

# Congress of the United States

## Washington, DC 20515

June 21, 2021

Mr. Jamie Dimon  
Chairman and Chief Executive Officer  
JPMorgan Chase & Co.  
270 Park Avenue  
New York, NY 10005

Dear Mr. Dimon:

We write to request information from JPMorgan Chase & Co. (JPMC) regarding its lending policies for oil and gas clients, including client banks with significant oil and gas exposures. As the second-largest financier of fracking in the United States, JPMC is well aware that oil and gas production relies on debt financing and that the market is prone to sudden downturns. We seek to find out why JPMC lobbied for government relief in the coronavirus relief legislation for oil and gas companies and client banks overexposed to oil and gas.<sup>1</sup>

JPMC is the biggest banker for the oil and gas industry worldwide, financing \$51.3 billion in fossil fuel projects in 2020 and providing nearly \$317 billion in lending and underwriting for the industry between 2016 and 2020.<sup>2</sup> It is the lender of choice for the U.S. fracking industry, for which it provided one-sixth of all financing between 2016 and 2020, totaling \$37.8 billion.<sup>3</sup> This is in addition to lending to regional banks that also have significant oil and gas portfolios and are relatively vulnerable to energy sector shocks.<sup>4</sup>

JPMC is familiar with the risks of financing oil and gas production. Of all the bonds issued by U.S. fracking companies between 2016 and 2020, 72% were considered non-investment grade, compared to 30% in the wider energy sector and 17% in the U.S. economy as a whole.<sup>5</sup> During the last downturn in oil prices in 2015 and 2016, JPMC lost \$8.7 billion in

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<sup>1</sup> *JPMorgan Secretly Emailed the Trump Administration About Bailing Out the Oil Industry*, Mother Jones (Apr. 7, 2021) (online at [www.motherjones.com/environment/2021/04/jpmorgan-secretly-emailed-the-trump-administration-about-bailing-out-the-oil-industry](http://www.motherjones.com/environment/2021/04/jpmorgan-secretly-emailed-the-trump-administration-about-bailing-out-the-oil-industry)).

<sup>2</sup> Rainforest Action Network, *Banking on Climate Chaos: Fossil Fuel Finance Report 2021* (Mar. 2021) (online at [www.ran.org/wp-content/uploads/2021/03/Banking-on-Climate-Chaos-2021.pdf](http://www.ran.org/wp-content/uploads/2021/03/Banking-on-Climate-Chaos-2021.pdf)).

<sup>3</sup> Rainforest Action Network, *Fracking Fiasco: The Banks That Fueled the U.S. Shale Bust* (Sept. 2020) (online at [www.ran.org/wp-content/uploads/2020/09/RAN\\_OCI\\_Fracking\\_Fiasco.pdf](http://www.ran.org/wp-content/uploads/2020/09/RAN_OCI_Fracking_Fiasco.pdf)).

<sup>4</sup> *Oil Crash Is Bad News for Regional Banks That Went Big on Energy*, Wall Street Journal (Mar. 16, 2020) (online at [www.wsj.com/articles/oil-crash-is-bad-news-for-regional-banks-that-went-big-on-energy-11584352803](http://www.wsj.com/articles/oil-crash-is-bad-news-for-regional-banks-that-went-big-on-energy-11584352803)).

<sup>5</sup> Rainforest Action Network, *Fracking Fiasco: The Banks that Fueled the U.S. Shale Bust* (Sept. 2020) (online at [www.ran.org/wp-content/uploads/2020/09/RAN\\_OCI\\_Fracking\\_Fiasco.pdf](http://www.ran.org/wp-content/uploads/2020/09/RAN_OCI_Fracking_Fiasco.pdf)).

market capitalization over two days.<sup>6</sup> Asked at the time if this would lead to a change in business practices, you said, “To the extent we can responsibly support clients, we’re going to. And if we lose a little bit more money because of it, so be it.”<sup>7</sup>

We are concerned that JPMC’s lending practices are putting U.S. taxpayer funds at risk. In March 2020, the coronavirus pandemic and price cuts in the international market sent oil prices crashing. The crisis was so severe that major U.S. banks, including JPMC, considered the drastic step of assuming operational control of wells from bankrupt companies.<sup>8</sup> Meanwhile, analysts predicted losses of up to 60% for regional banks with significant oil and gas portfolios.<sup>9</sup> Shortly thereafter, JPMC presented senior Treasury Department officials with proposed options to “direct government support to the energy sector,” citing “numerous banks, largely scattered across the South, [with] meaningful direct exposure to oil and gas.”<sup>10</sup> JPMC suggested that Treasury follow the “ample precedent of financial sponsors supporting banks during the Global Financial Crisis,” including that it “directly purchase troubled [oil and gas] assets.”<sup>11</sup> Meanwhile, roughly one-quarter of Americans—and nearly half of mothers with children 12 or younger—were going hungry because of the coronavirus crisis.<sup>12</sup>

