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**As prepared for delivery.**

Good afternoon and thank you all for joining the American Petroleum Institute for our fourth annual State of American Energy report.

Thank you Shelby for that kind introduction.

I want to acknowledge a few of our distinguished guests who've joined us this year at the Newseum.

**[Acknowledge guests]**

Most of us, at the start of the New Year, with the holidays behind us, take some time to reflect on the past and to think about the future.

This time, while the year is just beginning, reminds us that our future is ultimately of our own design.

The same holds true for a nation.

We will decide if America continues its march toward global energy leadership -- a once in a generation choice -- or remains content to play a supporting role in the global energy market.

We can erase what for decades has been America's greatest economic vulnerability -- our dependence on energy sources from other continents, particularly from less stable and friendly nations -- and fundamentally alter the geopolitical landscape for decades to come, all while providing a much needed boost to our economy.

But only if we get our energy policy right.

Today, thanks to the innovation and entrepreneurial spirit of America's oil and natural gas industry, this nation has the potential to shed the yoke of foreign energy dependence.

Implementing smart, pro-growth energy policies will help to ensure that future Americans only know their country as an energy leader.

In other words, elections matter. In exactly ten months, we will choose who will lead us in Washington D.C., and in state and local governments. Those choices will have a lasting and profound impact on the direction of our nation's energy policy.

The collective decisions of the 2014 voters will shape whether and the extent to which our nation fulfills its potential as energy superpower.

To lead the energy policy discussion and educate the public on the game changing impact of the choices our nation faces when it comes to energy policy, API's 2014 messaging and advocacy theme is America's Energy, America's Choice.

It distills America's energy policy discussion down to a basic choice: An American energy future of energy abundance, self-sufficiency and global leadership or energy scarcity, dependence and economic uncertainty.

It is that simple.

Our underlying message is equally simple: Energy is fundamental to our society, and thanks to American innovation and entrepreneurial spirit, our nation stands among the world's leaders in energy production and is poised to be THE leader if we get American energy policy right.

The question before us today is whether we have the vision and wisdom to take full advantage of our vast energy resources.

The energy policy choices we make today are among the most important and far reaching policy decisions we will make in the 21<sup>st</sup> century. We have a once in a lifetime opportunity to reshape, realign and reorder the world's energy market and improve domestic prosperity to an unprecedented degree.

But only if we get our nation's energy policy right today.

If we are to continue our nation's current positive energy production trends, we must implement energy policies based on current reality and our potential as an energy leader, not the outdated political ideology of the professional environmental fringe or political dilettantes.

American energy policy should reflect the reality that someone will benefit from helping to meet the world's ever-growing need for energy.

Because make no mistake; energy, specifically oil and natural gas, will remain foundational to our way of life.

Broadly, demand for energy worldwide will continue its upward trajectory. For the foreseeable future, we will need more energy from all sources: wind, solar, oil, natural gas, nuclear power, coal and biofuels to meet the world's ever-growing need for energy.

According to the president's U.S. Energy Information Administration, 25 years from now, oil and natural gas will still be responsible for providing nearly 60 percent of the country's energy and more than 90 percent of our transportation fuels.

And worldwide, EIA projects demand for liquid fuels will increase by 20 percent in the next 20 years, driven by the development of emerging markets and nations as many of them lift themselves out of poverty, improve their standard of living and increase the economic opportunity for their citizens.

It should be a simple choice: do we as a nation decide to use our vast energy resources to help meet the world's growing energy needs and in the process boost our global competitiveness, realign our foreign policy goals and national security priorities, encourage America's 21<sup>st</sup> century manufacturing renaissance, provide millions-more Americans with good-paying jobs and provide billions of dollars in revenue to local, state and federal governments in the coming decades – or not?

In my view, those on the side of America's 21<sup>st</sup> century energy renaissance have a few considerable advantages, starting with the facts.

Fact: Today, thanks to hydraulic fracturing and horizontal drilling or what some like to simplistically refer to as "fracking," the United States is the number one producer of oil and natural gas. Just this year, North Dakota produced more than a million barrels of oil a day, which if it were a country, would rank it among the top 20 oil producing nations in the world.

Fact: U.S. production of crude and natural gas liquids has increased by over 2 million barrels a day in the last two years, an almost 27 percent increase.

Fact: According to the Energy Information Administration, in 2001, one percent of our natural gas supply came from shale. In 2010 that percentage grew to 20 percent and, by 2035, it is expected to grow to 45 percent thanks in large part to our technological leadership, which the rest of the world is trying to emulate.

Also, in what is clearly a politically motivated disconnect between today's much-changed energy landscape and the political orthodoxy of some who continue to push for arbitrary and unfair limits or an outright ban on energy resource exports.

It is a policy position that flouts the facts.

Fact: according to the latest Census data, the oil and natural gas sector contributed more than \$129 billion in exports during the first eleven months of 2013, leading all other sectors and accounting for 8.9 percent of the total balance of exports.

This has reduced our nation's trade deficit by 16 percent, which has brought our trade imbalance to a four year low, and making the oil and natural gas industry the largest contributor to achieving the president's goal of doubling U.S. exports.

