

**Testimony of American Petroleum Institute (API) Executive Vice President and
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**House Committee on Energy and Commerce
Subcommittee on Environment, Manufacturing, & Critical Materials**

“America Leads the Way: Our History as the Global Leader Reducing Emissions”

November 29, 2023

Introduction

Chairman Johnson, Ranking Member Tonko and members of the subcommittee. Thank you for the opportunity to testify this morning. My name is Amanda Eversole, and I am the Executive Vice President and Chief Advocacy Officer at the American Petroleum Institute (API).

API is the national trade association representing all segments of America’s oil and natural gas industry. Our approximately 600 members – from large integrated companies to small independent operators – provide much of our nation’s energy and have contributed to the development of more than 800 standards to enhance operational safety, environmental protection and sustainability while supporting nearly 11 million American jobs across all 50 states.¹

America’s vast energy resources are the foundation for security and economic prosperity, in this country and around the world. API’s mission is to promote safety across the global industry and advocate for effective public policy and regulations that support the U.S. oil and natural gas sector’s role in providing an affordable, reliable and cleaner energy future.

The subject of today’s hearing – highlighting America’s leadership in reducing global emissions – is important to emphasize because it is at the center of critical questions pertaining to our national security, economic strength and environmental stewardship.

America has led the world in reducing carbon dioxide (CO₂) emissions over the past two decades – even as our industry has made the United States the world’s No. 1 producer of oil and natural gas. The air Americans breathe is cleaner because of innovative improvements to the way energy is produced, transported, refined and consumed. These improvements have driven significant declines in greenhouse gas (GHG) emissions as well as criteria pollutants, including nitrogen dioxide, sulfur dioxide and particulate matter. We are also tackling the methane challenge head on.

Yet, we’re at a crossroads. These benefits could be jeopardized by misguided government policies and heavy-handed regulations that threaten to stifle innovation and restrict the responsible American energy

¹ PwC for API, *“Impacts of the Oil and Natural Gas Industry on the US Economy in 2021,”* available at: <https://www.api.org/-/media/Files/Policy/American-Energy/PwC/2023/API-PWC-Economic-Impact-Report-2023.pdf>

development that is key to a secure future. Further, U.S. policies that could reverse America’s energy independence are playing out amidst the most dangerous geopolitical backdrop that I’ve seen in my lifetime.

There is a better way. Washington can advance reasonable, bipartisan energy policies that support responsible oil and natural gas production while simultaneously encouraging innovation that continues to drive emissions reductions. Our industry has proven we can do both – and we remain committed to leveraging America’s oil and natural gas resources to help build a lower carbon future.

America’s Model: Energy Leadership while Reducing Emissions

Since 2005, the United States has reduced CO₂ emissions more than any other country in the world. In fact, it’s not even close. This extraordinary feat was made possible by the increased use of natural gas in the power sector.² As the world looks for emissions reduction success stories, our experience in the United States truly stands alone.

The men and women of our industry also know there remains more work to be done. Like many Americans, we believe our energy future – and the policies that support it – must balance the need to reduce emissions with the need to meet demand in an affordable, reliable way.

Aspirational and ambitious goals have their place, but our industry operates in the real world. Too often, the public conversation unfolds under the false belief that energy demand is declining. The facts say otherwise. Demand for oil and natural gas is near all-time highs and continues to grow, with the International Energy Agency (IEA) expecting new records next year and in the years that follow.³ Demographics will also play a role. The United Nations expects the global population to grow by 1.7 billion people by 2050 – the equivalent of adding five new countries the size of the United States.⁴ Global energy poverty – often measured by the number of people without access to electricity – reached an estimated 760 million in 2022, according to IEA – three-quarters of a billion people.⁵ Both of these facts strongly point to growing global energy demand in the future. As developing nations continue to advance, the world will need more energy – not less. Consider that in a developed country like the United States, per capita energy use was four times the world average in 2022.⁶

