Shell Oil Company

150 N Dairy Ashford
Houston, TX 77079
USA
www.shell.com

April 22, 2021

The Honorable Tom Carper
Chairman
Senate Committee on Environment and Public Works
513 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Frank Pallone
Chairman
House Committee on Energy and Commerce
2107 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Shelley Moore Capito
Ranking Member
Senate Committee on Environment and Public Works
172 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Cathy McMorris Rodgers
Ranking Member
House Committee on Energy and Commerce
1035 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Carper, Ranking Member Capito, Chairman Pallone, and Ranking Member Rodgers:

Shell supports passage of a proposed joint resolution of disapproval under the Congressional Review Act (CRA) to rescind the 2020 rule "Oil and Natural Gas Sector: Emission Standards for New, Reconstructed and Modified Sources Review" and reinstate the direct regulation of methane emissions from new and modified sources established by the Environmental Protection Agency in 2016.

Beginning in 2015, Shell worked with EPA and industry peers to develop a workable approach to regulating methane from onshore oil and gas sources. Shell was the first oil major to signal support for the rule. Beginning in 2017, Shell urged the Trump Administration to make desired refinements to the regulation, but to maintain the direct regulation of methane from onshore sources established by the previous Administration.

The efficient regulation of methane from onshore oil and gas production makes good business sense, as methane captured is methane sold, advances the energy transition and expands the role of natural gas as a transition fuel. The 2016 rule sparked innovation, contributing to the development of more efficient and affordable pneumatics, better cameras and new airborne imagery, tools that help us better understand and control methane leaks from our assets.

I have appreciated the leadership of those in Congress working to advance this joint resolution. I have attached an oped in support of the resolution published last week in the Houston Chronicle.

Sincerely,

Gretchen Watkins, President

Houston Chronicle

Gretchen Watkins

April 22, 2021

Shell president: Bring back 2016 methane regulations with a joint resolution of Congress

Gretchen Watkins is the president of Shell Oil Company, a wholly owned subsidiary of Royal Dutch Shell, which is among the largest oil companies in the world. Approximately 80,000 Shell employees are based in the U.S. Its U.S. headquarters are in Houston.

Last October, France blocked a $7 billion U.S. LNG deal weeks after the Trump administration finalized a rule to stop the direct federal regulation of methane emissions from oil and gas production.

The timing was not a coincidence.

France's actions and current conversations in the EU about imposing methane standards on gas sold into Europe make explicit the link between the U.S. controlling its methane emissions and America's continued ability to compete in the global LNG market. The message from the customer is clear: Clean up your act, or we're not buying it.

Preserving U.S. competitiveness is just one reason Shell calls on Congress to pass a joint resolution under the Congressional Review Act (CRA) to reverse the Trump Administration's methane policy rule and restore the federal regulation of methane that began in 2016. If Congress passes the resolution, President Biden's signature would immediately restore direct regulation of methane from new and modified onshore oil and gas production sources.

Regulating methane emissions from oil and gas production is the right thing to do for our climate and the air quality of communities across the country. It's widely acknowledged that methane is a highly potent greenhouse gas with a global warming potential 80 times greater than CO2. Beyond the long-term impacts related to climate change, methane emissions also have implications for local air quality. We owe it to the communities where we live and work to reduce these emissions.

Methane is also a fuel. We sell it. So capturing as much methane as we can by halting venting, fixing leaks and eliminating routine flaring means we have more product to sell to customers. That translates to more investment, more jobs and an energy source that has a legitimate place in the transition to a lower-carbon economy. That's why I'm also urging our trade associations, and any reluctant industry peers, to join Shell and others in urging Congress to do away with the Trump methane policy rule.

Last year, Shell announced its ambition to become a net zero energy company by or before 2050, in pace with society. We support the U.S. goal of a net zero economy by 2050 and a robust 2030 interim target. There are some hard choices to make if these targets and ambitions are going to be achieved. This isn't one of them.

Methane technology continues to evolve, making the cost of controlling emissions more affordable than we originally expected. New technologies are racing to market that could lower the cost of compliance even more. Today, drones and planes are doing the bulk of the detection work, but the ambition is to raise the bar higher. Much higher. Shell continues to work closely with the Environmental Defense Fund (EDF) on data gathering and emerging methane tracking technology. Next year, EDF subsidiary MethaneSAT is planning to launch an instrument designed to locate and quantify methane emissions almost anywhere in the globe, potentially creating further opportunities for collaboration.

We already have many of the tools we need to tackle methane emissions, with better tools on the way. We owe it to our shareholders, our customers and our planet to employ them. We cannot make the climate case for the widespread use of natural gas if we don't manage and contain it. The first step is a return to the direct regulation of methane.