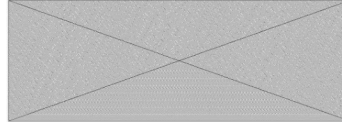


**To:** David Lawler[REDACTED]@bpx.com]  
**From:** API President[REDACTED]@api.org]  
**Sent:** Fri 22/01/2021 10:19:02 PM (UTC)  
**Subject:** Executive Update | January 22, 2021



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## Executive Update

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Dear API Executive:

As I said moments after President Biden's swearing-in, the new Commander-In-Chief assumes power at a time when the U.S. leads the world both in energy production and environmental performance. We at API congratulate the president as he inherits a strong American energy picture – marked by low household energy costs, record emissions reductions and less reliance on foreign energy.

During this divisive time, energy can be a unifying issue and impacts every American across the country. Of course, the work of Washington didn't stop on Inauguration Day. Soon after President Biden took the Oath of Office, his team got to down to business.

Four key updates below and bifurcated, based on a quote I [gave to The Wall Street Journal](#). It's a line I've stressed to our team at API since the election was called in November: "We are going to work with the Biden Administration when we can, but we will oppose them when we must."

*Working with the Biden Administration When We Can:*

- **Paris Climate Agreement:** President Biden and his administration have begun reversing the policy and regulatory agenda of the previous Administration, starting with America's re-entrance into the Paris Climate Agreement. We expected this action, and we were proud to highlight [how natural gas can help America reach the Agreement's aims](#). API supports the ambitions of the Paris Climate Agreement – including the call for global action to reduce greenhouse gas emissions – and we have been clear that the natural gas and oil industry will be essential to addressing climate change. On Capitol Hill and in state legislatures, we will continue to promote common-sense environmental regulations and industry-led approaches to emissions reductions.
- **Direct Regulation of Methane Emissions:** As a trade association representing hundreds of individual companies, it is API's responsibility to advocate for our industry's license to operate in the most thoughtful and effective way possible. This week, the Upstream Committee considered a review of API's policy position with regard to methane, and I am pleased to report that Upstream recommended API change our position toward methane emissions regulation. In short, the Committee members endorsed direct regulation of methane for new and existing sources, which

could be a key precursor to increasing public confidence in our industry's performance while also signaling to Biden Administration that API needs to be at table as they quickly shift in federal regulatory policy. As the new Administration begins its work, it is an important message that we are willing partners in shaping a regulatory environment that is sensible, workable and promotes further technological advances and innovation – again, so our industry can continue lowering emissions while supplying the energy our nation needs. For more information on this important internal shift, [read my post here](#) or scroll down for the exact agreed-upon language.

*Opposing the Biden Administration When We Must:*

- **Suspension on Access to New Leasing and Permitting on Federal Lands:** The Department of the Interior on Thursday issued an order that effectively suspends delegations of authority regarding leasing and permitting on federal lands. While it is our understanding that it is not a technical freeze or moratorium, it essentially serves as a 60-day de facto suspension of new permitting/permitting changes on federal lands, as decisions will now fall to a very small number of senior leaders at Interior – creating a significant bottleneck. No sugarcoating: This is not good. API has amplified the consequences in [our latest economic analysis of the issue](#). Alongside our allied trade associations, we have emphasized that this will increase foreign oil imports, risk our geopolitical security and jeopardize hundreds of thousands of U.S. jobs – especially in New Mexico, home to President Biden's nominee to lead Interior. We will fight this – our industry cannot compromise on America's hard-fought energy progress, especially as the economy recovers, and the new administration has nothing to gain from this activist-driven approach. [Read our press statement](#) for more information, and [feel free to share](#) our [30-second video](#) spots on this topic. Both are in rotation in key states and inside the Beltway.
- **Cancellation of Keystone XL Project:** Unfortunately, President Biden revoked the permit for the Keystone XL Pipeline, and API is working with our partners in organized labor to reach policymakers with our bipartisan messages related to job creation and energy affordability. Already, TC Energy has announced 1,000 layoffs. We know pipelines are the safest, most environmentally friendly method of transporting natural gas and oil, and critical energy infrastructure remains foundational to North America's energy security and climate solutions. Importantly, the construction of Keystone XL would contribute to U.S. energy security by further solidifying the interdependency between Canada and America, and ensuring that we are less reliant on foreign sources that do not share ideologies similar to ours. We anticipate the Biden Administration's opposition to KXL to be the first of many challenges to the construction of new oil and gas infrastructure, as well as the continued operation of existing facilities. We stand ready to engage wherever we are needed to preserve this critical component of our industry.