² U.S. Energy Information Administration (EIA), Monthly Energy Review (October 2023) *available at:* <https://www.eia.gov/totalenergy/data/monthly/pdf/mer.pdf>

³ International Energy Agency (IEA), “Oil 2023,” *available at:* <https://iea.blob.core.windows.net/assets/cc7fd38f-3d68-4796-a958-8dfa3f3ef4a6/Oil2023.pdf>

⁴ United Nations, Global Issues: “Population,” *available at:* <https://www.un.org/en/global-issues/population#:~:text=The%20world%20population%20is%20projected,surrounding%20these%20latest%20population%20projections>.

⁵ IEA, SDG7 Data and Projections, “Access to Electricity,” *available at:* <https://www.iea.org/reports/sdg7-data-and-projections/access-to-electricity>

⁶ EIA, FAQs, “How much energy does a person use in a year?” (accessed Nov. 21, 2023) *available at:* <https://www.eia.gov/tools/faqs/faq.php?id=85&t=1>

With demand rising, the key question then becomes: Where will the energy to meet this demand come from? We firmly believe it should come from the United States. Our energy resources, skilled workforce, innovations and operational safety standards are the envy of the world.

Our energy model has succeeded and will continue to succeed – reducing emissions while strengthening U.S. national security and preserving Americans’ energy freedom. Additionally, in a time of tremendous geopolitical uncertainty, American energy has been a reliable source of strength for our allies abroad and a foundational asset to developing nations working to escape energy poverty.

We know the conversation around energy is growing louder, but API member companies are focused on actions, not words. Industry employees go to work every day to meet the energy trilemma – the need for energy that is affordable, reliable and cleaner. American energy policy should reflect and support these efforts. We advocate for practical, commonsense solutions that will keep reducing emissions without penalizing industries and consumers who use energy or innovative companies working to solve the challenges facing the world today. Rather than weakening our national security through misguided “import-more-energy” approaches, we seek public policy and regulations that strengthen our standing in the world, increase our allies’ security and bring light where there is darkness.

Innovation Drives Energy and Emissions Progress

At the core of our success is innovation. Over the past decade, the energy landscape of the United States has been completely transformed. It wasn’t long ago that energy analysts and policymakers spoke of looming energy scarcity – predicting that America would have to import massive amounts of natural gas from the Middle East, Russia and West Africa to meet growing energy demand. On the petroleum side, a similar picture was emerging, with projections of dwindling domestic production and a growing dependence on foreign sources of oil – amid projections of “peak oil,” first modeled by M. King Hubbert in 1956.⁷

Yet something happened in America’s natural gas and oil fields that dramatically altered this trajectory. In Ohio, Pennsylvania, West Virginia, North Dakota, Texas, New Mexico, Colorado, North Dakota and other states, industry innovation – modern horizontal drilling and hydraulic fracturing – unlocked once-unreachable oil and natural gas and launched the Shale Revolution that reversed America’s energy future. We stopped talking about scarcity. Instead, American energy abundance opened a new era of possibilities – for us and our allies.

This abundance has allowed us to also become the world’s No. 1 exporter of liquefied natural gas (LNG) – helping our allies while driving job creation and economic growth at home.

⁷ M. King Hubbert, “Nuclear Energy and the Fossil Fuels,” (June 1956) available at: <https://web.archive.org/web/20080527233843/http://www.hubbertypeak.com/hubbertypeak/1956/1956.pdf>

The Shale Revolution didn't happen by accident. It was the product of innovation and investment that can only happen in a society of free markets, where government policies don't suppress innovation and stand in the way of energy production.

We're proud of this history and how far American energy leadership has come. But API member companies are not done.

Amid the pressures of supply and demand, our engineers, scientists, drillers, pipeliners and refiners are always striving to be more efficient, with greater production and smaller surface footprints, while reducing GHG emissions from all parts of the energy value chain.

