

State of American Energy
Tuesday, January 7, 2020
Remarks by API President and CEO Mike Sommers
AS PREPARED FOR DELIVERY

Good afternoon, everyone, and welcome to the 2020 State of American Energy at the Anthem.

This is quite a different venue from the Reagan Building downtown where we held the previous State of American Energy events. Being here on stage – on the very spot where Bob Dylan has played – gives this event a whole different feel.

Like the best musicians, Americans embrace independence. You see it when we visit our polling places, when we celebrate our freedoms, and now – at long last – when we get our energy right here at home.

Reducing our nation's dependence on foreign energy was the stated goal of every one of our last seven Presidents – Democrat and Republican. These leaders all understood that clean, affordable, and reliable American energy served both as the basis of economic growth here at home and security abroad. Now, finally, the United States has achieved this bipartisan goal.

The State of American Energy in 2020 is one of *leadership*. America is the global *leader* in energy development, carbon emissions reductions, and environmental performance.

So today, I'm here to talk about three things:

- How America's energy revolution has benefited Americans and the communities we live in.
- The risks of climate change and how our industry of problem solvers is meeting the challenge.
- And finally, the choice that is ahead of us and the repercussions if we choose the wrong path.

U.S. energy leadership offers stability in chaotic times and insulates America from hostile and unreliable suppliers of energy. The global benefits of American natural gas and oil on the international stage are compelling.

But if you want to know the value of energy leadership in 2020, you also must zoom in to see its benefits here at home. They're on display from the smallest American communities to our biggest cities. American energy is powering the lives of people across our nation.

Today we are introducing you to men and women from seven American communities. You learned about some of these leaders during lunch, and you'll hear from others after I conclude. Their stories are different, but their experiences are similar: American energy is helping revive their communities. From Colorado and New Mexico to Ohio and Pennsylvania, natural gas and oil development is energizing economies and improving millions of lives. In New Mexico, natural gas fuels the state's economy *and* future generations – to the tune of \$1 billion toward state schools in one year alone.

Natural gas and oil help explain why, in parts of America that haven't seen job growth for decades, you'll now find a vibrant manufacturing base ... people moving in ... main streets busy again ... businesses opening and hiring ... and more tax revenue for schools, police, public works, conservation, and everything else that powers modern life.

I've had the chance to visit some of these communities – in New Mexico, Michigan, and Pennsylvania, and when people in those areas think of the natural gas and oil industry, they think of real and ongoing changes for the better – good-paying jobs, lower costs, worker safety, and reliable energy. For example, a local Michigan community leader told us that energy infrastructure brought growth and helped convince U.S. auto manufacturers to stay.

But these remarkable achievements were no accident. They were brought about by new technologies and practices that unlocked our vast energy resources. Hydraulic fracturing and horizontal drilling may be a mouthful, but they're as important as the invention of the iPhone. Thanks to fracking, America's net foreign energy *imports* have plummeted, and the U.S. today is a net *exporter* of natural gas and oil for the first time in nearly 70 years.

America is also leading on emissions reductions. No nation on earth has reduced annual carbon emissions more than we have, and we have the capacity, desire, and grit to keep stepping up.

The American people rightly expect big things of our industry. We have to serve the vast and growing demand for affordable energy, and we have to accelerate progress on the serious challenges of climate change. Any report on the state of industry should begin with the fact that we accept that calling, and we are meeting it.

Every day our industry is focused on lowering emissions, increasing efficiency, and furthering environmental progress. The size and scope of the climate challenge requires a tremendous response and innovation from everyone.

Bold and achievable action on climate change at the global level is essential, and America's natural gas and oil industry is committed to innovation and leadership to make these ambitions more than just hopes and dreams. We support legislation to encourage wider use of carbon-capture, utilization, and storage technology—a breakthrough based on American ingenuity. We're partnering with the best minds in technology, data analytics, and engineering. We proudly launched the Environmental Partnership two years ago to convene, share, and design new methods for reducing methane emissions. Whenever we advance new technologies to reduce or capture carbon emissions, we take a step forward with other industries looking to do the same.

But our industry's devoted problem solvers are not done yet. Our industry now supports 10.9 million American jobs and we're charging ahead. When facing serious challenges, you want the capable men and women of America's natural gas and oil industry on your side.

When API advocates for energy development and infrastructure, we are fighting for the long-term success of Americans in communities like the seven represented here today, and so many more like them. No one should take away what they have gained and worked hard for. No one should close them off from even more opportunities on the way. What's happening with American energy today is one of the greatest economic stories of our time, and it's in America's interest to keep it going.

