Thank you, Marty, for the introduction. Welcome again to our distinguished guests, and welcome to all of you for joining us this afternoon for the American Petroleum Institute’s 2017 State of American Energy event where, as in the past, we’ll lay out the oil and natural gas industry’s vision for the year ahead.

At each of your seats we’ve placed the 2017 State of American Energy report. The title of this year’s report says it all: “Energy is Everything.” Energy is fundamental to our society. From the electricity that lights our homes and powers our appliances, to the fuel that keeps our vehicles running, to the chemicals that make modern medicine possible – the report demonstrates the countless ways energy is essential to modern society, with oil and natural gas as the foundation.

Energy is so thoroughly woven into our daily lives that few will ever question whether it will be there, or where it comes from. By detailing energy’s integral contribution to almost every moment of every day, the report gets back to the basics and keeps the focus where it should be: on the American energy consumer.

Pundits are still analyzing the 2016 election, but one thing is certain: Voters want and expect change and, above all, they want results and a renewed focus on finding positive solutions that improve their lives.

Exit polls found that almost 70 percent of voters are dissatisfied with the way the government is working, and revealed an electorate that feels policymakers are out of touch with their daily problems and priorities.

Voters’ clear expectation is that their elected leaders work together to advance commonsense policy that is focused on their needs and their daily reality rather than to continue the perpetual partisanship and government gridlock that has marked recent years.
In this New Year and at the start of this new Congress we have an opportunity to change the national conversation when it comes to energy policy. We have a once in a generation opportunity to find solutions for many of today’s most pressing issues, including creating middle class jobs, tackling income inequality, ensuring sustained affordable energy for consumers and enhancing our national security. And for all of these goals, and others, the 21st century American energy renaissance offers a solution.

Many of you have probably heard me and others say it many times, but it bears repeating: The United States is the leading producer of oil, natural gas and refined product in the world. Our nation’s rise to global energy leadership is the result of a 21st century revolution in energy production and refining, which has directly benefited America’s families through lower energy costs.

The average American household saved as much as $1337 due to lower utility costs and other energy-related savings in 2015. In addition, AAA reports that American drivers saved as much as $550 in transportation fuel costs.

America’s energy abundance is also helping to cut energy and materials costs for American manufacturers –many of whom are represented here today – including producers of steel, chemicals, refined fuels, plastics, fertilizers and numerous consumer products.

U.S. industrial electricity costs are 30 to 50 percent lower than those of our foreign competitors. And American manufacturing costs are now 10 to 20 percent lower than those in Europe and could be 2 to 3 percent lower than in China by 2018, an important competitive edge.

These lower energy costs are helping attract a return of manufacturing to the United States. For example, according to an analysis by the American Chemistry Council, chemical production grew 3.6 percent in 2015 and is projected to continue to increase through 2020 as new capacity from 266 new, announced projects comes to fruition.

And as the planet’s population continues to grow, demand for affordable and abundant energy will also grow, which will not only improve the standard of living for millions but will also lift many more out of poverty.
Today, many of the planet’s most vulnerable people lack access to clean, affordable and reliable energy. The International Energy Agency estimates that more than 1.2 billion people around the world currently lack access to electricity. Further, 2.6 billion live with inadequate cooking facilities, which lead to, among other things, chronic health issues.

Abundant and affordable American natural gas will be key to providing access to a reliable and cleaner burning fuel to cook their meals and heat their homes.

A growing world population with a growing demand for energy is why the overwhelming and consistent view of energy experts, economists and government agencies, including the U.S. government’s own Energy Information Administration, estimates that fossil fuels will continue to form the foundation of the United States’ and the world’s energy needs far into the future. According to EIA projections, oil and natural gas will supply more than 60 percent of U.S. energy needs by 2040, even under optimistic scenarios for renewable energy growth.

Worldwide energy consumption will increase 48 percent by 2040, largely due to expanding economic opportunities in developing nations, and more than three-quarters, 78 percent, will be met by fossil fuels.

Beyond consumption we continue to make and pursue advancements in energy efficiency. An EIA study noted that in 2015 the U.S. used 15 percent less energy and emitted 23 percent fewer energy-related CO2 emissions than the same economic activity in 2005.

Our global community will need more energy, and oil and natural gas will continue to be the dominant source for decades to come. The only question up for debate is which nations will help meet future energy demand.