In addition to destabilizing markets, reckless lending to oil and gas companies creates billions of dollars in environmental cleanup costs, which are often passed on to taxpayers. For example, abandoned wells from defunct oil and gas companies emit greenhouse gases and contaminate local air and water. The Environmental Protection Agency (EPA) estimates that there are over three million abandoned oil and gas wells across the U.S., of which more than two million are “unplugged” and leaking methane into the atmosphere.<sup>13</sup> In 2018, these wells accounted for greenhouse gas emissions equivalent to 1.5 million cars.<sup>14</sup> Though federal and state laws require oil and gas producers to pay a bond to cover the cost of cleanup in the event of

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<sup>6</sup> *J.P. Morgan Has Lost \$8.7 Billion in Value Over the Last Two Days*, Fortune (Feb. 24, 2016) (online at <https://fortune.com/2016/02/24/jp-morgan-stock-drop>).

<sup>7</sup> *Big Banks Brace for Oil Loans to Implode*, CNN Business (Jan. 18, 2016) (online at <https://money.cnn.com/2016/01/18/investing/oil-crash-wall-street-banks-jpmorgan>).

<sup>8</sup> *Exclusive: U.S. Banks Prepare to Seize Energy Assets as Shale Boom Goes Bust*, Reuters (Apr. 9, 2020) (online at [www.reuters.com/article/us-usa-banks-energy-assets-exclusive-idUSKCN21R3JI](http://www.reuters.com/article/us-usa-banks-energy-assets-exclusive-idUSKCN21R3JI)).

<sup>9</sup> *Oil Crash Is Bad News for Regional Banks That Went Big on Energy*, Wall Street Journal (Mar. 16, 2020) (online at [www.wsj.com/articles/oil-crash-is-bad-news-for-regional-banks-that-went-big-on-energy-11584352803](http://www.wsj.com/articles/oil-crash-is-bad-news-for-regional-banks-that-went-big-on-energy-11584352803)).

<sup>10</sup> *JPMorgan Secretly Emailed the Trump Administration About Bailing Out the Oil Industry*, Mother Jones (Apr. 7, 2021) (online at [www.motherjones.com/environment/2021/04/jpmorgan-secretly-emailed-the-trump-administration-about-bailing-out-the-oil-industry](http://www.motherjones.com/environment/2021/04/jpmorgan-secretly-emailed-the-trump-administration-about-bailing-out-the-oil-industry)).

<sup>11</sup> *Id.*

<sup>12</sup> *The COVID-19 Crisis Has Already Left Too Many Children Hungry in America*, Brookings Institution (May 6, 2020) (online at [www.brookings.edu/blog/up-front/2020/05/06/the-covid-19-crisis-has-already-left-too-many-children-hungry-in-america](http://www.brookings.edu/blog/up-front/2020/05/06/the-covid-19-crisis-has-already-left-too-many-children-hungry-in-america)).

<sup>13</sup> Environmental Protection Agency, *Inventory of U.S. Greenhouse Gas Emissions and Sinks 1990–2016: Abandoned Oil and Gas Wells* (Apr. 2018) (online at [www.epa.gov/sites/production/files/2018-04/documents/ghgemissions\\_abandoned\\_wells.pdf](http://www.epa.gov/sites/production/files/2018-04/documents/ghgemissions_abandoned_wells.pdf)).

