



American
Petroleum
Institute

December 22, 2021

Via Email

The Honorable Carolyn B. Maloney
Chairwoman
Committee on Oversight and Reform
United States House of Representatives
Rayburn Office Building, Room 2157
41 Independence Ave SW
Washington, DC 20515

Dear Chairwoman Maloney:

Thank you for your questions for the record from the October 28, 2021 Hearing before the House Oversight Committee (the “Committee”). Per your request, attached are the American Petroleum Institute’s (“API’s”) answers for the record.

Please note that we are currently in the process of responding to the Committee’s November 8, 2021 subpoena. To the extent some of your questions for the record call for the collection, review, and/or production of documents, compliance with the subpoena is API’s priority. API is continuing to produce documents in response to the subpoena on a rolling basis in accordance with its First Amendment rights—and the First Amendment rights of its members—in a timeline that accounts for both the Committee’s needs and the substantial burden of ongoing review.¹ We respectfully request an opportunity to supplement or amend our responses if needed.

Sincerely,

The American Petroleum Institute

¹ See November 16, 2021 Production Letter.

RESPONSES OF AMERICAN PETROLEUM INSTITUTE¹
TO QUESTIONS FOR THE RECORD

OCTOBER 28, 2021 HEARING BEFORE
THE HOUSE COMMITTEE ON OVERSIGHT AND REFORM
FUELING THE CLIMATE CRISIS: EXPOSING BIG OIL'S DISINFORMATION CAMPAIGN TO
PREVENT CLIMATE ACTION: TESTIMONY FROM AMERICAN PETROLEUM INSTITUTE'S
PRESIDENT AND CEO MIKE SOMMERS

December 22, 2021

Chairwoman Carolyn B. Maloney

Question 1. In response to Rep. Wasserman Schultz' question regarding API's spending in opposition to the Build Back Better Act, you testified, "Congresswoman, we have worked to influence the process, particularly on issues that will affect oil and gas...[but] I don't have those numbers at my fingertips."

How much has API spent to defeat the Build Back Better Act or weaken its provisions, including provisions within the American Jobs Plan and the American Families Plan, either directly or indirectly through the funding of third-party organizations?

Response:

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 supports bipartisan energy and climate policies in Congress that address the challenge of climate change. Our spending reflects our goal of educating the public and policymakers about how best to approach America's energy needs and provide affordable, reliable energy.

We support policies that accelerate the progress we have already made in meeting our country's energy needs while also reducing emissions. Halting U.S. energy development or imposing new taxes that send investment overseas will hurt climate progress, risk jobs, and threaten the national energy security we have worked so hard to create. Shifting the United States to foreign energy sources will likely increase CO₂ emissions and reduce revenue that funds education and key conservation programs. Indeed, limiting domestic energy production runs counter to API's goal of emissions reductions and will make it harder for local communities to recover from the pandemic. API stands behind its Climate Action Framework as the right way to fight climate change while ensuring jobs and

¹ Please note that these responses were prepared by, and are from, The American Petroleum Institute.

national security. Energy demand is estimated to continue to rise—especially as the economy recovers from the COVID-19 pandemic. 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 directly impact 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. Higher heating bills combined with the effects of inflation will disproportionately impact low-income households. 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.

API’s advocacy spending is publicly disclosed on API’s Lobbying Reports and is just a small part of the work that API is doing on behalf of the industry. In Q3 2021, API spent \$1,250,000.00 in lobbying related expenses covering a host of issues, including, in part, addressing API’s concerns around certain energy provisions of HR 5476, the Build Back Better Act.

In addition to the information contained in API’s Q3 2021 Lobbying Report, API has already produced, in response to the November 8, 2021 subpoena, over 1,200 pages of documents describing API’s spending on advocacy activities. API continues to produce documents responsive to this request as part of our response to the Committee’s subpoena. We respectfully direct the Chairwoman to these documents.

Question 2. Please provide a list of all funding provided by API to individuals, foundations, advocacy organizations, business associations, research institutions, or policy institutions, including funding intended to be transferred to other entities, from 1991 to the present for any projects or activities related to the science, policy, or advocacy associated with climate change.

