

# Federal Session



**Dan Naatz**  
Senior Vice  
President



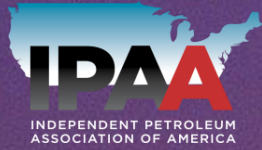
IPAA

**James Elliott**  
Lead Counsel  
Industry  
Association  
Consortium





# Energy Policy and the Political Environment in Washington







# Who Is IPAA?

- Represent nearly **6,500 producers** across the country.
- Produce **90%** of the country's natural gas and **83%** of its domestic oil.
- Member companies located in 34 states.
- Headquartered in Washington, DC
  - **Advocate for our members on Capitol Hill.**
  - **Engage federal regulatory agencies (EPA, FERC, DOI, SEC, CEQ) regarding proposed actions that will impact our members.**
- **Lead Energy-In-Depth initiative to communicate with national and local press supporting the American oil and natural gas industry.**
- **IPAA member companies are innovative leaders that ushered in the shale revolution in the United States.**



# Biden Presidency and Energy Actions

- **National Ban on Hydraulic Fracturing**  
Outcome – **Unlikely**
- **No New Oil & Gas Leases – Fed Lands**  
Outcome – **Done**
- **Revisions to Industry Tax Treatment**  
Outcome – **Possible**
- **Increased Industry Regulatory Burden**  
Outcome – **In Process**
- **National Price on Carbon**  
Outcome – **Possible**
- **Litigation/Sue and Settle Actions**  
Outcome – **Highly Likely**



## BIDEN ENERGY PLAN

### DAY 1

- Ban all new oil and gas leases on federal lands (onshore & offshore)
- Place an immediate hold on methane regulations issued by Trump Administration – full review
- Undo Trump Administration’s policy changes under the National Environmental Policy Act (NEPA)
- Rejoin the Paris Climate Agreement
- Require public companies to disclose climate-related financial risks and the greenhouse gas emissions in their operations. Civil and possible criminal charges are possible against violators.
- EPA & Justice Department will pursue cases against “climate violators.”
- Although Biden says he will not ban hydraulic fracturing – broad new set of regulations governing the practice are expected.

### FIRST YEAR

- Possible carbon tax (Biden will not explicitly say carbon tax) – Polluters will bear the full cost of pollution they are emitting.
- \$400 billion over 10 years to invest in clean energy programs. Some believe this figure could rise to over \$1 trillion.
- Environmental justice will be given a priority across all federal agencies.
- Significantly escalate the use of clean energy in transportation and building sectors.
- Undo most if not all of President Trump’s initiatives in energy and environmental affairs. These include methane regulations, NEPA reforms and modifications to the Endangered Species Act.

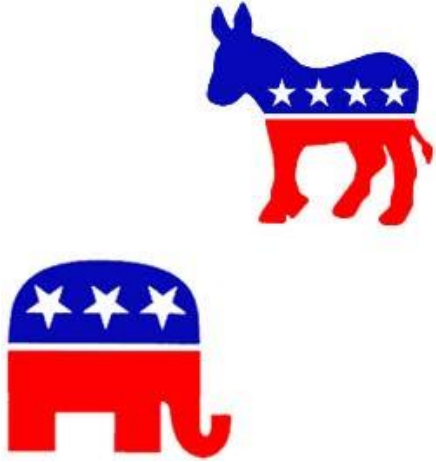


# Biden Administration Trying to have it Both Ways on Energy Issues

- Administration officials telling producers to increase short-term supply.
- White House Climate Advisor – Absolutely no drilling on public lands.
- Reconciliation legislation still possible.



