirth,
3909 is in the boardrooms, there can be a decision about the
3910 allocation of the resources of the company, putting it into
3911 production to bring it up to pre-pandemic levels. Stock
3912 buybacks and dividends, all of these have been increased.
3913 Has there ever been any discussion about lowering the price
3914 at the pump to help folks who are helping to bear the burden
3915 of the U.S. and our European allies' support for the people
3916 of Ukraine?

3917 *Mr. Wirth. Congressman, I appreciate your concern. We
3918 share that concern for Americans --

3919 *Mr. Welch. I am not asking about your concern. I know
3920 you are concerned. I will grant that. I am asking
3921 specifically, is there any discussion about, "Hey, fellas,
3922 you know, maybe we ought to lighten up on the stock buybacks,
3923 maybe we ought to lighten up on the dividends, and maybe we
3924 ought to lower the price at the pump? It will be tough. It
3925 will be less profit. But you know what? That might help the
3926 cause here.'" Has there been any discussion about that?

3927 *Mr. Wirth. Congressman, we have very lengthy
3928 discussions about capital allocation. Our production in 2021
3929 was the highest in the history of our company, higher than it

3930 was pre-pandemic. Our capital spending this year is up 60
3931 percent versus what it was just a year ago.

3932 *Mr. Welch. Do you --

3933 *Mr. Wirth. -- [inaudible] on American production --

3934 *Mr. Welch. Do you dispute my figures about the U.S.
3935 production is less now than it was before the pandemic?

3936 *Mr. Wirth. Congressman, we went through a tremendous
3937 economic contraction during the pandemic. There was no need
3938 for more supply, as supply was -- there was --

3939 *Mr. Welch. That is right. You know, this is really
3940 pretty simple, because you all have to make decisions, and it
3941 gets all complicated, and you have got your economic models,
3942 you have got your computer logarithms, whatever else you
3943 have.

3944 But bottom line, you have a decision with the profit.
3945 You put it into stock buybacks; that helps shareholders. You
3946 put it into dividends; it helps shareholders. Or you put it
3947 into production, and possibly, under these extreme
3948 circumstances, with a war, with people dying in Ukraine, you
3949 say, you know what? Maybe we will lighten up a little bit on
3950 the stock buybacks, maybe we will lighten up a little bit on
3951 the dividends, and maybe we will lighten up a little bit to
3952 help folks in Vermont who are getting hammered with the price
3953 at the pump. Is that a discussion?

3954 *Mr. Wirth. Congressman, it is a discussion. We are

3955 investing more capital to grow production. We are -- we can
3956 do that and return value to shareholders. They are not
3957 mutually --

3958 *Mr. Welch. But you do --

3959 *Mr. Wirth. We are doing both of those.

3960 *Mr. Welch. You do have the -- it is a world market,
3961 and you -- I agree with that. You don't have -- even the
3962 mighty oil companies don't have total control over what the
3963 price is. But they do have control over how they allocate
3964 capital between increasing production, between profits,
3965 between stock buybacks, and between dividends.

3966 I yield back.

3967 *Ms. DeGette. The chair now recognizes Mr. Johnson for
3968 five minutes.

3969 *Mr. Johnson. Thank you, Madam Chair.

3970 First of all, I want to thank our panel, some of the
3971 biggest names in oil and gas, for joining us today. And
3972 thank you all for what you do to keep the lights on, to power
3973 transportation and industry, to create thousands of consumer
3974 products and millions of jobs, and, quite literally, to fuel
3975 modern life as we know it in America. You deserve praise for
3976 that. What you produce has lifted billions of people out of
3977 poverty around the world.

3978 But there is a problem. Many of you have big
3979 advertising budgets. Why won't you tell that story? I am

3980 not going to name names, but we have all seen the TV
3981 commercials from big oil filled with solar panels, green
3982 climate messaging about how you are diversifying your
3983 portfolio, and how you are embracing liberal progressive
3984 values. What has been your return on investment with that
3985 effort?

3986 You have taken a shellacking today from the Democrats.
3987 Do they seem impressed by your efforts to show your
3988 allegiance to their anti-fossil-fuel agenda?

3989 Do they give you any credit for your green overtures,
3990 your ESG commitments, or your carbon-cutting plans? No, they
3991 do not.

3992 For heaven's sakes, they are blaming you for high gas
3993 prices, for inflation, for bad weather, and all the world's
3994 problems that their failed policies are actually causing.

3995 Your industry has a lot to be proud of, and Americans
3996 know it. You just have to help us tell them. But if you
3997 continue chasing these radical green, progressive values,
3998 these moving goalposts, over the real value that you bring to
3999 our country and the world, then the environmental left and
4000 the ESG investors will crush you and the millions of
4001 Americans that support -- that need your support. So today I
4002 want to give you a platform, ladies and gentlemen.

4003 First, Mr. Sheffield, these are yes-or-no questions,
4004 because I got a lot of them. Mr. Sheffield, Pioneer

4005 Resources, are you and your employees still proud of the oil
4006 and gas that you produce, knowing that it goes into so many
4007 essential products and industries?

4008 *Mr. Sheffield. Yes, we are, sir.

4009 *Mr. Johnson. Okay. Thank you very much.

4010 Mr. Muncrief, Devon Energy -- or Devon Energy, if I got
4011 that right -- are you proud of the great-paying jobs you
4012 provide in America's oil and gas fields?

4013 *Mr. Muncrief. Yes. The answer is yes --

4014 *Mr. Johnson. Okay, thank you very much. That is a big
4015 yes.

4016 Mr. Woods, ExxonMobil, are you proud that your company,
4017 one of the world's largest, provides resources that, quite
4018 literally, lift billions of people out of poverty, globally?

4019 *Mr. Woods. Absolutely.

4020 *Mr. Johnson. Okay. Mr. Wirth from Chevron, are you
4021 proud that the jet fuel, diesel, and gasoline that you sell
4022 plays such a vital role in Americans getting to their jobs,
4023 getting their jobs done, taking care of their families, and
4024 keeping our economy moving?

4025 *Mr. Wirth. I am absolutely proud of our people, our --

4026 *Mr. Johnson. Okay, thank you.

4027 Ms. Watkins --

4028 *Mr. Wirth. -- [inaudible] products, and our values.

4029 *Mr. Johnson. Ms. Watkins from Shell, are you proud of

4030 your company's investments to export more clean, abundant,
4031 American liquefied natural gas?

4032 And are you proud of the cracker plant at Monaca,
4033 Pennsylvania that produces a raw material that goes into,
4034 literally, thousands of products that are needed in everyday
4035 life here in America?

4036 Are you a proud -- are you proud that the gas that you
4037 produce that our European friends and allies need so much
4038 right now -- that they are literally dying for -- are you
4039 proud that you produce that product?

4040 *Ms. Watkins. Yes, Congressman, I am.

4041 *Mr. Johnson. Thank you very much.

4042 Mr. Lawler from BP, estimates say oil markets are going
4043 to be three million barrels a day short with Russian crude
4044 coming off the market. But the world needs that three
4045 million barrels that the Russian market is going to collapse.
4046 Would you be willing to help make up that deficit, perhaps,
4047 from American resources?

4048 *Mr. Lawler. Well, I can tell you, Congressman, we are
4049 focused on that. Just this year --

4050 *Mr. Johnson. Okay, that is a yes. I appreciate that.

4051 *Mr. Lawler. Well --

4052 *Mr. Johnson. Thank you very much.

4053 Ladies and gentlemen, these are a few commercials that
4054 you folks could run. You have got a good story to tell. Use

4055 these ideas to tell the American people the truth about what
4056 you do, so that they can quit being misled by the barrage of
4057 negative, disingenuous, false advertisement that you see
4058 coming from my Democratic colleagues today.

4059 I am going to yield back a whole 18 seconds of my time,
4060 Madam Chair.

4061 *Ms. DeGette. I thank the gentleman. The chair now
4062 recognizes Mr. Cardenas for five minutes.

4063 [Pause.]

4064 *Voice. We see him on online.

4065 *Ms. DeGette. Okay, if Mr. Cardenas isn't here, the
4066 chair now recognizes Mrs. Dingell for five minutes.

4067 *Mrs. Dingell. Thank you, Madam Chair. Thanks for
4068 holding this hearing.

4069 Times are tough right now. Americans and my
4070 constituents are really feeling it in their wallets.
4071 Gasoline prices in Michigan have doubled to triple in the
4072 last couple of years. This means families, as everybody has
4073 been talking about, are forced to cut costs, while the --
4074 while they see the oil companies making record profits. I
4075 had a UAW worker who at Christmastime told me he couldn't go
4076 visit his family, because he simply can't afford it anymore.
4077 Another worker who used to visit her mother every Sunday said
4078 it is really hurting her.

4079 So times like this have underscored the importance of

4080 ramping up investments in domestic manufacturing, of clean
4081 energy.

4082 And I am going to say to my colleague, Mr. Johnson,
4083 look, I am a car girl. I come from an industry that operates
4084 with the internal combustion engine. And yet global climate
4085 change is real. We are 30 percent responsible for carbon
4086 emissions, and we are coming together to work together, the
4087 OEMs, the workers, and the environmentalists to try to get to
4088 the next generation. And that is what we are all talking
4089 about with this.

4090 We need to make this transformational shift to
4091 electrifying the transportation sector to reduce carbon
4092 emissions and our dependence on foreign energy sources while
4093 we are creating good-paying American jobs and strengthening
4094 clean energy supply chains. The fact of the matter is this
4095 is an economic and national security issue.

4096 I have heard each of you today point to -- thank you to
4097 our witnesses, but I have heard each of you today point to
4098 the complex global commodity market, or describe your company
4099 simply as price takers. The way you talk about your
4100 business, it is as if you have no control over anything, and
4101 that you are just helpless participants in the global market.
4102 But I am not sure that is true. Your decisions on whether to
4103 increase, sustain, or decrease production affect the price
4104 per barrel.

4105 But isn't it true that your product is the majority of
4106 the price that someone is paying, that the customer is paying
4107 for the cost of gasoline?

4108 So if the price of your product, crude oil, is high,
4109 then the price of gasoline at the pump is high. Correct? I
4110 will quickly go down the line, just yes or no.

4111 Mr. Lawler?

4112 *Mr. Lawler. Yes, the price of crude does impact the
4113 price of gas.

4114 *Mrs. Dingell. Just a yes or no, please.

4115 Mr. Wirth?

4116 *Mr. Wirth. Yes.

4117 *Mrs. Dingell. Mr. Muncrief?

4118 *Mr. Muncrief. Yes.

4119 *Mrs. Dingell. Mr. Woods?

4120 *Mr. Woods. Yes.

4121 *Mrs. Dingell. Mr. Sheffield?

4122 *Mr. Sheffield. Yes.

4123 *Mrs. Dingell. Ms. Watkins?

4124 *Ms. Watkins. Yes.

4125 *Mrs. Dingell. But looking back at this chart, the same
4126 doesn't seem to apply on the downside. And that is why we
4127 want to understand this better, because the consumer isn't
4128 seeing the benefit at the pump. So what I want to understand
4129 is what it is that your companies can and should do, and what

4130 Congress can do to incentivize action so we can alleviate the
4131 pain at the pump for our constituents.

4132 Global demand has been rebounding for nearly a year, and
4133 is projected to exceed 2019 levels by 200,000 barrels per day
4134 this year. The demand is there, but we still haven't reached
4135 pre-pandemic levels of production. And while I understand
4136 that you simply cannot flip a switch or turn on a spigot, we
4137 must be honest about the main reason that some companies are
4138 choosing to ramp up production slowly.

4139 A survey of oil company executives by the Dallas Federal
4140 Reserve found that nearly 60 percent of oil companies are
4141 restraining growth because of investor pressure. But that
4142 same survey also found that, for large firms like the ones --
4143 like you all sitting before us today, the price needed to
4144 turn a profit on a new well is somewhere around \$50 a barrel
4145 on average, roughly half the current trading price per
4146 barrel.

4147 Mr. Muncrief, let's start with you. You stated on a
4148 December 21st, 2021 investor call that Devon can officially
4149 sustain production at an ultra-low WTI break-even funding
4150 level of about \$30 a barrel. Is that still approximately
4151 your break-even point?

4152 *Mr. Muncrief. Yes, it is. It is slightly higher than
4153 that, with the inflation we have seen, but it is pretty
4154 close, yes.

4155 *Mrs. Dingell. Mr. Woods, on February 1st, 2022 you
4156 stated on a call with investors that Exxon's break-even price
4157 for a barrel of Brent crude is \$41 per barrel, and is
4158 expected to average \$35 a barrel between now and 2027. Is
4159 that accurate?

4160 *Mr. Woods. For the projects that we are developing,
4161 that is accurate.

4162 *Mrs. Dingell. Mr. Lawler, the guidance that you gave
4163 investors for the second half of last year was that your
4164 break-even price was around \$45 per barrel for oil. Is that
4165 still your break-even point?

4166 *Mr. Lawler. That sounds about correct, yes.

4167 *Mrs. Dingell. Mr. Wirth, your CFO told investors that
4168 your break-even was around \$50 per barrel to cover capital
4169 expenditures and dividend. What is the break-even just to
4170 cover your costs without the dividend?

4171 *Mr. Wirth. Our dividend, Congresswoman, is about \$10
4172 billion a year. That is -- divide by our production of about
4173 \$1,000,000,000 -- so it would be about \$10 less than that.

4174 *Mrs. Dingell. Ms. Watkins, your company's break-even
4175 is around \$30 per barrel, correct?

4176 *Ms. Watkins. Yes.

4177 *Mrs. Dingell. Mr. Sheffield, your break-even is around
4178 \$30, as well, correct?

4179 *Mr. Sheffield. Yes, that is correct.