- a. In particular, please provide (1) the identity of the individuals or organizations that received funding, (2) the amounts of funding and the dates it was provided, and (3) a description of the activity that was funded and the results sought or achieved.**

Response:

In response to the November 8, 2021 subpoena, API has already produced over 1,200 pages of financial documents, including our Form 990s, which we produced for the period covered by the subpoena and are also publicly available for the last 16 years. These documents describe API’s spending on advocacy activities. Within API’s Form 990s, the Schedule Is provide detailed information about the foundations, advocacy organizations,

business associations, research institutions, and policy institutions to which API has provided funding. We respectfully direct the Chairwoman to the documents API has produced and is producing in response to the Committee's subpoena, as well as the publicly available documents.

Question 3. Please provide accounting records including corporate ledger or journal entries, invoices, checks, receipts, and other supporting documentation showing any and all funds provided by API to any groups or organizations that have publicly rejected or continue to publicly reject climate science, from 1991 to the present, including (1) the amount of such funding and (2) the date(s) such funding was provided.

Response:

API provides funding to organizations for numerous reasons, not specifically for an organization's position on climate. As Mr. Sommers testified, API recognizes that climate change is real. Industrial activity around the globe impacts the climate, and API is committed to working with our members to tackle climate change.

Further responses regarding the production of documents are contained in API's response to Question 2 above.

Chairman Ro Khanna

Question 1. In your written testimony to the Oversight Committee, you explain: “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.” In an effort to shed further light on these assertions and API’s recognition of climate change, please provide all internal memoranda, analyses, and reports prepared on behalf of API from 1991 to the present that:

- a. Contain predictions of possible negative impact of climate change or global warming on the planet, humans, or the organization’s or member companies’ business activities; or**
- b. Evaluate the veracity or scientific validity of public-facing API statements related to the reality or effect of climate change or global warming on the planet, the human race, or the organization’s or member companies’ business activities.**

Response:

During over six hours of testimony, Mr. Sommers engaged with Members of the Committee in a forthright discussion on climate policy. In that testimony, Mr. Sommers reiterated API’s commitment to reducing emissions while continuing to produce reliable, affordable energy. API’s focus is to be part of the climate solutions for today and for the future.

In response to the November 8, 2021 subpoena, API has already produced nearly 300 pages of issue papers related to CCUS, methane, flaring, and refinery energy efficiency, as well as documents related to the drafting of API’s Climate Action Framework. To date, API has also produced over 1,200 pages of API Board and executive meeting minutes and associated emails and documents discussing API’s climate policies. API continues to produce documents responsive to the subpoena that are also responsive to this request. We respectfully direct the Chairman to these documents.

Question 2. Please provide all documents from 1991 to the present related to concerns or objections raised by API employees, board members, or member companies about the veracity or scientific validity of public-facing API statements related to the reality or effect of climate change or global warming on the planet, humans, or the company’s business activities.

Response:

See Response to Question 1.

Question 3. In 2019, API hired the Washington Post’s branded content arm, WP Creative Group, to promote the use of natural gas.

- a. What was the stated goal of the WP Creative Group ad campaign?**
- b. How much did API pay WP Creative Group for the advertisements?**
- c. Were API ads placed over articles that mentioned climate change or carbon emissions?**

Response:

API’s advocacy efforts, including its advertising, seek to inform people of all generations of the importance of American energy leadership, including on the environment. Education is a key part of our advocacy. That is why our advertisements are focused on participating in the debate around climate and energy policymaking and are grounded in government studies and independent analyses.

In 2019, API worked with the *Washington Post* Creative Group to publish an Op-Ed by Mike Sommers: “Tackling Climate Change with a Collaborative Approach.” Articles like the one published in the *Washington Post* accurately describe the work the industry is doing to address climate change.

Across all platforms, API’s spending on advertising reflects our goal of educating the public and policymakers about which policies are better—or worse—for addressing the challenges of climate change while providing affordable, reliable energy.

