

## **State of American Energy Keynote Address**

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AS PREPARED FOR DELIVERY  
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Today, I have the honor of speaking about the State of American Energy as API and our nearly 600 member companies embark on the new year. And for all the challenges we can expect, I couldn't be more confident in our industry, the progress we enable, and America's position in leading the world on energy and climate in 2022.

People count on us for reliable energy, good jobs, and millions of products made with natural gas and oil every day. We are proud of that and our industry's leading role in delivering solutions that are building a lower-carbon future. In fact, American energy is produced to environmental and safety standards that are among the highest in the world. This enables America to lead the world in accelerating safety and sustainability.

The work we do is crucial, essential and consequential. Our country continues to grapple with uncertainty – a pandemic, a short-term crisis in the supply chain and a quest to spur growth without accelerating inflation. But here's one thing we know for sure: The path to American prosperity, security and progress must include American natural gas and oil.

We are an industry of engineers, entrepreneurs, skilled craft workers and problem-solvers, with decades of ingenuity and investment that strengthen America. API members have taken the U.S. from chronic dependence on foreign energy to a net exporter of energy for the first time in nearly seven decades – and, in the process, made America stronger and safer. We've narrowed the trade deficit. We've revived entire communities and regional economies. We've given the world cleaner fuels. We offer practical climate solutions to policymakers on both sides of the aisle, and the natural gas we produce has made America the world's leader in reducing carbon dioxide emissions.

Here's the key point: When a country becomes the leading producer of oil and natural gas, and has reduced carbon dioxide emissions from

electricity generation by 40 percent in 15 years, it is clearly doing many things right. These are hard-won gains. Our mission at API is to build on this progress.

In so many ways, the state of American energy is strong. Our nation has the resources and expertise it takes to meet our energy needs, support millions of jobs, continue to address the risks of climate change, and keep America free from the dangers of dependence on unreliable foreign sources. Even so, we begin 2022 with Americans viewing energy and its costs as major concerns. This is in part because lately, we've seen policies aimed at restricting production and delivery of U.S. natural gas and oil.

First, a pipeline bringing oil from Canada to the U.S. was quickly cancelled, along with good-paying union jobs. Other energy pipeline projects face long-term delays. And we've seen challenges in Michigan to existing critical infrastructure like Line 5 that would put an entire region and its energy supply at risk.

New leasing for energy development on federal acreage was stopped for many months. Meanwhile, with inflation soaring to historic levels, we've seen proposals in Congress for a targeted tax increase on natural gas, and even further restrictions on American energy development.

These decisions exacerbate Americans' concerns and put upward pressure on their energy prices. Lawmakers should avoid such policies, which don't put America on a path to progress – nor help us meet basic energy needs.

When policy signals prevent energy leadership here at home, there are going to be consequences. U.S. policies that restrict domestic production force our country to seek relief from OPEC, undermining our energy independence. America should not be in the position of asking for foreign energy supplies, especially when we have abundant resources produced to standards that are among the highest in the world, right here at home. Instead, we should be leading, as the world's top producer of natural gas and oil.

It's when things get rough in energy markets – when Americans have felt the turbulence of instability in places like California, Texas or New

England – that we can see energy as the bipartisan priority that it should be. At API, we advocate in that spirit every day. Nothing is more essential to economic growth than reliable, affordable and abundant energy. To lose that advantage is not in anybody's best interest. And so, we make our case to everyone, working with both political parties in Congress and across all 50 states.

In policy debates this year, it's possible we'll find more agreement than usual, if only because American energy leadership itself solves so many problems our nation faces. Energy is an input for practically everything else in the economy. With supply-chain failures, and with inflation on the minds of many Americans, the last thing anyone wants to see is more upward pressure on costs that are felt by every family and business.

We need not look further than the situation in Europe to see what happens when nations depend on energy production from suppliers that have agendas of their own. Take the Nord Stream 2 pipeline – it sounds like a good idea for European economies to depend on regional energy suppliers – that is, so long as you forget who's on the other end of that pipeline. The problem is that when certain foreign governments control your energy, they have the power to use it for their own purposes – not yours. We don't want to learn that lesson the hard way.

