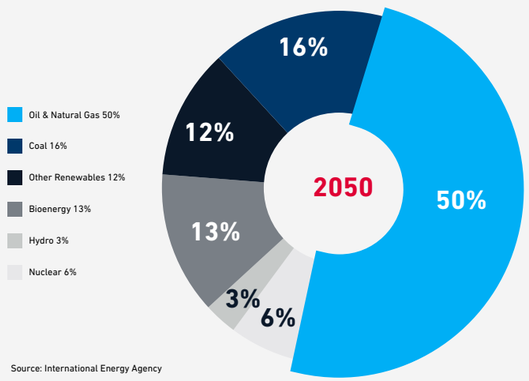
ADVANCING U.S. GLOBAL ENERGY LEADERSHIP

With world demand for energy projected to increase significantly by 2050 over 2020[7], the U.S. Energy Information Administration projects that natural gas and oil will supply nearly 50 percent of global demand nearly three decades from now. Given those projections, abundant domestic natural gas and oil allow America to lead on energy around the globe. Through energy exports, America can provide allies abroad with energy options and strengthen their security. The U.S. also can supply cleaner fuels to potentially assist other countries in reducing their emissions. Most importantly, American natural gas exports can help alleviate energy poverty for about 760 million people worldwide who remain without access to electricity.[8]

World Energy in 2050:
Natural Gas and Oil Will Continue to Lead



Source: International Energy Agency

Policies to Advance American Progress

American progress, prosperity, a modern standard of living and personal freedom all are built on economic growth and opportunity supported by abundant, reliable energy from natural gas and oil – produced safely and responsibly.

ENERGY POLICIES THAT SUPPORT AMERICAN PROGRESS:

ACCESS
A clear path for orderly and timely federal leasing in viable areas offshore and onshore, including the Eastern Gulf of Mexico, Southern Atlantic Ocean, ANWR and NPR-Alaska – supporting new energy investment and development.

INFRASTRUCTURE
Pair smart, consistent project oversight with timely and transparent permitting and apolitical project review by regulators.

FUELS AND TRANSPORTATION
Establish feasible Renewable Fuel Standards and clearly label higher ethanol-blend fuels to protect consumers from accidentally using the wrong fuel and potentially damaging engines in vehicles, boats, motorcycles, ATVs and more. Employ a holistic approach to fuels policy – such as using a lifecycle analysis approach that allows all fuel and vehicle technologies to compete in reducing greenhouse gas emissions in the transportation sector.

CLIMATE
API supports enacting market-based solutions that foster meaningful emissions reductions across the entire economy at the lowest societal cost. A government carbon price policy is the most impactful and transparent path to further reduce carbon emissions.

TAX
A tax code that continues to rightly apply provisions for capital-intensive businesses to our industry. Maintain cost-recovery provisions – such as those for intangible drilling costs, interest expense, and research and development – to encourage future investment.

TRADE
Support free trade of U.S. natural gas, oil and petroleum products while eliminating tariffs and other barriers that undermine U.S. energy exports.

REGULATION
Crafting smart, cost-effective and science-based regulation to promote safe operations while protecting the environment.

Learn more at: www.api.org

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API 2022 STATE OF AMERICAN ENERGY

VIEW THE FULL REPORT HERE

Progress. It's made in America and powered by natural gas and oil. Energy is foundational to American success – in the economy, protecting the environment and securing America's future. Our nation is empowered by affordable and reliable energy from American natural gas and oil – driving progress in our communities, across the entire country and around the world. Simply put: **American energy creates opportunity for better lives.**

The work we do is crucial, essential, and consequential. Our country continues to grapple with uncertainty … But here's one thing we know for sure: THE PATH TO AMERICAN PROSPERITY, SECURITY AND PROGRESS MUST INCLUDE AMERICAN NATURAL GAS AND OIL.

- Mike Sommers, President and CEO

TO VIEW THE EVENT, VISIT:
bit.ly/SOAE2022Videos

American Natural Gas and Oil Empower Progress in Communities, the Nation and the World

Energy and products made from natural gas and oil create opportunity for people to grow and achieve, to raise their families and secure a more prosperous future.

