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Chairman Manchin, Ranking Member Barrasso, and Members and staff of the Senate Environment and Natural Resources Committee, thank you for the opportunity to testify. My name is Vicki Hollub and I am the President and CEO of Occidental. I have worked in the oil and natural gas industry my entire career, beginning in 1981 as an engineer with Cities Service Company. I have had the privilege of working in most oil and gas producing states and internationally in Europe, South America, and the Middle East. Since becoming CEO of Occidental, my focus has been positioning our company, our workforce, and our communities to be successful in the transition to a low carbon economy. We were the first U.S. oil and gas company to establish comprehensive net-zero greenhouse gas (GHG) emissions goals, including:

- Net-zero GHG emissions from our worldwide operations and energy use before 2040, with an ambition to achieve before 2035;
- Net-zero life-cycle GHG emissions, including from the use of products, with an ambition to achieve before 2050; and
- Negative life-cycle GHG emissions thereafter for energy and products through carbon removal and storage technology and extensive deployment of Direct Air Capture.

These goals align our 11,800 employees in leveraging our expertise in carbon management to dramatically lower the net carbon intensity of our energy and products. We are focused on capturing and retiring more carbon than is released from the production and use of our products —and providing solutions to others looking to do the same. We have the experience, the carbon dioxide (CO_2) infrastructure, technology and assets, and the strategy in place to make this happen. Occidental agrees with the Biden Administration that businesses have a central role to play in the transition to a Net-Zero economy. We are proud of the work that we do and fully support policies that help companies like ours decrease our emissions and assist others to do the same, while continuing to satisfy U.S. and global energy needs.

I would be remiss if I did not use this opportunity to thank the Committee for its leadership on carbon capture, utilization and storage (CCUS) and congratulate you on the passage of the Energy Policy Act of 2020. The success of the 45Q tax credit has been one of the most important factors that has enabled us to invest in low carbon technologies that will create markets for an evolving economy. As we look to faster and more widespread deployment, we ask that Congress continue to enhance 45Q by providing direct pay of the credit and increasing the value for Direct Air Capture ("DAC"). Direct pay would dramatically accelerate the development of new low carbon technologies by simplifying business partnerships. Increased DAC incentives facilitate net-zero emissions across hard to decarbonize sectors, like heavy duty transportation. CCUS and DAC are complementary to other net-zero and net-negative emission solutions, which are critical to meeting the ambitious agenda set out by this Administration. In large part because of the work done by this Committee, CCUS has support from the Biden Administration and bipartisan Members of Congress.

Thank you for your leadership, and we appreciate your consideration of these important policy proposals.

The demand for energy and products will continue to rise globally, and we take seriously the charge to provide for those needs while approaching Net-Zero. Recognizing this challenge, Occidental is pursuing the net-zero – or even net-carbon negative – barrel of oil and working to help other industries decrease the carbon intensity of their products. Last year, we announced our plan to build the world's largest commercial-scale DAC facility in the Permian Basin. That facility will remove up to one million tons of CO_2 from the atmosphere each year, which we will permanently store deep underground. Scaling this technology gets us one step closer to the net-zero barrel of oil and provides a solution for balancing emissions in sectors that are traditionally difficult to decarbonize, both here in the U.S. and across the globe. In fact, United Airlines has partnered with us to invest in developing DAC facilities, which will ultimately help decarbonize air travel. We appreciate that the Biden Administration supports DAC and negative emissions technologies, and we look forward to working together to deploy these important solutions.

Recognizing that our approach to climate change must be extensive, impactful, and immediate, Occidental has initiated numerous partnerships to further decrease our operational emissions and invest in businesses with a nexus to ours. We are diversifying our low carbon portfolio, partnering with ethanol, cement, natural gas, and other industries to capture and permanently store CO_2. Advanced battery storage will require scale-up of critical minerals production capacity, so we entered into a joint venture with TerraLithium to develop technology that extracts lithium from brine. In 2019, we began operating a first-of-its-kind, 120-acre solar farm in Texas, directly powering our operations in the Permian Basin and decreasing the lifecycle carbon intensity of the produced oil. We are excited about pilot plant with our partner Cemvita, which has harnessed the science of ripening bananas to turn CO_2 into bioethylene, a low carbon feedstock for durable plastics. We were also an early investor in NET Power, which just announced plans to build two zero-emission natural gas power plants in the U.S. These near-term, large-scale steps demonstrate our continued commitment to decrease emissions while providing essential energy and products that transition our society to a low carbon future.

