

USEA 1.28.2021 Forum – MJS Remarks

Introduction

Thank you. Before I begin my remarks, I want to acknowledge the loss of my friend and longtime U.S. Energy Association Executive Director Barry Worthington.

A dedicated leader, Barry tirelessly promoted American energy and fought to bring infrastructure where it was needed most around the world.

The breadth and depth of energy voices and perspectives gathered here today are a testament to Barry's reach and legacy. At API, our heart goes out to Barry's family, friends and all USEA staff and to all whom have lost a loved one during this uncertain time.

A month into 2021, a divided America faces more challenges than anytime in modern history. But after a year of crisis, everyone can agree on something – we are ready for recovery.

So we at API were encouraged to hear President Biden's Inauguration Day call for unity. Even better, he issued that call at a time when Democrats and Republicans alike can rally around U.S. energy leadership.

After all, the new president assumes power when America leads the world both in energy production **and** environmental performance. The natural gas and oil industry drove this dual progress in three key ways.

First, the U.S. leads the world in emissions reductions since 2000 thanks to greater use of natural gas and advancements in technology and innovation. Our industry has already reduced methane emission rates by nearly 70 percent in the largest producing U.S. regions.

Second, as health care, education and food expenditures **surged** over the last decade, household energy expenditures **dropped** 15 percent, thanks to increased oil and gas production right here at home. That leaves money to pay rent, buy health insurance and otherwise make ends meet.

Finally, as the world's largest producer of natural gas and oil, Americans pay \$2 less on a gallon of gasoline than we did a dozen years ago, and we rely less on foreign energy from unfriendly nations.

Poised to build on this energy progress, API congratulated President Biden. Moments after he took the Oath of Office, we pledged to work with his administration when we can and oppose when we must.

So, only eight days into his term, it is disappointing to report that we find ourselves in a posture of strong opposition. But we have no choice.

President Biden's energy policy actions have completely undercut his message of unity and his mandate for economic recovery.

Today I'm going to illustrate why. Then I'll discuss a potential way forward with this new White House.

First, a dose of energy reality.

Today, oil and gas make up about 60 percent of the global energy mix.

According to the IEA, in 2040, despite increasing investments in renewables and concerns with emissions, oil

and gas are still projected to make up about 50 percent of the global energy mix.

Today's alternatives don't consistently offer the energy density, scale, transportability, availability - and most importantly - the affordability required to be widely accepted.

While society will move towards lower-carbon sources of energy as technology improves, oil and gas will continue to play an important role in the long-term energy mix.

In fact, the IEA suggests that oil and gas will remain at 53 percent of the global energy mix in 2040, under their Stated Policies Scenario.

In a scenario developed by the IEA that envisions every country meeting their Paris commitments, oil and gas will be about 46 percent of the energy mix, while renewables grow to 18 percent.

Just yesterday, JP Morgan was out with a paper outlining concerns about a "Covid-green-risk" – "a scenario of large energy and commodity crisis that could happen as a result of underinvesting in traditional energy infrastructure with a potential to destabilize financial markets, economies and more broadly societies."

The bottom line is that to keep up with population growth and increased energy consumption there simply must be more investments in oil and gas. And now is NOT the time to give up on American oil and gas.

Which is why the President's announcements the last few days have been disappointing.

[Keystone XL and Federal Leasing Ban](#)

First, with a stroke of a pen last Wednesday, President Biden shut down the Keystone XL Pipeline project and immediately put 1,000 union workers out of a job. Another 9,000 planned Keystone union jobs will never see the light of day.

As a nation, America is forgoing expanded energy trade with a reliable partner in Canada. Meanwhile, communities along the pipeline's pathway will no longer see the local investments and jobs that pipeline construction typically brings.

Hours after the Keystone news, the Department of the Interior announced what amounted to a temporary suspension on new leases and permits for natural gas and oil development on federal lands and waters. Then, yesterday, the administration turned that temporary suspension into an indefinite moratorium.

From afar, in the halls of power, it's easy to call for bans on leasing. But up close, you see it's a lifeline to local economies, governments and schools.

The surest way to bring recovery to a stop is to remove affordable, homegrown energy from the picture – with more regulations, more taxes, more restrictions on access. If lawmakers curtail resource development and supplies are limited, it's working people, consumers and families who suffer.

In New Mexico, for example, such losses are so much more than numbers on a page.

According to API's most recent analysis, a federal leasing **and** development ban could mean 62,000 people out of work. Additionally, more than \$1 billion per year from New

Mexico's budget to support schools, roads and hospitals could be at risk.

Environmental progress is also projected to backslide as a result of a federal leasing ban.

With this "import more oil" move, the administration is leading us toward more reliance on foreign energy from countries with lower environmental standards.

There was another interesting piece of the order from yesterday that hasn't gotten a lot of attention. The order includes a review of certain long-standing programs to expand energy infrastructure across the world. Part of the mission of USEA is to expand energy access to places where it isn't. So when the Export-Import bank helps build out LNG facilities in countries that currently get their power from coal, that is environmental progress. India and China still get most of their energy from coal and it is growing. Shouldn't it be a top priority of the United States to help them cut their emissions profile through LNG?

Shared Values and Potential Areas of Collaboration

This brings me to my second point. Global energy demand is only going to grow as vaccines are distributed and our economy recovers.

In our collective return to normal, natural gas and oil are ready to provide the energy that powers modern life – no subsidies or government help needed.

We're established, we're ready, we're on it. That's why collaboration – not conflict – is the way forward for energy and America.

If President Biden wants to work together to solve the big problems, he can count on us. If he's serious about working across industries, he'll find a partner with natural gas and oil companies.

It's better to find solutions than to fight.

Let me share three quick examples, all related to environmental progress and economic recovery.

First, we want to work with the administration on **the direct regulation of methane sources**. API members have made great progress in reducing methane over the past four years and believe smart regulation can accelerate this progress. We are willing partners in shaping a regulatory environment that is sensible, workable and promotes further technological advances and innovation. Our industry can continue lowering emissions while supplying the energy our nation needs.

Second, **ensuring trade policies support exports of American environmental progress**. By exporting liquefied natural gas, America has the capacity to share a low-cost, lower-carbon resource with our trading partners in Europe, Asia and around the world. Natural gas is a big reason why the U.S. is the world leader in reducing carbon dioxide emissions – and to meet Paris and other lower carbon targets, access to natural gas is essential.

Third, **working toward the end of the pandemic**. Our products serve as critical building blocks for millions of face masks, surgical gowns and other protective equipment worn by heroic frontline workers. Our crews work long shifts to help make those products and power hospitals and plants so others can stay safe at their workplace or get the care they need. We fuel emergency vehicles, trucks to transport

vaccines, airplanes to deliver medical supplies. In our nation's most critical time of need, our industry workforce proves day-in and day-out that we are essential.

Conclusion

At API, we are rooting for President Biden to lead America out of crisis. As he works toward that important goal, he faces clear choices.

Energy abundance or foreign dependence. American jobs or overseas jobs.

Economic revival or small-town decline.

Progress or retreat.

Thus far, President Biden is on the wrong side of a number of these consequential choices.

Our focus remains on partnering with the administration, Congress and the many industries today with whom I share the desire to shape a better future – a future driven by the affordable, reliable, cleaner energy, provided in large part by natural gas and oil.

Thank you.