

Investor Call for Ambitious Methane Regulation for the Oil and Gas Industry

Climate change poses significant risks to the economy and the financial system. The oil and gas sector is a significant contributor of greenhouse gas emissions, including through the release of methane. While we recognize voluntary efforts from leading members of the oil and gas industry to curb methane emissions, government action is needed to address this systemic risk, reduce greenhouse gas emissions in a uniform manner, and support companies' net-zero transitions.^{1 2 3}

To help meet the goals of the Paris Climate Agreement, we the undersigned financial institutions, representing more than \$5.35 in assets under management, call on the Biden administration to rapidly advance methane regulations for the U.S. oil and gas sector.

Methane, the main component of natural gas, is a potent greenhouse gas 84 times more powerful than carbon dioxide in its first two decades after release. Researchers estimate that methane from human sources is responsible for at least a quarter of today's warming. In the oil and gas sector, methane emissions also represent lost product and can pose safety risks.⁴

If unaddressed, these emissions could limit American companies' access to global gas export markets and jeopardize the role of natural gas in a decarbonizing economy.^{5 6} Any credible pathway for the use of natural gas in a Paris-aligned future must address methane emissions.

As prudent fiduciaries, we believe virtually eliminating methane emissions as part of a low carbon transition can support the financial goals of both companies and investors. By taking action on methane emissions, government can achieve valuable greenhouse gas reductions while helping American industry become cleaner and more competitive.

We welcome the Biden administration's ambition to regulate methane emissions from the oil and gas sector and encourage the administration to develop and implement ambitious policies designed to:

- Address all potentially significant sources of oil and gas industry methane emissions, including inactive or abandoned wells;
- Ensure rapid detection and mitigation of natural gas leaks into the atmosphere;
- Minimize gas venting and flaring;
- Support development and deployment of innovative technologies for methane mitigation;
- Achieve ambitious emission reductions in a reasonably cost-effective manner.

¹ <https://www.linkedin.com/pulse/methane-rollback-puts-us-wrong-track-gretchen-watkins/>

² <https://www.houstonchronicle.com/opinion/outlook/article/BP-America-chief-It-s-time-for-the-Trump-13721656.php>

³ <https://www.pxd.com/sites/default/files/reports/2020-sustainability-report-final.pdf>

⁴ <https://www.iea.org/reports/methane-tracker-2020/methane-abatement-options#abstract>

⁵ <https://www.spglobal.com/platts/en/market-insights/latest-news/natural-gas/110320-frances-engie-pulls-out-of-talks-for-us-lng-import-deal-with-nextdecade-company>

⁶ https://ec.europa.eu/commission/presscorner/detail/en/ip_20_1833