The transition to Net-Zero requires broad cooperation on a global scale. Occidental is a member of the Oil and Gas Climate Initiative, which is a consortium of 12 leading energy companies, domestic and international, dedicated to accelerating the industry response to climate change by reducing methane and CO_2 emissions and advancing the goals of the Paris Agreement. We are also a member of the Carbon Capture Coalition (CCC), a diverse group of over 80 organizations consisting of labor groups, environmental NGOs, energy companies, and think tanks. Their mission is to reduce carbon emissions to meet mid-century climate goals, foster domestic energy and industrial production, and support a high-wage jobs base through the adoption of carbon capture technologies. These partnerships, and the work done by these organizations, are an integral part of Occidental's pathway to reach Net-Zero.

As the Biden Administration builds out its policy related to oil and gas development on public lands, we suggest a collaborative approach that is informed by data and focused on protecting human health and the environment, reducing greenhouse gas emissions and ensuring that operations benefit working families and their communities. Onshore development provides the opportunity to expand a lower carbon intensity product that can be a meaningful part of the lower carbon energy and fuel supply. The oil and gas industry is a necessary part of the transition to Net-Zero and has a vital role in collaborative, solutions-oriented policy development with Congress and the Biden Administration.

To successfully address global climate change, we need to focus on moving all industries toward Net-Zero, using every resource and technology available to get us there. Deploying expertise, investments and assets from the oil and gas industry will be essential. Bans, de facto bans, or permitting delays of any duration would adversely impact investment and deployment of net-zero technologies. Retaining clarity for continuing operations is important while we aggressively work toward a collective transition plan. To that end, Administration action should provide regulatory certainty in the short- and long-term.

Production of oil and natural gas on federal lands is highly regulated and subject to strict environmental protections. Development on federal lands requires participation in broad-based and long-term development planning, including community involvement and important environmental mitigation requirements. These requirements are guided by the National Environmental Policy Act (NEPA) and include important protections for threatened, endangered or protected wildlife species and their habitats. The land use requirements under NEPA, which must also fulfill the requirements of tribal, state, and local laws, are the most comprehensive in the country. They prescribe surface disturbance limitations, grazing considerations, and detailed reclamation criteria. Other resources such as surface and ground water, recreation, visual landscapes, transportation effects, cultural and historic places, and paleontological sites are appropriately evaluated. We should all rightly take pride and comfort in the fact that federal oil and gas is the most regulated, thoughtful production available to us.

Some have suggested that the industry "stockpiles" acres. This is simply untrue. The Mineral Leasing Act (MLA) already requires operators to expeditiously develop federal leases and prevents a company from "locking up" excessive federal acreage. Federal leases grant lessees the right, and impose the obligation, to evaluate the potential to produce commercial quantities of hydrocarbons. A federal lease terminates if the lessee is not performing diligent drilling operations by the end of the term, which is generally 5 to 10 years. It takes several years of due diligence, and a sizable investment, for a company to analyze the underlying geology, perform the necessary technology and engineering assessments, and arrange the logistics of an exploration or development project before a company can determine if a lease contains commercial quantities of oil and natural gas. We take seriously every step in that process to ensure the health and safety of our employees and the communities in which we operate.

The government and local communities benefit even if the lease is non-producing. Natural gas and oil resources exist on only a small number of sold leases and are economic to develop and produce on an even smaller number. In any case, "Use it or lose it" is already the law. If companies do not produce oil or natural gas on leases, then the leases must, by law, be returned to the government. The MLA prevents any company from locking up unproductive excessive federal acreage. With some exceptions, the MLA limits the amount of unproductive acreage a federal oil and gas lessee may hold in any one state. Even if the lease is not producing, companies pay fees to the local and federal governments. According to the Office of Natural Resource Revenue (ONRR), in fiscal year 2019 alone, revenues from federal onshore oil and natural gas leases totaled around $4.2 billion, including: $2.931 billion in royalties and $1.181 billion in bonuses, when a lease sale occurs.

Similarly, permitting of these operations takes a significant amount of time and investment. Federal onshore drilling permits can take up to a year to be approved, which requires operators like Occidental to plan 18 months ahead of drilling operations. This long lead time means that as we evaluate our completions and geology, well design changes often result in the need to re-permit the same areas. Lack of clarity or permitting guidance can extend these times, often increasing the cost and the surface disturbance.

