

EAGA Business Builder

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July 19, 2022

Today's speaker was guest speaker Louis Salazar—ConocoPhillips



Mr. Salazar was invited to speak to us this morning and provide some possible insight on the current situation that exists in the oil and gas industry, from ConocoPhillips' perspective. Mr. Salazar noted that, at each speaking engagement, or presentation, ConocoPhillips has directed their staff to provide at least one PSA or instructional guideline regarding public safety. To that end, Mr. Salazar's contribution concerns family safety during a fire. At least quarterly, every family member needs to be formally reminded of what to do in case of a fire at their home. Children and adults all need to be aware of ways to quickly exit the facility. Children should practice opening and climbing out of a window. Everyone needs how to proceed once outside. What to do (and not do); where to go; how to get help. Planning ahead, and practicing regularly are the best ways to make sure that family members survive an emergency situation. Now on to ConocoPhillips...Mr. Salazar was assisted this morning by his associate, the Vice President of Public Policy from their Santa Fe office. The two gentlemen noted that ConocoPhillips is the largest oil producing company. Operating in 13 countries, they employ about 9,400 people and have revenues of \$94 Billion. ConocoPhillips is only in the production segment of the industry. They don't have any refineries and don't sell directly to the public. The Permian Basin (which includes part of southern New Mexico) is ConocoPhillips' largest area of operation in the lower 48 states. In Lea and Eddy counties, they have 718 producing wells and 4 rigs. With such a large presence in the area, ConocoPhillips has joined the Permian Strategic Partnership that is committed to providing efforts and resources to strengthen and improve the quality of life for Permian Basin residents. They have already contributed over \$400,000 to area charities and have pledged to spend \$7.5 million dollars to provide STEM Labs to every elementary school in that area. All of that is in addition to the \$75 million that ConocoPhillips spends annually for general operational activities in the region. Now regarding two of the major questions for the oil and gas industry these days: **Q1- Why are gas prices so high?** Us refineries are operating at about 95% capacity and it takes a relatively long time to bring previously shut down facilities back online, or to build more refining capacity. Then there is the ongoing nervous feeling about the cost of gasoline coming out of those refineries. Oil companies only own about 4% of the general gas stations. The remaining stores are owned by independents. Gas station operators have to predict how much they are going to spend for their next tanker truck load of fuel, so when refined costs are increasing, the operators are quick to raise their prices so that they can afford to pay for the next delivery. When the refined costs begin to drop, the operators have to keep their current retail prices until they have been able to sell the higher cost gas that they still have on hand. So, in general, the price at the pump rises quickly and drops slowly when compared to crude oil market prices. **Q2- What is the situation regarding proposed substantial reduction in the use of fossil fuels in the near future?** Per Mr. Salazar, this may be a somewhat confusing issue that is not fully understood by the general public. There is a call for society to substantially reduce the use of hydrocarbon based fuels, but there won't be a reduction in the need for energy as we progress through life. In reality, there will be a continual increase in the need. Currently 70% to 80% of energy used comes from hydrocarbons. It is predicted that a reduction in fossil fuel use will be replaced by other, newer, energy generating sources such as wind or solar. It is true that hydrocarbon fuel use can be reduced in the near future, but it cannot be completely eliminated for a very long time. Experts are predicting that, by 2050, about 40% to 50% of energy use will still be supplied by fossil type fuels. Actually that is how the progression of energy sources has been for quite a while. Right now we use about the same amount of wood for fuel as was used in 1850; but wood's percent of contribution has substantially decreased. There is a much greater need for energy now than there was back then, and the increase in need has been filled by new technologies or materials; like coal, natural gas, nuclear and oil. In the future newer technologies will begin to supply a greater percentage of the energy needs. ConocoPhillips has committed to be a "Net Zero" carbon producer by 2050. Note that 'Net Zero' does not mean 'Zero'. A zero carbon producer would not produce any carbon. As noted above, there will still be a substantial portion of the energy needs filled by hydrocarbon fuels for a very long time. "Net Zero" means offsetting carbon emissions with a reduction in carbon via other processes. That will be achieved in multiple ways: Using more efficient machinery and buildings; plugging orphan wells that currently leak CO² into the air; pumping CO² into the ground for storage; planting trees that use CO². The company has also established plans to eliminate all non-emergency flaring by making sure that excess gas distribution plans are already in place before any new well is put into production. [Flaring comes from having to get rid of dangerous gases from well. Often it is syphoned off for use elsewhere, but when that well is producing more than can be distributed out, the excess is burned in a controlled manner so as to avoid an explosion]. ConocoPhillips will begin to concentrate more on hydrogen, natural gas and Liquified Natural Gas (LNG) as they move into the future. They have a goal of operating the cleanest and safest production facilities. We thank the gentlemen for speaking today and providing their company's perspective on these important topics.

Leads & Business Information:

None submitted this week

- ◆ During his term, President Jumisko plans to provide membership with a few tips and gems of knowledge at each meeting. This morning's Jukka told us about 'Rich Snippets'. That is not a new member... It is a way to provide users with more information-instantly-when your business shows up in their search results. The snippets can provide great visibility for your site and will increase your click-through rate. Google pulls the desired information from special code you can add to your webpage's HTML. WSI can easily do that for you.
- ◆ First announcement for a prospective new member:
Retina Consultants of New Mexico
Representative: Dr. Nathaniel Roybal
Category: Medical and surgical ophthalmology
Sponsors: Michael Johnson and Tom Briones

If you have an objection to this company becoming a member, or if you have information that you feel should be considered during the review process, please contact our Membership Committee Chairman, Jack Zipper (via telephone number 505-259-5959 or email at jdzipper@comcast.net) as soon as possible.
- ◆ We are still in need of greeters and speakers. We only have speakers scheduled through August 9th, and greeters through August 2nd. If you can speak, or attend the badge board at one of our upcoming meetings, please contact Mario as soon as possible. His contact information is in the box at the bottom of this page.
- ◆ This coming Wednesday, July 27th will be the 69th anniversary of The Korean War Armistice Agreement. The armistice was signed on July 27, 1953 and was designed to "ensure a complete cessation of hostilities and of all acts of armed force in Korea until a final peaceful settlement is achieved." Some of our EAGA membership served in the US Military (Air Force and Navy) during that conflict. We very much appreciate their example, their service, and their friendship.

Badge Board Greeters

July 26 th	John Woods—Phocus Real Estate
Aug 2 nd	Lonnie Carreathers—Fireworx Fire Protection
Aug 9 th	
Aug 16 th	
Aug 23 rd	
Aug 30 th	

Upcoming Speakers

July 26 th	Mark Tobiassen—Action Coach Business Coaching
Aug 2 nd	Guest Speaker - Ron Darnell—PNM
Aug 9 th	Ben Hoffman—Kinney Brick Company
Aug 16 th	
Aug 23 rd	
Aug 30 th	

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