

**Subject:** FW: Time for an enhanced North America Energy Alliance?  
**Date:** Wednesday, April 8, 2020 11:42:11 AM

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-----Original Message-----

From: Wayne Christian <wayne.christian@rrc.texas.gov>  
Sent: Wednesday, April 8, 2020 9:14 AM  
To: RRC Conference <RRCConference@rrc.texas.gov>  
Subject: FW: Time for an enhanced North America Energy Alliance?

-----Original Message-----

From: JACK VAUGHN <jcvjr@mac.com>  
Sent: Tuesday, April 7, 2020 12:14 PM  
To: Wayne Christian <wayne.christian@rrc.texas.gov>; Christi Craddick <Christi.Craddick@rrc.texas.gov>; Ryan Sitton <ryan.sitton@rrc.texas.gov>  
Subject: Time for an enhanced North America Energy Alliance?

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Commissioners:

As the domestic oil and gas industry anxiously awaits the outcome of Thursday and Friday's meetings, it seems an opportune moment for the TXRRC to reassert itself on to the word stage.

If OPEC + is willing to cut production by amounts of 10-15mmb/d then, in order to facilitate the "deal", US producers should join in. But it is becoming clear that US energy policy is choosing to side with the National Petroleum Council's (NPC) insistence on letting "market forces" prevail. Most of us in the Energy business recognize that it's been along time since a "free market" in petroleum has existed.

Perhaps now is the time for the TXRRC to step out (unilaterally, if necessary) and cajole other producing states to cut production alongside OPEC +. Parallel conversations should be made directly with OPEC +, as well.

If the NPC's stance prevails and OPEC + says "no deal", then TXRRC could play the pivotal role of forming a strategic (and possibly time limited) North American Alliance. This Alliance could close its borders to Saudi and Russian imports (symbolic for the most part due to their current paucity). The USA, Canada and Mexico (to a lesser extent) can do just fine with our regional production capacity and energy infrastructure. In our new closed system, companies are pulling back and production will decline to meet a recovering demand. When imports are needed, we have plenty of potential suppliers.

We should no longer "play ball" with the Saudis and the Russians on energy matters. Our Gulf coast refining industry will adapt over time to feedstock quality issues (and have already for the most part). And when Venezuela ultimately comes back on line (think Elliot Abrams' recent proposal), Citco can be revitalized enhancing this heavier feedstock and benefitting our trade imbalances with refined product sales back to Venezuela.

So please consider this "food for thought". As a globalist, internationalist mentored under the tutelage of President

G.H.W. Bush's DOE, this runs counter to my legacy instincts. But it is a newer "world order" now where the world is once again balkanizing. North America must realize this secular shift and proceed accordingly.

Jack C. Vaughn, Jr.  
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