The public is, and should continue to be, an active part of land management and leasing decisions, including land use designations. Nearly every federal land action we take is open to public comment, including Resources Management Plans, lease sales, and environmental reviews. As a part of the process, the public is encouraged to comment, and BLM must respond to each comment received. By law, onshore leased lands are not "locked up" nor are they excluded from other land use. Under the Federal Land Policy and Management Act (FLPMA), and pursuant to federal land use plans, much of the onshore leased federal acreage remains open to multiple uses such as recreation and livestock grazing.

Onshore development remains an important generator of jobs and revenues which are necessary to continue to support communities while we transition to achieve Net-Zero. In fact, 40% of the money in New Mexico's General Fund comes from oil and gas revenue. Among other things, this money helps provide free college education to residents. Governor Michelle Lujan Grisham (D-NM) has said that, "without the energy effort in this state, no one gets to make education the top priority." In 2019, the oil and gas industry contributed $740 million in funding for K-12 education in Wyoming. The fact is, the areas in which we operate matter deeply to our company and our employees, and we invest significantly in strengthening those communities. For example, the Permian Strategic Partnership is a voluntary organization created and funded by oil and gas companies to invest millions of dollars in education, housing, medical care, infrastructure, and workforce development. In fact, just last month, Texas Tech University Health Sciences Center announced a $30 million School of Health Professions Physician Assistant Program expansion funded, in part, by the Permian Strategic Partnership.

The positive economic impact of oil and natural gas production on federal lands is well-established. Lesser known is the importance of oil and gas production to preserve our country's national parks and other public lands. Last year, by a bipartisan vote, Congress passed the Great American Outdoors Act to fund deferred maintenance needs in our National Parks. Under the new law, this fund will receive half of all revenues from energy development on federal lands and waters, up to $1.9 billion per year for the next five years. This funding will support outdoor recreation and the preservation of our nation's most special places. Additionally, the bill you passed last year requires that $900 million be deposited annually into the Land and Water Conservation Fund. The LWCF, funded by energy royalties, has supported local parks and recreation projects in every county of the nation. This means that no matter where you are in the country, energy production from federal resources benefits your community.

As the Administration develops policy on oil and gas production on federal lands, the most sustainable path forward is a multi-stakeholder process for identifying improvement opportunities based upon data and science. This process would provide extensive consultation while giving businesses operational clarity to enable investments. This engagement should identify stakeholder concerns and opportunities for improving performance, promoting health, safety and the environment, and addressing climate risks, all while continuing to supply the economy with affordable, reliable energy, good-paying jobs with benefits, and sizeable revenues to states and the federal government. Our industry stands ready to share extensive knowledge and data to help inform policy and regulatory developments. I believe this approach provides a sustainable path for the future, provides needed revenues to deploy low carbon technologies and provides the safeguards and assurances that Americans deserve.

Our industry provides 70% of the energy this country uses and produces, but the benefits to communities extend far beyond. Occidental's chemical business produces the building blocks for disinfectants like household bleach and materials used in hospital supplies and medical devices; all of which have played lifesaving roles in our nation's pandemic response. We donate our water

treatment products to Water Mission, a non-profit NGO which helps provide clean drinking water to developing nations and disaster areas. To date, our donations have provided over 1 million people in refugee camps and disaster-impacted areas with clean drinking water. Products derived from the oil and gas industry increase our quality of life every day and restricting onshore development will have a significant negative impact on our ability to produce and distribute these goods.

The oil and gas sector has one of the highest average wages of any sector in the US, more than 50% above the national average according to Bureau of Labor Statistics data, which provides working families with a pathway to the middle class while strengthening our communities. Median total compensation for domestic Occidental employees, not including overtime or benefits is over $125,000. Transitioning to a Net-Zero energy cycle requires many of the same skills that the oil and gas sector deploys today. There is substantial opportunity for the skills of our workforce to be applied to build and operate the emissions reduction, carbon removal technologies, and infrastructure necessary to achieve Net-Zero, while still benefitting from high wages and secure employment. Congress and the Administration have a unique opportunity to work together with responsible companies like ours to generate products and conduct our operations with a lower carbon intensity while building jobs and technology for a sustainable industry for the future.

Occidental is uniquely positioned to provide insight from the private sector to encourage innovation and investment in critical low carbon technologies that address operational emissions, energy efficiency and emissions from product use, and that ultimately lead to the creation of lower carbon products across the energy value chain. Our industry applies the technology and know-how to protect our nation's air and water as well as the safety and health of workers and the communities in which we operate, and we collaborate with multiple federal, state and local agencies to identify cost-effective enhancements to regulatory programs. We stand ready to provide data and share our experiences with the Administration and Congress as you develop policy proposals to achieve Net-Zero. Thank you, again, for this opportunity and I'm happy to take questions.