4180 *Mrs. Dingell. So, my friends, the price of oil today
4181 was \$96.76 for WTI and \$101.54 for Brent crude. Given those
4182 prices and break-even costs, it is no surprise the oil and
4183 gas industry is projected to collect a windfall of up to \$126
4184 billion in 2022 alone.

4185 And while you break even at as low \$30 per hour, and are
4186 selling right now well above \$100, the oil industry is also
4187 taking billions of dollars of subsidies from the American
4188 taxpayer. Subsidies are meant for struggling industries that
4189 need taxpayer assistance to operate and remain afloat. With
4190 margins like this, it is not clear to me why you all are
4191 getting tax subsidies, and taxpayers are paying for it at the
4192 pipe -- pump.

4193 So I will leave it with that, and yield back.

4194 *Ms. DeGette. I thank the gentlelady. The chair now
4195 recognizes Mr. Bucshon for five minutes.

4196 *Mr. Bucshon. Thank you, Madam Chair.

4197 I mean, I just want to say this. I mean, we are in a
4198 free market economy with publicly-held companies that
4199 millions and millions of Americans have as part of their
4200 portfolio and their retirement accounts. And so I think we
4201 need to remember that, you know, this is a free market
4202 economy. And sometimes I think some of my colleagues forget
4203 that.

4204 Today my constituents are paying record-high gas prices.

4205 In Evansville last month, regular unleaded gas reached \$4.25
4206 a gallon, while diesel climbed over \$5 a gallon. On average,
4207 gas prices in Indiana are over 45 percent higher than they
4208 were at this time last year. While Putin's invasion of the
4209 Ukraine has undoubtedly had an impact on these prices,
4210 Republican members of this committee have been sounding the
4211 alarm on rising fuel and energy costs for months.

4212 In fact, since January of 2021, because that is when it
4213 really took off. We have been sounding the alarm on rising
4214 fuel and energy costs well before the invasion of Ukraine.
4215 Yet today my colleagues on the other side of the aisle are
4216 calling on their usual game play. When gas prices get too
4217 high it is price gouging, let's get the FTC to investigate.

4218 Let's be clear. In my view, this isn't remotely close
4219 to the main culprit of why Hoosiers can't afford to fill up
4220 their cars. It has been the hostile policies of the Biden
4221 Administration towards American energy producers that has
4222 helped to drive up prices during the past year. And instead
4223 of looking into how we can reverse course on these policies,
4224 again we revert back to the FTC, which has never shown that
4225 price gouging is the main culprit for decades, every time it
4226 has been approached to study this.

4227 Not only are these misguided policies emptying out
4228 wallets of my constituents, they are also threatening our
4229 national security. As we should be learning from our

4230 European allies, those misguided energy policies have given
4231 significant leverage to Putin. And we must prioritize our
4232 energy security as a matter of national security. And it
4233 just baffles me why the Biden Administration continues to
4234 pursue policies that harm domestic energy producers, weaken
4235 the position of our allies, and ultimately plays into the
4236 hands of adversarial states around the world who seek to
4237 weaponize access to energy.

4238 We must get back to American energy dominance. General
4239 McMaster, you mentioned your testimony that authoritarian
4240 governments use their power over energy supplies to coerce
4241 opponents. The Biden Administration, in my view, is playing
4242 right into Russia and China's hands by pursuing restrictive
4243 energy policies, and attempting to negotiate with dictators
4244 in Iran and Venezuela for oil, rather than producing American
4245 energy and getting our country back to pre-Biden
4246 Administration energy dominance, where we were net exporters
4247 of energy.

4248 And some of this may be ground that has been covered,
4249 but General, could you explain what is at stake if the United
4250 States were to continue down this road and become
4251 irreversibly dependent on upon adversaries like China,
4252 Russia, and Iran to meet our energy needs?

4253 *Mr. McMaster. Congressman, thank you. You know, we
4254 all live and learn. So I am hoping that the Biden

4255 Administration, all of us, will learn from Russia's use of
4256 energy for coercive purposes that we should learn, obviously,
4257 our lesson in terms of investing in our own production and
4258 export, which can help satisfy global demand, and do so in a
4259 way that redounds to our benefit in terms of security and
4260 prosperity, and prosperity in the world broadly.

4261 But also, as I think you are alluding to, the danger
4262 associated with becoming over-reliant on supply chains that
4263 go through China, especially those connected to renewables,
4264 renewables associated with, you know, with solar and wind
4265 power and the hardware and equipment, but also, you know, the
4266 -- you know, the manufacturing of electric cars, and the
4267 batteries that go into them, and the magnets that go into
4268 them, as well as the minerals and various materials.

4269 So I think it is -- and by the way, the oil that goes
4270 into them in the form of plastics. I think every electric
4271 car is about one-third made out of petroleum products.

4272 So it is important for us, I think, to recognize that we
4273 have an opportunity. And, you know, of course, I don't want
4274 to lay blame on anybody at this stage. As long as we learn
4275 our lesson, and we change the policies, we relax the
4276 regulations in the permitting, and be able to take advantage
4277 of the great promise of our tremendous natural resources
4278 here, and American [inaudible] and ingenuity.

4279 *Mr. Bucshon. Yes. I mean, I am particularly concerned

4280 about China's situation, and their strong position in the
4281 renewables market, as you just mentioned, especially as, you
4282 know, we have a rush to green energy agenda while still
4283 discouraging mining of critical minerals and energy
4284 production in the United States.

4285 So -- I mean, I think you did touch on this -- by
4286 pursuing this rush to green without shoring up domestic
4287 mining and processing capabilities, particularly for our
4288 battery situation, are we simply going to create a dependency
4289 on China for renewables that will echo our dependency on
4290 Middle Eastern oil in the 1970s?

4291 *Mr. McMaster. Congressman, I think that is exactly the
4292 danger. There has been some good work done on this at the
4293 Hudson Institute by Dr. Nadia Schadlow that I would recommend
4294 that shows really how vulnerable we are, these supply chains
4295 that are vulnerable because they are overly dependent on
4296 China.

4297 *Mr. Bucshon. Yes. And I am out of time, so I yield
4298 back.

4299 *Mr. McMaster. Thank you.

4300 *Ms. DeGette. I thank the gentleman. The chair now
4301 recognizes Mr. Cardenas for five minutes.

4302 *Mr. Cardenas. Yes, thank you. It is interesting that
4303 some people will say that we are rushing to green energy when
4304 it has been talked about seriously from the president's level

4305 to Congress and along all the analysts around the world for
4306 decades now. So all of a sudden it is a rush to energy. I
4307 find that quite interesting.

4308 When it comes to clean energy, today the United States
4309 is the world's leading producer of both oil and natural gas.
4310 And this has undoubtedly brought our country numerous
4311 economic benefits, including job creation, opportunities in
4312 trade, greater global competitiveness. Nonetheless, Russia's
4313 invasion of Ukraine has shed a light on how interconnected we
4314 are, globally.

4315 And I commend all the individuals in our country and
4316 corporations and heads of corporations for removing their
4317 operations and terminating their operations with Russia. And
4318 I think it is really important that everybody understands, of
4319 course, we stand with the Ukrainian people, and all peoples
4320 around the world who have been invaded by other countries,
4321 and who are being decimated, and atrocities occurring upon
4322 them.

4323 Mr. Muncrief, prior to the crisis at the pump, how have
4324 you worked to advance the transition to clean energy,
4325 domestically?

4326 *Mr. Muncrief. Thank you for that question. You know,
4327 our fundamental business is producing crude oil and natural
4328 gas production, and the best thing we can do is be a strong,
4329 healthy company.

4330 We continue to explore new ways in the energy
4331 transition. We have actually made some investments along the
4332 lines of venture capital to develop some real-time emissions
4333 monitoring, things like that. So it is something we are
4334 continuing to look at, look for opportunities.

4335 The reality is, sir, that these are very low-return
4336 projects, and we have to be mindful of that after a decade of
4337 challenging investments.

4338 *Mr. Cardenas. Yes, thank you. And I understand that
4339 you have a legal and fiduciary responsibility to your
4340 shareholders, first and foremost, as a C-suite executive. I
4341 understand that. And thank you for your frankness about
4342 talking about where profits interject in your decisions on
4343 how much clean energy investments your company is going to
4344 make. That is not a criticism. That is just, I think, an
4345 honest observation.

4346 Mr. Wirth, as we work towards meeting energy
4347 independence, we can't ignore the ongoing crisis -- that is,
4348 climate change -- which we know is a serious threat to our
4349 planet, to our national security, economic prosperity, and
4350 the future of our people.

4351 On Monday, the United Nations Intergovernmental Planet -
4352 - Panel on Climate Change released a report on climate change
4353 that indicates that global emissions have never been higher,
4354 and that we are on a pathway to more than doubling the 1.5

4355 degree limit that was agreed upon in 2015 in the Paris
4356 Climate Agreement.

4357 With the current emissions trajectory, scientists are
4358 forecasting extreme climate change, unprecedented disaster,
4359 and a world that is uninhabitable. As the U.S. shifts the
4360 increase of energy independence, how is clean energy being
4361 prioritized, and what steps are you each taking to prioritize
4362 the transition to cleaner, more sustainable energy in order
4363 to address climate change and reduce GHG emissions?

4364 *Mr. Wirth. Congressman, thank you for the question,
4365 and thank you for your genuine appreciation for the
4366 contributions that this industry makes to American
4367 competitiveness and our economy, and the responsibilities the
4368 leaders of these companies do have.

4369 Our strategy is to decarbonize our existing business by
4370 reducing the emissions intensity of the oil and gas that we
4371 produce, and the world still consumes, and continuing to
4372 reduce that CO2 intensity over time while the world is using
4373 traditional sources of energy, and then to invest in new
4374 lower-carbon forms of energy at the same time. Our focus is
4375 in three areas: renewable fuels, hydrogen, and carbon
4376 capture and storage.

4377 In fact, this year we will spend nearly \$4 billion on
4378 renewable fuels alone. And we have many, many projects that
4379 we are working on developing in the areas of hydrogen and

4380 carbon capture and storage and other technologies.

4381 *Mr. Cardenas. Thank you. My time is limited, and I
4382 would like to also point out that, with all due respect, the
4383 \$4 billion that you mentioned of the investment, that is
4384 good. But yet, at the same time, it was mentioned earlier
4385 that some of your earnings, quarterly earnings, are in
4386 upwards of \$10 billion in one quarter. So again, it is all
4387 relative, as well.

4388 And I heard earlier that it is about making sure that
4389 your bottom dollar is met, as well. So maybe what we can see
4390 -- to the biggest country in the world, when it comes to
4391 producing oil and fossil fuel production, maybe we can get a
4392 little bit more aggressive, and maybe be a better competitor
4393 to China so that those economic forecasts don't play out,
4394 that we are going to end up at the behest of China in the
4395 future.

4396 We all have a part to play. American industry is at the
4397 pump every single day in front of our folks. Like in
4398 California, prices have hit above \$5.90 per gallon. And we
4399 all have a role to play on making sure that we can do what we
4400 can to give some relief to the American consumer, the
4401 American families, and the American people.

4402 So with that, my time is expired. I yield back, Madam
4403 Chair.

4404 *Ms. DeGette. I thank the gentleman. The chair now

4405 recognizes Mr. Walberg for five minutes.

4406 *Mr. Walberg. Thank you, Madam Chair. The title of
4407 this hearing today attempts, I believe, to skirt blame away
4408 from what I hope we all know, that, despite recent
4409 statements, the Biden Administration's policies have always
4410 and will continue to push us away from energy security in
4411 favor of unrealistic climate goals.

4412 On his first day in office, President Biden issued an
4413 executive order revoking the cross-border permit for the
4414 Keystone XL pipeline. My colleagues have pointed out the
4415 long list of policies they have implemented since that time,
4416 whether it be the unrealistic CAFÉ standards, the recent SEC
4417 rules, or the ongoing threats to existing pipelines like Line
4418 5 in Michigan. They all create an inhospitable environment
4419 for energy investment.

4420 Meanwhile, our constituents are suffering. Recently, a
4421 constituent wrote to me, not far from my personal home,
4422 saying that someone had drilled overnight a hole in their
4423 truck's gas tank and stole their gas. This is the
4424 environment that Biden inflation and President Biden's energy
4425 policies have created. It could get worse. Clearly,
4426 something needs to change.

4427 And so, General McMaster, just a few months ago, sir,
4428 there were reports that the Biden Administration was actively
4429 exploring the possibility of terminating the Line 5 pipeline

4430 in Michigan, a U.S.-Canada pipeline which brings light crude
4431 oil and natural gas to Canada and our state and states across
4432 the Midwest. Doing so would cost thousands of jobs and
4433 further raise already record-high costs for energy for
4434 Michiganders.

4435 General McMaster, what message does the Biden
4436 Administration send, both at home and abroad, when they talk
4437 about closing cross-border pipelines?

4438 *Mr. McMaster. Congressman, I think the message is that
4439 we are continuing to pursue non-solutions. And I think this
4440 shows a high degree of strategic incompetence.

4441 It is important for us to reduce carbon emissions. It
4442 is important for us to move rapidly toward renewables and
4443 zero-emission sources of energy. But we have to also
4444 recognize the global energy demand is going to go up 45
4445 percent, you know, by the middle of the century. So it is
4446 important for us to undertake a range of actions to ensure
4447 our energy security, and to ensure the prosperity for future
4448 generations.

4449 And, you know, canceling pipelines, again, this is a
4450 non-solution. It makes no sense, right? Because this is a
4451 way to move energy in a way that is much safer. It is more
4452 ecologically friendly. And again, I think that there is a
4453 certain kind of ideology that drives a lot of this decision-
4454 making, and it reveals that we are not displaying the degree

4455 of competence necessary to address these interconnected
4456 problems of energy security, national security, and carbon
4457 emissions.