The ongoing American oil and natural gas development and refining renaissance has made it clear that the United States can help meet that need. But to achieve that goal we need smart pro-growth energy policies that promote safe and responsible energy development and recognize the central role that fossil fuels will play in meeting future energy demand.
Throughout our history, the oil and natural gas industry has shown the world how entrepreneurial spirit, innovations in energy production techniques, a core commitment to safety -- pioneered and reaffirmed every day by the millions of women and men of the oil and natural gas industry -- and smart, effective regulations have transformed the United States from a passive consumer on the world energy stage to a leader in only a decade’s time.

And we have helped to disprove, conclusively, the long held assumption that increased energy production, refining and consumption must necessarily lead to a dirtier environment. They don’t. What we know from recent performance is that we no longer have to choose between more energy and a cleaner environment. Our nation has dramatically increased energy production and use even as emissions continue to decline.

According to the EIA, in the first 6 months of 2016, carbon emissions from electricity generation were at their lowest point in 25 years even as electricity demand continues to rise, due largely to greater use of natural gas – now our nation’s largest fuel source for electricity.

And thanks to our nation’s world class refineries, which produce cleaner gasoline and diesel fuels, in combination with more fuel-efficient vehicles, U.S. air pollutants have fallen by 70 percent since 1970, even as vehicle miles travelled have increased by more than 180 percent. Further, thanks in part to the increased use of domestic natural gas, ozone concentrations have dropped by 17 percent since 2000; all of which makes the United States not just an energy superpower, but also a global emissions reduction leader.

This was achieved primarily through private sector innovation and investment. The oil and natural gas industry’s advancements in the decades-old technique of hydraulic fracturing, paired with horizontal drilling, is driving America’s energy revolution.

It was the billions of dollars refiners invested in clean air technologies for their operations and in developing cleaner burning fuels that have led to lower air emissions from our fuels. But of course, we don’t operate in a vacuum. The government at the federal, state and local levels, as they should, set the regulatory parameters in which we operate. For all of the innovation, investment and talent within this or any other industry, policy clearly matters.
These remarkable achievements, by any measure, are even more remarkable in light of the many constraints imposed on the industry by regulations designed more to stifle domestic fossil fuel development than to benefit the American consumer.

To continue to lead the world in not just oil and natural gas production and refining, but also emissions reduction and to maintain the United States’ best-in-the-world refineries, we must break from the recent past.

We must reexamine the regulatory onslaught of the last few years that has proposed or imposed some 145 regulations and other executive actions on our industry and instead work to implement smart energy regulations that are focused on the consumer, help to grow our economy, protect workers and continue to improve the environment. It is our view that regulations that do not align with those basic and commonsense goals should be reexamined, revised or removed to make way for smarter and forward-looking energy policies.

Case in point, today, roughly 94 percent of federal offshore acreage is off limits to energy production. Allowing more offshore oil and natural gas production could create more than 800,000 new jobs, grow our economy by up to $70 billion per year and raise more than $200 billion in cumulative revenue for the government treasury. Restricted offshore areas could hold 50 billion barrels, or more, of oil and more than 195 trillion cubic feet of natural gas.

Just imagine what the industry could do to further benefit consumers, the economy and the environment if more of that energy were available for responsible and safe domestic production.

Just think about how many more people in developing countries could have access to cleaner-burning North American natural gas or benefit from the cleaner-burning fuels produced by American refiners and what this could mean for the environment.

As we look to the new Congress and the incoming Trump administration, we hope that they will take notice of the American energy sector’s record of success, commitment to safety and choose
collaboration with industry, and a market-based approach that is always focused on what’s best for consumers as their guiding policy principles.

We know we need more energy, but we haven’t seen any meaningful expansion of offshore access in decades. We know we need to expand energy infrastructure to keep pace with our new energy reality and deliver affordable energy to families and businesses, but government decisions and red tape are obstructing energy infrastructure projects – and the good jobs they create – even for projects that have successfully completed exhaustive approval processes.

Eight in ten voters support increased development of the country’s energy infrastructure, but a small, vocal minority have taken it upon themselves to target these projects to advance their anti-fossil fuel political agenda.

