

April 4, 2025

The Honorable Mike Johnson
Speaker of the House
H-232, The Capitol
Washington, D.C. 20515

The Honorable John Thune
Senate Majority Leader
511 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Speaker Johnson and Majority Leader Thune:

We, the undersigned, congratulate you on the recent passage of H.J. Res 35, expressing Congress's disapproval of the Environmental Protection Agency's (EPA) rulemaking on the Waste Emissions Charge (WEC).

Passage of this Congressional Review Act (CRA) resolution, signed by President Trump, is an important step toward rectifying a disastrous approach to regulating methane emissions stemming from oil and natural gas production by eliminating the administrative means to collect the tax.

However, that was just step one. It is critically important to repeal the WEC, which was established in the 2022 Inflation Reduction Act (IRA) and remains federal law.

While the CRA removed the ability of EPA to charge for methane emissions, and collect the tax for now, the legal authority for doing so in the future remains, and it is imperative that Congress address this matter as soon as possible.

How We Got Here

The IRA established the Methane Emissions Reduction Program (MERP), of which the WEC is a component. First, the MERP envisions taking the existing "Subpart W" reporting program (also known as the Greenhouse Gas Reporting Program), which has been in place for decades, and applying the WEC, based on emissions data gathered under the program. As required by the MERP, EPA promulgated a rule in early 2024 which sought to update Subpart W (separate from the CRA action in February), that EPA Administrator Zeldin included in EPA's "Reconsideration" list. In December 2024, EPA subsequently proposed, and finalized, the second leg of this program, the regulation which operationalized and implemented the WEC (that Congress eliminated as discussed above).

Of note, by law, the WEC requires regulated entities to calculate their waste emissions liability under the MERP. Combined, Subpart W requirements and the implementation of the WEC, provide the backbone for the policy objectives of the underlying MERP statute – to reduce methane emissions through punitive measures.

It is noteworthy that Congress did not hold hearings to receive expert testimony on the MERP legislation, nor was there any congressional floor debate or independent studies to determine whether the program would meet the objectives. So, the environmental benefits were never determined in a scientific manner. In addition, there was no examination of the potential impacts to American energy producers. The perceived need to establish the WEC was wholly misplaced and the wrong approach on a host of levels.

In short, there are better ways to manage methane emissions from production activities that utilize, rather than punish, American producers, thus allowing the 20-year trend of reducing emissions related to exploration and production activities to continue in an environmentally beneficial manner. The MERP program is unnecessary and redundant to EPA's ongoing work to regulate these same emissions under the Clean Air Act.

Since passage of the MERP, under the Biden Administration, the program was beleaguered with delays and a lack of transparency by the agency, providing little information or guidance to regulated entities on the details of how to comply with the law. Additionally, due to the statutory timelines required by the law, it was apparent that the stated goal of the MERP – comprehensive methane emissions reduction -- lacked the traditional rigor and stakeholder engagement which typically define the federal rulemaking process.

Beyond the myriad of challenges and injustices perpetrated by the MERP and ensuing regulatory framework, if allowed to continue, the MERP program would also have a chilling effect on capital investment. This includes companies, large and small, interested in investing capital into new operations or improving existing operations, as well as new capital providers looking to invest in the American energy industry.

The MERP was designed to inflict maximum harm on a critical American industry under the guise of emissions reductions. While the MERP would, in fact, reduce emissions, it would be for the entirely wrong reason. Those reductions would stem largely from companies restricting activities or shutting in wells altogether. This would weaken America's standing as a global energy leader, create critical uncertainties within the domestic energy economy, and make domestic investment in energy projects far less appealing. Make no mistake, the world will use oil and natural gas. The only question is, how much of that will come from the United States?

Because of the program's design, the MERP, if allowed to continue, would have a disproportionate impact on smaller and midsize US producers. These American energy explorers already face challenges in terms of competing with larger, more capitalized competitors. The MERP would greatly exacerbate this challenge by adding additional regulations and fees.

Setting aside the WEC itself, costs associated with hiring or contracting environmental consultants, accountants, and legal work associated with meeting its requirements, would all impact a business working to comply with the laws and regulations governing their

activities. This is further complicated by a process that has lacked transparency, collaboration, and guidance.

Conclusion: Further Congressional Action Is Critical

Congress is uniquely positioned to rectify this disastrous approach to emissions reduction and eliminate the WEC and related MERP provisions. As previously noted, emissions from the oil and gas sector are already regulated under the Clean Air Act.

We call on Congress to act decisively and use its authority to repeal the MERP statutes entirely in the upcoming budget reconciliation process. There is simply no other choice. The time is now to correct such a wrongheaded policy before irreparable damage is done to a critical American industry.

Sincerely,

Alaska Oil and Gas Association
Arkansas Independent Producers and Royalty Owners
California Independent Petroleum Association
Domestic Energy Producers Alliance
Gas and Oil Association of West Virginia
Illinois Oil and Gas Association
Independent Oil and Gas Association of New York
Independent Petroleum Association of America
Indiana Oil and Gas Association
Kentucky Oil and Gas Association
Louisiana Oil and Gas Association
Michigan Oil and Gas Association
National Stripper Well Association
North Dakota Petroleum Council
Ohio Oil and Gas Association
Panhandle Producers and Royalty Owners
Pennsylvania Independent Oil and Gas Association
Permian Basin Petroleum Association
Petroleum Association of Wyoming
Southeastern Ohio Oil and Gas Association
Texas Alliance of Energy Producers
Texas Independent Producers and Royalty Owners
The Petroleum Alliance of Oklahoma
Utah Petroleum Association
Western Energy Alliance