4458 *Mr. Walberg. It pushes back against OPEC and Russia's
4459 control of the global energy market, as well, doesn't it?

4460 *Mr. McMaster. Yes, it does, especially if these
4461 pipelines can lead to export terminals that allow us then to
4462 alleviate the, you know, the supply constraints on the -- in
4463 the global energy market.

4464 *Mr. Walberg. Thank you.

4465 Ms. Watkins, Mr. Woods, and Mr. Lawler, Line 5 services
4466 some of your refineries, and I have been at some of those
4467 refineries. Closing the pipeline, Line 5 pipeline, would
4468 mean thousands of additional trucks on the road, rail cars,
4469 tankers on the tracks going through our communities, creating
4470 safety hazards, and more emissions, actually, rather than a
4471 pipeline.

4472 Do you agree that pipelines are the safest and most
4473 efficient way to transport fuel, Ms. Watkins?

4474 *Ms. Watkins. Yes, sir. I do believe that they are the
4475 safest way to transport fuel.

4476 *Mr. Walberg. Mr. Woods?

4477 *Mr. Woods. Yes.

4478 *Mr. Walberg. Mr. Lawler?

4479 *Mr. Lawler. When properly maintained, absolutely.

4480 *Mr. Walberg. And that is key, properly maintained.
4481 And the Line 5, in fact, it is more than properly maintained.
4482 They are attempting to dig a tunnel underneath the Great
4483 Lakes to totally encase it, keep it protected from any type
4484 of damage to bring it across.

4485 And so the fact that we can't -- and it would be great
4486 to have had our Energy Secretary here before we all talked
4487 today, so we could ask those questions in the context of what
4488 it is doing in your industry. I appreciate your answers.

4489 And with that I yield back.

4490 *Ms. DeGette. The chair now recognizes Ms. Kelly for
4491 five minutes.

4492 *Ms. Kelly. Thank you, Madam Chair, for holding this
4493 important hearing.

4494 I want to start by thanking General McMaster for his
4495 service to our country and for appearing as a witness today.

4496 However, my questions are directed at the oil company
4497 executives who are before us today because my constituents
4498 want to know why they are paying outrageous prices to fill
4499 their cars up.

4500 They want to know why your companies, whose crude oil
4501 makes up some 60 percent of the price of a gallon of
4502 gasoline, are not doing anything while prices at the pump are
4503 going through the roof.

4504 Now, you all have talked extensively about your

4505 companies and the global nature of oil prices that really are
4506 not in your control. Certainly I understand how there are
4507 things that can affect prices in ways that are out of your
4508 control.

4509 One of the things seems to be OPEC and OPEC Plus.

4510 Mr. Woods, can you or one of your colleagues explain how
4511 OPEC impacts prices on global markets?

4512 *Mr. Woods. Well, as we have talked about today,
4513 Congresswoman, the main driver of price is the imbalance
4514 between supply and demand, and OPEC basically gets together
4515 and decides on production and, therefore, supply in the
4516 marketplace, which will then translate into that balance and
4517 then pricing.

4518 *Ms. Kelly. Thank you.

4519 So it sounds like OPEC sets targets for production that
4520 have an impact on price. They restrict output and prices
4521 climb.

4522 But I have also heard today how you and your companies
4523 are independently deciding not to invest in new supply or
4524 produce more in order to return value to the shareholder.

4525 So you do not control price, but you do manage or
4526 manipulate supply to restrict the amount of product on the
4527 market relative to rising demand we are experiencing, and you
4528 do that to create scarcity, which in turn drives up prices
4529 for that product.

4530 And, of course, that is what creates value to the
4531 shareholder.

4532 So I guess my question for anyone that wants to take
4533 this: is that not exactly what OPEC and its affiliates have
4534 been doing to the detriment of the American people and our
4535 economy since the oil shock of the 1970s?

4536 How is your behavior any different than that of OPEC, if
4537 anyone wants to answer?

4538 *Mr. Woods. Congresswoman, I would say that you have
4539 mischaracterized the approach that the industry takes in
4540 general, and specifically the approach that ExxonMobil has
4541 taken.

4542 What I would tell you, from 2017 through 2021, we have
4543 been extremely committed on improving our production,
4544 increasing supply, and making sure that energy remains
4545 available and affordable for people all around the world.

4546 In fact, we did the hard things. When we were not
4547 making money, we continued to invest to make sure that the
4548 projects that were going to be needed for additional supply
4549 were available and are now producing.

4550 And as a result of that, the production that we are
4551 going to have this year is 25 percent higher than it was last
4552 year coming out of the permit, which is 25 percent higher
4553 than it was before.

4554 Our global liquids production, our oil production around

4555 the world is at the highest it will have been this year for
4556 15 years.

4557 So I would tell you that the company, this company, has
4558 been working to make sure that we are making the investments
4559 and are thinking about the impact on people all around the
4560 world, including the consumers here who are struggling with
4561 high prices, to make sure that products are available to meet
4562 their needs reliably.

4563 *Ms. Kelly. Well, I am glad to hear that you are trying
4564 to do something, but again, more needs to be done.

4565 And the other thing is if the price of oil set by global
4566 markets, the American people want to know why we shall
4567 continue to shower your incredibly profitable companies with
4568 special tax breaks and subsidies when you are not working in
4569 the interest of American consumers.

4570 Oil companies, like some of those testifying today get
4571 intangible drilling tax breaks, percentage depletion
4572 allowances, tax deductions for tertiary injection expenses,
4573 tax credits for producing oil and gas from marginal wells,
4574 passive loss acceptance for working interests in oil and gas
4575 properties, tax deductions for income attributable to
4576 domestic production activities for oil and gas, and seven-
4577 year amortization periods for geological and geophysical
4578 expenditures. And this does not even complete the list.

4579 These tax breaks are not being used to increase supply

4580 and lower prices for American consumers. Then it is time to
4581 reconsider whether tax dollars should just be padding your
4582 company's profits.

4583 Thank you, and I yield back.

4584 *Ms. DeGette. I thank the gentlelady.

4585 The chair now recognizes Mr. Mullin for five minutes.

4586 *Mr. Mullin. Thank you, Madam Chair.

4587 I appreciate all the witnesses being here today and
4588 understand the difficulties that you face as a business. And
4589 so I kind of want to start with Mr. Muncrief.

4590 With the onset of the pandemic in March 2020, we saw the
4591 global demand for oil drop and the price plummet, and we
4592 finally are seeing the demand rise to pre-pandemic levels.

4593 Can you explain the process of ramping up production to
4594 meet these needs?

4595 *Mr. Muncrief. Yes. Thanks very much for that
4596 question, Congressman.

4597 The process of ramping up production is you need to go
4598 out and secure services, and you need to make sure you have
4599 manpower. You need to make sure you have infrastructure and
4600 all the permits.

4601 And that is something that here at Devon we have been
4602 doing. So if you look at 2021, we averaged 14 rigs. As we
4603 sit here today, we are at 19 rigs. So we have been ramping
4604 that up.

4605 Additional ramping takes a lot of considerations, and
4606 quite honestly, it is very challenging. You have heard some
4607 testimony today about the shortage of manpower. We have a
4608 tight labor market.

4609 We also have tightness in rigs and services and
4610 supplies. So it is something that we really have to think
4611 about.

4612 But for our company, we not only increased the activity.
4613 We are going to be bringing on 300 new wells this year, and
4614 that will have a big implication as we go into not only the
4615 back half of 2022, but 2023 as well.

4616 *Mr. Mullin. Thank you.

4617 Following from day one, President Biden has been very
4618 vocal about being anti-gas and anti-oil. What kind of
4619 signals does that send to the industry when you are trying to
4620 plan your future for your company?

4621 *Mr. Muncrief. Well, for us, you know, we really need
4622 to have some dialogue, and that is what we have been asking
4623 for, is dialogue.

4624 For instance, Congressman, with our company, about 20
4625 percent of our activity or our acreage -- excuse me -- is on
4626 Federal lands. However, 50 percent of our activity and
4627 capital budget is also on Federal lands, and the production
4628 is corresponding.

4629 So we are seeing some ramping of production primarily in

4630 Southeast New Mexico in Leonetti County, which is the most
4631 active two counties, I believe, in the entire Nation. And so
4632 we are seeing some good response there.

4633 But we really have to think about not just getting
4634 existing permits or new permits for the drilling, but as we
4635 talked about, we also need some additional permits.

4636 And so you have to think about what it is you need for
4637 infrastructure buildout, and you need to think about long-
4638 haul pipes getting to the market.

4639 *Mr. Mullin. Thank you, sir.

4640 General McMaster, many of our allies in Europe are
4641 relying on energy from Russia. With Russia waging war on
4642 Ukraine, is it evident now more than ever that Europe needs
4643 energy from the United States?

4644 Would you agree that American energy independence
4645 creates global stabilization?

4646 *Mr. McMaster. Absolutely, Congressman. I do not know
4647 how else to say it. I mean, yes, yes.

4648 *Mr. Mullin. Are there any geopolitical vulnerabilities
4649 for importing oil from Venezuela, Iran, and Russia?

4650 *Mr. McMaster. Absolutely, because we know that it is
4651 the ATM of oil exports that allows those oppressive regimes
4652 to stay in power, to keep a criminalized patronage networks
4653 that make people in those countries reliant to them.

4654 In the case of Iran, in particular, it is the revenue

4655 from oil exports that allows them to continue their four-
4656 decade long proxy war against the Great Satan, us, their Arab
4657 neighbors, and against Israel.

4658 *Mr. Mullin. Thank you.

4659 And here inside the United States, the Biden
4660 Administration is pushing us away from fossil fuels. Can you
4661 explain how this plays into the hands of Communist China?

4662 *Mr. McMaster. Well, it plays in the hands of China
4663 because we cannot meet global energy demands without the U.S.
4664 being really a major player in the global energy market, in
4665 the area of hydrocarbons, and I would say in natural gas in
4666 particular.

4667 But then also, trying to jump ahead to renewables before
4668 renewables are economically viable in terms of developing
4669 economies puts China in a position of control, where China
4670 can restrict access to renewable sources of energy and gain
4671 coercive power over us that is reminiscent of U.S. dependency
4672 on Middle Eastern oil in the 1970s.

4673 *Mr. Mullin. Which brings me back to my point that I
4674 like to bring up all the time and something I said earlier,
4675 that American energy independence brings global
4676 stabilization.

4677 I said it on HPSI. I have an opportunity to visit with
4678 a lot of our allies around the world, and they will tell you
4679 the same thing. They would rather buy oil from a friendly

4680 country like ours than to be dependent on buying oil from a
4681 country they know would rather take them down than see them
4682 succeed.

4683 So once again, global stabilization happens when we have
4684 energy independence for America.

4685 With that I will yield back.

4686 *Ms. DeGette. The chair now recognizes Mr. McEachin for
4687 five minutes.

4688 *Mr. McEachin. Thank you, Madam Chair.

4689 I appreciate the opportunity to be with you today, and I
4690 would like to start off by disabusing the American public of
4691 some myths.

4692 A lot has been said about the Keystone pipeline so far
4693 today, but the reality is that the Keystone pipeline would
4694 not be operational until at least next year. So the notion
4695 that somehow that is adversely affecting the price of oil and
4696 the price of gas at the pump is to me to be somewhat
4697 mystifying how someone can look the American people in the
4698 eye and make that argument.

4699 And what is more, the Keystone XL was essentially a
4700 Canadian export pipeline designed to take Canadian oil to
4701 foreign markets. And Canadian officials have said just as
4702 much.

4703 But let me get to another myth that I think is going
4704 around the Capitol and perhaps through the American public,

4705 and that is this notion that if we declare a Federal tax
4706 holiday, somehow the American people are going to feel that
4707 in their pocketbook.

4708 And so I would like to ask each of the major producers
4709 here, starting off with Mr. Lawler, if we decide we are going
4710 to suspend the Federal gas tax, are you prepared to reduce
4711 the wholesale price of gasoline by that 18.3 cents, sir?

4712 *Mr. Lawler. So I cannot commit to that today. Again
4713 it is --

4714 *Mr. McEachin. Okay. I appreciate that. I appreciate
4715 that.

4716 How about you, Mr. Wirth?

4717 *Mr. Wirth. Congressman, the way the market works, we
4718 collect that tax on behalf of the government and remit it to
4719 the government. So if that tax were suspended, we would no
4720 longer collect it, and that would no longer be passed through
4721 to the marketplace.

4722 *Mr. McEachin. So your wholesale price of gasoline
4723 would be reduced by 18.3 cents?

4724 *Mr. Wirth. We add the tax onto our wholesale price of
4725 gasoline. If the tax were suspended, we would no longer add
4726 that on.

4727 *Mr. McEachin. All right. Thank you, sir.

4728 How about Mr. Woods with Exxon?

4729 *Mr. Woods. The wholesale gasoline market is set by

4730 supply and demand levels. We do not actually set a price on
4731 that. So, as Mr. Wirth said, depending on how that market
4732 translated in the supply-demand balance, that would set the
4733 price.

4734 *Mr. McEachin. So you are saying that the 18.3 cents
4735 that we charge per gallon does not affect the price?

4736 *Mr. Woods. Would not be in the price.

4737 *Mr. McEachin. That is not my question. If we declare
4738 a Federal tax holiday, are your prices going to go down by
4739 18.3 cents?

4740 *Mr. Woods. We do not set the price in a commodity
4741 wholesale market for gasoline. That is set by supply and
4742 demand. We will not collect the tax, but then the market
4743 will set the price for the underlying fuel.

4744 *Mr. McEachin. All right. I appreciate that.