And here's one more fact – the American people get it and stand with us on today's most important energy policy questions. They understand that pro-growth energy policies will

translate into millions of stable, good paying jobs, which would go a long way to lowering unemployment and shrinking the income inequality gap, which is shaping up to be a central theme in this year's midterm elections.

The truth is, the average upstream oil and natural gas job pays roughly seven times the federal minimum wage.

It is a little wonder that, according to recent polls, most Americans – seventy seven percent – want to see this nation increase production of domestic oil and natural gas resources.

Ninety two percent of American voters agree that increased production of domestic oil and natural gas resources could lead to more jobs in the U.S.

And on perhaps the highest profile issue within the American energy policy discussion, sixty nine percent of voters support building the Keystone XL pipeline.

And speaking of Keystone, and with due respect to the administration, I'd like to point out that the now five-plus year evaluation process of the Keystone XL pipeline has lasted longer than America's involvement in the second World War; longer than it took our nation to put a man in space and almost as much time as it took to build the transcontinental railroad 155 years ago.

In other words, far too long for a project that will create jobs, grow the economy and ultimately expand America's ability to take full advantage of our nation's bright energy future.

It is a good example of why policy matters and how dogmatic adherence to political ideology can trump economic reality to the detriment of millions of hard-working middle class families.

The fact is, with a single word, yes, the president could allow this vital infrastructure project – paid for by the private sector and without a dime of taxpayer money – to move forward and provide thousands of good paying jobs for many years to come.

Broadly, the Keystone XL pipeline debate highlights the need to invest in our nation's infrastructure today to support job creation, economic growth and increased government revenue.

In fact, a recent study by IHS Global, an annual average energy infrastructure investment of up to \$95 billion would contribute as much as \$120.58 billion to U.S. GDP; support as many as 1.15 million jobs and provide an additional \$27.45 billion in government revenues on average, annually between 2014 and 2025.

Not surprisingly, the consistent polling data showing strong public support and the results of multiple studies reporting the significant, positive economic benefit of expanded energy production have spurred more and more members of Congress from all regions and from both political parties to support increased domestic energy production.

Case in point: Last year, both chambers, by wide, bipartisan margins, passed measures urging the president to approve the Keystone XL pipeline.

Proving that even during a time of hyper partisanship and polarization, energy is one of the few issues that can unite us, and is viewed by a majority of the public as a shared responsibility rather than just another skirmish in the ongoing political battles in Washington and state capitols nationwide.

The public's strong support and our ability to cut through the partisan noise and stale ideology of our critics is due to the oil and natural gas industry's years-long effort to ensure that American energy policy is not a Republican issue or a Democratic issue; it is an American prosperity and leadership issue.

As we look ahead to November's midterm election and beyond, we will use the America's Energy, America's Choice campaign to spur more pro-energy policies and to ensure that our nation's discussion on energy policy is based on fact and reality, not political orthodoxy and hyperbole.

What's more, there is another fact on our side: The benefits that America's energy revolution has already delivered.

The best example being the significant reduction of America's CO2 emissions, which are at their lowest levels in nearly 20 years, thanks largely to the abundant supply of cleaner-burning natural gas, a direct result of innovations in hydraulic fracturing that have also made the U.S. the number one producer of natural gas.

Further, since 2000, the oil and gas sector has spent more on low and zero-carbon technologies than the federal government and nearly as much as all other industries combined.

In fact, one out of every six dollars invested in non-hydrocarbon technologies came from the oil and gas sector. Since 1990, the industry has invested \$252.8 billion toward improving the environmental performance of its products, facilities and operations.

What we want and what the American people deserve is energy policy that continues the trend of our nation becoming energy self-sufficient and a global energy leader.

The America's Energy, America's Choice campaign sends a message to lawmakers at all levels of government that the time to end the intrusion of extreme political ideology or personal agendas in the energy public policy debate is now; and that the only limits on our nation's energy potential will be self-imposed by shortsighted, politically motivated energy policy decisions.

Again, the American public and future generations deserve better.

America's Energy, America's Choice will harness the collective will and wisdom of the American voters to lead the discussion on our nation's bright energy future and to better align our nation's political science with our geologic science, because right now the former all too often drives energy policy. It will use the upcoming midterm elections as a means to frame and positively influence the long-term energy policy discussion.

Because, after all, voting is about vision, and is an act of optimism.

Our goal is to ensure that as our elected representatives and appointed officials make energy policy, the will of the American people is uppermost in their minds and the dominant voice in the energy public policy discussion.

And to make clear the link between developing America's vast energy resources and greater energy independence, job creation and economic growth.

Fundamentally, America's Energy, America's Choice will make plain the energy policy choice we face: Do we more fully develop our enormous energy resources so that future generations inherit an energy self-sufficient nation that's THE world's leader in energy production?

Or do we take a step back to a time when America was but one of many players on the world energy market?

In my view, it would be unforgivable if this country were to abandon or ignore its responsibility to future generations by missing this opportunity based on flawed science, outdated assumptions and political orthodoxy.

Helping to lead the change we seek and encouraging American lawmakers to take full advantage of America's energy renaissance is at the core of API's mission today and well into the future.

Thanks for listening, and I'll be happy to take your questions.