To do that, we must continue to safely develop the affordable and reliable energy that powers America's economic growth. And we need new infrastructure – over the next 15 years, America needs an estimated \$1 trillion in new private infrastructure investments to bring energy from where

it is to where it isn't. To help unlock that critical funding, our lawmakers need to adopt new guidelines that protect the environment, cut red tape, and avoid unnecessary delays. All this not only helps strengthen our economy on both ends of the value chain – it ensures our abundant energy powers American households, businesses, and trading partners in communities like those I just mentioned. We need lawmakers to end mandates on ethanol that were put in place long ago when our energy picture was much different. We also need to ensure ongoing access for safe and responsible energy development on land and off our shores.

We strongly support the USMCA trade deal approved by the House last month. It holds immense potential for our country, and for our closest neighbors and allies. Yet some other trade efforts, such as tariffs against China and other nations, take our country in the wrong direction. While unfair trade practices must be addressed, trade wars block American progress. De-escalation is welcome news, but American policymakers must get us over the finish line. Let's remove all trade barriers on both sides and restore critical energy export growth.

When we speak up on issues like these, we are taking the side of all the workers, communities, and sectors of the economy that depend on the breadth, progress, and strength of U.S natural gas and oil.

Somehow, at this very moment of progress, some have made it their cause to stop American energy development. At the extreme, we hear promises on the 2020 campaign trail to ban fracking, nationwide and forever. Here's a glimpse at that vision: Millions of jobs lost ... a spike in household energy costs ... a manufacturing downturn ... less energy security. In the short run, a fracking ban in America would quickly invite a global recession. You don't abolish the most dynamic asset of the world's leading energy supplier without severe consequences.

It's no mystery why foreign leaders, hostile to American interests, don't like America's energy progress and the advantage it has given our country. Other countries now have the choice of reliable energy supplies from the U.S. – thanks in part to sound policy and the American innovation of fracking.

Banning a safe, successful method of developing energy is just part of an extreme agenda opposed to natural gas and oil production anywhere, by

whatever means. Nobody wants unhindered development and drilling on all federal areas – that’s an extreme view that exists only as a tired caricature of our industry.

So in this campaign year, in bids to capture fleeting political momentum, we’ll hear pledges to ban all development on federal lands, onshore and offshore.

I don’t for one moment believe there is a majority in either party for that position. But I don’t believe in taking things for granted either, so together we all must strongly oppose these proposals.

Whether the issue is offshore leases, fracking, or energy infrastructure, the false choices will prevail by default unless we answer directly with evidence, sharing our stories and those from communities across the country to drive the conversation. The American people make their own choices. And we should remember, after all, that there’s another word for choice when it comes to energy: It’s called demand.

The nation with the largest, most innovative economy in the world runs on affordable, reliable energy, the majority of which comes from natural gas and oil. Our mission as an industry starts with meeting that rising demand and doing it responsibly.

We are relentless in finding and producing affordable energy, and just as persistent in reducing our environmental footprint, improving safety technology, and decreasing emission rates. It’s a record to be proud of, but we’re not finished. API and this industry will continue to lead far and wide.

Today, U.S. energy development is safer than it’s ever been, in part thanks to API’s world-class standards. From foundational offshore safety to pipeline leak detection, API standards drive safety, environmental protection, and sustainability – not only here in the U.S., but around the world.

In fact, setting standards for natural gas and oil operations has been a core API mission since its inception. And, in our first 100 years, we’ve developed more than 700 standards. In 2019 alone, API released 90 standards and we introduced our best-in-class practices to the developing natural gas and oil markets in both Guyana and Nigeria. We also signed agreements with

our counterparts in India, Saudi Arabia, and Russia so that producers and government agencies in these regions can rely on our standards and programs to drive safe operations.

Shortly, you'll hear from a panel about just how far our efforts reach, even in regions that don't produce natural gas or oil. It's a reminder that our impact extends far beyond those of any single industry or group. Every citizen stands to gain when energy is more affordable and produced cleaner here in the United States.

Our energy future can unite Democrats, Republicans, and independents alike. And that is the spirit of everything we do at API. It's clear that these issues won't be solved on social media, in floor speeches, or with political pledges that promise a lot but deliver little. It takes hard work to develop affordable solutions to meet demand for cleaner energy while addressing the risks of climate change. But together we can do it.

Wherever the future of energy is at stake, whenever people doubt the value of natural gas and oil in our daily lives, wherever our commitment to worker and environmental safety is questioned, you're going to see API making our case. We're ready to work together. We may not agree on every detail, but on the big issues, we have far more in common than you may think.

Like our nation, this industry finds itself at a defining moment — one where energy demands have never been higher, and the focus on a cleaner planet never greater. We're eager to accelerate our work together to tackle both challenges, and we intend to spend the next 100 years continuing to innovate to create a brighter future for all. Our industry's mission is society's mission. That's energy for progress.

Thank you very much.