4745 And let's see. Ms. Watkins, how about Shell? What will
4746 Shell do if we declare a Federal tax holiday of 18.3 cents?

4747 *Ms. Watkins. Congressman, we are in a similar
4748 situation. We will no longer collect the Federal tax. The
4749 price of gasoline will be set in the marketplace, and it is
4750 based on supply and demand.

4751 *Mr. McEachin. So let me see if I have got this right,
4752 and either one of the four that just spoke can correct me
4753 please.

4754 What you are saying is that supply and demand is setting

4755 the price of wholesale gasoline, which obviously gets
4756 translated to retail and ultimately to what my constituents
4757 pay for gasoline. So the 18.3 cents that we charge for a
4758 Federal tax holiday, really is not affecting anything other
4759 than, you know, the government is collecting some revenue.
4760 It is not affecting supply and demand. It is not affecting
4761 the price at the pump.

4762 Is that correct?

4763 *Mr. Wirth. Congressman, it is added to the price at
4764 which the wholesale gasoline is sold on through the value
4765 chain. So if it is suspended, that component leaves the
4766 equation.

4767 The rest of the dynamics remain in the marketplace as
4768 they do every day.

4769 *Mr. McEachin. So there is no promise then that the
4770 price is going to go down by 18.3 cents, correct?

4771 *Mr. Wirth. Congressman, it is impossible to predict
4772 how commodity markets will behave day to day. So --

4773 *Mr. McEachin. All right. I appreciate the candor.
4774 What I am trying to do is disabuse the American public of
4775 this myth that if we do something like declare a Federal tax
4776 holiday, that the price of gasoline will go down.

4777 We do not know what is going to happen to it is what you
4778 all are saying because you are saying that the mysteries of
4779 supply and demand and this and that could still have the

4780 wholesale price go up or go sideways or go in just about any
4781 direction.

4782 Madam Chair, I appreciate this opportunity. Let me just
4783 say this. I think our solution ultimately ought to be we
4784 just need to give direct payments to the American people
4785 while we are in this emergency so they have some extra money
4786 to pay for gasoline.

4787 That would be my solution. I have said as much on the
4788 record. I have said as much to leadership. I look forward
4789 to continuing the discussion.

4790 And I yield back the balance of my time, and I
4791 appreciate your letting me -- on yours.

4792 *Ms. DeGette. I thank the gentleman.

4793 And the chair is now pleased to recognize Mr. Carter for
4794 five minutes.

4795 *Mr. Carter. Thank you, Madam Chair, and thank you for
4796 allowing me to waive onto this committee.

4797 And thank all of the witnesses for being here.

4798 Gentlemen, what I have behind me, ladies and gentlemen,
4799 is a chart of receipts that I have asked constituents of my
4800 district to send into us. What you will see here, first of
4801 all, there is \$80 to fill up the tank, a \$80 receipt to fill
4802 up a tank in Brunswick, Georgia.

4803 A hundred and 35 dollars in Waycross, Georgia.

4804 One constituent put it out that they spent \$334 just

4805 last month on gas.

4806 And behind each of these receipts is a story. Sam from
4807 Ellabell, he is having to cancel his Veterans Affairs
4808 appointment because he cannot afford to get there.

4809 Kayla from Ware County summarized the pressure facing
4810 working class Americans by saying, and I quote, "I cannot
4811 afford to go to work, but I also cannot afford not to go to
4812 work," unquote.

4813 We are forcing our seniors, our single parents, and our
4814 veterans to choose between groceries and gas, between a
4815 regular paycheck and regular fuel. It all comes down to the
4816 Biden Administration's refusal to recognize reality and
4817 instead wage a war on fossil fuels.

4818 I, for one, do not believe any of these assertions that
4819 have been made here that it is Putin's fault or that it is
4820 the big oil companies simply gouging the prices here. That
4821 is not what it is.

4822 This was happening before Vladimir Putin's unprovoked
4823 invasion of Ukraine. It has happened since the policies of
4824 this administration started taking place.

4825 General McMaster, I want to ask you something. Ukraine
4826 in the geographical area that they are in, they have the
4827 second biggest known gas reserves, and they also have a lot
4828 of natural gas.

4829 In your written testimony, General McMaster, you said

4830 Russian military incursions have focused on the ten percent
4831 of Ukrainian territory that is home to 90 percent of their
4832 energy.

4833 Look. Vladimir Putin is evil. He is the devil himself.
4834 However, he ain't dumb. He knows what he is doing here.

4835 General McMaster, I want to ask you. Can you elaborate
4836 more on the notion that Russia is weaponizing energy against
4837 the free world?

4838 *Mr. McMaster. Congressman, of course Putin has been
4839 engaged in this behavior for quite some time. He has
4840 weaponized energy against Moldova, against Bulgaria, against
4841 Romania, and of course, we see it against Ukraine and now
4842 against Europe, broadly, and Germany, in particular, to try
4843 to soften or weaken our resolve in connection with the
4844 response to this brutal invasion of Ukraine.

4845 And he wants more of it. He wants to gain more and more
4846 access to oil reserves. As you mentioned, in Eastern Ukraine
4847 where he is focusing this offensive and what one Alice has
4848 called "the great Ukraine heist" associated with what Russia
4849 is trying to do in the Donbas region, in particular.

4850 But he has done the same thing in Syria as well. You
4851 might remember in February of 2018, Russian mercenaries
4852 attacked U.S.-supported Syrian Democratic Forces in the
4853 Euphrates River Valley. They were going after the Conoco oil
4854 facility because Putin knew he did not have the money he

4855 needed to help reconstruct the country he hoped to rubble in
4856 Syria.

4857 You see the same kind of adventurism in Eastern Libya,
4858 for example, on the part of the Russians.

4859 So he is still trying to gain more coercive power, not
4860 less, over the global economy through his control of
4861 hydrocarbon exports. And of course, it is in our interest to
4862 make sure he cannot do that.

4863 *Mr. Carter. Let me ask you this, General McMaster,
4864 because during the week of the invasion of Ukraine, I, along
4865 with two other members of this committee, Representative
4866 Walberg and Representative Curtis as members of the
4867 Conservative Climate Caucus, we were in Brussels. We were in
4868 Europe when this happened, and we were there to look at what
4869 Europe has been doing in the way of clean energy.

4870 And it became very obvious to us that Europe has jumped
4871 the gun too much and that they have closed down, for
4872 instance, some of their nuclear plants.

4873 And it is an important lesson, I think, for us to learn
4874 here in America. Would you say it is realistic to imagine
4875 that Europe or the rest of the world could become energy
4876 independent of Russia on renewables alone in the very near
4877 future?

4878 *Mr. McMaster. No, that is impossible, and especially
4879 if you take nuclear out of the equation, which was what

4880 Germany did as well.

4881 I mean, sadly, my home State of California is about to
4882 do the same thing, to shut down a nuclear plant that now
4883 generates ten percent of the State's electricity. It makes
4884 no sense at all to do that.

4885 And so what we --

4886 *Mr. Carter. And, General, I am sorry. I am sorry.
4887 One final thing.

4888 The American oil industry, we could help with natural
4889 gas. Is that not true? We could help Europe here.

4890 *Mr. McMaster. That is absolutely correct, and of
4891 course, this is a solution that is important for energy
4892 security, but also it is an important solution because
4893 everybody is burning more coal as a result of the constraints
4894 on the gas market.

4895 So we need to export more gas not only because it makes
4896 sense in terms of economic sense and in terms of energy
4897 security, but also it makes sense in terms of climate and CO2
4898 reductions and getting off of coal and bridging into cleaner
4899 forms of energy.

4900 *Mr. Carter. And, oh, by the way, natural gas here in
4901 America is cleaner than the Russian gas, correct?

4902 *Mr. McMaster. Absolutely. Senator Cramer and I had a
4903 long piece on this, a long essay on this and maybe a policy
4904 solution that can help incentivize cleaner extraction and

4905 transport of natural gas, consistent with the way we do it
4906 here in America.

4907 *Mr. Carter. Good. Thank you, General McMaster.

4908 And I will yield back, Madam Chair. Thank you.

4909 *Ms. DeGette. I thank the gentleman.

4910 The chair now recognizes Ms. Clarke for five minutes.

4911 *Ms. Clarke. I thank Chairwoman DeGette for convening
4912 this very critical oversight hearing on big oil and the
4913 gouging at the gas station.

4914 It is very clear to most Americans that big oil's
4915 shameless profiteering is taking place at the expense of the
4916 people and of our planet.

4917 At a time when democracy and democratic values are a
4918 threat (sic), the people of Ukraine are being massacred, and
4919 the American people are suffering due to an historic spike in
4920 gas prices emerging from once in a century pandemic. Your
4921 companies are making record profit.

4922 Nobody is more impacted by your actions than the low-
4923 income and working-class communities who spend the highest
4924 amount of their income on transportation and basic goods just
4925 to get by. These communities were suffering long before this
4926 current crisis, and now they are crying out for our help.

4927 And what is your response? You are enriching your
4928 investors with stock buybacks and dividends and lining your
4929 own pockets with millions after millions in additional

4930 executive compensation.

4931 Many of my Republican colleagues here in Congress, and I
4932 believe your companies as well, are trying to take advantage
4933 of this moment as an excuse to push for more oil and gas
4934 permits and less environmental regulation.

4935 This is not the first time that you have done this. You
4936 say we need to drill our way out of this crisis. You say we
4937 need to hurry and approve more gas leases and more drilling
4938 permits and building more pipeline.

4939 But in fact, the very opposite is true. We have been
4940 trying to drill our way toward energy security for decades.
4941 We currently have more drilling permits and leases than your
4942 companies are even using, but no amount of drilling can
4943 change the fact that oil is an unstable global commodity that
4944 is completely out of our control.

4945 Today it is Putin's illegal war that has shocked the
4946 market and initially sent prices soaring. Tomorrow it will
4947 something else, and no amount of drilling is going to change
4948 this basic underlying reality that oil and gas are finite
4949 resources in the marketplace that is largely controlled by
4950 dictators and autocrats.

4951 And let's also try to remember that the extraction and
4952 use of this fossil fuel is pushing our planet to the very
4953 brink of climate disaster, and it is already destroying the
4954 lives and livelihood of people of color and Black and Brown

4955 communities across the globe.

4956 Now is not the time to drill more. Now is the time to
4957 finally wake up to the reality that the only way out of this
4958 crisis and all future oil crises is by investing in renewable
4959 energy and a green energy workforce at the scale needed to
4960 achieve a clean energy center by the year 2035.

4961 Today we have the technology to combat the climate
4962 crisis, create high paying jobs, and grow our economy all at
4963 once. The only thing we are lacking is Federal action to
4964 seize this moment and chart a new and bold path forward.

4965 This is why I have introduced the American Renewable
4966 Energy Act with my friend and colleague, Congressman Peter
4967 Welch, and this is why we need to immediately renew
4968 negotiations for climate centered Build Back Better Act that
4969 will unleash a wave of green energy investment across our
4970 Nation.

4971 Before my five minutes are up, I would like to ask you
4972 each, each of our executives, a yes or no question. Number
4973 one, do you believe that we need a historic investment in
4974 renewable energy to combat the climate crisis and end our
4975 Nation's reliance on fossil fuels?

4976 And do you believe that your company should play a key
4977 part in this transition?

4978 Do not all speak at once.

4979 *Mr. Lawler. So, Congressman, this is Dave Lawler with

4980 BP.

4981 We do believe the transition is very important, and we
4982 have moved forward. We have a new purpose.

4983 *Ms. Clarke. And so that is a yes. Are you saying that
4984 is a yes, Mr. Lawler?

4985 *Mr. Lawler. Yes. We are supportive of --

4986 *Ms. Clarke. Very well. Mr. Wirth of Chevron.

4987 *Mr. Wirth. Congresswoman, I believe we could look to
4988 technology innovation as --

4989 *Ms. Clarke. Is that a yes, sir, or is that a no?

4990 *Mr. Wirth. I believe technology innovation --

4991 *Ms. Clarke. Oh, so it is not a yes or a no. Okay. I
4992 will take that as a no.

4993 Mr. Muncrief, is that a yes or a no?

4994 *Mr. Muncrief. Well, we have a lot of challenges. We
4995 will address them.

4996 *Ms. Clarke. I have got it. I have got it. You are
4997 not ready to say yes or no.

4998 *Ms. DeGette. Ms. Clarke, your time has expired, and we
4999 are trying to get everybody to the floor to vote.

5000 *Ms. Clarke. Okay. Very well. Well, let me thank you
5001 once again, Madam Chair, and I yield back.

5002 *Ms. DeGette. Thank you.

5003 I apologize. Thank you.

5004 Mr. Duncan, you are recognized for five minutes.

5005 *Mr. Duncan. Thank you, Madam Chair.

5006 You know, Americans know that they are paying more, much
5007 more for gasoline today than they were at the end of the
5008 Trump Administration, and they know why, because of the
5009 policies of the Biden Administration.

5010 This hearing is a complete and total deflection by the
5011 Democrats to distract from the energy crisis that President
5012 Biden and congressional Democrats have created, and they are
5013 trying to find someone else to blame.

5014 Do not let them gaslight you. Record high gas prices do
5015 not just lay at the feet of Vladimir Putin or of oil and gas
5016 companies.

5017 Just look at the dichotomy of their statements from the
5018 fall of 2021 and their attempt to lay blame here today, and I
5019 am going to ask this article to be submitted for the record.

5020 But this is an article dated April 25th, 2022 (sic), and
5021 it says that House Democrats were demanding these same oil
5022 and gas companies produce less oil to reduce the global
5023 supply of crude, and that was just last fall.