U.S. oil production has risen 138% since 2008, from 5 million barrels per day to nearly 12 million barrels per day in 2022.⁸ Just this fall, production reached a new record of 13.2 million barrels per day.⁹ Moreover, the increase in U.S. oil production since the beginning of last year has outpaced that of all other countries *combined*, providing important stability to the global market at a time of geopolitical turmoil. Natural gas has experienced the same success story. U.S. natural gas production has nearly doubled since 2008, from 55 billion cubic feet per day to nearly 100 billion cubic feet per day in 2022.¹⁰

Yet because our industry makes capital investment decisions over the long-term, America's energy production growth today is largely due to investments, public policy signals and permitting approvals from the previous two decades.

As such, the American energy production of tomorrow could be hampered by harmful policy decisions made today – a moratorium on new federal oil and natural gas onshore leasing, the smallest federal offshore leasing plan ever proposed by an administration, canceled lease sales in Alaska, proposed acreage withdrawals in National Petroleum Reserve, halted pipelines and a wave of excessively restrictive regulation that extends timelines and adds costs. Because of a broken federal permitting system, it takes years to review and approve major infrastructure projects in this country.¹¹ This includes oil and natural gas pipelines, which safely and reliably move large volumes of energy across America. Permitting reform has bipartisan support, with President Joe Biden pointing out that, "Today, far too many projects face delays – keeping us from generating critical, cost-saving energy needed by families and businesses across America. That's an impediment to our economic growth, creating new jobs, and lessening our reliance on foreign imports."¹²

⁸ EIA, "Annual U.S. Field Production of Crude Oil," (accessed Nov. 21, 2023) available at: <https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=pet&s=mcrfpus2&f=a>

⁹ EIA, "Monthly U.S. Field Production of Crude Oil," (accessed Nov. 21, 2023) available at: <https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=pet&s=mcrfpus2&f=m>

¹⁰ EIA, "Annual U.S. Dry Natural Gas Production," (accessed Nov. 21, 2023) available at: <https://www.eia.gov/dnav/ng/hist/n9070us2A.htm>

¹¹ Rystad Energy for API, available at: <https://www.api.org/-/media/Files/misc/Rystad-Energy-APIs-10-in-2022-Policy-Plan-Quantification-of-Policy-Impacts>

¹² White House statement on Sen. Manchin's permitting reform bill, available at: <https://www.whitehouse.gov/briefing-room/statements-releases/2022/12/15/statement-from-president-joe-biden-on-senator-joe-manchins-permitting-reform-proposal/>

One of the major successes of the last few years is that increased American energy production has not come at the expense of environmental stewardship. Quite the opposite, in fact. Over the past decade, the methane intensity of oil and natural gas produced in the seven major U.S. basins has fallen by 66%.¹³

There's a similar story for U.S. CO₂ emissions. As America became the world's leading natural gas producer and our economy grew, domestic CO₂ emissions from the power sector fell to their lowest levels since the 1980s,¹⁴ with two-thirds of the decline driven by increased use of natural gas for power generation.¹⁵ Most strikingly, these achievements far outpaced the ambitious goals of decarbonization regulations such as the Obama-era Clean Power Plan.

In each instance, these markers of success reflect the impact of industry innovation, investment and ingenuity. API's own program, The Environmental Partnership (TEP), has helped accelerate this. TEP is a landmark initiative bringing together more than 100 companies (representing nearly 70% of U.S. onshore oil and natural gas production) to share knowledge, best practices and technology to help achieve the broad objective of reducing methane emissions from operations.