The other information sought by the Committee falls within the category of core First Amendment information that courts have found to be subject to privilege. This includes, but is not limited to, API’s internal campaign communications, political strategy documents, and non-public lobbying communications. As described in prior correspondence with the Committee, these materials implicate important First Amendment protected speech and associational activity.

Question 4. The Transportation Fairness Alliance (TFA) was founded by API in 2020 to oppose electric vehicle subsidies, and the public relations firm FTI Consulting manages the group.

- a. How much money did API spend on TFA?**
- b. Did FTI Consulting help execute or coordinate API’s lobbying campaign against electric vehicle charging infrastructure in Massachusetts, Illinois, Iowa, and Maryland in 2019?**
- c. What were the stated deliverables agreed to by FTI Consulting when TFA was created?**

Response:

API partners with various organizations across an array of industries. API was one of several members of the Transportation Fairness Alliance (“TFA”). The TFA is no longer in operation, although API continues to regularly work with former TFA members to discuss legislation and other issues relevant to the industry.

We as an organization support all forms of energy, including the rapid advancement of electric vehicles. But API strongly believes in avoiding subsidies, such as federal and state income tax credits, for the purchase of electric vehicles and tax credits for the installation of electric charging infrastructure that create an uneven playing field and distort free markets. According to a study by the University of California Berkeley faculty, clean energy “tax expenditures have gone predominantly to higher-income Americans. . . . The most extreme is the program aimed at electric vehicles, where we find that the top income quintile has received about 90% of all credits.”

Question 5. Did API have any role in funding the Empowerment Alliance, a group that promotes natural gas?

Response:

API is not aware of any funding that it has provided to the Empowerment Alliance.

Question 6. In 2019, an IRS inspector general investigation revealed that ten taxpayers claimed 99.9% of the 45Q tax credits between 2010 and 2019. The investigation revealed that [f]or TYs 2010 through 2019, a total of \$893,935,025 (87 percent) worth of I.R.C. § 45WQ credits were claimed by these 10 taxpayers when they were not in compliance with the EPA [Environmental Protection Agency] (i.e., they did not have an approved MRV Plan in place at the time the credit was claimed).

- a. Which of your members are among the ten companies that claimed 99.9% of the 45Q tax credits between 2010 and 2019?
- b. Since 2010, how much oil has been produced by your member companies as a result of the 45Q tax credit on downstream capture of CO2 for enhanced oil recovery operations?
- c. How much of planned oil production in the United States over the next decade is expected to be produced via enhanced oil recovery?
- d. How much will the existence of 45Q increase production over a baseline without the tax credit?

Response:

API is a trade association and does not collect this type of information from its members.

Representative Cori Bush

Question 1. Did you know before 1988 that communities of color would be hit earliest and disproportionately hard by climate change? Before 1980?

Response:

API strongly believes that all people should be treated fairly, regardless of race, color, creed, sex, age, disability, national origin, religion, or genetic information. Our members have played, and will continue to play, a significant role in reducing greenhouse gas (“GHG”) emissions that contribute to climate change. And we will continue to work with local communities and policymakers to develop new approaches and new policies to achieve a diverse and broad set of energy solutions.

The natural gas and oil industry is essential to supporting a modern standard of living for all by ensuring that communities have access to affordable, reliable, and cleaner energy, and we are committed to working with local communities and policymakers to promote these principles across the energy sector. Our top priority remains public health and safety, and many of our member companies have well-established policies in place for proactive community engagement and feedback aimed at fostering a culture of trust, inclusivity, and transparency.

Question 2. Do you have modeling that has not been shared that suggests that certain places would and will flood and burn?

Response:

API has not conducted such modeling.

Question 3. Is an oil refinery more likely to be sited in a predominantly Black or a predominately white community?

Response:

Our industry is working every day to be a good neighbor and have a positive impact in local communities. We are committed to supporting constructive interactions among the industry, regulators, and surrounding communities that may be disproportionately impacted and to addressing any potential inequitable effects.