5024 During the October 28th hearing, California
5025 Representative Ro Khanna praised BP and Shell CEOs for
5026 pledging to reduce their oil production. Then he asked U.S.
5027 oil execs why they were not doing the same.

5028 He goes on to say in his questioning, "Do you commit to
5029 do anything matching European counterparts to bring the

5030 actual demand of oil production down?''

5031 Democrats were wanting to bring oil production down, and
5032 now they are trying to blame someone else.

5033 Representative Khanna goes on to say that, "No. Are you
5034 committed to lowering the production as the Paris Accords
5035 say? Yes or no?''

5036 If progressives truly cared about climate, they would
5037 support more U.S. oil and gas production which could replace
5038 supply from countries with lower environmental standards and
5039 higher emissions.

5040 In fact, California Representative Katie Porter
5041 illuminated this when she chided the CEOs for opposing Mr.
5042 Biden's halt on new oil and gas leases on Federal land.

5043 You cannot have it both ways, Democrats. You cannot
5044 come in here and blame others for the rising prices of
5045 gasoline at the pump when last fall you were also blaming or
5046 at least the dichotomy of that, of trying to get the oil and
5047 gas companies to produce less.

5048 So the day before Putin invaded Ukraine, gas prices were
5049 already up 55 percent from before the day Biden took office.
5050 Why?

5051 One reason was displayed by Representative Scalise a
5052 minute ago, the costly and burdensome regs. that drive the
5053 cost of production up for oil and gas producers. In fact, he
5054 provided these regs. that I would like to submit for the

5055 record, Madam Chair, the regs. that are driving the cost of
5056 production up for American producers.

5057 We saw what candidate President Bidet said. I think
5058 Scalise talked about that, but let's just look at his fiscal
5059 year 2022 budget.

5060 In development of the budget, consideration was given to
5061 advancing three key objectives, one of which was not funding
5062 work that directly subsidizes fossil fuels, including work
5063 that lowers the cost of production, lowers the cost of
5064 consumption -- that means lowers the price at the pump for
5065 American families -- or raises the revenues retained by
5066 producers of fossil fuels.

5067 That was then Joe Biden's 2022 budget. You know,
5068 America is blessed with abundant natural resources, but we
5069 are cursed with liberal politicians who are causing these
5070 problems and causing American families to pay more at the
5071 pump.

5072 Prices were not created by Vladimir Putin. He is just
5073 capitalizing on it. He is capitalizing on it because the
5074 Nord Stream III project was greenlighted by President Biden
5075 in January of last year.

5076 That money that Vladimir Putin sells to Europe, the oil
5077 and gas, to European countries and sells natural gas and oil
5078 to the United States pads his pockets and helps pay for his
5079 imperialistic aims in Ukraine and elsewhere. He is one of

5080 the richest men in the world.

5081 So I hope that we will just look at Germany. Germany
5082 should serve as a warning signal in the United States. They
5083 sold out to the radical environmental ideology and now face
5084 an energy crisis. They simultaneously phased out nuclear
5085 power and coal and now import more than half of their natural
5086 gas from Gazprom and other Russian companies.

5087 They shut down 14 of their 17 nuclear plants. Instead
5088 of prioritizing clean-burning nuclear energy, Germany made a
5089 policy decision to heavily subsidize volatile and
5090 intermittent renewables.

5091 Now they are going back and buying more coal and more
5092 coal plants are coming online. So it is hypocrisy of pushing
5093 climate change initiatives and being held out in the world as
5094 being a leader of renewables, and all of sudden they say,
5095 "Well, we need power. So we are going to burn coal."

5096 If you truly were believers, which I do not think they
5097 are, they have been at the mercy of Vladimir Putin turning
5098 the spigot on and off.

5099 You know, you just cannot have it both ways. You cannot
5100 encourage lower production and then try to blame somebody
5101 when the prices go up.

5102 And I yield back.

5103 *Ms. DeGette. The gentleman's time has expired.

5104 The gentlelady from Delaware, Ms. Blunt Rochester, is

5105 recognized for five minutes.

5106 *Ms. Blunt Rochester. Thank you, Chair DeGette, for
5107 calling this important hearing, and also to the witnesses for
5108 your testimony today.

5109 We have heard repeatedly Americans are paying for
5110 gasoline prices higher than they ever have before, and it
5111 truly underscores the imperative for our country to be energy
5112 independent.

5113 In my State, the average cost of a gallon of gasoline is
5114 hovering above \$4, which might not seem like a lot to some,
5115 but it was \$2.70 a year ago, and this spike is directly
5116 impacting Delawareans.

5117 I have heard from retirees on fixed incomes, veterans,
5118 and parents who are struggling to pay soaring gas prices.
5119 One constituent wrote me that the cost actually went up by 20
5120 percent a gallon while he was standing at the pump.

5121 We have seen President Biden take action. We have seen
5122 many States, including Delaware State lawmakers and Governor
5123 Carney working on legislation to alleviate some of this
5124 burden.

5125 In Delaware, leaders are planning to give \$300 in direct
5126 payments to taxpayers to provide some economic relief, as
5127 Delawareans continue to struggle with rising prices at the
5128 pump.

5129 Throughout the hearing, we have heard from members of

5130 Congress with solutions, but I want to talk to you about the
5131 solutions that you are focused on and that we can tackle
5132 together.

5133 We know that gas prices are complex and that lingering
5134 economic impacts of the pandemic, global markets, and Putin's
5135 unprovoked war are all factors into the cost, but people are
5136 hurting. They want to understand what is happening, why it
5137 is happening, and how we are going to tackle it.

5138 They are seeing oil companies rake in record profit and
5139 want to understand where all the money is going and why with
5140 these record profits they are paying so much at the pump.

5141 Oil companies felt the pain of the COVID pandemic as
5142 they saw their demand for gas evaporate, and then the CARES
5143 Act provided generous bailouts to the oil and gas industry,
5144 and now as prices continue to soar, it is time for the
5145 industry to step up and help the American people.

5146 We need to work together to create a more financially
5147 secure future for all Americans.

5148 We have heard a lot today about the sacrifices that
5149 Americans are making, and I would like to hear about the
5150 sacrifices your companies are making now, and I want to be
5151 clear that I am asking this and I am going to just submit the
5152 questions for the record in the interest of time because in
5153 reading your testimonies, many of you talk about the things
5154 that you supported in the past and the things that you are

5155 going to do in the future, but people are hurting right now,
5156 and I would like to hear from each of you your commitment.

5157 So I will submit that, Madam Chairwoman, for the record.

5158 But specifically, Mr. Muncrief, in a recent interview
5159 you highlighted your promise to be more disciplined, to get
5160 cash back to shareholders with dividends, and you asked
5161 yourself the question whether you are going to keep your
5162 promise or whether you are going to be patriotic.

5163 Mr. Muncrief, is your company willing to forego getting
5164 cash back to shareholders in order to ease the burden
5165 Americans are feeling at the pump?

5166 *Mr. Muncrief. Congresswoman, thank you for that
5167 question.

5168 You know, over the last decade our company spent 110
5169 percent of its cash flow, operating cash flow. We took on
5170 debt and issued new shares.

5171 That put us in a position to be where we are today, to
5172 be a healthy company.

5173 As I mentioned earlier, we are increasing our
5174 production. We have added. We have gone from 14 rigs to 19
5175 rigs. We are going to have 300 new wells added this year.

5176 So we are doing a lot, and we also are going to take
5177 care of our shareholders, and those are the shareholders that
5178 have stuck with us all these years and when we were not
5179 profitable, and we are finally turning a profit, and so we

5180 are not going to forget them.

5181 As far as the patriotism, you would be hard-pressed to
5182 find a more patriotic industry, I think, than the United
5183 States oil and gas companies.

5184 *Ms. Blunt Rochester. As a follow-up, given Putin's
5185 tragic invasion of Ukraine, do you still believe that
5186 returning cash to shareholders is your top priority?

5187 *Mr. Muncrief. We have several priorities, and
5188 returning cash to our shareholders is absolutely one of our
5189 top priorities, yes.

5190 *Ms. Blunt Rochester. Okay. You answered the question.

5191 In your testimony you state that even with constraints,
5192 Devon's net domestic oil production reached a new record
5193 high. You also noted that both supply chain issues and the
5194 shortage of workers are preventing you from additional
5195 drilling.

5196 But your company has also stated that it works to
5197 maintain a low investment ratio. Is this approach preventing
5198 you from increasing production capacity?

5199 *Mr. Muncrief. No, I think the most important thing for
5200 us as far as additional capacity --

5201 *Ms. Blunt Rochester. It is just a yes or no because I
5202 am running out of time. I ran out of time.

5203 *Mr. Muncrief. Excuse me. Can you repeat the question
5204 the way you had it phrased?

5205 *Ms. Blunt Rochester. We will submit it for the record.
5206 Again, thank you, Madam Chair, for your leadership and I
5207 thank you for the focus on our constituents as well as the
5208 consumers.

5209 I yield back.

5210 *Ms. DeGette. I thank the gentlelady.

5211 The chair will announce there are two votes on the floor
5212 at this moment, and so we are going to be in recess but for
5213 ten minutes.

5214 [Recess.]

5215 *Ms. Barragan. [Presiding.] I would like to call the
5216 meeting back to order.

5217 And now I would like to recognize the gentlewoman from
5218 Arizona, Mrs. Lesko, for her five minutes.

5219 *Mrs. Lesko. Thank you, Madam Chair, and thank you to
5220 the people testifying today.

5221 This chart -- hopefully, we will wait for the camera to
5222 zoom in a little bit -- but on this chart it clearly shows
5223 how the prices for gasoline have gone up ever since President
5224 Biden took office and the Democrats took control of both the
5225 U.S. House of Representatives and the Senate.

5226 And, you know, in Arizona, prices are even higher than
5227 this. Gasoline prices in Arizona are \$4.65 a gallon on
5228 average. In fact, Arizona has one of the highest or the
5229 highest inflation rate in the entire country.

5230 And so, General McMaster, I have a question for you.

5231 Do you think it is a coincidence that gas prices started
5232 down here after Trump left office and they have continually
5233 gone up even through the strategic oil reserve, through the
5234 war in Ukraine, and now they are way up here?

5235 Do you think that is a coincidence or do you think it is
5236 partially at least because of the Biden and Democrat policies
5237 and their war against American oil and gas?

5238 *Mr. McMaster. Congresswoman, it is not a coincidence.
5239 As you allude to, there are a number of factors at play, but
5240 it is not a coincidence.

5241 *Mrs. Lesko. Well, I totally agree with you. And that
5242 is why I call on President Biden and my Democratic colleagues
5243 to increase production of American oil and gas.

5244 I also think it is real interesting that Biden, when
5245 asked, one of his answers to the high price of gas was, well,
5246 buy an electric car. Buy an electric car.

5247 Well, first of all, electric cars are very expensive,
5248 and so not everybody can afford one, but electric cars and
5249 renewable energy require a lot of critical minerals, and a
5250 lot of those critical minerals are actually processed in
5251 China.

5252 And so, for instance, wind, wind turbines, solar panels,
5253 they all require critical materials. Electric cars require
5254 four times the amount of copper than do a standard car.

5255 Yes, President Biden has closed down mines. There is a
5256 mine in Arizona called Resolution Copper Mine. Under the
5257 Trump Administration, it was given the green light to go
5258 ahead and continue mining.

5259 When Biden was in office, after two months he closed it
5260 down, could not mine. I went to visit there, and that mine
5261 would produce 25 percent of all of the copper that is
5262 consumed in the United States, including for electric
5263 vehicles.

5264 So, I guess what I am trying to say is the policies that
5265 President Biden and the Democrats have are hurting America,
5266 and they are causing the prices to go up.

5267 The other thing that I find very interesting is recently
5268 I was able to speak to former Secretary of State Pompeo. He
5269 was at a meeting, and he expressed how whenever he went to
5270 meetings with foreign countries, he would use U.S. energy
5271 dominance and U.S. energy as a negotiating tool when dealing
5272 with foreign countries.

5273 General McMaster, do you believe that the Biden and
5274 Democrats' war against U.S. oil and gas and their war on U.S.
5275 domestic mining hurts our national security?

5276 *Mr. McMaster. Congresswoman, we have to do everything
5277 we can to increase energy security, and as you already
5278 mentioned, to make up for the complacency in the area of
5279 mining and access to minerals that are critical to the

5280 emerging global economy and the energy transition.

5281 So I agree with your broad point that we are behind and
5282 we have to make up for lost ground, much of it self-
5283 inflicted.

5284 *Mrs. Lesko. And I totally agree with you, General
5285 McMaster.

5286 And let's hope the American people will realize that the
5287 Democrat policies are hurting America and they are hurting
5288 America's pocketbook.

5289 And with that I yield back.

5290 *Ms. DeGette. [Presiding.] The chair now recognizes
5291 Ms. Barragan.

5292 *Ms. Barragan. Thank you, Madam Chairwoman, for holding
5293 this important hearing to hold the fossil fuel executives
5294 accountable for taking advantage of a war to pad their
5295 profits at the expense of the American people.

5296 Mr. Wirth, public information shows that your
5297 compensation went from \$29 million in 2020 to \$33 million in
5298 2021. Is that accurate? Does that sound accurate?

5299 *Mr. Wirth. The years are not accurate. The numbers
5300 are.

5301 *Ms. Barragan. Okay. But you got an increase of about
5302 \$4 million. Does that sound about right?

5303 *Mr. Wirth. No. My pay went down in 2021, ma'am.

5304 *Ms. Barragan. Okay. Do you have any idea what that

5305 was?

5306 *Mr. Wirth. That will be released in our proxy
5307 statement.

5308 *Ms. Barragan. Okay. So we have some information that
5309 is publicly available that shows you made 29 million in 2020,
5310 33 million in 2021.

