

U.S. Energy Association State of the Energy Industry Forum
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AS PREPARED FOR DELIVERY

Good morning. Thank you, Sheila, for the kind introduction and to everyone at the U.S. Energy Association for the invitation today and for the important work you do year-round.

It is great to be among the top energy minds in Washington.

When I'm not downtown or on Capitol Hill, I actually spend the greater part of my job traveling to be with the industry's leaders and workforce in the field. With nearly 600 natural gas and oil companies, it's a lot of ground to cover to align and share the work of our members – from small drillers in Oklahoma, Pennsylvania and Texas to world class refiners and internationally recognized, integrated companies that operate globally.

Our message this year and these anecdotes reinforce a bipartisan idea ... The Solution Is Here. In America.

We have a plan to make, move, and improve American natural gas and oil across the U.S. and around the world. But we need policy support from Washington.

Our plan starts with "Make"—because today's fundamentals are straightforward.

We face a global supply crisis. And today, Americans are increasingly poised to suffer under the biggest imbalance between energy supply and demand in a generation.

The Biden administration and some leaders in Congress have gone out of their way to restrict production.

Leasing fewer acres for oil and natural gas than any administration since World War II.

Delays in proposing a five-year offshore leasing program, enabling the administration to halt further leases.

And the government not holding a single quarterly sale for onshore energy development in 2021, and just ONE sale during the worst of the European crisis.

So how do we get back on track in the midst of such profound challenges?

Leaving emergency oil reserves at their lowest levels in decades and asking other countries to step up production are not the answers. No, we need to face energy realities.

Independent experts agree that global oil and natural gas demand will increase over the next 30 years. And nearly half of the world's energy is expected to come from natural gas and oil in 2050.

That demand will be met one way or another. If America does not meet it, it will be met by countries that do not share our security interests, environmental standards, or values.

The solutions are right here in America, and we need to seize them.

We need the Biden administration to open areas offshore and onshore for safe and responsible energy development.

To take steps to free up the investment that flows from freely functioning capital markets.

And we need them to reverse the rhetoric. If the government signals support for American energy, it would boost investor confidence in future projects to unleash needed supplies and strengthen infrastructure.

The next step in our plan is to "Move" American energy.

More energy development counts for little if we can't get resources to where they are needed. That means new pipelines, natural gas terminals and fuel infrastructure, and cutting the years it takes to bring them online.

Today, it often takes more time to acquire a permit for a project than to build one.

This hurts families, businesses, the environment, and our strategic partners around the world.

For example, natural gas in New England can sometimes cost eight times what it does in Appalachia... all because government won't approve a pipeline to move energy from neighboring Pennsylvania.

Also suffering from our inefficient permitting process are our allies—and, by extension, our national security.

We've seen it: Our European allies chose not to develop their own resources and had few other options to rely on but their hostile neighbor to the East.

Here at home, it takes years to approve new liquefied natural gas terminals to export American energy leadership to Europe and elsewhere. But now that Europe is in tremendous need, the White House wants the industry to flip a switch and increase our share of global supply.

These are long-term investments, and it doesn't work like that.

Government needs to enable the investments—in production, transport, and refining—consistently over a period of years to deliver reliable energy here and around the world. That is why we need Congress to come together to reform permitting *now*.

Recent NEPA guidance from the White House Council on Environmental Quality only reinforces this point. It undermines the certainty that project developers need to make significant capital investment in energy.

And it will likely lengthen the timeline for the very projects our nation and our allies need. Fixing the NEPA permitting process is a priority for API and we'll be working towards statutory permitting reform.

We know it can get done and we see bipartisan momentum to get it done.

Next up: As we Make more energy, and Move it efficiently, we are also *Improving* how we do it in America.

The objective is to get more energy with fewer emissions. But, how do we get there?

How can we realistically, reliably, and affordably produce the energy the world needs at the lowest possible rate of emissions and harm to the environment?

Well, U.S. natural gas and oil producers have some answers and they do not depend on hefty subsidies and complex *regulation*, but on *innovation*.

Between 2005 and 2020, America had the greatest emissions reductions of any country in the world, nearly as large as the combined reductions of the entire European Union. That timeframe includes the Shale Revolution. It was an era of increasing production, decreasing emissions through using cleaner fuels, and making constant improvements to our operations.

Our industry is leading the innovation race. API's Climate Action Framework, our industry's plan to tackle the climate challenge, details how we're doing it and what we're doing next.

We're investing in carbon capture technology. We've taken steps to lower methane emissions intensity rates 66% across the major onshore oil and natural gas producing regions of the country. And we're working through The Environmental Partnership and other company-led initiatives to bring emissions down further.

But one thing is clear: Stifling the use of U.S. natural gas or oil does not help, especially to achieve our shared goal of environmental progress and meeting energy needs.

Is a policy that lowers emissions at home but raises them abroad a sound environmental policy?

The best thing we can do for the climate is produce more of America's oil and natural gas – and share our energy and innovations with the world. The numbers back us up.

One analysis found that if we were to replace the world's coal consumption with U.S. liquefied natural gas, the emissions impact would be enormous. Greater than that of electrifying every U.S. vehicle, putting solar panels on every U.S. home, and doubling our wind capacity *combined*.

Producing and exporting more American energy helps the planet, our people, and our partners.

Last year, our friends in Europe learned the hard way that energy security is national security.

Imagine for a second what our world would look like today if previous Democratic and Republican administrations – working across the aisle – had not fostered American energy development. How would we fare in the current state-of-play if the U.S. were producing just 7 million barrels per day, as we did in 2010, compared to the 12 million that we are now?

It's time to implement this lasting lesson here in America, with business and government working together. We know the solution is here.

Americans truly want Republicans and Democrats to work together and create policies that reflect our resource abundance, skilled workforce and efforts to improve and innovate every step of the way.

API and our industry are here for it. Ready to do the work. Ready to put in the time—this year, with this administration, with this new Congress—to craft and enact bipartisan policies to make, move, and improve American energy.

And we have reason to be optimistic that Congress can work together across party lines on American natural gas, oil and broader energy policy.

I'll leave you with some constructive comments from Democratic and Republican Members of Congress earlier this month – Rep. Lizzie Fletcher and Henry Cuellar from Texas, Rep. Mary Peltola from Alaska and House Energy and Commerce Committee Chair Cathy McMorris-Rodgers.

Thanks again for having me – let's roll the video.