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April 15, 2020

The Honorable Jerome Powell  
Chairman  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue NW  
Washington, DC 20551

Dear Chairman Powell,

The Independent Petroleum Association of America (IPAA) writes to recognize and appreciate the aggressive steps that have been taken to respond to the threats of the COVID-19 pandemic. As federal, state and local governments continue to work on relief measures, such as the CARES Act, we respectfully request that their implementation consistently supports the American energy industry and protects its workforce.

IPAA represents the thousands of independent oil and natural gas producers and service companies across the United States. America's independent producers develop 91 percent of the nation's oil and natural gas wells. These companies account for 83 percent of America's oil production, 90 percent of its natural gas and natural gas liquids (NGL) production, and support over 4.5 million American jobs. A recent analysis has shown that independent producers are investing 150 percent of their U.S. cash flow back into American oil and natural gas development to enhance their already aggressive efforts to find and produce more energy.

As the Federal Reserve is guided in its mandate from Congress to promote maximum employment and stable prices, we are pleased to see your efforts to provide assistance to our nation's small- and mid-sized businesses, including many of our members, through the Main Street Lending Program.

IPAA hopes that you are able to implement this program in a manner that recognizes the critical importance of the energy exploration and production businesses and the variance within the industry regarding financing needs. To that end, IPAA would like to provide input to ensure the program is effective in its support for the economy.

As you are aware, America's global energy dominance is owed to independent energy producers. Any economic recovery package must acknowledge that these producers account for an astounding 90 percent of all U.S. natural gas and oil production, and that abundant, affordable energy will be a key component to our economic revitalization.

As currently drafted, the Main Street New Loan Facility contains a key provision that may prevent independent natural gas and oil producers from using these facilities to meet their critical economic needs:

*The Eligible Borrower must commit to refrain from using the proceeds of the Eligible Loan to repay other loan balances. The Eligible Borrower must commit to refrain from repaying other debt of equal or lower priority, with the exception of mandatory principal payments, unless the Eligible Borrower has first repaid the Eligible Loan in full.*

IPAA asks that you consider providing flexibility on this provision to otherwise Eligible Borrowers, such as independent producers. Just as the American independent producer has revitalized the country after previous economic hardships, the industry will be essential to restarting our economy after the COVID-19 pandemic has passed.

IPAA would also suggest that this flexibility can be a force multiplier throughout the economy, limiting the number of defaults that debt holders experience on those debts coming due. This can only be helpful in containing the negative economic impact of the COVID-19 crisis.

Oil and natural gas producers are not looking for a government handout; they are seeking a bridge to help survive this economic disruption. Allowing the use of loans provided by the Main Street New Loan Facility to pay off outstanding debts coming due before this crisis subsides will be the bridge to recovery for businesses that would have otherwise been able to meet their debt obligations, were it not for the virus.

Thank you for the leadership during these difficult times. IPAA members are proud to support the ongoing national response to COVID-19, and they will continue to operate responsibly to ensure our nation emerges from this situation stronger than ever.

Sincerely,

A handwritten signature in black ink, appearing to read "Barry Russell". The signature is fluid and cursive, written in a professional style.

Barry Russell  
President & CEO  
Independent Petroleum Association of America