



November 21, 2013

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American Exploration & Production Council Strongly Opposes Chairman Baucus' Proposal to Raise Taxes on Independent Oil and Natural Gas Producers

Washington, DC - The American Exploration & Production Council ("AXPC") today expressed its strong opposition to the proposal by Senate Finance Committee Chairman Max Baucus (D-MT) that would result in a huge tax increase on independent oil and gas producers, an industry that is already one of the most heavily taxed industries in the US. It is also one of the few industries that has grown and generated tens of thousands of good jobs throughout the nation despite an otherwise lackluster economy. AXPC also noted that continued investment in the search for and production of domestic energy supplies should be encouraged, not discouraged by massive tax increases.

In response to the Chairman's proposal, AXPC's President, Bruce Thompson, said, **"Increasing taxes on an industry that is providing abundant, affordable domestic energy supplies, helping spur economic growth, and moving our nation toward energy independence is not good policy. Independent oil and natural gas exploration and production companies should be allowed to continue to deduct their ordinary and necessary business expenses. To limit the ability of these companies to deduct these expenses as they are incurred in the search for and production of oil and natural gas amounts to a job and growth killing tax increase. For example, a recent study conducted by Wood Mackenzie found that eliminating the immediate deductibility of these ordinary and necessary business expenses would have a dramatic and negative impacts on our nation's economy, among them the loss of 190,000 jobs within a year, the reduction in investment spending of oil and gas producers by \$407 billion over the next 10 years and reduced production of energy resources by 15-20 percent annually."**

"Our nation needs a strong domestic energy industry and the Chairman's proposal would only weaken the industry at a time when we can ill afford such anti-growth tax policies. The U.S. recently became the world's largest combined producer of oil and natural gas and in doing so now enjoys geopolitical and economic advantages that were unimaginable as recently as 5 years ago. In a 2012 study the research firm IHS Global Insights reported that developments in U.S. shale and other tight formations has supported 2.1 million jobs and generated \$74 billion in government revenues. These and the many other benefits our nation is experiencing

are courtesy of a domestic energy renaissance our America is experiencing as a result of the development of domestic resource plays. Anti-growth tax policies such as the Chairman's proposal will only weaken our domestic energy industry, costing us jobs, economic growth and the advantages that come with ample supplies of secure domestic energy."

The American Exploration & Production Council (AXPC) represents 32 of the nation's leading independent natural gas and oil exploration and production companies. Our members safely provide the secure, domestic supplies of natural gas and oil America needs to heat its homes, to operate its farms and to fuel its economy. We are committed to doing what is right to ensure the abundant energy supplies in environmentally responsible ways. Learn more about AXPC at www.axpc.us.

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