

Trump considers relief for shale producers during outbreak

Hannah Northey and Jeremy Dillon, E&E News reporters Published: Tuesday, March 10, 2020

The White House is considering support for U.S. shale producers hit hard by an expanding new coronavirus outbreak and cratering oil prices, one source familiar with the proposal told E&E News.

It's unclear when or how the idea will be unveiled and what the White House will include, but the source suggested it could take the form of royalty relief.

The White House could also offer federal assistance in the form of low-interest government loans to struggling shale companies whose lines of credit to major financial institutions have been choked off, three sources told *The Washington Post* today.

More details could come to light tomorrow when President Trump meets with Wall Street executives to discuss the effects of the spreading virus on the U.S. economy. The White House said it does not comment on internal policy discussions.

Crude prices yesterday saw the biggest drop in 29 years as fears slammed the world's economy and a price war erupted between two major oil-producing nations.

Sources have suggested U.S. shale producers could be hard hit, namely in states like Texas, New Mexico and North Dakota.

Those producers could be the first affected, as their costs are higher than in Saudi Arabia and Russia, and they're more reliant on debt to keep drilling ([Energywire](#), March 10).

The idea drew a sharp rebuke on Capitol Hill. Senate Minority Leader Chuck Schumer (D-N.Y.) said offering tax breaks to the "special interests" will do little to stop the spread of the disease.

"We don't have enough tests; people can't determine if they're ill or not ... and they're concerned with the oil companies," Schumer said of the Trump administration, holding up a printout of the *Washington Post* story. "Is that incredible?"

Trump on the Hill

Trump met with Republican senators at the Capitol this afternoon and said they talked about a stimulus package and that details would be released "soon."

But he told reporters there was "great unity within the Republican Party" to get something done. "There's a great feeling about doing a lot of things," he said.

Much of that discussion, Sen. John Cornyn (R-Texas) told reporters, focused on energy and how the influx of oil on the markets will benefit consumers with lower prices.

"We talked about energy generally, but mainly he talked about the benefits of flooding the market with cheap oil," Cornyn said. "The problem, though, is that is going to create a lot of bankruptcies and put people out of work in America and jeopardize our energy independence."

Trump also mentioned that he talked with Saudi Crown Prince Mohammed bin Salman about that country's decision to flood the market. The White House similarly confirmed the call as part of a readout issued this morning.

"Obviously, they depend on us a lot for their security needs," Cornyn said. "They can't be forcing a lot of our energy companies into bankruptcy by artificially flooding the markets at low prices."

Republican senators appeared apprehensive of full-scale intervention to aid the struggling industry. "I don't think they need a bailout," Cornyn said. "They just need reasonable prices."

As part of that effort, the Department of Energy suspended a 12-million-barrel drawdown of its Strategic Petroleum Reserve to enable markets to recover. The sale — originally due today — was mandated by Congress in a 2015 budget agreement.

The oil and natural gas lobby has been skeptical of any federal help, as well. American Petroleum Institute President and CEO Mike Sommers told reporters yesterday that the group was not seeking any type of financial assistance from the administration (*[E&E Daily](#)*, March 10).

Should one go forward, it's likely to face intense opposition from Democrats and environmental groups.

"That's not what we have historically been doing, nor can we get the support to do that," said Sen. Jim Inhofe (R-Okla.) on a shale financial package.