

API's 5 Point Policy Roadmap to Secure American Energy Leadership and Help Reduce Inflation

*Presented to the 47th President of the United States
and the 119th Congress*



Dear President-Elect Trump,

Our country has a generational opportunity to fully leverage U.S. energy leadership to improve the lives of all Americans and bring stability to a volatile world. The U.S. energy renaissance has already delivered enormous benefits— America is the world's largest producer of oil and natural gas, and our energy industry is the envy of the world. But we can—and must—do more.

Our industry proudly supports nearly 11 million American jobs, transforming economies across every region of the country. Oil and natural gas jobs pay well and cannot be outsourced. Having spent decades as a major energy importer dependent on foreign suppliers, the U.S. is now one of the world's largest energy exporters—a remarkable reversal that occurred under your first administration.

It has never been more vital that America control its energy future. Yet our continued success is far from guaranteed, and we have been heading down a path of extreme regulations threatening everything from our choice of home appliances to the cars we drive.

As an industry committed to American prosperity, we stand ready to work with you and Congress to reverse course and advance a robust vision for securing America's energy dominance.

Sincerely,

Mike Sommers
President & CEO
American Petroleum Institute

Here are five actions your administration can take to secure American energy leadership, protect consumers and help reduce inflation:

1

PROTECT CONSUMER CHOICE

2

BOLSTER GEOPOLITICAL STRENGTH

3

LEVERAGE OUR NATURAL RESOURCES

4

REFORM OUR PERMITTING SYSTEM

5

ADVANCE SENSIBLE TAX POLICY

1. Protect Consumer Choice

When it comes to energy, consumers should have more choice, not less. While we agree on the need to reduce transportation emissions, mandates do not work, and the government should not be telling Americans which cars to drive.

American consumers—as well as farmers, ranchers and small business owners—should not shoulder the burden of the extreme costs associated with a forced shift to electric vehicles (EVs). EVs are an option for some, but don't work for many Americans, and existing charging infrastructure is completely inadequate to meet the mandated targets.

Specifically, your administration should:

➤ **Repeal the Environmental Protection Agency's (EPA) tailpipe rules.**

For light-duty vehicles, the final rule requires 68% of new sales to be EVs or plug-in hybrid electric vehicles (PHEV) by 2032. For heavy-duty, over 40% of vocational vehicles (such as work trucks) would need to be zero-emissions vehicles (ZEV) by model year 2032. Additionally, long-haul tractors (semi-trucks) would need to go from 0% ZEV deployment today to 25% of the fleet by model year 2032. These rules severely restrict consumer choice and limit access to a broader range of vehicle options.

➤ **Repeal the National Highway Traffic Safety Administration's Corporate Average Fuel Economy (CAFE) standards.** These rules impose strict requirements aimed at phasing out liquid fuel vehicles by aligning with EPA's EV mandate and assuming California's plan for 100% EV sales is implemented on schedule. With 12 other states following California's lead, the CAFE rules assume a massive rise in EV sales. These standards are not technology-neutral, limit consumer choice, undermine energy security and likely lead to higher upfront costs for consumers.

➤ **Deny/Rescind EPA's Waiver for California's Advanced Clean Cars II (ACCII) rule.** California's ACCII program is nothing short of a 100% EV mandate by 2035. Worse, 12 other states have adopted the California ban on new gasoline cars via regulatory fiat.

While EPA has granted California waivers in the past, this policy is unprecedented in its scope and impact on consumers, and the waiver should be rescinded immediately.

These policies are out of step with consumer demand and deepen our dependence on China. Smart policy certainly has a role to play in reducing emissions from the transportation sector, but these efforts should instead take a life-cycle approach, be technology-neutral and implemented on a workable timeline.

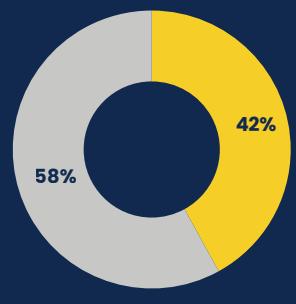
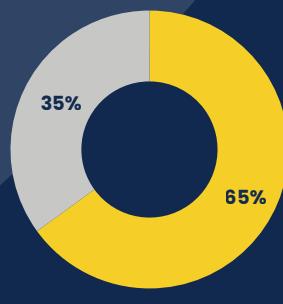
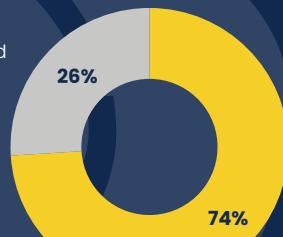
Do you support or oppose government mandates that would ban gas stoves, gas furnaces, or new gasoline, diesel and hybrid vehicles?

73% Oppose

26% Support

Mandating EVs increases reliance on Chinese supply chains
China's share of key EV processing minerals

■ China
■ Rest of world



Source: International Energy Agency.

2. Bolster Geopolitical Strength

America benefits enormously from being a net energy exporter and your administration should continue to speak clearly and without equivocation about our intention to remain the supplier of choice for allies around the world.

