**Message from the President**

***Chris McGown***

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Ninety days have passed since my last article, and it is three months we would like to forget. Last quarter, I wrote of being optimistic for better weather, better pricing, and a need to not panic; we had lost $12 per bbl in two weeks over flights grounded in China due to COVID-19. I thought, ‘this too shall pass’. Wow, was I grossly wrong!

The world has changed dramatically over the last three months: governments ordered businesses shut down; people ordered to stay home; travel choked to a trickle; and jobless claims through the roof. All this has decimated demand for oil, as much as 30M bbl a day by some estimates. A recent Forbes article says domestic gasoline demand is at pre-1970 levels (a 48% reduction from 2019).

In addition to the demand destruction, we are currently facing unprecedented supply / storage issues throughout the world. Storage facilities are quickly filling up, and producers are trying to cut production and wonder if the oil they have to sell has a market. The nightmare we endured in college called Econ 101 is currently manifesting itself as the crude oil market – reduced demand, ample supply, and tight storage = price collapse. This two-headed supply / demand monster created a perfect (nauseating) storm - on April 20th, we witnessed history when WTI futures went negative for the first time. Prices have rebounded a bit, but our economic storm continues. . . .

In a little over a decade, Hugo Chavez’s ineptness managed to destroy the Venezuelan economy. Some days it seems like a few of our elected officials are in a race to the bottom, voluntarily handcuffing our economy and failing to positively lead. Going forward, we need leaders to act with fortitude to rebuild our economic engine and restore confidence in our fellow citizens. Engines require fuel; and the American energy sector is great at producing that fuel, literally and figuratively.

We are in a very difficult time, and it will not be easy to rebuild our economy, but unlike Venezuela, we have private ownership of our natural resources. Our energy economy will be a key driver of our resurgence. We will continue to be a foundational building block of the Kansas and US economy, providing the gasoline for travelers, base materials for thousands of day-to-day items, including many vital medical supplies, and lucrative jobs for over 100,000 Kansans. We cannot forget the role we play in American prosperity; our economy is built on energy, not magic fairy dust. People will start driving and buying again and demand for our goods will return.

As an organization representing producers, will we continue to lead and educate to help our members weather this difficult time. We continue to stay engaged with our elected officials, constantly reminding them of the role we play in our economy. We are regularly communicating with the KCC to update them on our members’ concerns and advocate for mutually beneficial solutions to the problems we face. Our team is gathering and disseminating timely information on vital topics – such as the PPP and EIDL loans, government updates, and regulatory matters. We will continue to advocate for our members and our industry.

Please stay safe and remain steadfast – we will persevere through this difficult time and lead our economy back to prosperity. Please contact us with any needs or concerns you have, we are here to help our members!