What they are doing, in reality, is putting themselves, workers and property at risk. Longer term, by attempting to constrain private investment in energy infrastructure – and I want to highlight that’s private investment, not taxpayer-funded investment – they are potentially preventing the creation of millions of well-paying jobs, and promoting, potentially, increased energy costs for millions of their fellow Americans.

As an example, despite ample natural gas supplies nearby, the northeastern United States is home to seven of the top 10 most expensive states for electricity costs. And a study from the New England Coalition for Affordable Energy reports that failure to expand natural gas and electricity infrastructure in the region could cost households and businesses an estimated $5.4 billion in higher energy costs and more than 167,000 private-sector and construction jobs between 2016 and 2020.

Conversely, investments in energy infrastructure lead to short- and long-term job creation, economic growth and affordable energy for millions of Americans. A recent study found that updating America’s energy infrastructure could generate up to $1.15 trillion in new private capital investment, which for context is almost three times the size of the transportation bill signed into law at the end of 2015. That level of investment is estimated to support 1.1 million new jobs and add $120 billion per year to our nation’s economy by 2025. That’s the kind of progress the American people made clear they want to see
in the months and years ahead from their elected leaders from municipal governments to federal agencies.

Before I conclude, I’d like to say a few words about a pressing matter identified as a top priority by many for years: tax reform. As the incoming administration and new Congress look to work together to reform the nation’s tax code, we’d hope that any changes will make America more globally competitive, are evenly applied and mindful of the important role the oil and natural gas industry plays in job creation and economic growth.

As an industry that supports 9.8 million American jobs, accounts for 8 percent of GDP and contributes an average of about $70 million a day to the federal government in revenue from taxes, rents and royalties – even in a down market – we understand the need for tax reform.

Fundamentally, tax policy, just like broader energy policy, should promote the safe and responsible production, refining and transportation of energy, including imports and exports, as this will help ensure reliable and affordable supplies of energy for consumers. Fortunately, a strong majority of American voters agree.

Based on the results of an election night poll we found that 80 percent of American voters support increased domestic energy production and refining, and this strong support crossed party lines with 71 percent of Democrats, 94 percent of Republicans and 76 percent of Independents. The poll also found that 81 percent of voters support increased development of the country’s energy infrastructure, which will bring more cleaner-burning fuels from our nation’s best-in-the-world refineries to even more Americans and energy consumers around the world.

The poll also found that the American voter rejects the false choice offered by some between growing the economy by producing and using more energy and a cleaner environment. Specifically, 77 percent of voters support natural gas’ role in reducing U.S. greenhouse gas emissions from electricity production.

Few other issues enjoy energy’s level of bipartisan support, and energy remains one of the few that bridge the ideological divide between Democrats and Republicans.
Our goal is to broaden that common consensus to spur our lawmakers to harness the American voters’ embrace of energy policies that drive economic growth, lower consumer costs, continue current environmental improvement, increase American competitiveness and provide our allies with a reliable partner that uses its considerable energy resources as a way to lift people up.

It is our hope that the incoming administration and incoming Congress will, like many pro-energy states, embrace our nation’s potential as a global energy leader and work with the industry to ensure that consumer demand is met and to help ensure that America’s 21st century renaissance will continue to deliver the economic opportunity and environmental benefits for many years to come.

We occupy an important point in our nation’s history. For the first time in our lifetime, we can now say that North America has the potential to become a net energy exporter. That’s a revolutionary change, a significant shift from where we were just a few short years ago.

So the question we face in the future is not whether the United States of America has the natural resources, the talent and the technology to produce and refine the energy we need to grow and prosper.

We clearly do.

In the months and years ahead it is our hope that energy policy, at all levels of government, will be guided by a collective, bipartisan vision of an American energy future that generates the kinds of jobs, revenue to the government and economic opportunity that have been the hallmark of our industry since the very beginning.

Ultimately, the very foundational nature of oil and natural gas as a source of electricity, fuel and feedstock for everyday products makes the national energy policy discussion more than a collection of abstract policy positions. It makes it a discussion about what’s best for American workers, consumers, families and environment; truly energy is everything.

As we look to the future, the oil and natural gas industry stands ready to offer solutions that help meet the energy needs of our nation and the world and to work with elected leaders at all levels of
government to ensure that the American consumer continues to benefit from affordable and reliable domestic energy.

Above all, we will remain responsible stewards of the natural resources we develop and a good neighbor and citizen to the communities in which we operate.

Thank you for your time.