5311 Mr. Woods at Exxon, the public information that I have
5312 shows that you went from \$16 million in 2020 and \$23.5
5313 million in 2021.

5314 BP executive, it looks like your pay doubled in 2021,
5315 and the Shell CEO made a 25 percent increase from 2020 to
5316 2021.

5317 Why is this important? Because the American people are
5318 not getting a \$4 million raise. They are not having their
5319 pay doubled, and what is happening is they are feeling the
5320 pinch. They are feeling the pressure at the gas pump, and
5321 they are asking why is gas so high.

5322 And that is what this hearing is about today. It is
5323 about asking what is going on. Big oil is lining their
5324 pockets with one hand and taking billions in taxpayer
5325 subsidies with the other, while the American people are
5326 getting ripped off as these companies choose to keep
5327 production low so their profits can remain high.

5328 And people are hurting, and that is what they want an
5329 answer to.

5330 Mr. Sheffield, on a yes or no, do higher oil prices mean
5331 higher dividends for your shareholders?

5332 *Mr. Sheffield. Yes.

5333 *Ms. Barragan. Thank you.

5334 Mr. Muncrief, is that also true for you?

5335 *Mr. Muncrief. Yes.

5336 *Ms. Barragan. Do you agree with that?

5337 *Mr. Muncrief. Yes.

5338 *Ms. Barragan. And do both of your companies offer
5339 variable dividends?

5340 For those watching, it means your payment to the
5341 shareholder goes up when earnings are high and it goes down
5342 when earnings are low.

5343 *Mr. Sheffield. That is correct.

5344 *Mr. Muncrief. Yes.

5345 *Ms. Barragan. Okay. Thank you.

5346 Madam Chair, I would like to enter into the record an
5347 article on variable dividends from Barron's magazine, a
5348 financial magazine titled "Energy Dividend Trend Is Catching
5349 On: Not Everyone Is Onboard."

5350 The article covers how oil companies use a variable
5351 dividend to pay back more to their shareholders when oil
5352 prices are high and less when they are low. This article
5353 goes on to highlight the companies bragging about rapidly
5354 rising dividends as profits come in from increased prices.

5355 Now, a dividend of windfall profits to your investors
5356 tied to the price of oil leaves a lot of room for
5357 exploitation. Every company here is doing this in their own
5358 way: stock buybacks, CEO raises, dividends. All of you are
5359 taking advantage of an oil subsidy.

5360 And you benefitted in different ways from the CARES Act.
5361 This was the first coronavirus relief bill passed to help
5362 communities respond to the pandemic. For example, Devon
5363 Energy received \$105 million from the CARES Act tax benefit.

5364 Fossil fuel companies received tens of billions of
5365 dollars in subsidized loans and tax write-offs during the
5366 COVID relief period.

5367 And now that times are good for you, there is no return
5368 to the taxpayer. Instead Americans are getting gouged at the
5369 pump. We need a dividend for the American people.

5370 That is why I support the windfall profit tax, big oil's
5371 windfall profit tax, to send big oil's windfall directly back
5372 to the American people through a quarterly dividend.

5373 Congress took this step in 1980 in response to the OPEC
5374 oil embargo. We should do it again to provide relief to the
5375 American people.

5376 What is happening to them is not right, and we need you
5377 to do your part in making sure that we are helping the
5378 American people.

5379 And with that, Madam Chairwoman, I yield back.

5380 *Ms. DeGette. I thank the gentlelady.

5381 The chair now recognizes Mr. Pence for five minutes.

5382 *Mr. Pence. Thank you, Madam Chairwoman DeGette and
5383 Ranking Member Griffith, for allowing me to join this meeting
5384 today.

5385 And thank you to the witnesses for being here.

5386 Petroleum is the lifeblood of our economy. Let me say
5387 that again. Petroleum is the lifeblood of our economy.

5388 Today, this hearing is an attempt by the Biden
5389 Administration and the Democrats to help the Chinese bleed us
5390 out of energy independence.

5391 With a background in the petroleum distribution
5392 business, I can tell you firsthand that the misleading title
5393 of today's hearing does not reflect the reality of the
5394 domestic oil markets. As a national Director of Fuels for
5395 Circle K, I knew what the price of petroleum products from
5396 wholesale to retail were based on a variety of factors across
5397 the value chain, as our witnesses have discussed today.

5398 Wrongly accusing oil companies of price gouging is only
5399 meant to cover up this administration's own anti-fossil fuel
5400 agenda, as my peers on this side of the aisle have pointed
5401 out numerous times today.

5402 At every turn, the Biden administration and my friends
5403 across the aisle want to make it harder to produce,
5404 distribute, and use fossil fuel for their Chinese

5405 electrification agenda.

5406 For the Hoosiers watching at home, that means higher gas
5407 prices, higher utility bills, and less energy security.

5408 The situation in Ukraine tragically has compounded the
5409 President's energy crisis, but make no mistake. This problem
5410 started long before March of 2022.

5411 House Democrats have been pushing a complex equation for
5412 a green economy that is totally unattainable. Cannot get it
5413 done when they want to get it done. That is why the Build
5414 Back Better backed off.

5415 This administration has been creating regulatory
5416 uncertainty and investor pressures on financing fossil fuel
5417 projects that have squeezed oil companies, fueling the
5418 volatile energy markets we see today.

5419 The President needs to reverse course and put our
5420 country back on a path towards long-term, durable energy
5421 independence. By accusing the oil companies of price gouging
5422 now, it will only be a matter of time -- listen up, America -
5423 - until the argument is pushed to the health care industry,
5424 the manufacturing sector, farmers, and the rest of the
5425 economy. They want everybody to be accused of price gouging
5426 to cover up their inflation.

5427 Price gouging cannot be a catch-all response to
5428 inflation in an overwhelmingly regulatory environment that
5429 just keeps piling up every single day.

5430 The only answer coming from this administration has been
5431 a misguided use of our strategic petroleum reserve to lower
5432 gas prices, and of course, this hearing.

5433 But looking at the past two emergency strategic
5434 petroleum reserve releases, we failed to see meaningful
5435 effects at the pump for my Hoosiers in my district.

5436 General McMasters, what is the purpose of this SPRO?

5437 *Mr. McMaster. Sorry. I needed to unmute.

5438 The purpose of what, Congressman? I am sorry. The
5439 purpose of what?

5440 *Mr. Pence. What is the purpose of the strategic
5441 petroleum reserve?

5442 *Mr. McMaster. Well, it is obviously a reserve that is
5443 meant mainly for wartime and to ensure that if there is an
5444 interruption in supply, that we can compensate for that and
5445 that it will not entail national security risk associated
5446 with the supply constraint associated with petroleum.

5447 *Mr. Pence. Thank you, General.

5448 You and I both know that the President's release was not
5449 announced in response to a supply disruption or a war. Yet
5450 we are going to go down to 40 percent of what is in there.

5451 The average price was below \$30, and now I guess they
5452 are going to replace it around 100 bucks.

5453 If we are serious about lowering prices at the pump,
5454 would we be relying on the SPRO to stabilize energy markets

5455 and lower prices?

5456 Does that help releasing a million barrels a day?

5457 *Mr. McMaster. I would defer to the other witnesses on
5458 this, but I would just say that it has a lot to do with
5459 obviously supply and the ability to increase supply.

5460 *Mr. Pence. Okay. Mr. Wirth --

5461 *Mr. McMaster. Thank you.

5462 *Mr. Pence. Mr. Wirth, can you comment on my question?
5463 Is this going to affect lowering prices and stabilizing
5464 markets?

5465 *Mr. Wirth. Congressman, in the short term it can send
5466 a signal that suggests there is more supply available. It is
5467 not a long-term solution to the challenge.

5468 *Mr. Pence. Thank you, sir.

5469 It does not seem to be doing that. Three weeks ago the
5470 price was about the same as it is today.

5471 So thank you, Madam Chair. I yield back.

5472 *Ms. DeGette. I thank the gentleman.

5473 The chair now recognizes Mr. Soto for five minutes.

5474 *Mr. Soto. Thank you, Madam Chair.

5475 The pandemic, the war in Ukraine, record oil profits,
5476 add them all up and we see record prices at the pump for so
5477 many Americans, but especially with record profits and record
5478 prices, Americans are understandably angry.

5479 Of course, our Republican colleagues talk a big game,

5480 but fail to admit their role in this. The Republicans
5481 screwed up the pandemic response. COVID ran rampant. The
5482 economy cratered, and demand and production for oil
5483 nosedived, and it still has not recovered.

5484 Add in the cozy relationship of some House Republicans
5485 with Russia, voting against military aid for Ukraine, voting
5486 against sanctions, and the conclusion is clear. Our
5487 Republican colleagues share plenty of blame here today.

5488 But when oil prices were down because of COVID-19, the
5489 Federal Government came to your aid with the CARES Act and
5490 American Rescue Plan and tax relief and subsidies, many of
5491 which were supported by bipartisan majorities here.

5492 Now we get back to normal with the pandemic and supply
5493 chains are improving, but slowly, and as to the war on
5494 Ukraine, we stand steadfast with Ukrainians against this
5495 violent Russian invasion.

5496 This also may take some time. Yet in the face of these
5497 challenges, in the time of our greatest need, what did our
5498 oil companies do? Did they increase supply to keep prices
5499 affordable? Did you step up for us, for your country, for
5500 the American people?

5501 No. You kept production nearly the same and watched
5502 record profits roll in. I get it. You had a bad 2020, and
5503 you tried to make it up in 2021.

5504 We are in 2022. There should be no more excuses for

5505 record profits that are made on the misery of our Nation.
5506 Record profits for executive salaries, bonuses and fancy
5507 offices; record profits for the sake of your investors.

5508 You can see it right here in this chart. Meanwhile in
5509 Central Florida families suffer. Let me make it clear. We
5510 stand on the side of the American people. The irony is this
5511 greed may be your undoing. Because of you, Americans get it.
5512 They understand we need to transition to electric cars as
5513 soon as possible.

5514 They think about it every time they see a Tesla, an
5515 electric F-150, or a Chevy Volt driving down I-4. They
5516 think, "Why am I still paying for gas?"

5517 This is why the Senate must pass the \$500 billion
5518 climate change investment that this house already passed
5519 earlier this year.

5520 But in the short term, turning back to oil itself, it is
5521 at 103 today in the U.S. per barrel. Back on March 1st, we
5522 saw when oil prices were around 100 bucks, gas prices were
5523 \$3.60 and \$3.70 in Central Florida.

5524 I had my staff check today. In Kissimmee, gas is at
5525 \$4.11, 40 to 50 percent higher than it was when gas was
5526 around this level just a few months ago.

5527 During World War II, your companies stepped up. From
5528 1940 to 1945, overall U.S. oil production increased by 30
5529 percent. President Biden has done his part by ordering a

5530 release of one million barrels per day for the next six
5531 months.

5532 So my question to all of you is: will you step up?
5533 Will you increase production and commit to increasing
5534 production and for how much during April?

5535 So, first, Mr. Woods, thank you for being here.

5536 Will you commit to increasing production during April
5537 and for how much are you willing to commit?

5538 *Mr. Woods. We are increasing production. In fact, we
5539 started that effort several years ago and continued our
5540 investments through the pandemic when we were losing money,
5541 and that investment is now beginning to pay off.

5542 Confirming production --

5543 *Mr. Soto. Thank you, Mr. Woods.

5544 *Mr. Woods. -- by 25 percent --

5545 *Mr. Soto. My time is limited. We appreciate you all
5546 stepping up.

5547 Ms. Watkins, does Shell USA also commit to stepping up
5548 production in April to help meet this challenge our Nation
5549 faces?

5550 *Ms. Watkins. As a matter of fact, we brought on Stream
5551 in the Gulf of Mexico, a new field about a week or ten days
5552 ago, which will produce about 20,000 barrels a day more, and
5553 this morning we announced another new well coming onstream
5554 that will produce about 10,000 barrels a day.

5555 So we are in the process of bringing on new production
5556 this month.

5557 *Mr. Soto. Thank you.

5558 Mr. Wirth, will Chevron step up to help our Nation and
5559 increase production over the course of April?

5560 *Mr. Wirth. Congressman, I note with irony that less
5561 than six months ago I was asked to pledge to reduce
5562 production, and I resisted that request and pledged to
5563 increase production.

5564 And I reiterate that pledge today. We will increase our
5565 production.

5566 *Mr. Soto. Thank you.

5567 My time has expired.

5568 *Ms. DeGette. I thank the gentleman.

5569 The chair recognizes Mr. Crenshaw for five minutes.

5570 *Mr. Crenshaw. Thank you, Madam Chair.

5571 I certainly enjoyed watching my Democrat colleagues
5572 convulse dramatically between two opposing stances: drill
5573 more, drill less, drill more, drill less.

5574 Mr. Wirth, you surely remember in October of last year
5575 when you were asked repeatedly by Democrats to commit to less
5576 drilling and less production.

5577 You remember that, yes?

5578 *Mr. Wirth. Congressman, I remember it well.

5579 *Mr. Crenshaw. So today we have seen the same

5580 contradicting messages as one would expect, and we wonder how
5581 on earth did we get to this point where there is such a clear
5582 mismatch between supply and demand and very clear
5583 underinvestment in oil and gas production, and what a mystery
5584 this is. What could have possibly caused this?

5585 Stopping Federal leases? No.

5586 Delaying or outright canceling pipeline permits? No,
5587 impossible.

5588 Or the President literally promising he would end the
5589 industry, and we wonder why capital is not just sprinting
5590 toward oil and gas exploration and production.

5591 Analysts say we need an additional oil and gas
5592 investment of \$225 billion globally by 2030 if we are to
5593 avoid an energy crisis. Let me remind you people die from
5594 lack of energy and in large numbers.