Against this backdrop, here in our country, we reject efforts to scale back domestic energy development, and prevent new infrastructure to deliver energy to families and industries. So the question will only become more urgent: As a country, do we really want to stay on the path of restricting production, denying permits, closing off access and returning to the days of dependence on foreign sources? This is short-sighted energy policy and we must consider those it's impacting.

The real-world choices start with demand. Make no mistake – it is going to increase, as populations grow and as more countries work to escape energy poverty. As new energy sources come online and are brought up to scale, natural gas and oil will be critical. And, of course, some alternative sources, like solar and wind, are intermittent. They need natural gas as a backup. No matter how quickly we incorporate more renewable sources of energy, natural gas will be critical to a reliable energy grid.

In discussions like these, we hear a lot about the energy transition. Here's the truth: This industry is ever-evolving and transitioning through incorporation of new technology, cleaner fuels, and new systems to deliver energy with fewer emissions and a smaller footprint. We share with global leaders the goal and urgency of reduced emissions across the broader economy and, specifically, those from energy production, transportation and use by society.

Our industry brings the scale and expertise to make a lower-carbon future a reality. This is about addition, not subtraction. America needs all the reliable, affordable, lower-carbon energy we can get. And we're working to bring carbon capture to commercial scale so that America can more quickly achieve its emissions reductions targets – this industry is making it happen.

One of America's strengths is how it has repeatedly shown the way in technology and environmental progress. Time and again, we've illustrated that some major breakthroughs come not by forced regulations and mandates, but through innovation and technology.

In this job, I spend a fair amount of time on the road – seeing the work of our member companies and suppliers, and meeting people involved in every aspect of production, delivery and refining. And what always amazes me is that whatever the problem, however complex, our workers are personally invested in solutions. Among the millions of men and women who make up our diverse workforce and supplier network, you find the same drive to advance, to improve, to solve – and to educate the next generation. I have the honor to meet people of that caliber all the time.

Take Sue Gumble. She completed a two-year program at Lackawanna College in Northeast Pennsylvania – and now she's the program director at the college's new School of Petroleum and Natural Gas. Her students receive free access to API's world-class engineering and operations standards that support safety and sustainability in the field. Together with Sue, we are arming future problem solvers with relevant industry knowledge to jumpstart their energy careers. Let's hear from Sue right now.

## ***[Video of Sue Gumble]***

The work at Lackawanna College gives just a glimpse of the constant flow of ideas and new applications that are shaping today's natural gas and oil industry. And because what we do is so fundamental to the whole economy – so basic to modern life – one good idea can go a long way. Even a simple innovation can be high-impact and far-reaching.

This is true, above all, of ideas that apply industry expertise to environmental challenges. Responsible environmental practice is a shared value in this country and our industry. It is what Americans expect, and it's what we expect of ourselves. And we do more than support key environmental objectives. In many cases, such as carbon capture, we have created and are providing the very technologies that make progress possible.

In fact, at its core, API is a standard-setting organization – codifying the engineering practices for every aspect of operations, from safety to sustainability to environmental protection. And our members are constantly raising the bar, setting and updating those standards through a collaborative process with the best and brightest minds from federal agencies, academia, citizens groups and more.

In 2021 API issued 77 published standards and announced API Energy Excellence, which unifies safety and environmental practices industrywide.

And we set forth our Climate Action Framework, with five basic goals: To strengthen emissions reductions in our industry and across the economy . . . to speed up the development of cleaner fuels . . . to drive climate reporting to provide consistency and transparency . . . to support economywide carbon pricing mechanisms . . . and to deploy lower-carbon technologies at commercial scale – all while continuing to meet growing energy demand.

API is also partnering with government agencies and across industries to reduce emissions. We support the direct regulation of methane from new and existing sources, and are sharing industry knowledge and experience to inform EPA's forthcoming rulemaking. We engage and collaborate with federal agencies to protect the nation's pipelines and

other critical energy infrastructure from cyber attacks. And we've helped accelerate progress through collaboration with the auto industry on advanced vehicle technologies and cleaner fuels: new cars, trucks, SUVs and buses run 99 percent cleaner for most tailpipe emissions than models produced in 1970. They also emit less CO2 even as vehicle miles traveled per year have increased threefold.

