

**Statement of Mike Sommers  
President and CEO  
American Petroleum Institute  
Washington, DC**

**U.S. House of Representatives  
Committee on Oversight & Reform  
October 28, 2021**

### **Opening Statement**

#### **I. Introduction**

Chair Maloney and Ranking Member Comer, thank you for the opportunity to testify today. My name is Mike Sommers, and I am the President and CEO of the American Petroleum Institute (“API”).

API was formed in 1919 and is the national trade association representing America’s oil and natural gas industry. Our nearly 600 members – from large integrated oil and gas companies to small independent operators – comprise all segments of the industry. API member companies are producers, refiners, suppliers, retailers, pipeline operators, marine transporters, marketers, and service and supply companies providing much of our nation’s energy.

API’s mission is to promote safety across the industry globally and to advocate for public policy in support of a strong, viable U.S. oil and natural gas industry. Founded as a standards-setting organization, API has developed more than 700 operational standards, and – in partnership with academia, NGOs, scientists, engineers, and other experts – regularly develops new standards and updates existing ones to incorporate new technology and accelerate safety and environmental progress.



API views the challenge of meeting the world’s growing need for energy while ushering in a lower-carbon future as fundamental. It is the opportunity of our time, and governments, industries, and consumers must seize it together.

Our industry supports bipartisan energy and climate policies in Congress that help meet growing energy needs, supply affordable and reliable energy to our economy, and put people back to work. In the future, experts anticipate significant increases in population growth and energy demand. Without industry-driven energy and environmental progress, we risk our national security and quality of life. Our industry’s scale, ingenuity, and actions to date make us a unique partner in advancing and shaping a lower carbon future. With that in mind, let me state three things plainly: First, climate change is real. Second, industrial activity around the world impacts the climate. Third, America’s oil and natural gas industry is meeting the climate challenge head-on.

Our industry has released a series of policy proposals and industry initiatives in the *Climate Action Framework* (the “*Framework*”) – to help address the climate challenge. Oil and natural gas will continue to be leading energy resources for decades to come, and it is important that we tackle this challenge together.

## **II. Climate Action Framework**

Since I joined API three years ago, we have worked to form a broad industry consensus on climate change.

API has focused on developing and releasing a policy framework dedicated to addressing the real and serious challenge of climate change with concrete steps to further reduce emissions while still providing affordable, reliable energy. The *Framework*

represents our industry’s commitment to producing cleaner energy and lowering greenhouse gas (“GHG”) emissions. The *Framework* includes a series of public policies, industry actions, and innovation initiatives to meet the challenge of climate change.

The following are the five parts of the *Framework*:

- 1. Accelerate technology and innovation to reduce emissions while meeting growing energy needs:** Deploying low-carbon technologies such as Carbon Capture, Utilization, and Storage (“CCUS”), and hydrogen can meaningfully reduce emissions while delivering essential energy. API members support innovative partnerships and technological development and deployment to advance these technologies. As we look to Congress to speed up CCUS development through the 45Q tax credit, member companies have increased their low carbon investments significantly.
- 2. Further mitigate emissions from operations to advance additional environmental progress:** API and its members support cost-effective policies and direct regulation that achieve methane emission reductions from new and existing sources across the supply chain. According to the U.S. Energy Information Administration (the “EIA”) and the U.S. Environmental Protection Agency, between 2011 and 2019, our industry reduced methane emissions intensity by nearly 70 percent in five of the seven largest-producing regions in the United States.
- 3. Endorse a carbon price policy by government to drive economy-wide market-based solutions:** Rather than a patchwork of federal and state regulations



and mandates that could ineffectively address the climate challenge, an economy-wide price on carbon dioxide is the most impactful and transparent way to achieve meaningful progress. API is working with the government to advance a carbon price policy that prices carbon across the economy and avoids duplicate regulation.

**4. Advance cleaner fuels to provide lower-carbon choices for consumers:**

Switching from coal to natural gas in the power sector has been a leading driver of emissions reductions in the United States, a trend further aided by a significant increase in deployment of wind and solar. Increased use of natural gas has reduced carbon dioxide emissions. Natural gas produces one-half the carbon emissions compared to coal, and, since 2005, the share of natural gas in U.S. power generation has increased dramatically. It is the primary reason why U.S. emissions of carbon dioxide are at their lowest levels in nearly 25 years. In fact, the EIA has reported that almost two-thirds of the carbon dioxide emission reductions in the power sector between 2005 and 2019 were the result of fuel switching to natural gas. Natural gas is essential for the world's energy future, including as a source of power generation alongside renewable energy; without it, developing countries will likely revert to alternative fuel sources that are not as clean as natural gas. As Congress considers policies to address climate change, it is essential that we continue to recognize the important role that natural gas will play in providing emissions reductions domestically and across the world. API supports marketplace developments and public policies that promote lower carbon

intensity of natural gas, electricity, and the transportation system. Furthermore, our industry is advancing cleaner fuels for the modern internal combustion engine and advancing other innovations to help reduce real-world emissions.

