

United States Senate

WASHINGTON, DC 20510

April 21, 2020

The Honorable Steven Mnuchin
Secretary
Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20220

The Honorable Jerome H. Powell
Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

Dear Secretary Mnuchin and Chairman Powell,

We are alarmed at the acceleration of the economic crisis and its impact on the nation's energy security in the oil and gas sector. While we applaud the needed intervention by the Administration that led to OPEC's recent production cuts, this action, slated to begin in May, needs additional support to prevent real and lasting damage to this critical area of the economy. OPEC itself has reported that world oil demand has fallen to levels unseen for 30 years and it has become clear markets have not returned to equilibrium.

Over the next several weeks, our oil storage will reach capacity, causing nationwide shut-in of production wells, which in turn impacts midstream and downstream markets. We face a real and present danger of seeing hundreds, if not thousands of oil producers shuttering, an event that will profoundly and negatively impact the industry, its financial partners and consumers for years to come. The prospect of once again becoming reliant on oil imports is an unacceptable situation and we should do all we can to avoid it.

The Administration and the Federal Reserve have moved swiftly and decisively to save our economy from the COVID-19 pandemic. However, for the U.S. oil and gas industry, the ill-timed OPEC production fight accelerated this calamity, causing credit rating downgrades and depriving access to capital and liquidity at far greater levels than first estimated. We call upon the Administration and the Federal Reserve to focus on this dire situation immediately and craft a swift response to head-off this growing emergency.

In addition, we urge you to make changes to the Credit Facility Term Sheets released on April 9, 2020. Currently, the documents reference the date "March 22, 2020." The eligibility requirements include businesses must be rated at least BBB-/Baa3 as of March 22, 2020. It is unclear why this date was chosen, and we strongly believe it should change.

Not only were businesses and financial markets already reeling from the COVID-19 pandemic before March 22, but oil and gas companies were impacted with increased financial pressure following a March 6, 2020, OPEC+ meeting where production cuts in response to COVID-19 failed to materialize. In fact, the following day Saudi Arabia went even further, announcing discounted oil prices and increasing production on March 10 when market demand was already overwhelmingly declining. These actions substantially shook energy producers, impacting their bottom line more than two weeks before March 22.

In addition, it is unclear why in certain instances multiple Nationally Recognized Statistical Rating Organizations (NRSROs) ratings would be required to qualify. Businesses should not be held back by duplicative NRSRO ratings that could encumber their access to credit facilities.

Emergency action to address this accelerating problem, including these other suggested adjustments, would provide critical credit facilities to an increased number of American businesses suffering from both COVID-19 and the actions of foreign governments waging war on the American oil and gas industry. Our energy producers should not be unfairly excluded from credit due to an arbitrary date, and their viability should be protected with enhanced support for their credit and access to capital. Assisting these companies could be the difference between maintaining our domestic energy production and workforce or shedding more U.S. jobs and returning to dependence on foreign sources of oil.

Thank you for your attention to this timely matter.

Sincerely,



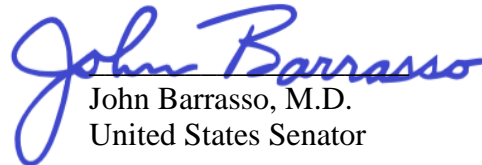
Kevin Cramer
United States Senator



Ted Cruz
United States Senator



Lisa Murkowski
United States Senator



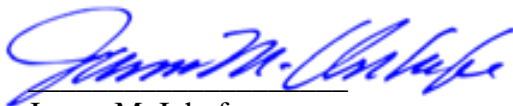
John Barrasso, M.D.
United States Senator



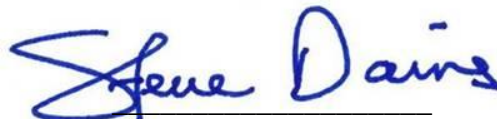
Michael B. Enzi
United States Senator



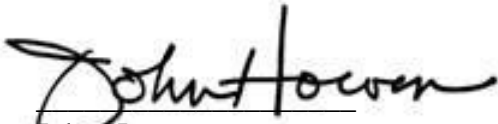
Dan Sullivan
United States Senator



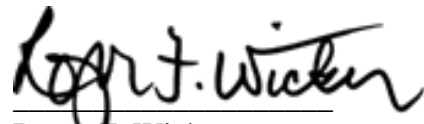
James M. Inhofe
United States Senator



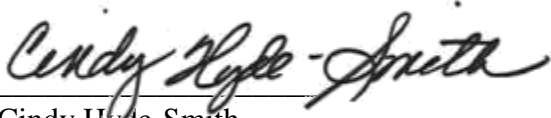
Steve Daines
United States Senator



John Hoeven
United States Senator



Roger F. Wicker
United States Senator



Cindy Hyde-Smith
United States Senator

cc: Secretary Dan Brouillette, Department of Energy