The thinking is this: On their own, so many companies and their engineers have achieved incredible things. Working together and in partnership with other sectors, pursuing common objectives, and sharing data and information, companies in our industry can meet climate goals at an even greater pace. And we aren't going to wait for Congress to act on climate. We're already taking action.

Indeed, America has accepted the responsibility to lead on climate. Our industry views that responsibility as an opportunity. For us, that means fresh perspectives, bipartisan solutions, public-private partnerships, and showing the best and the brightest of the natural gas and oil industry.

Good stewardship and motivated talent make a powerful combination. Here again, we see a rising generation of problem-solvers. One of them is Heidi Gill, the founder and CEO of Urban Solution Group in Denver. Her firm has been a great partner to API members. Here's Heidi to tell you how.

***[Video of Heidi Gill]***

Heidi's work reminds us that oil and natural gas are more than strategic national and geopolitical assets – for many communities, they comprise a local economic success story that's making all the difference. And as API advocates for responsible energy development, millions of men and women in those communities rightly feel that we're speaking up for them, too.

Over the past decade, through innovation and ingenuity, our industry has unleashed an American energy revolution and enabled the U.S. to improve prosperity. That impact is often felt where it's needed the most. In energy-producing areas from Pennsylvania to New Mexico, our industry has helped turn around entire communities and changed lives

for the better.

Men and women finding new opportunities in their hometowns . . . businesses starting up . . . property values rising – and tax revenues too: It's a story you see repeated in one region after another. It adds up to more than 11 million good jobs supported by this industry. For a snapshot of this dynamic, you could look most anywhere. Every time a new energy-producing operation takes off, a whole network springs up to supply parts, materials, equipment, transportation and services.

The cycle of opportunity reaches far, as anyone involved can testify. Here's one oil-field supplier, Chance Chase, describing what it means for him, his 40 employees and his home state of New Mexico.

***[Video of Chance Chase]***

Chance is one of many thousands who can tell their version of the same good story. The consistent, unmistakable theme is American energy leadership and progress. It's a reminder that, for all our challenges, there isn't a country on Earth that wouldn't want to have our advantages and be in our position.

Worldwide, as the need for energy continues to grow, so will the commitment of nations like ours to a lower-carbon future. Suppose that by 2040, every signatory to the Paris Climate Agreement was to meet their commitments. Even then, government experts say natural gas and oil will still account for almost half of all energy used. It's got to come from somewhere, and it ought to be from the United States of America – where we have vast reserves, a highly skilled workforce, stringent environmental rules, and strong industry standards. Meeting the world's growing need for energy while building a lower-carbon future is the opportunity of our time – governments, industries and consumers must rise to seize it together.

Today, in this same problem-solving spirit, I issue a call to action to the President, Congress and lawmakers in all 50 states.

First, work together on implementing policies that address the challenge of climate change. Through public-private partnerships, incorporating innovation, and lending scale and expertise of our industry and others,

together we can meet the goals of a lower-carbon future. A good place to start is with our forward-looking Climate Action Framework, which you can read at [api.org/climate](https://api.org/climate).

Second, prioritize advancing American energy leadership with policies that encourage development of responsibly produced energy here at home. These policies should recognize the volatile world we live in and the long-term impacts of returning to the days of foreign energy dependency.

Third, and finally, craft regulatory policies that increase certainty, unleash private investment, and build on and incorporate technological progress well underway, particularly on methane emissions reductions. Regulations have an important role to play in sustaining American leadership and shaping a lower-carbon future.

Ours is an industry that welcomes partnership and collaboration, and is problem solving at its core. As you've seen today, our industry is filled with the exact kind of people needed to solve the greatest scientific challenges of our time. Engineers, geologists, scientists and researchers – we all share this same goal and are neck-deep in solving these challenges.

Together, let's lead the future with progress, made here in America. Thank you.