



September 2, 2021

The Honorable Raul Grijalva
Chairman
House Natural Resources Committee
1324 Longworth House Office Building
Washington, DC 20515

Dear Chairman Grijalva:

The purpose of this letter is to bring to your awareness the International Association of Drilling Contractors' (IADC's) strong opposition to the legislative proposals currently under consideration by the Committee, pursuant to the FY 2022 Budget Resolution. The provisions as currently laid out would devastate America's energy industry and lead to a steep decline in drilling activities going forward. The blanket leasing bans on vast tracts of federal land and waters, increases in tax and royalty rates, and significant changes to leasing terms and bonding requirements found in the current package would all serve to hamstring America's energy supply chain at a time when the U.S. continues to grapple with a global pandemic and increasing geopolitical instability in certain regions. Targeting American energy companies in this manner does not represent a realistic, nor prudent path to lowering global emissions, and will only serve to shutter U.S. businesses and steer energy production away from a region where the industry has demonstrated a marked concern for safety and the environment.

IADC has represented the global natural gas and oil drilling industry since 1940, and currently serves over 1,100+ member companies by providing industry-leading conferences, technical resources, accreditation programs, and advocacy. Together with our operator and service partners, IADC members espouse the cutting-edge of hydrocarbon engineering practices, and routinely set global standards for emissions reductions and safety improvement strategies. IADC members were the first in the world to run oil rigs with highline power in lieu of diesel engines in pursuit of lower operational emissions, and are consistently setting new industry norms for safety and efficiency. While many of these technologies and strategies are developed in the U.S., IADC members' global reach allows the export of such conservation techniques to emerging markets and developing nations, thus helping move the whole world forward towards lower emissions.

Every day, drilling contractors and their energy supply chain partners perpetuate continued innovation in support of safe and environmentally conscious production. Thanks to advances in technology and processes, the U.S. has experienced a significant increase in oil and natural gas production, while overall greenhouse gas emissions have decreased by nearly 12% since 2005. This progress could be completely washed away in a few short years should the reconciliation package be adopted in its present form. IADC strongly opposes the provisions currently found in the package and is imploring the Chairman, members of the Committee, and the House at large, to reconsider this approach before irreparable damage is done to America's energy industry.

Sincerely,

A handwritten signature in black ink, appearing to read "Jason McFarland", written in a cursive style.

Jason McFarland
President
International Association of Drilling Contractors