

**Remarks by Jack Gerard
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It's great to be here with so many colleagues and acquaintances and have the opportunity to share some thoughts on the state of the energy industry and – in particular – look ahead to the role of oil and natural gas.

Today, U.S. and global energy policy remains in the forefront of public debate, and I expect will remain there well into this decade. Unfortunately, too often lost in the sloganeering is the reality of what it will take to provide the nation with affordable, reliable energy and assist in returning the economy to full strength at a time of double digit unemployment.

We need to look no further than the oil and natural gas industry to understand this challenge. During the give and take of public discourse, few truly stop to think how absolutely essential oil and natural gas are to our lives, to our prosperity and security, and to our future.

Oil and natural gas are the foundation of our energy-dependent economy. They profoundly affect how we live and work. They are key to our mobility, to keeping our homes and businesses warm, to providing us with electric power, and to supplying the raw materials for countless consumer and industrial products – everything from fertilizers to computer chips to medicines ... the list goes on.

In total, oil and natural gas supply 63 percent of the nation's energy today and represent more than \$1 trillion of U.S. economic activity, accounting for some 7.5 percent of U.S. GDP – helping make our economy the biggest in the world.

And, just as important, oil and natural gas are putting huge numbers of Americans to work. They support more than 9.2 million U.S. jobs, a job base that even with the assumed maturity of this industry is surprisingly dynamic and growing and has potential for more growth. For example, between 2004 and 2007 the industry created more than two million additional American jobs.

Part of that dynamic growth springs from new initiatives in alternatives and other new energy technologies. We understand that our energy future will be one of increasing energy diversity. So while oil and natural gas companies continue to invest substantially in new oil and natural gas projects, they are also investing in virtually every alternative technology from solar power to lithium batteries to geothermal to fuels made from algae.

Between 2000 and 2008, the oil and natural gas industry invested more than \$58 billion on these and other carbon mitigation technologies, more than either the federal government or the rest of private industry combined.

As the public debate focuses on how to move to a vibrant energy future, we must recognize that oil and natural gas will continue to serve as the principal bulwark of our economy for many years to come. The U.S. Energy Information Administration projects that oil and natural gas will supply more than half our energy in 2030 – some two-and-a-half gallons of petroleum products a day on average for every man, woman and child in the United States and significantly expanded amounts of natural gas. We need to

be investing now to meet this demand. The International Energy Agency has warned that failure to develop now the oil and natural gas resources to meet future needs could lead to a supply crisis.

Moreover, oil and natural gas companies will continue their investments and involvement in alternative energy, supplying a significant percentage of that.

And all of this will mean millions of jobs, high tech jobs, traditional industry jobs and what has become known as green jobs. The U.S. oil and natural gas industry has already created very large numbers of green jobs. Green jobs to develop advanced batteries, biofuels and other alternatives. Green jobs for finding and implementing ways to decrease energy use. Green jobs to increase recycling. Green jobs for developing carbon capture and storage technology. And many more. Applying a green jobs calculation methodology developed by the Center for American Progress, the industry created about one million jobs related to green technology just from its 2000 through 2008 low-carbon investments. [Later today, John Mahoney of Chevron Energy Solutions, will talk to you about the many things his company is doing to increase efficiency in other businesses and government agencies, which is a good example of what our industry has done to increase green jobs and improve the environment.]

And we will create more of these in addition to a vast potential of new jobs in oil and natural gas, especially if the nation is willing to take advantage of the tremendous oil and natural gas resources still available for development here within our borders.

We are not running out of oil or natural gas. Technology and innovation keep finding new supplies and squeezing out more resource from existing fields than ever thought possible. Our experience in the Gulf of Mexico and elsewhere bears this out as ultimate production often exceeds initial estimates by a factor of eight. In just the last few years, we have seen steep increases in estimated potential natural gas resources from some of the new discoveries onshore in the United States and offshore in the Gulf of Mexico. Natural gas reserves increased by more than one-third just between 2006 and 2008.

Natural gas is one of our most flexible and clean-burning energy sources and can play an indispensable role reducing greenhouse gas emissions. Furthermore, it can serve as a stable domestic supply for U.S. manufacturing. Ninety-six percent of everything manufactured in the United States is touched by the business of chemistry, and the U.S. chemical industry relies on natural gas as its primary feedstock.

Moreover, the oil and natural gas resource estimates I've presented don't count the not fully known oil and gas potential of most of the rest of U.S. offshore areas, which until recently Congress had kept off limits.