Nowhere is the value of energy as a geopolitical strength clearer than U.S. liquefied natural gas (LNG). Increased U.S. LNG exports are critical to reducing America's trade deficit and are a key competitive edge against China, Russia and other bad actors. It is also a proven way to reduce emissions via displacing dirtier fuels—the same winning recipe that has allowed the U.S. to lead the world in emissions reductions.

Specifically, your administration should continue to:

- **Lift the Department of Energy's (DOE) LNG permitting pause.** The LNG pause is terrible policy, and the negative consequences are already being felt. Global gas demand is at record highs and rising rapidly, and this demand should be met with supply from the United States. Lifting the pause can be done on Day One and will have an immediate effect.
- **Swiftly process all pending export applications now languishing at DOE.** Since the pause has been in effect, U.S. LNG investment has plummeted, and no new projects have been approved. Billions of dollars of investment and thousands of jobs in Gulf Coast communities have been unnecessarily sidelined by this policy.
- **Ensure the open access of American energy to global markets.** The U.S. should be a leader in exporting all forms of energy and energy technologies, including oil and natural gas. Oil and natural gas jobs cannot be outsourced, and exports help bolster our trade balances and give the U.S. leverage over geopolitical competitors.

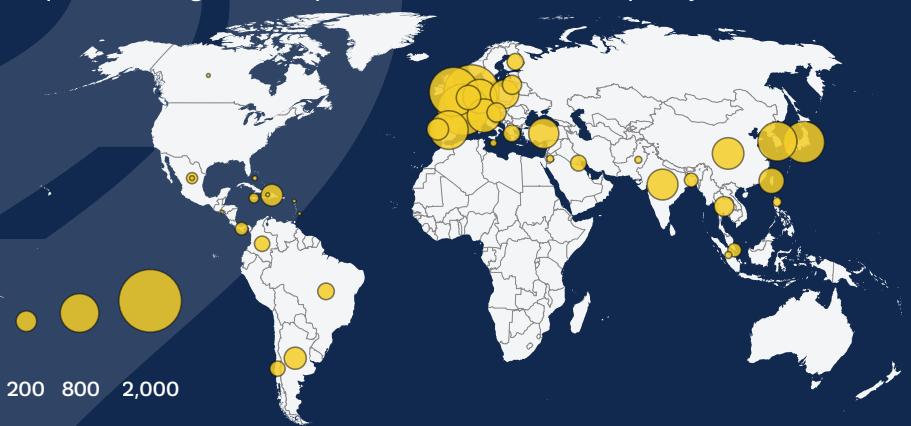
These commonsense policies will restore American energy leadership and send a strong signal to our allies around the world that the United States will remain the go-to supplier of energy for importing nations.

Do you agree or disagree that producing oil and natural gas here in America helps make our country more secure against actions by countries such as China and Russia?

89% Agree

11% Disagree

A majority of U.S. LNG exports support allies in Europe
U.S. liquefied natural gas (LNG) exports in 2023 (million cubic feet per day)



Source: U.S. EIA

3. Leverage our Natural Resources

Energy production in the United States benefits every region of the country, ranging from private lands to federal lands and waters. Oil and natural gas production, especially from areas leased by the government, offers enormous benefits to all Americans and is the bedrock of our resource base.

Unfortunately, the previous administration impeded resource development, including implementing the weakest offshore leasing program in history. This year, the U.S. did not have an offshore lease sale for the first time since 1966. A pro-American energy approach is needed to initiate a new era of federal energy leasing.

Specifically, your administration:

- **Issue a new Bureau of Ocean Energy Management (BOEM) five-year offshore leasing program.** Our offshore resources are not only vast, but also among the lowest carbon intensity barrels produced anywhere in the world. A new and more predictable five-year program should be developed that reflects both the reality of global energy demand and the benefits that offshore production brings to the United States.
- **Repeal restrictive onshore leasing rules, starting with the Bureau of Land Management (BLM) Conservation and Landscape Health Rule.** Onshore, the opportunity is just as significant. Unfortunately, a recent series of rules are now being implemented designed to impeding investment in energy development on federal lands. All of these rules should be swiftly repealed.
- **Work with Congress to repeal EPA's methane fee.** EPA's implementation of the Inflation Reduction Act's "Waste Emissions Charge" misinterprets Congressional intent, and does little beyond increasing the cost of production for American oil and natural gas.

Oil and natural gas production from federal lands and waters offers tremendous benefits to all and is using the highest safety and environmental standards. Given the scale of our resource base, opportunities for development stretch decades into the future.

Do you support or oppose the U.S. increasing its own domestic sources of oil and natural gas rather than relying on other regions in the world?

