February 9, 2021

The Honorable Paul Tonko
Chairman
Committee on Energy & Commerce
Subcommittee on Environment & Climate Change
2125 Rayburn House Office Building
Washington, DC 20510

The Honorable David McKinley
Ranking Member
Committee on Energy & Commerce
Subcommittee on Environment & Climate
2125 Rayburn House Office Building
Washington, DC 20510

Dear Chairman Tonko and Ranking Member McKinley:

Thank you for holding a hearing today in the Subcommittee on Environment and Climate Change of the Committee on Energy and Commerce to discuss ways to restore federal climate leadership.

On behalf of the American Exploration and Production Council (AXPC), a national trade association representing the largest independent oil and natural gas exploration and production companies in the United States, we want to submit this letter supporting our country's leadership on global climate change.

The United States can lead on climate solutions through technology and innovation, increasing the use of natural gas for electricity around the world, and promoting the global use of U.S. LNG. Promoting policies which spur innovation can enhance our ability to demonstrate climate leadership globally – while also preserving jobs and our states' budgets. These policies can be a catalyst to support the economic growth that we will need to recover from the economic turmoil and the painful economic recession our nation is going through as a result of the COVID-19 pandemic.

Even under the IEA Sustainable Development Scenario, which assumes every country meets their Paris commitments, the world will still get almost 50 percent of its energy from oil and natural gas in 2040. As an industry, we have an irreplaceable role in the dual challenge of meeting the world's energy demands, while also reducing emissions to address climate change. Any real solutions to addressing climate must include our industry.

With technology and innovation, and public-private partnerships, we can create and deploy a broad range of large-scale, low-cost greenhouse gas (GHG) emissions reduction technologies across the economy. These technologies should help to utilize oil and natural gas in ways that are less carbon intensive than current practices. One opportunity would be the research, development and demonstration of carbon capture utilization and storage (CCUS). The deployment of CCUS technology has great promise to significantly reduce emissions.

Our nation's abundance of U.S natural gas supply has led to our country becoming a leader in emissions reductions over the last decade. Support for the increased use of natural gas will also restore federal leadership on global climate change. Over the past decade, natural gas production nearly doubled, while U.S. total energy-related CO2 emissions declined significantly. According to the U.S. Environmental Protection Agency, from 2005 to 2018, total U.S. energy-related CO2 emissions fell by 12 percent, while global energy-related emissions

increased nearly 24 percent during this same period. Methane emissions from oil and natural gas systems also are down 23 percent since 1990. The increased use of natural gas has also played a role in the reduction in criteria pollutants, including ozone precursors. The progress our country has made should serve as a model for the world—and natural gas is a key component of our success.

Additionally, our federal government has a unique opportunity to meet growing demand while ensuring it will be filled by an energy source that better serves global climate goals by promoting U.S. liquefied natural gas (U.S. LNG) to global markets that currently use more emissions intensive energy sources. For example, China gets about 2/3 of its electricity from coal, India gets about 3/4. U.S. LNG can help reduce emissions by 50 percent. U.S. LNG can also ensure that worldwide energy demand is satisfied in a manner that minimizes GHG emissions while maximizing reliability and cost-efficiency. Just last week, Dr. Fatih Birol, Executive Director of the International Energy Agency, stated at a hearing before the U.S. Senate Committee on Energy and Natural Resources, "from an emissions point of view, U.S. LNG, if it replaces coal in Asia, it can lead to significant emission declines, more in terms of CO2 emissions, but also for air pollution."

These policies would not only result in significant emissions reductions globally, but they support millions of good-paying U.S. jobs. These opportunities for the federal government to lead, however, are being threatened by calls from Members of Congress and recent actions from the Biden Administration to restrict oil and natural gas production in the U.S. with permitting restrictions and other impediments to ongoing operations.

A permitting shutdown threatens to disrupt planned and ongoing oil and gas operations on valid, contractually bound leases, which will have a negative impact on local communities as well as state and federal revenues. And leasing bans on federal lands – even for a few months – harm American jobs and the significant sums of revenues provided to the federal government and states through the safe and environmentally responsible production of oil and gas on federal lands.

Potential impacts of these policies on American families, businesses and states include:

- **Increasing energy imports and increasing emissions:** A study from the American Petroleum Institute estimates that: U.S. oil imports would increase by an estimated 2 million barrels per day by 2030 under a ban on development on federal lands and there would be a 5.5 percent increase in CO2 emissions in the power sector by 2030 under a federal leasing ban.

- **Draining state budgets:** Drilling royalties generated for the federal and state governments would be at grave risk — including Democratic-led states such as New Mexico and Colorado – which are provided enormous sums of money that are used for vital federal and state services. Nationwide, activity on BLM-managed land has a $105 billion economic impact. Oil and gas activities on federal lands contributed $12 billion in revenue to the U.S. government in FY 2019, $4.8 billion of which was generated from onshore activities.

- **Costing hundreds of thousands of Americans their jobs and livelihoods:** Oil and gas production on federal lands and waters supports hundreds of thousands of American jobs.

  Banning production would be a huge economic hit, especially as the country is trying to recover from the COVID-19 pandemic. A recent study found that the total hit to Gross Domestic Product (GDP) by 2040 in western states alone from a leasing or drilling ban would be $640 billion and $670 billion, respectively. Annual job losses would be 343,088 and 351,555.

People all over our country are relying on you to consider both the opportunities the federal government has to lead on climate leadership – and the grave and real consequences of policy positions that harm American communities with little environmental benefits.

AXPC supports the federal government's focus on addressing the global issue of climate change and wants to work with you to develop realistic solutions, without jeopardizing American jobs, U.S. energy security, or limiting access to affordable, reliable energy.

Respectfully,

Anne Bradbury
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