HELP FOR AMERICAN FAMILIES AND COMMUNITIES

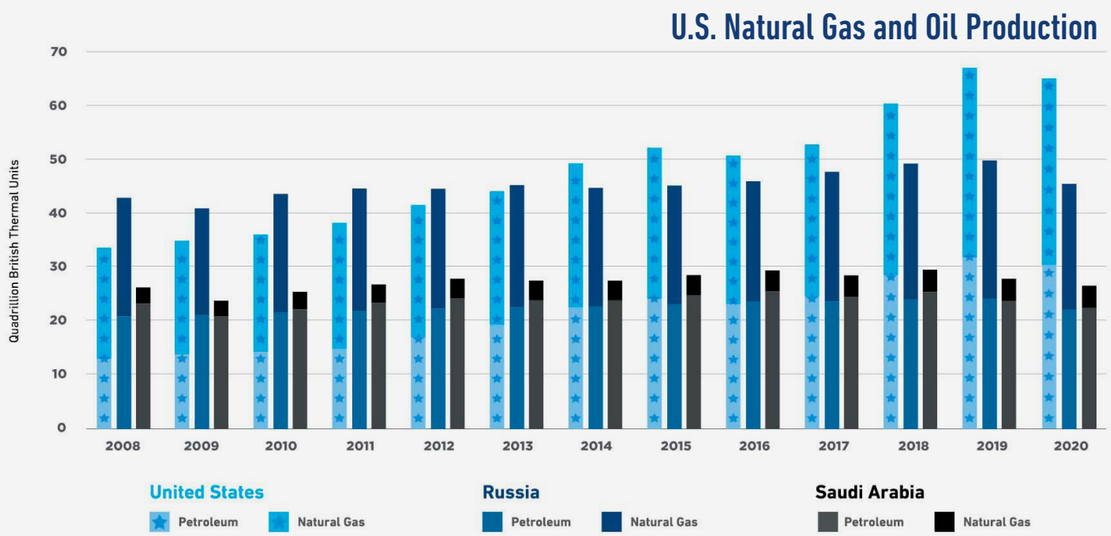
The industry supported 11.3 million jobs nationally in 2019,[1] boosting American families in all 50 states and the District of Columbia. Industry-supported jobs accounted for 5.6 percent of U.S. employment and nearly 8 percent of its value added (representing share of GDP). Looking ahead, the number of people employed by the industry will grow – and that workforce will be increasingly diverse, with nearly 50 percent of 1.9 million new job opportunities projected to be filled by women and non-whites.[2]

In American homes, U.S. energy abundance has helped family budgets by decreasing household expenditures for energy 25 percent between 2008 and 2020, even as costs for food, education and health care increased. Meanwhile, U.S. natural gas and oil companies sent more than $1.1 trillion to federal, state and local treasuries through taxes, rents and royalty payments, and severance taxes between 2008 and 2017, according to API estimates. State treasuries have received more than $20 billion[3] the past two years from severance taxes, the vast majority paid by the industry to fund local and state public projects, including schools, public safety programs and facilities, roads, sanitation and more.

STRENGTHENING AMERICAN SECURITY

Natural gas and oil together supplied nearly 70 percent of America's energy in 2020,[4] and they're projected to account for about the same share in 2050.[5] Resurgent American natural gas and oil production leads the world,[6] and increasing American energy self-sufficiency has strengthened our security by reducing U.S. reliance on foreign imports. For the first time in 67 years, the U.S. was a net energy exporter in 2019.

U.S. Natural Gas and Oil Production



Source: U.S. Energy Information Administration

[1] https://www.api.org/~/media/Files/Policy/American-Energy/PwC/API-PWC-Economic-Impact-Report.pdf
[2] https://www.api.org/~/media/Files/Policy/Jobs/2020/API-IHS-Report-The-Future-of-Work-072020
[3] https://www.census.gov/data/tables/2020/econ/qtax/historical.Q1.html
[4] https://www.eia.gov/energyexplained/us-energy-facts/
[5] https://www.eia.gov/outlooks/aeo/
[6] https://www.eia.gov/todayinenergy/detail.php?id=48756
[7] https://www.eia.gov/outlooks/ieo/consumption/sub-topic-01.php
[8] https://www.worldbank.org/en/news/press-release/2021/06/07/report-universal-access-to-sustainable-energy-will-remain-elusive-without-addressing-inequalities

To view the 2022 State of American Energy report, visit: www.StateofAmericanEnergy.org

ACHIEVING CLIMATE GOALS

The challenge of meeting the world's growing need for energy while simultaneously ushering in a lower-carbon future is massive, intertwined and fundamental. We share with global leaders the goal of reduced emissions across the broader economy and, specifically, those from energy production, transportation and use by society. It will take a combination of policies, innovation, industry initiatives and a partnership of government and economic sectors.