5595 I hope all of that green compassion I always hear about
5596 has some answers for that.

5597 And so the question is: how do we create the conditions
5598 so that your investors change their minds and actually want
5599 to spend this additional money?

5600 None of your companies are on track right now to make up
5601 that \$225 billion. Why not? Many reasons, but I want to
5602 talk about the cost of capital and the influence of ESG.

5603 President Biden is hiking up the cost of capital,
5604 weaponizing banking rules like reversing the fair access

5605 rule, doubling down on guidance that would make it more
5606 costly to be a bank that lends to fossil fuel industries.

5607 Democrats over at Financial Services are helping them,
5608 proposing to charge banks a surcharge for lending to
5609 companies like yours.

5610 Then you have the deliberate actions from Democrats that
5611 help activists, ESG investors with SEC that puts its thumbs
5612 on the scales to promote investments in unreliable green
5613 energy instead of reliable oil and gas.

5614 This is the same SEC of leading activist investors who
5615 want to use the advisory process to force companies out of
5616 oil and gas. Those over at Exxon know what that is all
5617 about.

5618 So my question, and I want to start with Mr. Sheffield.

5619 This weaponization of the financial industry has had and
5620 will have an impact on investment in more oil production; is
5621 that correct?

5622 *Mr. Sheffield. Yes, that is correct, in the past and
5623 in the future.

5624 *Mr. Crenshaw. Mr. Lawler, same question.

5625 *Mr. Lawler. Yes. No, thank you for the question.

5626 I think it is. From what I can gather from the markets
5627 at this point, BP has not had any issues tracking capital and
5628 maintaining the low cost of capital going forward.

5629 *Mr. Crenshaw. Mr. Wirth, same question.

5630 *Mr. Wirth. Congressman, there are no shortages of
5631 efforts underway that appear to be intended to constrain
5632 access to capital for this industry.

5633 *Mr. Crenshaw. I appreciate that.

5634 And I want to make some other points here. Let's get
5635 some facts straight because the future depends on us getting
5636 this right.

5637 We can continue down this renewables-only path and keep
5638 watching our prices skyrocket while also failing to meet
5639 demand and doing next to nothing to reduce emissions, or we
5640 can deal with some hard facts.

5641 And the facts are this. American oil and gas production
5642 is clearer than OPEC's. It is cleaner than Russia's by a
5643 lot.

5644 The fact is that global energy demand will increase by
5645 50 percent by 2050, and oil and gas is still expected to make
5646 up the lion's share of the production.

5647 We cannot change these facts. The fact is that
5648 renewables will never meet that demand, never. To meet the
5649 renewables-only climate goals, you would have to mine lithium
5650 2,000 percent more. You would have to mine indium 8,000
5651 percent more. Cobalt production will need to grow 300 to 800
5652 percent more.

5653 For a wind farm to produce the same amount of energy as
5654 a nuclear plant, you need 100 times more land. You need

5655 30,000 tons of iron ore, 50,000 tons of concrete, and 900
5656 tons of plastic blades that cannot be recycled. It is not
5657 green, and by the way, it also does not work when the wind
5658 stops blowing.

5659 Here is the most important fact. If American natural
5660 gas quadruples in the next decade in exports, which is
5661 entirely possible according to industry experts, we would do
5662 something amazing. We would displace coal around the world.

5663 Here is another fact. About half of the global
5664 emissions are from foreign coal. Displace that coal with
5665 cleaner gas, and you could reduce emissions 50 percent.

5666 And just like that you solve the energy crisis and, by
5667 the way, reduce emissions far, far more than to the foolish
5668 \$10 trillion Green New Deal ever could.

5669 By the way, to all our witnesses, thank you for being
5670 here taking abuse, but that is the argument you should be
5671 making instead of behaving like you have Stockholm Syndrome,
5672 like your civility to the radical environmentalists in
5673 Congress and this administration will one day get them to
5674 like you. They will never like you.

5675 Please stand up for your work, your employees, and your
5676 consumers. Speak the truth. Do not pander to what they want
5677 on the Left because Americans need you and billions around
5678 the world who want to rise out of poverty and live a life of
5679 prosperity need you.

5680 Thank you, and I yield back.

5681 *Ms. DeGette. I thank the gentleman.

5682 The chair now recognizes Ms. Craig for five minutes.

5683 *Ms. Craig. Thank you so much, Chairwoman DeGette and
5684 Chairman Pallone, for this hearing today.

5685 So let me get this straight. The six oil companies at
5686 today's hearing collectively generated more than 76 billion
5687 in profit in 2021, and first quarter numbers look even higher
5688 for 2022.

5689 In the meantime, Minnesota families are paying near
5690 record high prices at the pump, and my Republican colleagues
5691 are howling about energy independence when your industry has
5692 9,000 oil leases given to you by the government that you are
5693 not currently using.

5694 This is another dumbfounding day in Washington, truly.

5695 I do not fault you for making money. You are a
5696 business, but we have got a pandemic and we have got Putin,
5697 and you are using these crises to gouge the American people.
5698 You are using these crises to gouge my constituents.

5699 Experts are predicting tens of billions of dollars in
5700 profit yet again this year for all of you, and that is on the
5701 backs of my constituents.

5702 We all know that the price of crude oil has dropped in
5703 recent weeks, and yet Minnesotans have seen very little
5704 relief at the pump. In fact, one of the only forms of relief

5705 right now from near record high gas prices that my
5706 constituents have seen has come in the form of renewable
5707 biofuels.

5708 Right now at fuel stations across my district, the blend
5709 of ethanol and gasoline, known as E15 or unleaded 88, is
5710 saving my constituents as much as 50 cents per gallon
5711 compared with traditional gasoline. We could replace every
5712 barrel of oil from Russia today with renewable fuels, which
5713 begs the question: with those record profits and a history
5714 of touting your desire to increase investments in renewable
5715 fuels, are you investing in strategies to reduce cost for
5716 consumers, like efforts to increase the availability of E15?

5717 I would like to turn to Mr. Wirth first for my question.

5718 Mr. Wirth, I would like to better understand company's
5719 commitment to renewable fuels. Given your record profits,
5720 how much is your company investing in biofuels research and
5721 development and expanded deployment?

5722 *Mr. Wirth. Congresswoman, I do not have a research and
5723 development number, but I can tell you in terms of
5724 deployment, this year we will spend close to \$4 billion. We
5725 are growing our renewable natural gas business, renewable
5726 diesel, sustainable aviation fuel, biodiesel, and are working
5727 with companies like Bungee to integrate back into the
5728 agricultural feedstock chain to grow our renewable fuels.

5729 *Ms. Craig. Thank you.

5730 I will have my team follow up to make sure we are aware
5731 of all of those efforts and we can learn more about the
5732 percentage of research you are putting into biofuels to drive
5733 down the cost of fuel for Minnesotans.

5734 So thank you, Mr. Wirth.

5735 I want to now turn specifically to E15. It was recently
5736 reported that BP began offering the 15 percent ethanol blends
5737 at terminals in eight States, including Minnesota. This will
5738 not only save consumers money, but it also will increase
5739 energy security and reduce carbon emissions with a
5740 domestically produced product.

5741 Mr. Lawler, I appreciate this business decision from BP
5742 and hope that others in the industry will follow suit.

5743 Unfortunately, due to a court case brought by refiners,
5744 consumers across the country will lose access to lower cost
5745 from E15 without an emergency waiver from the Biden
5746 Administration or immediate action.

5747 So, Mr. Lawler, let's start with you. I will give you
5748 each about ten seconds, but I want to ask you specifically.
5749 Do each of you -- and, please, yes or no -- do you support an
5750 emergency waiver for E15 year-round sales?

5751 Do you support a permanent resolution to the E15 RVP
5752 issue so that this lower cost, lower carbon, renewable fuel
5753 blend can be available to consumers year-round?

5754 So yes or no, Ms. Watkins?

5755 *Ms. Watkins. I would need to understand the specifics
5756 of what you are talking about, but what I can tell you is
5757 that we are investing actually quite a bit of money in
5758 biofuels, in particular, renewable natural gas, biodiesel,
5759 biofuels --

5760 *Ms. Craig. Ms. Watkins, I appreciate that. That was a
5761 yes or no answer.

5762 Mr. Woods, do you support E15 year-round?

5763 *Mr. Woods. There are challenges with E15 going into
5764 the entire car fleet. So that would have to be looked at
5765 very carefully.

5766 *Ms. Craig. Okay. Mr. Wirth, do you support E15 year-
5767 round?

5768 *Mr. Wirth. Subject to safety considerations with older
5769 vehicles. We blend ethanol at the maximum allowable limits
5770 in all of our fuel sales.

5771 *Ms. Craig. Mr. Muncrief, year-round?

5772 *Mr. Muncrief. I actually do not know enough about that
5773 issue to really comment.

5774 *Ms. Craig. Oh, wow. Well, you are all investing in
5775 biofuels. I can see that here today.

5776 Mr. Sheffield?

5777 *Mr. Sheffield. We do not own retail.

5778 *Ms. Craig. All right. Well, thank you. My time is
5779 up.

5780 So I will yield, and thank you for your time.

5781 *Ms. DeGette. I thank the gentlelady.

5782 The chair now recognizes the ever-patient Mr. Armstrong,
5783 who has been sitting here all day, for five minutes.

5784 *Mr. Armstrong. Thank you, Madam Chair.

5785 Let's be clear what the title of this hearing should be.
5786 It should be called "Gaslighting Americans about Gas
5787 Prices."

5788 In July of 2019, when asked if there would be a place
5789 for fossil fuels in his administration, candidate Biden
5790 responded, "No, we would make sure it is eliminated."

5791 In January of 2020, when asked about stopping new
5792 pipeline infrastructure, candidate Biden responded, "Yes,
5793 yes."

5794 In February of 2020, candidate Biden stated, "We are
5795 going to get rid of fossil fuels."

5796 In March of 2020, candidate Biden said, "No more
5797 drilling on Federal lands. No more drilling, including
5798 offshore. No ability for the oil industry to continue to
5799 drill, period, end."

5800 In October of 2020, candidate Biden stated, "It has to
5801 be replaced by renewables over time."

5802 In October of 2020, candidate Biden said, "No fracking
5803 and/or oil on Federal land."

5804 And in order to prove that his words were not just

5805 campaign rhetoric, on the day of his inauguration, President
5806 Biden killed the Keystone XL Pipeline and halted oil and gas
5807 leasing on Federal land.

5808 And February of 2021, President Biden inflated the
5809 social cost of carbon to justify more regulation of fossil
5810 fuel production.

5811 On March 2nd of 2021, Democrats, including some on this
5812 committee, introduced a bill to increase the cost and time of
5813 oil and gas production on Federal lands.

5814 And on March 19th of 2021, Democrats introduced a bill
5815 to place an excise tax on American energy companies to
5816 produce oil and gas.

5817 April 1st of 2021, Democrats proposed a national carbon
5818 tax on oil, gas, and their byproducts.

5819 And on June 1st, 2021, President Biden proposed a budget
5820 that would increase taxes on U.S. energy producers by at
5821 least \$35 billion.

5822 August 11th, 2021, President Biden asked foreign
5823 operators in OPEC, not domestic producer, to increase supply
5824 to address rising gas prices.

5825 On October 29th of 2021, President Biden and
5826 congressional Democrats, again, some on this very committee,
5827 proposed a methane tax on U.S. oil and gas production.

5828 November 17th, 2021, President Biden tried to redirect
5829 the blame from rising gas prices by requesting that the FTC

5830 investigate oil and gas companies on trumped up accusations
5831 of illegal activity.

5832 On February 17th of 2022, President Biden's FERC
5833 chairman pushed through changes making it next to impossible
5834 to build or upgrade pipeline infrastructure by requiring both
5835 upstream and downstream carbon mitigation plans before
5836 permits would be approved.

5837 On March 12th of 2022, Democrats who seemingly missed
5838 the President's memo requesting energy companies increase
5839 production introduced a bill that would implement a massive
5840 new tax destroying any incentive for U.S. producers to
5841 produce more oil.

5842 And on March 21st, 2022, the SEC, in an attempt to morph
5843 into the Securities and Environment Commission, issued a
5844 proposal that would target carbon energy companies and
5845 empower activist shareholders.

5846 March 28th of 2022, President Biden in the middle of an
5847 energy crisis once again proposed a tax increase on domestic
5848 oil and gas producers totaling nearly \$45 billion.

5849 And just last week in the middle of all of this, asking
5850 for more investment in this industry, the FDIC chairman
5851 proclaimed that carbon emitting sources of energy present
5852 risks to the safety of the financial system, further starving
5853 off capital to domestic energy production that is needed.

5854 In short, this administration and Democrats in Congress

5855 have done everything they can to disrupt, delay, and defeat
5856 domestic energy production and then gaslight the American
5857 public by blaming producers for not immediately investing
5858 billions of dollars into the industry in which you are trying
5859 to destroy.

5860 So I have a couple questions for Mr. McMaster and then I
5861 will end.

5862 Mr. McMaster, do you think our allies in Europe would
5863 like cheap, affordable American energy during what is going
5864 on right now?

5865 *Mr. McMaster. Absolutely.

5866 *Mr. Armstrong. Do you know of any way to export
5867 renewable energy?

5868 *Mr. McMaster. Yes. I mean, the actual -- and of
5869 course, you guys know that I am advisor to Sempra Energy,
5870 which is has LNG export capacity.

5871 But I mean really it is LNG exports that allows us to
5872 escape the dilemma of energy security forced energy
5873 reductions and allows us to make up, you know, for the gaps
5874 in energy supply that Russia is using for coercive purposes.