<sup>14</sup> *‘Orphaned’ Oil Wells to Squeeze State Coffers*, Politico (May 12, 2020) (online at [www.politico.com/news/2020/05/11/orphaned-oil-wells-to-squeeze-state-coffers-249138](http://www.politico.com/news/2020/05/11/orphaned-oil-wells-to-squeeze-state-coffers-249138)).

default, these bonds are almost always inadequate. In California alone, the estimated cost of plugging orphan wells is ten times greater than the available bonds, without factoring in the costs of environmental remediation.<sup>15</sup>

This crisis is accelerating, with nearly 200 U.S. oil and gas companies predicted to go bankrupt between 2020 and 2022.<sup>16</sup> Congress must have confidence that JPMC will not make taxpayers responsible for the bank's high-risk investment in the oil and gas industry. To assist the Subcommittee on Environment's oversight of the risks to taxpayers posed by the lending practices to the oil and gas industry by banks that are too big to fail, please provide the following by no later than July 6, 2021:

1. All documents and communications between March 2020 and September 2020 estimating or analyzing the number of JPMC oil and gas clients, including client banks with "meaningful direct exposure to oil and gas," that went bankrupt, were predicted to go bankrupt, and/or were expected to go bankrupt without federal assistance;
2. All documents and communications since January 2016 estimating the potential cost of environmental remediation of orphaned wells owned or operated by JPMC oil and gas industry clients;
3. All documents and communications since January 2016 estimating the potential cost of environmental remediation of orphan wells owned or operated by debtors of JPMC client banks with "meaningful direct exposure to oil and gas";
4. All documents relating to JPMC customs or practices in lending or underwriting agreements with oil and gas companies since January 2016, including covenants to cover the cost of environmental liabilities, in cases where JPMC believes that existing federal or state regulations may be insufficient to cover likely remediation costs;
5. The amount of debt held by JPMC in oil and gas companies as of January 1, 2020;
6. The total amount of JPMC's lending, underwriting, and market making for the oil and gas industry between Q1 2017 and Q4 2019, in aggregate and respectively by quarter and category;

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<sup>15</sup> California Council on Science and Technology, *Orphan Wells in California: An Initial Assessment of the State's Potential Liabilities to Plug and Decommission Orphan Oil and Gas Wells* (Nov. 2018) (online at <https://ccst.us/wp-content/uploads/CCST-Orphan-Wells-in-California-An-Initial-Assessment.pdf>).

<sup>16</sup> Rystad Energy, *Press Release: Even at \$40 WTI, About 150 More North American E&Ps Will Need Chapter 11 Protection by End-2022* (online at [www.rystadenergy.com/newsevents/news/press-releases/even-at-%2440wti-about-150-more-north-american-eps-will-need-chapter-11-protection-by-end-2022](http://www.rystadenergy.com/newsevents/news/press-releases/even-at-%2440wti-about-150-more-north-american-eps-will-need-chapter-11-protection-by-end-2022)).

7. The amount of JPMC’s total counterparty exposure to client banks with “meaningful direct exposure to oil and gas (generally ranging from ~3-11% of total loans)” between Q1 2017 and Q4 2019;<sup>17</sup>
8. JPMC’s revenue from oil and gas industry business between Q1 2017 and Q4 2019, including from client banks with “meaningful direct exposure to oil and gas.” Please provide revenue in aggregate, and from each of the following sources, described in JPMC’s annual report:
  - a. investment banking fees;
  - b. principal transactions revenues;
  - c. lending- and deposit-related fees;
  - d. asset management, administration, and commissions;
  - e. investment securities gains;
  - f. card income;
  - g. interest income; and
  - h. other income;<sup>18</sup>
9. How JPMC mitigates the threat of future volatility associated with high concentrations of loans to oil and gas companies;
10. How JPMC mitigates the risk posed by regional banks’ exposure to oil and gas identified in the April 2020 memo to Treasury; and
11. The basis for JPMCs suggestion to Treasury for a “TARP-like program of government equity injection into community banks.”<sup>19</sup>

The Committee on Oversight and Reform is the principal oversight committee of the House of Representatives and has broad authority to investigate “any matter” at “any time” under

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<sup>17</sup> *JPMorgan Secretly Emailed the Trump Administration About Bailing Out the Oil Industry*, Mother Jones (Apr. 7, 2021) (online at [www.motherjones.com/environment/2021/04/jpmorgan-secretly-emailed-the-trump-administration-about-bailing-out-the-oil-industry](http://www.motherjones.com/environment/2021/04/jpmorgan-secretly-emailed-the-trump-administration-about-bailing-out-the-oil-industry)).

<sup>18</sup> JPMorgan Chase & Co., *2020 Annual Report* (Apr. 2021) (online at [www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/investor-relations/documents/annualreport-2020.pdf](http://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/investor-relations/documents/annualreport-2020.pdf)).