**5. Drive climate reporting to provide consistency and transparency:** API supports timely and accurate reporting of GHG emissions from all emitting sectors in the economy to provide a transparent fact base for market-based solutions and government policy. API is leading work in our sector to advance sustainability reporting broadly and to promote consistent and comparable reporting by individual companies of core GHG indicators. In August, API released a new template for individual companies in the oil and natural gas industry to more consistently report and track GHG emissions. While our industry has been a leader in sustainability reporting for decades, our template provides a consistent and uniform set of core indicators to enable greater comparability in climate-related reporting. API expects to release additions to the template later this year.

This *Framework* can make meaningful progress toward growing our economy, strengthening U.S. energy security, and protecting the environment, while also enhancing U.S. energy leadership and the integral role of natural gas and oil in the decades to come.

### **III. The Environmental Partnership**

One example of the industry's efforts to mitigate emissions in operations is The Environmental Partnership. Founded in 2017, The Environmental Partnership is a collaboration of more than 90 API member and non-member companies in the U.S. oil



and natural gas industry committed to continuously improving the industry's environmental performance.

The Environmental Partnership is focused on reducing air emissions, both methane and volatile organic compounds. The participating companies are implementing six programs that can achieve significant emissions reductions. These include: (1) a leak detection and repair program for all oil and natural gas production, processing, and transmission sources; (2) a program to replace, remove or retrofit high-bleed pneumatic controllers; (3) a program for monitoring manual liquids unloading for gas wells; (4) a program to reduce emissions from compressors used in gas transmission; (5) a program to reduce emissions from pipeline blowdowns during maintenance events; and (6) a program to reduce flaring of associated gas in oil fields.

In addition to these actions, The Environmental Partnership is fostering information sharing within the oil and natural gas industry to identify new opportunities for additional emission reductions and working to advance the development and testing of the next generation of methane detection technologies. As outlined in The Environmental Partnership's 2020 Annual Report, participating companies reduced flaring, implemented a leak detection and repair program, and replaced pneumatic controllers.

Our industry is committed to achieving a lower-carbon future while meeting rising energy demand around the world. Since 2000, no nation has reduced carbon dioxide emissions more than the United States, and API and its member companies seek to continue that progress.



#### **IV. Need for Effective Climate Change Policies**

In the coming decades, the EIA projects that, in all cases, the United States will continue to be a significant global producer of crude oil, natural gas, and refined liquids. U.S. oil and natural gas is essential to the strength of our nation's economy. Indeed, our industry supports more than 11 million American jobs and more than seven percent of the overall U.S. economy. The average annual salary of U.S. oil and natural gas workers is approximately \$108,000, nearly double the national private sector average. As we continue this progress, the oil and natural gas industry is addressing the climate challenge, and API will continue to work with policymakers in this effort.

However, API cannot support policies that could put America at a disadvantage – jeopardizing jobs, increasing energy costs, and harming American competitiveness. Energy demand is estimated to continue to rise – especially as the economy recovers. In recent months, global energy supplies have failed to keep pace with growing demand, resulting in lower inventories and higher prices. We have seen the highest prices for crude oil, gasoline, and natural gas since 2014. Higher energy prices have a direct impact on Americans' day-to-day lives because these prices impact manufacturing, packaging, and shipping costs throughout the supply chain, ultimately resulting in higher prices for consumer products.

Gasoline and other energy costs are a key pressure point for household budgets. Inadequate energy supplies will likely further strain individual households, erode consumers' broader purchasing power, and threaten jobs as well as the broader economic recovery, contributing to inflationary pressure. Pain at the pump hurts American

consumers. And higher heating bills combined with the effects of inflation hurt low-income households especially hard. With sensible policies that support domestic oil and natural gas production, we can mitigate over-reliance on oil produced outside the United States. Such over-reliance also imperils our economic and national security.

In closing, API strongly supports climate action through effective government policies, industry initiatives, and advances in technology and innovation. However, legislative proposals that punitively target American industry will chill our nation's energy investment and production, harm our economy, and weaken our national security.

The oil and natural gas industry will continue to deliver energy that improves lives and increases security for future generations. We look forward to continuing to work with Congress and others to shape and advance sensible climate change policies. Thank you for the opportunity to testify today, and I look forward to your questions.