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API's Jack Gerard delivers the 2018 State of American Energy speech

WASHINGTON, January 9, 2018 – API President and CEO Jack Gerard delivered the following speech at today's 2018 State of American Energy event. Below are Gerard's remarks as prepared for delivery. To view the remarks online, please click here. Also, to view the video that was debuted at today's event, click here.

2018 State of American Energy
API President and CEO Jack Gerard
January 9, 2018

Thank you, Marty, for the introduction. Happy New Year and welcome [all of you] to the American Petroleum Institute's 2018 State of American Energy luncheon. And welcome to the nearly one thousand watching us LIVE online at powerpastimpossible.org.

Before we begin, I want to recognize a few of the distinguished guests with us here today. Welcome to Senator Joe Manchin of West Virginia, House Natural Resources Chairman Rob Bishop, and House Energy and Commerce Committee Chairman Greg Walden. Let's give these Congressional leaders a round of applause.

I'd also like to recognize the congressional and administration staff members, who made time to be here.

Welcome to the President of the Navajo Nation, Russell Begaye, and to Roger White Owl from the three affiliated tribes of North Dakota. I want to recognize Eric Dean, the International President of the Iron Workers Union of the AFL-CIO – representing our Building Trade partners. Thanks for being here, Eric.

I'd like to acknowledge Noble Corporation Chairman, President, and CEO David Williams. David has served as a Member of API's Board and Executive Committee, and we appreciate him taking the time to join us today. Welcome to our many API member companies for joining us and to my distinguished colleagues who lead other trade associations, think tanks and non-profit groups – we are grateful to have your support.

The video we just saw captures the central role natural gas and oil play in our modern quality of life. We encourage you to share it online using hashtag #SOAE2018 and view it on my Instagram account – @jackgerardapi.

I want to recognize three of the individuals spotlighted in our report and in our video, who have joined us today.

Leslie Fangue of Plains All American

Colleen Faber of Anadarko Petroleum and
Eric Holderby of Halliburton Corporation

Please stand – let's give them a round of applause.

They and the more than 10 million women and men whose jobs are supported by the development, transportation, refining and use of natural gas and oil are at the heart of this year's report. Their stories, their grit, and innovation are why natural gas and oil are making possible what was dismissed as impossible just a short time ago.

With the start of another year, we take a moment to reflect and look at where we've been and where we're going. Here in 2018 we continue to push the limits as high–tech innovators and power past the world's greatest challenges. This innovation-centered mindset pushes boundaries that lead to breakthroughs. It is essential to the cleaner, safer, and more secure energy future we all seek.

Consider what was previously thought impossible. We've taken the nation from energy scarcity to energy abundance. From making products abroad to a rebirth of U.S. manufacturing.

From energy as a major pocketbook issue to lower gasoline, diesel, electricity and home heating costs. And today we are increasing energy development as we're contributing to lower greenhouse gas emissions – a reality many believed was implausible, if not impossible.

Industry innovation and technological breakthroughs are why the U.S. is the world's largest producer of natural gas, oil and refined products.

We are a high-tech industry – analyzing a tremendous amount of data in real time to head off impacts and incidents. We are identifying trends and constantly improving our accuracy and efficiency. We develop and deploy the most advanced systems, infrared devices, fiber optics and drones to ensure safety around the clock. And we've deployed technological advances throughout the supply chain. From 3D mapping and petrophysics to machine learning and sensor technology. We are powering positive change in reliability, safety and environmental performance every day through technology and innovation.

The result has led to an unforeseen manufacturing revival, lower consumer costs, and greatly reduced carbon and other air emissions. At the same time, production and refining have increased significantly. We are in the midst of transformational progress. And it is happening quicker, cleaner and safer than ever before because of natural gas and oil.

Today, U.S. economy-wide CO2 emissions are at near 25-year lows. For the past 10 years, energy-related carbon dioxide emissions have fallen in 43 states. Health and environmental improvements have been dramatic with the nation's key air pollutants declining 73 percent since 1970.

Some have raised the question of methane emissions – an area we have been focused on mitigating for years. Methane emissions have declined even as natural gas production has soared, and the industry is leading to further that progress.

Last month we launched the Environmental Partnership to accelerate reductions in methane and VOC emissions from U.S. operations. Already 28 of the largest U.S. producers of natural gas have signed on. Our efforts will report emissions reduction progress and facilitate collaboration to build on the industry's strong record of emissions reductions to date.

Industry innovations have done more than lower emissions and unlock new energy resources, they have also reduced the cost of energy for Americans. In 2015, lower energy costs led to an extra $1337 in the average household budgets. And according to AAA, motorists saved nearly $550 at the gasoline pump over 2014 due to growing U.S. oil production.

America's manufacturing resurgence is also fueled by abundant, affordable and reliable natural gas and oil. U.S. manufacturers of steel, chemicals, refined fuels, plastics, fertilizers and other products – many of whom are represented here today – enjoy an advantage over foreign competitors. In 2017, the economy added more than 170,000 manufacturing jobs.

We welcome the administration's focus on building infrastructure to keep pace with America's energy and manufacturing resurgence. Too often, the infrastructure conversation is limited to highways, roads and bridges - which rely heavily on government funding.

In addition to that traditional infrastructure focus, consider the potential for energy infrastructure investment. According to a recent study, private investment in U.S. energy infrastructure is a more than $1 trillion proposition and could support more than 1 million jobs per year through 2035. By expanding our focus beyond traditional infrastructure and considering the great opportunity of energy infrastructure investments, we could potentially double the economic benefits of infrastructure in this country.