5875 *Mr. Armstrong. I agree with you on LNG. Let me be
5876 more clear.

5877 Do you know of any way to export either wind or solar
5878 energy?

5879 *Mr. McMaster. No, not on wind or solar, but you know,

5880 the question is going to be battery capacity, the ability to
5881 store it, and there are some, you know, advanced ideas out
5882 there about using cables that could go across the oceans and
5883 so forth. But those are very far into the future.

5884 *Mr. Armstrong. Thank you.

5885 *Ms. DeGette. I thank the gentleman.

5886 The chair now recognizes Mrs. Fletcher for five minutes.

5887 *Mrs. Fletcher. Thank you, Chairwoman DeGette and
5888 Chairman Pallone, for allowing me to waive on and participate
5889 in today's hearing.

5890 We are nearing the end of a very long day, and I want to
5891 thank our witnesses for your time and your insights during
5892 today's hearing.

5893 As the chairwoman noted, this is an investigatory and
5894 oversight hearing, not a legislative hearing, and we are here
5895 today because people across the country are feeling pain at
5896 the pump, and we want to help, right?

5897 We are looking for ways to help to ease the pain that
5898 inflation at the pump and elsewhere is causing for the people
5899 we represent.

5900 These are serious challenges for our people, for our
5901 economy, and for our policy making, and that is why I am so
5902 disappointed that so much of the questioning we have heard
5903 today has centered around foreign political points and
5904 blaming others rather than taking a serious look at the

5905 challenges we face and their drivers, as well as how we can
5906 actually address them.

5907 Our energy ecosystem in this country and around the
5908 world is complex, as are the challenges that are presented in
5909 this moment. How we find our energy sources, extract them,
5910 move them, refine them into fuels and petrochemicals, and
5911 deliver them to consumers at home and around the world is
5912 vast, varied, and complicated.

5913 And in my district in Houston, we are involved in every
5914 single aspect of that work, and we are proud to do it. We
5915 supply energy to the world.

5916 For us that means working collaboratively to partner
5917 with the people who produce energy, including our witnesses
5918 today, and with policy makers everywhere in charting a path
5919 for our energy future that understands the very real
5920 challenges of today, from supply issues driving up prices to
5921 climate change threatening our communities, to create a lower
5922 carbon future.

5923 I hope everyone here heard that from our witnesses
5924 today.

5925 In the five minutes I have I cannot possibly respond to
5926 everything that has been said here today that I disagree
5927 with, but there are things worth remembering as we move
5928 forward.

5929 Less than three years ago, at the end of 2019, the

5930 United States had a new domestic production peak, just under
5931 13 million barrels a day. More than 800 rigs were operating
5932 here in the United States.

5933 When the pandemic hit, demand for oil and gas collapsed
5934 under unprecedented demand destruction, and I cannot
5935 overstate the shock that we felt at home seeing oil trade for
5936 less than zero dollars a barrel.

5937 By the summer of 2020, only about 200 drilling rigs were
5938 active. Production dropped nearly three million barrels a
5939 day, and the U.S., more than 120,000 people, many of them in
5940 Texas, lost their job.

5941 Contrary to what we have heard from our friends on the
5942 other side of the aisle, our current rig count is not simply
5943 the result of some policy change from the Biden
5944 Administration and Democrats. The rig count in the U.S.
5945 today is up to 673. That is up 243 from this time last year.

5946 Likewise my colleagues know that I have been unequivocal
5947 in my support of the importance of new pipeline construction
5948 for energy infrastructure, but the claims many have made here
5949 today that President Biden caused these high prices by
5950 revoking the permit for the Keystone Pipeline are simply not
5951 true.

5952 The current crisis has its roots in the lack of upstream
5953 inventory, not a lack of transportation from inadequate
5954 pipeline infrastructure and bottlenecks getting to refiners.

5955 The oil that Keystone would have transported is still
5956 making its way into the market through other transportation
5957 methods.

5958 My colleagues know that I have not always agreed with
5959 the administration's policy decisions in this area, but when
5960 it comes to upstream production, the Biden Administration has
5961 approved 34 percent more Federal drilling permits in its
5962 first year than the Trump Administration did, 900 more
5963 permits to drill than the Trump Administration over the same
5964 period.

5965 And the Department of the Interior approved 97 percent
5966 of all applications to drill submitted to the Bureau of Land
5967 Management in fiscal year 2021.

5968 On another note, there is not a meaningful connection
5969 between leasing sales and prices at the pump today. We heard
5970 as much from industry reps. in a recent hearing before the
5971 Senate Committee on Energy and Natural Resources.

5972 And finally, we have heard a lot today about the record
5973 \$76 billion in profits that these companies have made in the
5974 last year. The record loss of \$77 billion that these
5975 companies posted the year before in 2020, which some of the
5976 witnesses mentioned, should not be discounted as some of my
5977 colleagues have suggested, nor should the more than 100 oil
5978 and gas companies, both E&P and oil field services providers,
5979 that declared bankruptcy in 2020.

5980 It was not just 2020. It was 2014 and 2015 and 1982.
5981 In Houston, we have lived through it all, the boom and the
5982 bust. That is why we know that we need sound, forward
5983 looking, durable energy policy that will help make more
5984 stable and predictable for businesses and consumers alike.

5985 We have heard today global demand for crude is up to 100
5986 million barrels a day. Questions about how we are going to
5987 meet this moment have caused the price to skyrocket.
5988 Recovery from the pandemic is not the only driver, nor is
5989 this only a domestic issue. As we know, other factors
5990 influence supply, including the decision to ban Russian crude
5991 oil after Russia's unprovoked and unjustified war in Ukraine.

5992 In this moment, President Biden and the administration
5993 are using the levers we have to confront the crisis head on.
5994 The release from the SPR of 180 million barrels will help
5995 close the inventory gap. The Federal Government should be
5996 using every tool we have to address this crisis, and we
5997 should do it all the time.

5998 It is worth noting that in 2020, I introduced a bill
5999 with Mr. Armstrong to purchase oil for the SPR when it was
6000 under \$40 a barrel. Senator Schumer bragged about keeping it
6001 out of the CARES Act, calling it a bailout. But if we had
6002 these reserves today our country would be in a much better
6003 position.

6004 As policy makers, we need to take energy policy

6005 seriously and stop using it as a political weapon. The
6006 stakes are simply too high.

6007 *Ms. DeGette. The gentlelady's time has expired.

6008 *Mrs. Fletcher. Thank you, Madam Chairwoman. I yield
6009 back.

6010 *Ms. DeGette. Thank you.

6011 Well, we are coming into the homestretch now, people
6012 will be pleased to hear. I would like to recognize the
6013 ranking member if he has any final questions or thoughts.

6014 *Mr. Griffith. The words and deeds of the White House
6015 have exposed a fundamental misunderstanding of the operations
6016 of an industry it seeks to dissolve.

6017 After Russia's invasion of Ukraine, President Biden
6018 stressed the short-term need to increase oil and natural gas
6019 output and expedite LNG project development. The oil and gas
6020 industry does not operate well on short-term proposals.

6021 Due to the nature of the industry, companies like the
6022 ones before us today need long-term certainty. A temporary
6023 green light to produce oil from the Biden Administration will
6024 not undo the layers of red tape and aggressive anti-fossil
6025 fuel policies driving gas prices to new highs.

6026 While President Biden should have been working to
6027 encourage domestic energy production, he went to OPEC to ask
6028 for more oil. Since that failed, the administration is
6029 reportedly considering lifting sanctions so the anti-American

6030 regimes in Iran and Venezuela can increase production.

6031 It has become painfully clear that President Biden's
6032 anti-American energy policies emboldened Putin.

6033 President Biden's rush to the green agenda involved a
6034 whole of government approach that advises multiple Federal
6035 agencies to play some part in making it more difficult for
6036 oil and gas production. For example, the administration has
6037 pressured companies to halt investments in fossil fuels.

6038 There is no denying the fact that the Biden
6039 Administration has promoted an increasingly complex and
6040 challenging regulatory environment for energy companies.

6041 Mr. Sheffield, your company is the largest oil producer
6042 in Texas. You only operate on private land. You do not
6043 refine and you do not retail your products. But from your
6044 observations, what policies should the U.S. consider to truly
6045 unleash domestic oil and gas production?

6046 *Mr. Sheffield. Congressman, as I said at the end of my
6047 testimony, I wish both parties would come together in a
6048 bipartisan effort to look at alternative energy, nuclear, and
6049 more pipelines, more LNG plans. We need a combination of all
6050 the above. They are all long-term solutions. They are not
6051 short-term solutions.

6052 *Mr. Griffith. General, what are your thoughts? What
6053 do we need to do to get this ball rolling to truly unleash
6054 domestic oil and gas production in the United States?

6055 *Mr. McMaster. Well, I think it was some of the fellow
6056 witnesses in the beginning just talked about an all-of-the-
6057 above approach, right?

6058 There is no silver bullet solution to energy security
6059 and the interconnected problems that we have been talking
6060 about. The critical aspect of this is to do all of the
6061 above, invest in renewables and so forth, but also to unleash
6062 the tremendous power that we have here to meet our own
6063 demands, but also to help meet the global demand and reduce
6064 the course of power of authoritarian regimes.

6065 *Mr. Griffith. I appreciate that.

6066 Madam Chair, we heard from Mr. Crenshaw earlier when he
6067 went through all the different things that would have to be
6068 mined around the world to continue to produce and continue to
6069 go in the direction of green energy.

6070 We need to do more with green energy, but we need to do
6071 it in the United States, and to do that both for oil, gas,
6072 coal, nuclear, and for renewables, we need to make sure that
6073 if we are going to have a product to be able to do it in the
6074 United States, we need a better, a certain regulatory scheme
6075 that lets companies know they can invest here in the United
6076 States for all of the above energy.

6077 And I yield back.

6078 *Ms. DeGette. I thank the gentleman.

6079 And I really do want to thank all of the witnesses for

6080 appearing today. Next time we hope we will see you in
6081 person.

6082 I think that the ranking member's comments and, Mr.
6083 Sheffield, what you said and, General, it kind of shows what
6084 has been going on in this really because we had a robust
6085 discussion about the different views of members of Congress,
6086 Democrats and Republicans, about long-term energy policy.

6087 Okay. Clearly, we need a long-term energy policy. In
6088 fact, for some years Mr. McKinley and I introduced
6089 legislation to come up with a long-term energy policy.

6090 From my perspective, what we need -- and I think
6091 actually most of our witnesses would agree with this -- we
6092 need a long-term energy policy that moves towards clean
6093 energy that will keep us independent from foreign oil, and
6094 that is what we need to do.

6095 But do you know something? When my constituents went to
6096 get gas in their cars today, they paid \$3.95 a gallon, and
6097 nationally, they are paying \$4.16 a gallon.

6098 So we can have all of the discussion we want about
6099 should we have increased leases, should we have more
6100 pipelines, should we eliminate regulations, those doggone
6101 regulations, but do you know something? As all of our
6102 witnesses said today in their written testimony and some of
6103 them verbally, all those things are not going to solve the
6104 problem that my constituents are paying \$3.95 a gallon.

6105 And so what we are seeing today in a snapshot, while we
6106 debate the esoterics of long-term energy policy, we are
6107 seeing production at existing wells going down even though
6108 demand has gone up since the pandemic receded.

6109 We have seen profits exploding. We have seen
6110 shareholder buybacks up by 41 percent. Mr. Welch asked the
6111 question did any of you, any of your companies talk about
6112 reducing these buybacks by even a little bit to reduce the
6113 price at the pump. Nobody had a response.

6114 And we heard Mrs. Fletcher talk about the fact that we
6115 could increase output right now without all of these issues
6116 about wells and regulations and pipelines. We have the
6117 capacity right now. The reason why your companies are not
6118 doing it, as you freely and honestly admitted, is because you
6119 are looking at your shareholder profits.

6120 BP in 2021, 12.8 billion. Chevron in 2021, 15.6
6121 billion. Exxon, 23 billion. Shell, 20.1 billion. Devon,
6122 2.8 billion. And Pioneer, 2.1 billion.

6123 So at the very beginning, in my questions, I told
6124 everybody I was going to ask the question what can your
6125 company do to help my constituents, Mr. Griffith's
6126 constituents, and all of our constituents be able to have the
6127 price of gas at the pump go down.

6128 And none of you could answer that question. Now, I said
6129 I was going to ask that question again, but I realize it is

6130 just going to be the same thing. None of you actually want
6131 to commit to going back to your boards and your shareholders
6132 and saying, "You know, along with everybody else, along with
6133 many other major corporations, we are going to take a hit to
6134 our profits for now to help reduce the price of gas at the
6135 pump.''

6136 So I am going to ask all of you do that. Go back and
6137 have that conversation. Do it tonight or tomorrow because in
6138 the meantime, everybody else is making sacrifices, but your
6139 profits continue to skyrocket.

6140 And so I want to remind members that pursuant to
6141 committee rules, they have ten business days to submit
6142 additional questions for the record to be answered by
6143 witnesses who have appeared before the subcommittee.

6144 I ask that the witnesses agree to respond promptly to
6145 the questions if you receive them, including the questions I
6146 just asked.

6147 There are several documents that we would like to put in
6148 the record, and with unanimous consent, I would request it.

6149 Mr. Duncan requested a number of regulations and agency
6150 actions related to American Energy.

6151 And Ms. Barragan requested an article from Barron's
6152 regarding variable dividends, published November 3rd, 2021.

6153 And without objection, the documents will be entered.

6154

6155 [The information follows:]

6156

6157 *****COMMITTEE INSERT*****

6158

6159 *Ms. DeGette. And with that, the subcommittee is
6160 adjourned.

6161 [Whereupon, at 4:33 p.m., the subcommittee was
6162 adjourned.]