This is industry action in practice. Last year alone, TEP's members inspected more than 202 million components across 157,000 sites for potential leaks and replaced or removed 61,700 gas-driven controllers. From 2018 to 2022, more than 900 million component inspections have been conducted at nearly 2 million sites. In 2022, companies participating in TEP's flare management program reduced flare volumes 14% – even as oil and natural gas production grew 5.6%.¹⁶

Offshore, the dynamic is even more compelling: Oil produced from the U.S. Gulf of Mexico ranks among the lowest in the world in terms of CO₂ emissions per barrel because of advanced technologies, decades of experience and some of the world's strongest environmental and safety standards.¹⁷

In the transportation sector, thanks to cleaner fuels and modern engine technologies, today's passenger vehicles have 99% lower tailpipe pollutants compared to their 1960s predecessors – even as vehicle miles traveled have nearly tripled.¹⁸ This is critical, because more than 98% of the vehicles on the road today use our industry's fuels, providing Americans the freedom to do business, commute, go on vacation, visit family and so much more.

¹³ The Environmental Partnership (TEP), Annual Report 2023: *“Driving Environmental Progress in Oil and Natural Gas Operations,”* (Page 4) available at: https://apitep02.wpengine.com/wp-content/uploads/2023/09/2023_TEP_Annual_Report.pdf

¹⁴ EIA, *“U.S. Energy-Related Carbon Dioxide Emissions, 2021,”* (December 2022) available at: https://www.eia.gov/environment/emissions/carbon/pdf/2021_co2analysis.pdf

¹⁵ EIA, Monthly Energy Review (October 2022), *Table 7.2a and Table 7.3c*, available at: <https://www.eia.gov/totalenergy/data/monthly/archive/00352210.pdf>

¹⁶ TEP annual report: https://apitep02.wpengine.com/wp-content/uploads/2023/09/2023_TEP_Annual_Report.pdf

¹⁷ ICF for National Ocean Industries Association, *“GHG Emission Intensity of Crude Oil and Condensate Production,”* (May 8, 2023) available at: https://www.noia.org/wp-content/uploads/2023/05/NOIA-Study-GHG-Emission-Intensity-of-Crude-Oil-and-Condensate-Production.pdf?utm_source=Mailchimp&utm_medium=email&utm_campaign=ICF+study+emissions+

¹⁸ U.S. Environmental Protection Agency, *“History of Reducing Air Pollution from Transportation in the United States,”* (accessed Nov. 21, 2023) available at: <https://www.epa.gov/transportation-air-pollution-and-climate-change/history-reducing-air-pollution-transportation>

In most cases, this progress isn't the product of burdensome regulations from Washington. Our member companies have led the way – with a highly skilled workforce, from the lab to the drill pad, who innovate and invest in beneficial change.

Our industry's approach extends to emerging technologies. For example, the largest hydrogen fuel project in the world is being built by our industry, as is the largest carbon capture and storage (CCS) project. The commercial deployment of both – as well as other emerging technologies – is key to a lower carbon future. Advanced biofuels are critical to reducing emissions while preserving Americans' freedom to choose their own vehicles – instead of governments mandating what Americans must drive.

The U.S. oil and natural gas industry knows how to solve big and complex problems, and that is exactly what we will continue to do, with innovation leading the way. Federal energy policy should support these innovations and reject policies that inhibit them.

Amid War in Ukraine and Middle East Uncertainty, America Can Be a Stabilizing Force

Even with our enormous resource and production base, the United States is not an energy island. Oil and natural gas are traded globally, and America's fortunes are intertwined with our ability to be a proactive and productive force in those markets. The alternative – which we learned a half-century ago during the 1973 Arab Oil Embargo¹⁹ – leaves us vulnerable and dependent on unstable regions for the energy America needs to thrive. History compels an American energy posture that is pragmatic and enables greater energy independence. Lessons from the past match lessons from the present. Russia's war against Ukraine – on the heels of a brutal pandemic – created new, frequently uncomfortable norms for energy and foreign policy. America must, to the greatest extent possible, lead on energy.

Our allies know this well. The European Union's bold commitment to eliminate its reliance on Russian natural gas represents the biggest fundamental shift global natural gas markets have ever seen. American natural gas producers stepped up in support of our friends across the Atlantic, surging more than 800 LNG cargoes to Europe last year – a 141% increase over 2021.²⁰ The United States quickly became the largest LNG supplier to Europe, a feat that would have been unthinkable just a few years ago.