And this isn't just about the dollars and cents. Getting the policy right on energy infrastructure will lead to greater reliability, safety, security, and affordability.

Lower energy costs, job opportunities and continued environmental progress strengthen the communities where we operate – the places our employees call home.

One of the best ways we strengthen communities is by providing high-paying careers. Average pay in the natural gas and oil industry is nearly $50,000 higher than the U.S. average salary. The energy industry offers life-changing careers that lead to thriving communities and help to address broader societal challenges.

Our industry is attracting and retaining the next generation's best and the brightest. As many as 1.9 million job opportunities are projected in the oil and natural gas and petrochemical industries by 2035. A recent study shows that women and minorities, including African American and Hispanic workers, will fill nearly 40 percent of those positions. And the contributions of millennials, who make up one-third of the oil and natural gas industry's workforce today, are projected to grow.

In fact, later this week, API will release a new study that finds that millennials will be nearly 41 percent of our workforce – a 20 percent increase – by 2025. By harnessing this generation's unshakable confidence in a better future and use of technology, the industry is positioned well to address tomorrow's greatest challenges.

Our companies and their employees also help build and improve communities where we live and work by promoting education opportunities, engagement with charitable organizations and other initiatives that strengthen our neighborhoods. A good example is last year's hurricane events. The resilience of energy infrastructure in the Gulf region helped to mitigate the storm's impact on refining capacity, fuel supply and electricity. But more importantly the resilience of our people helping their neighbors showed the true spirit, character and central role of the industry in thousands of communities.

The industry's primary focus is and always will be safety – it is the bedrock of industry operations. In fact, API was established nearly 100 years ago as a standards institute. Today we have more than 700 standards, which are cited thousands of times in state, federal, and international regulations to protect workers and communities. Few are aware that API has global operations in Asia, the Middle East and Latin America from which we advance these high standards around the world. Our ANSI-accredited process relies on more than 7,000 experts including regulators and local specialists, who are constantly improving our safety standards, incorporating new technology, and tracking data to improve operations and maintenance.

Building a better future takes energy, and natural gas and oil are central to continued progress.

To do this, we favor policies that promote entrepreneurial innovation, driven by markets, to continue the positive transformation of the American energy landscape.

We appreciate that both the administration and members of Congress from both parties recognize the benefits of domestic energy abundance and its role in national security.

The recent cold snap highlighted the difference between policymakers and regions that embrace American energy abundance and those that do not. New Englanders have been subject to some of the highest electricity costs in the nation – well above the national average – because of resistance to infrastructure development. This is despite the fact that they are living adjacent to abundant, affordable, reliable and clean natural gas in the Marcellus Shale region. In contrast, in Ohio, electricity prices held steady or even declined even during peak demand.

We need policies that put consumers first. Policies that allow for private investment to safely build infrastructure to meet the energy demands of everyone, every time, everywhere.

We look forward to working with the administration, the Congress, and with state, local and tribal leaders to advance environmentally responsible domestic energy production on and offshore.

The administration's newly released five-year plan considers new areas for development in the outer continental shelf. It represents a bold acknowledgement of the industry's advancements in technology to safely access U.S. energy resources.

We commend the president and congressional leaders for their leadership on pro-growth tax reform. This historic modernization of the tax code will allow the natural gas and oil industry to continue building on the millions of jobs we support and billions we invest into the U.S. economy each year. Our industry supported $1.3 trillion of the U.S. GDP, $714 billion in earnings for U.S. workers in 2015, and contributed more than $70 million every day to the U.S. Treasury.

We also look forward to working with the administration and Congress on trade policy. Global trade flows have played a critical role in America's energy renaissance – spurring economic growth and investment and creating American jobs.

North America provides a great example of integrated and interdependent energy markets that benefit all three trading partners. And NAFTA has been critical to that success. NAFTA makes energy more affordable and improves opportunities for U.S. companies in Canada and Mexico. As the administration continues negotiations with Canada and Mexico, we urge them to seek modernization in ways that maintain these benefits.

In the year ahead and for years to come, we seek to create an enduring regulatory environment. We support regulations that give consumers access to reliable and affordable domestic energy and build on the industry's core commitment to safety. We support streamlining the permitting process and reinforcing a market-based approach that puts the American people first.

The nation's energy policies must also take into account today's market realities. We support ending or significantly reforming the Renewable Fuel Standard. Forcing higher ethanol blends into the fuel supply hurts consumers and is incompatible with many car engines. America's energy reality in 2018 is vastly different from when the law was enacted a decade ago.

Another policy – like ethanol mandates – that some say favors a solution in search of a problem is the government's potential intervention in the organized electricity markets. We support FERC's decision yesterday and urge policymakers and regulators at the state level to resist the temptation to intervene in a marketplace that ensures reliability and affordability.

As the 2018 elections approach, it is our view that we must all stay focused on solutions for the American consumer and work together regardless of political party. The stakes are high, and together we are bringing the benefits of our nation's energy renaissance to all. From supporting more jobs and lower energy costs to ensuring clean air and water, energy is not a partisan issue.

We share a common vision for our future: one that includes clean, reliable and abundant energy, economic prosperity and continued environmental progress.

As the video demonstrates, the natural gas, oil and refined products industry is focused on powering the future. The fact is we always have been, even if most didn't know it. Meeting global energy demands requires constant innovation, unconventional creativity and a commitment not to be satisfied with the status quo or to accept what others consider impossible today.

We hope you'll join us in this commitment. Thank you for your time.

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