

Testimony of Kyle Isakower
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Energy Security in North America
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Good morning, Chairman Salmon, Ranking Member Sires and members of the subcommittee. My name is Kyle Isakower, Vice President, Regulatory and Economic Policy at the American Petroleum Institute.

API represents all segments of America's technology-driven oil and natural gas industry. In total, that's close to 550 companies. Our industry directly and indirectly supports 9.2 million Americans jobs and almost eight percent of the U.S. economy.

And that's what I want to talk to you about today, spurring job creation and economic growth in cooperation with our North American neighbors Canada and Mexico; specifically the contribution of the long-awaited and, much studied Keystone XL pipeline project and the Transboundary Hydrocarbon Agreement.

First Keystone XL; in the past month the administration seems to be inching closer to finally approving the Keystone XL pipeline. That's encouraging because it's good economic policy.

At a time of persistent high unemployment, the tens-of- thousands of jobs created by the pipeline would be a welcome relief to families across the country.

TransCanada, the company responsible for building the pipeline, estimates that construction of the full Keystone XL pipeline would create 20,000 jobs, with even more jobs created over the long-term. According to the Canadian Energy Research Institute, expanding oil sands production by 830,000 barrels per day – the equivalent capacity of the Keystone Pipeline – could support 117,000 new American jobs by 2035.

More broadly, the economic benefits of development of Canada's vast oil sand energy resource, of which the pipeline is vital, would be felt in every state except Hawaii. There are at least 2,400 American companies in 49 states already involved in the development of Canada's oil sands.

In short, the Keystone XL project is a job creator and a catalyst for economic growth nationwide. The good news is that the public understands and supports the project.

According to a poll API sponsored last month, 69 percent of registered voters support building the pipeline, with strong majorities among Democrats, Republicans and Independents. What's more, 83 percent believe the pipeline will strengthen our energy security and fully 92 percent agree jobs are important when considering the project.

Further, strengthening our energy partnership with Canada is a clear economic winner because roughly 90 cents of every dollar used to purchase Canadian goods and services, including oil, are returned to our economy by Canadians buying American goods and services.

In addition, the Keystone XL pipeline would provide a significant boost to U.S. energy security by

increasing our capacity to import oil from a friendly, reliable neighbor, bringing more than 800,000 barrels of oil per day to U.S. refineries. With the pipeline, our crude imports from Canada could reach 4 million barrels a day by 2020, twice what we currently import from the Persian Gulf, and at a time when the US is facing reduced imports from countries like Venezuela.

And in spite of the erroneous rhetoric from opponents, according to the Department of State, the Keystone XL project, when completed would “have a degree of safety over any other” due to its 57 special, additional safety measures approved by the Pipeline and Hazardous Materials Safety Administration.

I want to conclude by briefly touching on the Transboundary Hydrocarbon Agreement with Mexico because it too could create jobs and enhance our energy security. The agreement establishes a cooperative process for managing oil and gas reservoirs along the boundary region in the Gulf of Mexico and encourages cooperative agreements between US independent oil companies (IOCs) and Mexico’s state-owned oil company (Pemex) to jointly develop energy resources along boundary areas in the Gulf of Mexico.

Importantly, this agreement will provide legal certainty to US IOCs, which will encourage investment in new energy development, creating jobs and spurring economic growth. It is our view that the President should resolve the lingering uncertainty over whether he intends this agreement to be a Treaty or an Executive Agreement. Appropriate legislative action should then quickly be taken to ratify the treaty, if applicable, and pass implementing legislation.

While API has no preference regarding how this Agreement moves forward, we urge action on this important Agreement as soon as possible.

Both issues, the Keystone XL pipeline project and swift ratification of the Transboundary Hydrocarbon Agreement are important to our nation’s energy security and long-term economic growth and highlight how important national leadership is to promoting a positive, forward-looking energy policy that will ensure that in the 21st century, Americans are energy secure, which I believe is the goal of today’s hearing.

Thank you for your time and attention.