1 **ACCELERATE TECHNOLOGY AND INNOVATION to reduce emissions while meeting growing energy needs**
- » Advocate for Federal Funding for Low-Carbon RD&D
- » Fast-track the Commercial Deployment of Carbon Capture, Utilization and Storage (CCUS)
- » Advance Hydrogen Technology, Innovation and Infrastructure

2 **FURTHER MITIGATE EMISSIONS FROM OPERATIONS to advance additional environmental progress**
- » Advance Direct Regulation of Methane from New and Existing Sources
- » Develop Methane Detection Technologies
- » Promote Reductions in Refinery GHG Emissions and Mitigate Upstream Flaring Emissions

3 **ENDORSE A CARBON PRICE POLICY by government to drive economywide, market-based solutions**
- » Potential Approach Would Price Carbon Dioxide Emissions Across the Economy
- » Support Policies that Provide Transparency for Consumers
- » Minimize Duplicative Regulations and Help Maintain U.S. Competitiveness
- » Avoid Carbon Leakage and Integrate with Global Carbon Markets, while Focusing on Net Emissions

4 **ADVANCE CLEANER FUELS to provide lower-carbon choices for consumers**
- » Develop Markets for Differentiated U.S. Natural Gas
- » Support Policies to Advance Lower-Carbon Electricity
- » Reduce Lifecycle Emissions in the Transportation Sector

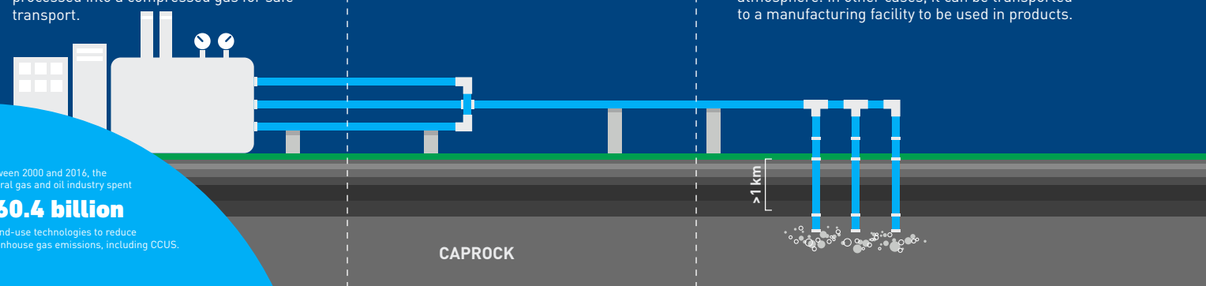
5 **DRIVE CLIMATE REPORTING to provide consistency and transparency**
- » Expand Use of ESG Reporting Guidance for the Natural Gas and Oil Industry
- » Report Comparable Climate-Related Indicators in New Template
- » Build on the API Compendium of Greenhouse Gas Emissions Methodologies for the Natural Gas and Oil Industry

Carbon Capture, Utilization and Storage (CCUS) Holds Great Promise for a Lower-Carbon Future

STEP 1: **CAPTURE**
CO_2 emissions from energy facilities are captured before they enter the atmosphere. CO_2 is separated out of the captured gas and processed into a compressed gas for safe transport.

STEP 2: **TRANSPORT**
CO_2 is transported via pipelines to a safe storage site.

STEP 3: **STORE**
The CO_2 is injected deep underground into a carefully selected geological formation, where it will remain permanently separated from the atmosphere. In other cases, it can be transported to a manufacturing facility to be used in products.



Between 2000 and 2016, the natural gas and oil industry spent
$60.4 billion
on end-use technologies to reduce greenhouse gas emissions, including CCUS.