# How does industry win in this environment?



- **Build relationships with Congress, the Media and Consumers**
- **It starts with YOU!**

# Notable Legislation Passed via Reconciliation

## **Tax Cuts and Jobs Act of 2017 (TCJA)**

- Signed into law by President Trump
- Lowered the tax rate for top income earners, cut the corporate tax rate from 35% to 21%, gave families a higher child tax credit, decreased the estate tax, and repealed the individual health mandate of the Affordable Care Act

## **Health Care and Education Reconciliation Act of 2010 (Part of Obamacare)**

- Signed into law by President Obama, and part of “Obamacare”
- Modified the Affordable Care Act by closing the gap in Medicare prescription drug coverage, allowing children to stay on parent’s insurance until 26, among various other provisions

## **Economic Growth and Tax Relief Reconciliation Act of 2001 (Part of Bush Tax Cuts)**

- Signed into law by President George W. Bush
- Lowered the tax rate for top income earners, doubled the child tax credit over 10 years, allowed tax-free withdrawals from IRAs for tuition, increased IRA contribution amounts, started process to repeal the estate tax

## **Omnibus Budget Reconciliation Act of 1993**

- Signed into law by President Clinton
- Repealed the cap on Medicare taxes, increased the tax rate for high income earners, increased the corporate income tax rate for high revenue companies, raised the gas tax, and created two new personal income tax rate

## **Consolidated Omnibus Budget Reconciliation Act of 1985**

- Signed into law by President Reagan
- Mandated the COBRA insurance program to give certain employees the ability to continue coverage after leaving employment, denied income tax deductions for employers whose group health plan did not meet continuing coverage requirements



S O U R C E Washington Post, NYT, Brookings, University of California - Berkeley



# War in Ukraine – Global Instability

- **Ukraine War causes Biden Administration to scramble on energy prices/inflation.**
- **Progressive House/Senate Democrats targeting oil and natural gas industry.**
  - **Windfall Profits Tax**
  - **Tax on methane**
  - **Restrictions on federal land production**



# Energy is a Geopolitical Issue



- The choices America makes today will have a huge impact on our international position.
- Shale revolution turned the United States into an energy superpower.
- Enhanced national security and our geopolitical advantage.

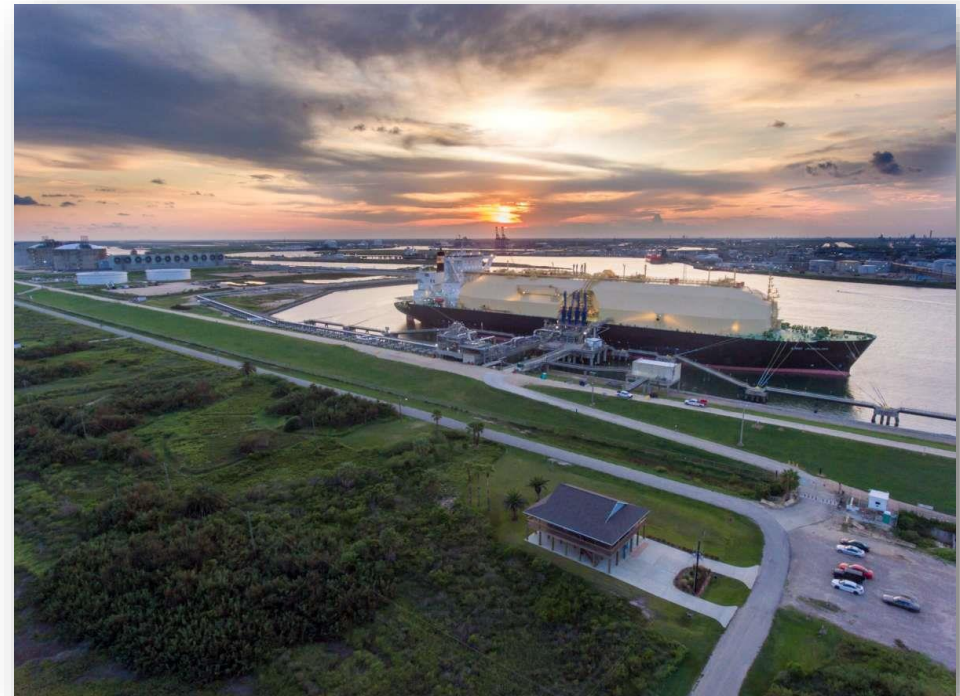


# Policy Decisions Today – Huge Impacts for Tomorrow

**Essential for America to be  
a leader in energy development.**



**Key for the United States and  
the world economy.**



# What about the 2022 Elections?