<sup>19</sup> *JPMorgan Secretly Emailed the Trump Administration About Bailing Out the Oil Industry*, Mother Jones (Apr. 7, 2021) (online at [www.motherjones.com/environment/2021/04/jpmorgan-secretly-emailed-the-trump-administration-about-bailing-out-the-oil-industry](http://www.motherjones.com/environment/2021/04/jpmorgan-secretly-emailed-the-trump-administration-about-bailing-out-the-oil-industry)).

Mr. Jamie Dimon

Page 5

House Rule X. An attachment to this letter provides additional instructions for responding to this request. Please contact Committee staff at (202) 225-5051 with any questions. Thank you for your prompt attention to this matter.

Sincerely,



Ro Khanna  
Chair  
Subcommittee on Environment  
Committee on Oversight and Reform



Katie Porter  
Chair  
Oversight and Investigations  
Subcommittee  
Committee on Natural Resources

Enclosure

cc: The Honorable Ralph Norman, Ranking Member  
Subcommittee on Environment  
Committee on Oversight and Reform

The Honorable Paul Gosar, Ranking Member  
Oversight and Investigations Subcommittee  
Committee on Natural Resources

## Responding to Oversight Committee Document Requests

1. In complying with this request, produce all responsive documents that are in your possession, custody, or control, whether held by you or your past or present agents, employees, and representatives acting on your behalf. Produce all documents that you have a legal right to obtain, that you have a right to copy, or to which you have access, as well as documents that you have placed in the temporary possession, custody, or control of any third party.
2. Requested documents, and all documents reasonably related to the requested documents, should not be destroyed, altered, removed, transferred, or otherwise made inaccessible to the Committee.
3. In the event that any entity, organization, or individual denoted in this request is or has been known by any name other than that herein denoted, the request shall be read also to include that alternative identification.
4. The Committee's preference is to receive documents in electronic form (i.e., CD, memory stick, thumb drive, or secure file transfer) in lieu of paper productions.
5. Documents produced in electronic format should be organized, identified, and indexed electronically.
6. Electronic document productions should be prepared according to the following standards:
  - a. The production should consist of single page Tagged Image File ("TIF"), files accompanied by a Concordance-format load file, an Opticon reference file, and a file defining the fields and character lengths of the load file.
  - b. Document numbers in the load file should match document Bates numbers and TIF file names.
  - c. If the production is completed through a series of multiple partial productions, field names and file order in all load files should match.
  - d. All electronic documents produced to the Committee should include the following fields of metadata specific to each document, and no modifications should be made to the original metadata:

BEGDOC, ENDDOC, TEXT, BEGATTACH, ENDATTACH, PAGECOUNT, CUSTODIAN, RECORDTYPE, DATE, TIME, SENTDATE, SENTTIME, BEGINDATE, BEGINTIME, ENDDATE, ENDTIME, AUTHOR, FROM, CC, TO, BCC, SUBJECT, TITLE, FILENAME, FILEEXT, FILESIZE, DATECREATED, TIMECREATED, DATELASTMOD, TIMELASTMOD,

INTMSGID, INTMSGHEADER, NATIVELINK, INTFILPATH, EXCEPTION,  
BEGATTACH.

7. Documents produced to the Committee should include an index describing the contents of the production. To the extent more than one CD, hard drive, memory stick, thumb drive, zip file, box, or folder is produced, each should contain an index describing its contents.
8. Documents produced in response to this request shall be produced together with copies of file labels, dividers, or identifying markers with which they were associated when the request was served.
9. When you produce documents, you should identify the paragraph(s) or request(s) in the Committee's letter to which the documents respond.
10. The fact that any other person or entity also possesses non-identical or identical copies of the same documents shall not be a basis to withhold any information.
11. The pendency of or potential for litigation shall not be a basis to withhold any information.
12. In accordance with 5 U.S.C. § 552(d), the Freedom of Information Act (FOIA) and any statutory exemptions to FOIA shall not be a basis for withholding any information.
13. Pursuant to 5 U.S.C. § 552a(b)(9), the Privacy Act shall not be a basis for withholding information.
14. If compliance with the request cannot be made in full by the specified return date, compliance shall be made to the extent possible by that date. An explanation of why full compliance is not possible shall be provided along with any partial production.
15. In the event that a document is withheld on the basis of privilege, provide a privilege log containing the following information concerning any such document: (a) every privilege asserted; (b) the type of document; (c) the general subject matter; (d) the date, author, addressee, and any other recipient(s); (e) the relationship of the author and addressee to each other; and (f) the basis for the privilege(s) asserted.
16. If any document responsive to this request was, but no longer is, in your possession, custody, or control, identify the document (by date, author, subject, and recipients), and explain the circumstances under which the document ceased to be in your possession, custody, or control.
17. If a date or other descriptive detail set forth in this request referring to a document is inaccurate, but the actual date or other descriptive detail is known to you or is otherwise apparent from the context of the request, produce all documents that would be responsive as if the date or other descriptive detail were correct.