Energy development provides significant socio-economic benefits to neighboring communities, including local job creation, competitive wages, supply chain development, consumer savings, and billions in government revenue that funds education, conservation, infrastructure, and other public services. Many member companies have made socio-economic commitments, such as providing access to employment and apprenticeship programs, investing in STEM education and local youth programs, procuring local goods and services, improving infrastructure, and developing local businesses and workforce skills. And API and our member companies are dedicated to finding ways to work with the communities in which our industry operates to support engagement with residents and

address industry and community issues such as water quality, road safety, and emergency response.

Question 4. Have you ever targeted people of color with marketing campaigns on climate change and energy of any sort?

Response:

API directs its advocacy efforts to the public, Congress, the Executive Branch, state and local governments, and the media. We engage in advocacy, including advertising, in key battleground states to provide balance to the energy debate, and we seek to inform all people of the importance of American energy leadership.

Representative Ilhan Omar

Question 1. Could you please confirm if you were aware of the GCSCT memorandum before the hearing? Did you review the memorandum, or any of the other documents cited in your letter of invitation, in preparing for the hearing?

Question 2. Now that you have read it, did GCSCT achieve victory as laid out in the action plan?

Question 3. If not by the GCSCT itself, was victory achieved—as laid out in the action plan—by other actors, including but not limited to the co-contributors to the action plan?

Question 4. Do the activities and messages described in the GCSCT memorandum align with API's internal understanding of climate change in 1998?

Responses to Questions 1-4:

Because answers to these questions are related, we have grouped together our responses to Questions 1, 2, 3, and 4.

At API, we recognize climate change is real. Humans are contributing to changing the climate, but America's natural gas and oil industry is meeting the climate challenge head-on. A strong oil and natural gas industry is essential to the vitality of our nation's standard of living.

Under Mr. Sommers' leadership, API has developed a policy framework, the Climate Action Framework, which aims to achieve both affordable, reliable energy and further emissions reductions. This framework recognizes and focuses on the present challenges—of meeting the world's growing need for energy while simultaneously ushering in a lower-carbon future. This fundamental undertaking is the opportunity of our time, and API is committed to working with the industry, consumers, and the government to craft solutions that further reduce emissions while providing affordable, reliable energy. API's Climate Action Framework represents our industry's commitment to lead the way in producing energy essential to economic development and lowering GHGs consistent with the goals of the Paris Agreement. We believe we can achieve both by working with government and other stakeholders. In fact, we believe that no one is better positioned or better equipped than the natural gas and oil industry to provide the energy that makes modern life possible while meeting the climate challenge.

The information requested in the questions above fall outside the scope of the subpoena, and, as noted, we are prioritizing the collection, review, and production of documents responsive to the Committee's subpoena.

Question 5. Has API ever worked—either independently or with other entities (including but not limited to coal, oil, and gas companies; trade associations; think tanks; and public relations firms)—to develop or implement public relations strategies related to climate change?

See Response 2 to Chairwoman Maloney.

Question 6. Has API ever strategized or sought, either directly or through third parties, to emphasize, exaggerate, or otherwise focus public attention on uncertainties concerning climate science, its interpretation, or its implications?

Response:

API and its members are focused on supplying solutions that reduce the risk of climate change. API unequivocally recognizes that climate change is real and that the threats of climate change require innovative policy solutions and industry initiatives. Indeed, our industry is committed to meeting the dual challenge of addressing the risks of climate change while meeting the challenge of providing affordable and reliable energy.

API is not waiting and has not waited for the government to take action on climate change—we are meeting this challenge head on through cleaner fuels and innovation, all while delivering the energy that American families rely on every day. Now more than ever, we need bipartisan policy solutions to reduce the risks of climate change that do not force a false choice between protecting the environment and growing the U.S. economy. We can do both, but it will require working together and recognizing the critical role of the oil and natural gas industry in reducing emissions and powering the nation's economic recovery. To achieve API's goals of crafting real solutions to climate change, API strategizes and works with a variety of stakeholders on climate solutions.