



April 29, 2022

The Honorable Richard J. Durbin
Chairman
Senate Judiciary Committee
Washington, DC 20510

The Honorable Charles E. Grassley
Ranking Member
Senate Judiciary Committee
Washington, DC 20510

Dear Chairman Durbin and Ranking Member Grassley:

The American Petroleum Institute (API)¹ opposes the Senate NOPEC legislation (S.977), No Oil Producing and Exporting Cartels (NOPEC) Acts of 2022, currently under possible consideration by the Senate Judiciary Committee. This legislation creates significant potential detrimental exposure to U.S. diplomatic, military and business interests while likely having limited impact on the market concerns driving the legislation.

Cartels for any commodity can be harmful to consumer interests, and this effort to restrict the market impact of OPEC nations is well-intended. However, the legislation threatens serious, unintended consequences for the U.S. oil and natural gas industry and its continued success in eroding OPEC's negative market impacts. According to the Energy Information Administration (EIA), since 2010 U.S. crude oil production has more than doubled, and U.S. gross withdrawals of natural gas have increased by 55%.² Furthermore, the EIA anticipates an increase of 800,000 barrels of crude oil production in 2022 and an additional 900,000 barrels per day of crude oil in 2023, surpassing the previous annual average record.³ This increased U.S. production provides benefits to the American people and can substantially diminish the influence of OPEC nations – two of the bills' primary goals. The NOPEC legislation jeopardizes U.S. companies' ability to sustain progress in achieving these objectives.

These legislative efforts represent a political act aimed at removing a sovereign nation's litigation immunity from certain U.S. laws and opens the opportunity for reciprocal or even additional action on the part of those impacted countries. This could clearly have a negative impact on U.S. operations and investments in those countries across all sectors, which given the current geopolitical environment could create significant unintended consequences.

This potential impact is even more concerning to our members for two other reasons. First, the current Sherman Antitrust Act already applies to the commercial activities of nations even for the activity that takes place abroad.

¹ API is a national trade association representing approximately 580 member companies involved in all aspects of the oil and natural gas industry. API's members include producers, refiners, suppliers, pipeline operators, and marine transporters, as well as service and supply companies that support all segments of the industry.

² Energy Information Administration. "Nearly all new U.S. crude oil and natural gas wells are horizontal or directional." April 21, 2022. <https://www.eia.gov/todayinenergy/detail.php?id=52138>.

³ Energy Information Administration "Short-Term Energy Outlook." April 12, 2022. <https://www.eia.gov/outlooks/steo/>.



There is no need to create international concerns for situations already addressed. Second, the apparent focus on the legislation – improper influence on energy markets – has been mitigated significantly in recent years. The success of America’s oil and natural gas industry and our strategic allies has significantly increased the energy security and self-sufficiency of the United States. This energy resurgence has made America much less susceptible to harmful efforts that may be undertaken by foreign organizations.

For the above-stated reasons, legislative efforts that strengthen American energy production would be the best approach to ensure market stability and protect America’s energy security, and we would welcome the opportunity to work with you to achieve those goals.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Mike Sommers', is written in a cursive style.

Mike Sommers
President and Chief Executive Officer
American Petroleum Institute

Cc: Members U.S. Senate Judiciary Committee