Producing all of this energy would spur vast job creation. An ICF International study conservatively estimates that developing the nation's federal non-park oil and natural gas resources could create 160,000 new direct jobs while also generating more than \$1.7 trillion in government revenue. And that doesn't include potential development on private lands. According to a Penn State study, developing the natural gas in Pennsylvania's Marcellus Shale, for example, could create another 175,000 new jobs – on top of the 50,000 already created there. Just today, it was reported that gas drillers bid \$128 million to develop a tract of state land in Pennsylvania, generating double the revenue the state had targeted for the sale. That will mean jobs and more government revenue.

In addition, Canada, our neighbor to the North, sits on prodigious oil reserves in the form of oil sands, the development of which would help provide a secure supply of ample quantities of crude oil and even more jobs. A CERI study showed that future Canadian investment in oil sands development would generate 342,000 additional U.S. jobs. That's in addition to the thousands of U.S. jobs created by U.S. pipeline and refining companies to prepare the infrastructure to receive and process that oil.

In short, the oil and gas industry is one of the nation's premier job creating engines today and has the potential to expand that role tomorrow, provided our public policymakers understand the future as well

as present breadth and significance of oil and natural gas to our domestic economy. We seek no handouts and need no stimulus – just opportunity.

Opportunity that is, which is supported by sensible energy policy. Some of the policies advanced recently seem aimed at chilling the job creation potential of domestic oil and natural gas development. Some climate proposals would put U.S. refiners at a competitive disadvantage, driving jobs out of the country, along with their emissions. Other proposals would increase costs on the oil and natural gas industry, depressing new investment in domestic oil and gas prospects. Still other initiatives would adversely affect leasing and development on federal lands and U.S. waters.

While some of these initiatives – hyped with promises of low “postage-stamp-a-day” costs and millions of new green jobs – had some early momentum, the public began to express their dissatisfaction.

Americans were skeptical. They had concerns about lost jobs and higher energy costs. About new taxes. About shifting energy production out of the country. And about ultimately pushing the costs on to consumers.

They were originally on board for environmental improvement, but they didn’t believe Congress and the Administration had stepped up to the plate with the right kind of policies or had done a good job looking out for their interests when jobs and our economy were in obvious peril.

That’s what the polls showed. It’s also what people were saying to the media, talking about at town hall meetings, and writing about in the blogs.

A retiree from Chicago, for example, familiar with what was happening, wrote saying, “The energy issue is a passion with me because I see it as one of the few promising lights in our economy. Our present energy policies in this country can only be described as insane, self-defeating, anti-growth, and suicidal.”

An Alaskan reacting to the debate said: “This bill will affect my job, increase my home utility costs and not properly address the issues associated with the title. Given our present economic environment, I have to ask how can Congress pass a bill which will reduce our energy output and kill jobs.”

In short, many Americans collectively were saying, “wait. Your proposed solutions are unacceptable. Give us something better.”

Few Americans may know much about EIA projections, but they instinctively understand that oil and gas are important and that a precipitous transformation of our energy economy could hurt them and their families.

They support developing our plentiful domestic energy resources and believe that can be done in a way protective of the environment. They value a future where we take advantage of all forms of energy and not play one against the other. And they value a future where we encourage domestic development to generate the jobs that will put them to work as well as supply the energy to help secure our economy, allowing it to thrive in the years and decades ahead.

The opponents of domestic energy development are aligning themselves *rhetorically* with the right goal – what the public wants – even as they consistently espouse policies that would put that goal farther and farther out of reach.

Reducing acreage leased for oil and natural gas development by 75 percent as occurred in 2009 will not put America on a path of preparing for its real energy future.

Cancelling leases, delaying lease sales, delaying environmental studies, holding back the next OCS Five-Year Plan, and adding layers of bureaucracy and new procedures will not ensure Americans have ample

supplies of the oil and the natural gas that every projection shows they will be demanding in the near future.

We have implemented policies in the past that have discouraged domestic development, which were followed by a rise in petroleum imports pushing them well over 60 percent of U.S. consumption and adding greater volatility in energy markets. This was not what America wanted or needed then, either.

We need to get to work, doing the right things for a better energy future. Oil and gas development is a long range proposition requiring massive investments. Better policy can help produce a better investment environment looking ahead.

If we as a nation are serious about new jobs, if we want to stimulate our economy, if we want to constructively increase revenues to federal, state and local government, which could be used to battle deficits and accelerate the expansion of new energy technologies, we clearly have the means of doing so. Domestic oil and gas development plays a significant role today and will continue to do so looking ahead.

Most Americans understand this. They want more jobs. They want more affordable and reliable energy, both alternatives and traditional forms such as oil and natural gas. It's time to move policy in that direction.

Thank you.