While U.S. LNG helped stave off the worst of Europe's energy crisis over the past 18 months, European natural gas prices are still double their long-term average and more than quadruple those in the United States. There is also widespread concern that the coming winters will be even more difficult. A full, long-term rebalancing of European gas markets will be difficult, yet U.S. LNG is among the most feasible and reliable options. To meet European long-term demand and ensure the energy security of our allies and

¹⁹ Mike Sommers, API president and CEO, remarks at Hudson Institute, "50th Anniversary of Arab Oil Embargo," (Oct. 18, 2023), available at: https://www.api.org/-/media/Files/News/Testimony_Speeches/2023/2023-10-17-Hudson-Institute-Speech.pdf

²⁰ U.S. Department of Energy, "LNG Monthly 2022," (accessed Nov. 21, 2023) available at: <https://www.energy.gov/fecm/articles/lng-monthly-2022>

trading partners, the U.S. LNG export fleet – and domestic infrastructure development – will need to expand significantly over the coming decades.

While much of the focus of the past year has justifiably been on European markets, we must not forget the vital role U.S. LNG is poised to play in meeting soaring energy demand in Asia and the rest of the developing world. Many of these countries are looking to LNG to help displace higher-emitting fuels as part of their long-term decarbonization strategies, and the United States is one of the few countries that can supply it. Unfortunately, proposed LNG export projects representing roughly 40 million tonnes per year of capacity are languishing at the Department of Energy right now – risking our ability to help other nations replicate U.S. emissions reduction success and increase access to reliable energy.

The bottom line is clear: America’s global energy leadership has never been more important. Our success hinges on doing everything possible to promote bountiful and responsible domestic production.

Conclusion: The Right Path to Continued Progress

America’s energy solutions are right under our feet. Only poor policy choices and needlessly restrictive regulation can block America’s path to further progress.

To be clear, API supports smart, effective regulations. We support the federal regulation of methane from new and existing sources. We continue to work with our federal counterparts to craft a balanced final rule that can maximize emissions reductions while allowing industry to bring affordable, reliable energy to American families and businesses. Yet this becomes problematic with complicated, conflicting and/or overlapping government mandates, which stifle innovation and investment, undercut the domestic production needed to meet growing energy demand and harm American jobs.

There is a right way and a wrong way to approach energy policy. Unfortunately, recent actions by the Biden Administration risk our national security and jeopardize the important gains in American energy leadership and progress in reducing emissions that the men and woman of the oil and natural gas industry have achieved.

American energy is writing a remarkable, game-changing chapter in the story of our nation’s future. If our nation’s leadership is to grow, Washington must enact policies that support increased oil and natural gas investment, exploration, and production as part of a balanced and reliable energy mix – not a forced transition that squanders America’s strategic energy advantage. It must refrain from misguided regulation that stymies innovation. Government intervention did not create today’s American energy leadership and landmark progress in reducing emissions, and it is not required for us to continue forward toward shared goals. More lease sales – both onshore and offshore – and comprehensive permitting reform would be a good start.

The United States is now producing oil and natural gas at record levels. But that production is the result of policy and investment decisions made years ago. In the same vein, the future of American energy depends on decisions made today. Without a course change in Washington that encourages a balanced energy approach, we could be sowing the seeds of a future energy crisis, for ourselves and the world.

Our industry can and will continue to produce the energy the world needs, while continuing to lead the world in emissions reductions. With our innovative spirit, we can ensure humanity has the energy needed today and into the future while also taking care of our responsibilities to the planet.

Mr. Chairman, Mr. Ranking Member and distinguished members of the Committee, this concludes my prepared statement. I look forward to the continued bipartisan efforts to address the critical issues I have outlined today and would be happy to answer any questions you may have at this time.