

Jan. 28, 2022

The Honorable Dan Patrick  
Lieutenant Governor  
State of Texas  
Capitol Building, Room 2E.13  
Austin, Texas 78701

Dear Governor Patrick:

Thank you for your perspective with regard to the implementation of Senate Bill (SB) 13 and in relation to the recent pronouncements of Blackrock. The health of our oil and gas industry has defined, and continues to define, the state's success since the days of the Spindletop gusher.

My staff is working diligently and thoroughly on the required list of companies that boycott fossil fuels. This is a very complex and difficult task, which I can assure you we are taking very seriously and that the list will include those which, under the definition of the bill, are effectively boycotting fossil fuels. To this end, we are exploring several avenues to ensure that the list is as complete and representative as possible.

- The recent shareholder letter from Larry Fink, in its attempt to address and placate multiple constituencies who often have competing priorities, did little to clarify and indeed further muddled an already extensive history of contradictory pronouncements from Blackrock. One thing is certain: His letter is inconsistent with our unwavering support of the Texas oil and gas industry.

Again, thank you for offering your perspective on this important piece of legislation.

Sincerely,



Glenn Hegar





# The Senate of The State of Texas

**DAN PATRICK**  
**LIEUTENANT GOVERNOR**

**CAPITOL OFFICE**  
State Capitol, Room 2E.13  
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Austin, Texas 78711  
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January 19, 2022

Comptroller Glenn Hegar  
Office of the Comptroller of Public Accounts  
Post Office Box 13528  
Austin, Texas 78711

Dear Comptroller Hegar:

Thank you for your ongoing efforts to implement Senate Bill (SB) 13 (87th Regular Session), the Oil & Gas Investment Protection Act, by Sen. Brian Birdwell, R-Granbury. As you know, this law says Texas should not contract with or invest in companies that boycott energy companies. Because I strongly believe we need to prioritize and protect our state's and nation's energy independence, I made the passage of SB 13 a high priority.

As you prepare the official list of companies that boycott energy companies, I ask that you include BlackRock, and any company like them, that choose to hurt Texas oil and gas energy companies by boycotting them in violation of Senate Bill 13. As I have stated before, if Wall Street turns their back on Texas and our thriving oil and gas industry, then Texas will not do business with Wall Street.

Please know, BlackRock only recently met with my office after you sent BlackRock and others a letter threatening to take action against entities that boycott energy companies. At the meeting with my staff, Blackrock said it was committed to Texas and Texas's vast energy footprint, but I have grave concerns that BlackRock's public statements and actions do not reflect its sentiments presented to my office.

Just yesterday, BlackRock Chairman and CEO, Larry Fink, issued his annual 2022 letter to CEOs<sup>1</sup> indicating that BlackRock's goal is to transition to a "net zero" world, including decarbonizing the energy sector. Needless to say, it is highly inconsistent to claim support for Texas' oil and gas energy industry while leading a "net zero" policy effort that will destroy the oil and gas industry and destabilize the economy worldwide.

This is nothing new for Mr. Fink. In his 2020 letter to CEOs, he stated that Blackrock would be "exiting investments that present a high sustainability-related risk."<sup>2</sup> He expanded on this initiative further in his letter to BlackRock's clients:

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<sup>1</sup> <https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter>

<sup>2</sup> <https://www.blackrock.com/corporate/investor-relations/2020-larry-fink-ceo-letter>

<sup>2</sup> <https://www.blackrock.com/corporate/investor-relations/blackrock-client-letter>

"Where we do not see progress in [transitioning to "net zero"], and in particular where we see a lack of alignment combined with a lack of engagement, we will not only use our vote against management for our index portfolio-held shares, we will also flag these holdings for potential exit in our discretionary active portfolios[.]"<sup>3</sup>

According to Bloomberg on January 12, 2022, when addressing their new Climate Action Multi-Asset Fund and Climate Action Equity Fund, BlackRock said that it intends to incorporate a year-on-year decarbonization rate and identify companies that appear to be "long-term, disruptive structural winners" in driving down greenhouse gas emissions.<sup>4</sup>

These statements indicate that BlackRock is capriciously discriminating against the oil and gas industry by exiting investments solely because companies do not subscribe to a "net zero" policy beyond what is required by law.

According to SB 13, a company is considered to be boycotting an energy company if it limits relations with an entity involved in the fossil fuel-based energy sector if the entity "does not commit or pledge to meet environmental standards beyond applicable federal and state law[.]"<sup>5</sup> Committing to a "net zero" carbon strategy is beyond applicable environmental standards in federal and state law. Therefore, BlackRock is boycotting energy companies by basing investment decisions on whether a company pledges to meet BlackRock's "net zero" goals.

Furthermore, BlackRock's discrimination goes well beyond just its investment decisions. In a recent Wall Street Journal article, it was noted that "BlackRock made waves last spring when it voted to replace three Exxon Mobil Corp. directors over the oil giant's reluctance to quickly transition to cleaner energy sources."<sup>6</sup> It is not appropriate for Mr. Fink and BlackRock, or any other company, to arbitrarily strong-arm the energy sector to commit to exceed federal and state environmental laws.

As you prepare the list of those that boycott Texas energy companies, I ask that BlackRock be at the top of the list, and any company like them that discriminates against Texas energy. I am committed to keeping Texas the number one oil and gas state in the country. Texas will not do business with those that boycott fossil fuels.

Thank you for all you do for Texas.

Sincerely,



Dan Patrick  
Lieutenant Governor

<sup>3</sup> <https://www.blackrock.com/corporate/investor-relations/blackrock-client-letter>

<sup>4</sup> <https://www.bloomberg.com/news/articles/2022-01-12/blackrock-unveils-new-funds-targeting-toughest-esg-clients>

<sup>5</sup> Texas Government Code, Chapter 809.001 (1)(A)

<sup>6</sup> <https://www.wsj.com/amp/articles/blackrocks-climate-stance-is-about-profits-not-politics-larry-fink-says-11642478401>