18. This request is continuing in nature and applies to any newly-discovered information. Any record, document, compilation of data, or information not produced because it has not been located or discovered by the return date shall be produced immediately upon subsequent location or discovery.
19. All documents shall be Bates-stamped sequentially and produced sequentially.
20. Two sets of each production shall be delivered, one set to the Majority Staff and one set to the Minority Staff. When documents are produced to the Committee, production sets shall be delivered to the Majority Staff in Room 2157 of the Rayburn House Office Building and the Minority Staff in Room 2105 of the Rayburn House Office Building.
21. Upon completion of the production, submit a written certification, signed by you or your counsel, stating that: (1) a diligent search has been completed of all documents in your possession, custody, or control that reasonably could contain responsive documents; and (2) all documents located during the search that are responsive have been produced to the Committee.

### **Definitions**

1. The term “document” means any written, recorded, or graphic matter of any nature whatsoever, regardless of how recorded, and whether original or copy, including, but not limited to, the following: memoranda, reports, expense reports, books, manuals, instructions, financial reports, data, working papers, records, notes, letters, notices, confirmations, telegrams, receipts, appraisals, pamphlets, magazines, newspapers, prospectuses, communications, electronic mail (email), contracts, cables, notations of any type of conversation, telephone call, meeting or other inter-office or intra-office communication, bulletins, printed matter, computer printouts, teletypes, invoices, transcripts, diaries, analyses, returns, summaries, minutes, bills, accounts, estimates, projections, comparisons, messages, correspondence, press releases, circulars, financial statements, reviews, opinions, offers, studies and investigations, questionnaires and surveys, and work sheets (and all drafts, preliminary versions, alterations, modifications, revisions, changes, and amendments of any of the foregoing, as well as any attachments or appendices thereto), and graphic or oral records or representations of any kind (including without limitation, photographs, charts, graphs, microfiche, microfilm, videotape, recordings and motion pictures), and electronic, mechanical, and electric records or representations of any kind (including, without limitation, tapes, cassettes, disks, and recordings) and other written, printed, typed, or other graphic or recorded matter of any kind or nature, however produced or reproduced, and whether preserved in writing, film, tape, disk, videotape, or otherwise. A document bearing any notation not a part of the original text is to be considered a separate document. A draft or non-identical copy is a separate document within the meaning of this term.
2. The term “communication” means each manner or means of disclosure or exchange of information, regardless of means utilized, whether oral, electronic, by document or otherwise, and whether in a meeting, by telephone, facsimile, mail, releases, electronic

message including email (desktop or mobile device), text message, instant message, MMS or SMS message, message application, or otherwise.

3. The terms “and” and “or” shall be construed broadly and either conjunctively or disjunctively to bring within the scope of this request any information that might otherwise be construed to be outside its scope. The singular includes plural number, and vice versa. The masculine includes the feminine and neutral genders.
4. The term “including” shall be construed broadly to mean “including, but not limited to.”
5. The term “Company” means the named legal entity as well as any units, firms, partnerships, associations, corporations, limited liability companies, trusts, subsidiaries, affiliates, divisions, departments, branches, joint ventures, proprietorships, syndicates, or other legal, business or government entities over which the named legal entity exercises control or in which the named entity has any ownership whatsoever.
6. The term “identify,” when used in a question about individuals, means to provide the following information: (a) the individual’s complete name and title; (b) the individual’s business or personal address and phone number; and (c) any and all known aliases.
7. The term “related to” or “referring or relating to,” with respect to any given subject, means anything that constitutes, contains, embodies, reflects, identifies, states, refers to, deals with, or is pertinent to that subject in any manner whatsoever.
8. The term “employee” means any past or present agent, borrowed employee, casual employee, consultant, contractor, de facto employee, detailee, fellow, independent contractor, intern, joint adventurer, loaned employee, officer, part-time employee, permanent employee, provisional employee, special government employee, subcontractor, or any other type of service provider.
9. The term “individual” means all natural persons and all persons or entities acting on their behalf.