

TESTIMONY OF DARREN W. WOODS
CHAIRMAN AND CHIEF EXECUTIVE OFFICER
EXXON MOBIL CORPORATION
BEFORE THE HOUSE COMMITTEE ON ENERGY AND COMMERCE
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS

Chairwoman DeGette, Ranking Member Griffith, Chairman Pallone, Ranking Member McMorris Rodgers, and Members of the Committee.

I'm Darren Woods, Chairman and CEO of ExxonMobil.

I welcome the opportunity to share my views on fuel pricing, the subject of today's hearing.

But first, speaking for all of us at ExxonMobil, I want to emphasize that we stand with communities around the world in deploring Russia's aggression and the devastation it has inflicted on the Ukrainian people.

Within days of the invasion, we started work to exit the Sakhalin-1 project we have operated in Russia's Far East since 2003, and announced that we would make no new investments in Russia. In consultation with the Biden Administration, we are taking the necessary steps to protect people and the environment, as we withdraw and transition operatorship.

Here in the United States, the impact of the invasion is also being felt, with the potential for supply disruptions pressuring fuel prices. American families are paying more at the pump, adding to the cost burden of growing inflation.

As the world emerges from the impacts of the pandemic, we were already seeing a growing supply and demand imbalance in global oil and gas markets. The invasion of Ukraine increased the risk of insufficient supply – demonstrating how quickly global markets can be disrupted and impact the lives of every American.

The uncertainty of supply in a tight market with growing demand leads to significant price volatility – which is what we are seeing today.

Many of us recall the Arab oil embargo of the early 1970s, the long lines and rapidly rising prices resulting when around 2 million barrels of oil a day were withdrawn from global markets. It was a disruption caused by a sudden and significant drop in supply.

More recently, during the early days of the pandemic, the opposite situation occurred. A sudden drop in demand sent oil prices crashing to the point where they actually went negative. Many in our industry sustained huge losses, many others went out of business. The resulting reduction in industry investments laid the foundation of today's markets and available supply.

Russia provides roughly 10 percent of the oil needed to meet global demand, and about 30 percent of Europe's natural gas demand. A loss of this volume would dwarf the impact of the Arab oil embargo and represent the largest supply disruption in the history of our industry. The risk of this obviously puts upward pressure on oil and gas prices.

So what can be done to ensure vital energy products remain available and affordable?

While there is no quick fix, the answer in the near term, until there are more widely available and affordable alternatives, is straightforward. We need to increase the supply of oil and natural gas.

And our industry has been doing just that.

For decades, ExxonMobil and others have invested in developing new resources to meet growing demand and replace production. Many people forget that as a depletion business, our industry makes significant investments just to keep production flat. On average, without investment, industry production declines roughly 7 percent per year. This requires a consistent commitment to investing across the commodity price cycle. Even during the depths of the pandemic, when ExxonMobil lost \$22 billion, we continued to invest in the development of new resources and increased supply.

Our commitment was not without risk, and was often criticized. But ExxonMobil's focus on the long-term fundamentals and continuing investments - even as prices went negative - are today delivering more supply to Americans.

In the Permian Basin in Texas and New Mexico for example, we expect to deliver production this year of more than 550,000 oil equivalent barrels per day, up 25 percent over 2021, which was up 25 percent over 2020. Outside the United States, we're also increasing production through a number of projects, including a world-class development in Guyana.

Developing and deploying new technologies have significantly expanded our nation's capacity to produce. The so-called fracking revolution - as an example - made this country an energy powerhouse, enabling a manufacturing renaissance and creating millions of American jobs. As a result, the United States was transformed from a net importer to a net exporter of energy.

At the same time, the United States reduced its emissions, and industry improved its environmental performance, with many focused on achieving a net-zero future.

ExxonMobil is committed to meeting the essential needs of modern living, including solutions to address the risks of climate change and lower emissions. Our Low Carbon Solutions business is advancing a portfolio of investments that have the potential to significantly lower emissions in the hardest to decarbonize sectors of our economy.

In addition, we recently announced an initiative to reach net zero Scope 1 and 2 emissions in our Permian Basin operations by the end of the decade, an industry first. And we are expanding this initiative to all of our major operated assets worldwide by 2050.

In doing this, we are working to strike the appropriate balance. Investing to help society achieve its ambition for a net-zero future while meeting today's need for reliably supplied, affordable energy.

The importance of a balanced approach can be seen today, at the pump. While we do not own or operate any gas stations here in the United States, we know that today's high pump prices are hurting Americans. The impact of high energy costs on our daily lives underscores the importance of reliable and affordable energy supplies.

No single company sets the price of oil or gasoline. The market establishes the price based on available supply, and the demand for that supply. Continued investment in new production to offset depletion and meet growing demand is the only way to achieve balanced markets and more affordable prices, bringing real relief at the pump.

Government plays a critical role in this. Policies that reflect the importance of energy, create certainty and improve predictability, encourage industry investment, and ensure affordable and reliable supplies of energy. Consistent, efficient, and effective permitting processes, whether for leases, drilling, or infrastructure such as pipelines, or export applications, will help spur further investment in U.S. oil and gas production.

Access to reliable and affordable energy is essential to our daily lives and underpins economic and social progress around the world.

ExxonMobil is proud to contribute to this progress by reliably supplying the energy the world needs, strengthening global energy security, and playing a leading role in the energy transition.

Thank you, and I look forward to our discussion.