**Redacted - First Amendment**

All the best,



Mike Sommers  
President and CEO

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[Weekly Highlights](#)

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## Washington Update

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### **API Stands Ready To Work With Biden Administration On Methane Regulation**

After a discussion led by Chairman Steve Green of Chevron, the API Upstream Committee reached a clear consensus around an approach to work with the Biden Administration on addressing methane emissions. We believe the following public statement and policy position agreed to by the Committee will enhance our advocacy by providing our industry with a strong, unified voice on this important issue. We also believe this position provides an enhanced opportunity to have a seat at the table as the Biden Administration moves forward in considering an approach to addressing methane. API's new position on this important policy priority represents a significant change and a step forward on this issue and we are grateful to the members of the Upstream Committee for their continued leadership. The following language reflects the consensus view of the members which we have also shared with the Midstream and Climate Change Committees:

#### **PUBLIC STATEMENT ON METHANE**

Reducing methane emissions is a priority for our industry to address the risks of climate change. We support cost-effective policies and direct regulation that achieve methane emission reductions from new and existing sources across the supply chain. Additionally, the oil and natural gas industry remains committed to the development and deployment of new technologies and practices through industry initiatives, like The Environmental Partnership, to better understand, detect, and mitigate emissions.

#### **POLICY ON FEDERAL REGULATION OF METHANE**

API recommends that EPA regulation of methane should:



- Incorporate cost-effective policies and regulation that achieve methane emission reductions across the supply chain
- Recognize and reflect industry's commitment to continue making progress through voluntary industry initiatives, like The Environmental Partnership, that promote improved performance during the multi-year development and implementation of regulations addressing existing sources
- Recognize and promote the significant development and deployment of new technologies and practices to better understand, detect, and mitigate emissions
- Avoid creating duplicative or overlapping regulatory regimes at the federal and state levels
- Encourage adherence and compliance with provisions of Clean Air Act (CAA)

For more information, please contact [Lem Smith](#) at [REDACTED]

## Redacted - First Amendment

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### Weekly Highlights

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#### **API Executives Present at Exploration & Production Winter Standards Meeting**

This week, API continued hosting the 2021 Exploration and Production Winter Standards Meeting with over 850 registrants participating in the meetings. On Monday, API President and CEO Mike Sommers addressed the conference to outline the organization's strategic planning for the first 100 days of the Biden Administration, which includes amplifying industry-driven progress – through initiatives like API Energy Excellence – and maintaining our focus on infrastructure expansion, safety performance, energy access and climate solutions, among other key issues. On Wednesday, API SVP of Global Industry Services Debra Phillips led a technical session on API Energy Excellence to discuss the 13 core elements, performance measures, member expectations and future actions to unify API's membership through our state-of-the-art standards and programs. The two-week-long conference involved numerous



work group meetings on topics related to operational safety, environmental performance and upstream segment issues.

For more information, please contact [Alexa Burr](#) at [REDACTED]

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## Regulatory and Legal Updates

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### **API, Allied Trades Oppose Fuel Pump Labeling Requirements**

Last week, API alongside the American Fuel and Petrochemical Manufacturers (AFPM), Outdoor Power Equipment Institute (OPEI), National Marine Manufacturers Association (NMMA), BoatUS and American Motorcyclists Association (AMA) released a statement opposing the Trump Administration's proposal to weaken or eliminate labeling requirements for E15 gasoline. The release read: "This proposal doesn't just fall short, it would make it harder for consumers to distinguish the difference between E15 and E10 fuel. We are deeply concerned about the administration's reckless proposal to deprive consumers of basic information concerning their engine's compatibility with fuels they purchase." The statement also noted that there are millions of cars and small engines in the U.S. that cannot run on E15 fuel, and misfuelling can cause catastrophic engine and fuel system damage. API and our allied trade associations will continue to challenge this misguided proposal in the new Administration.

For more information, please contact [Ron Chittim](#) at [REDACTED]

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## State Updates

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### **API Responds to Pennsylvania RGGI Proposal**

Late last week, API submitted comments on Pennsylvania's proposed rulemaking to establish a CO2 Budget Trading Program that will allow the state to join the Regional Greenhouse Gas Initiative (RGGI). The comments offer a variety of technical suggestions, including the need to prevent emissions leakage to non-RGGI states within the PJM Interconnection. They also noted that while API has some key questions about the implementation of RGGI in Pennsylvania, it is committed to making the program as equitable, efficient and cost-effective as possible should the Commonwealth join the program.

For more information, please contact [Stephanie Catarino Wissman](#) at [REDACTED] 8586.

### **API to Activate Thousands of New Jersey Residents in Effort to Oppose Nuclear Subsidies**

Next week in New Jersey, API is activating 7,000 Energy Citizens to oppose an effort by the state's nuclear power generators to extend their rate-payer subsidies another three years. This subsidy is revenue for these plants above

and beyond what they are making in the regional wholesale electricity market. In New Jersey and several other states, API continues to advocate against these proposals, which do not promote a level playing field among power generation sources and directly disadvantages natural gas.

For more information, please contact [Michael Giaimo](#) at [REDACTED]

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## Social Highlights

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