88% Support

12% Oppose

New leases on federal lands are down 91% compared with the 20 year average

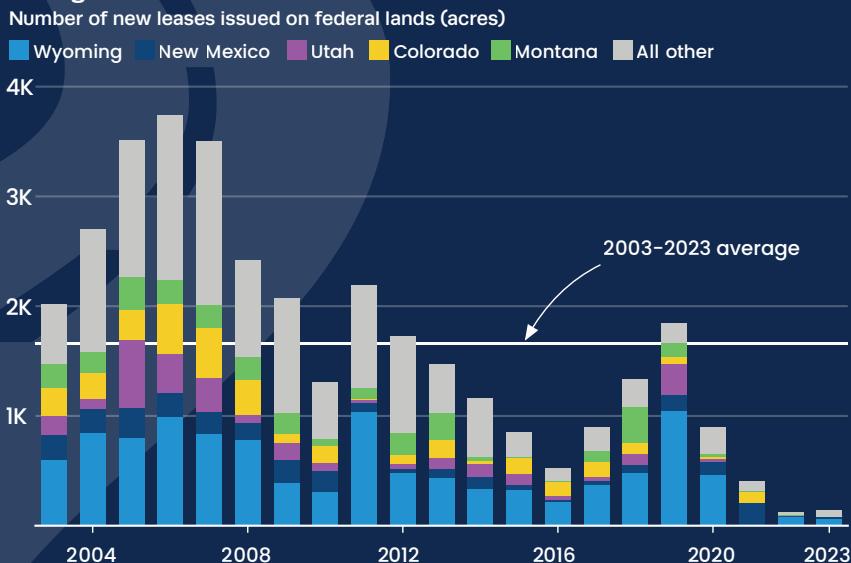


Chart: API • Source: Bureau of Land Management

4. Reform our Permitting System

Americans can't drive down the road without witnessing firsthand our failing infrastructure. Unfortunately, it is even worse than potholes and crumbling bridges. Burdensome regulations and government red tape have made it impossible to build anything in this country. Billions of dollars of investment and tens of thousands of American jobs are squandered because of our broken permitting process.

We need smart, comprehensive permitting reform that ensures transparency, predictability, timeliness and durability. The permitting process has been weaponized by opponents of energy progress to stop projects before they even start. Reform will ensure we can build the infrastructure needed for today and for the future.

Given the depth of the problem and the scale of the benefits, this would be a legacy-defining achievement.

Specifically, your administration should:

➤ Work with Congress to pass Comprehensive Permitting Reform.

All sectors of the economy will benefit from comprehensive permitting reform. We need:

- **National Environmental Protection Act (NEPA) reform:** To provide greater certainty regarding timelines and scope of environmental reviews.
- **Judicial reform:** To clarify when, where and who can file legal challenges.
- **Clean Water Act (CWA) reform:** To ensure the statute is only used as intended, and not as a "de facto" veto for politically disfavored infrastructure projects.

➤ Repeal the Biden-era NEPA rules.

Unfortunately, instead of working to solve the problem, recent regulatory efforts have only made it worse, sowing even greater uncertainty into an already broken process. The NEPA Phase 1 and Phase 2 rules are inconsistent with the original statutory intent.

Do you support or oppose permitting reform that would streamline and speed up the federal government's years-long process for approving energy infrastructure projects here in America?

83% Support

17% Oppose

Permitting limbo means projects take years before being cancelled
Pipeline projects by commodity (years between proposal and cancellation)

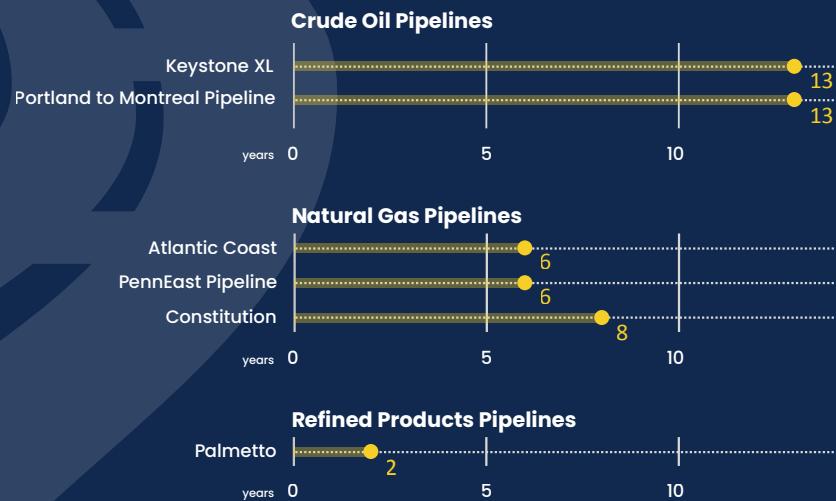


Chart: API • Source: Rystad, API

5. Advance Sensible Tax Policy

The U.S. oil and natural gas industry supports nearly 11 million jobs and is responsible for billions of dollars of domestic investment in 2025. But capital flows where capital is welcome, and U.S. tax policy must be competitive with other countries.

Specifically, your administration should work with Congress to:

- **Retain the 21% corporate tax rate** to ensure global competitiveness.
- **Maintain and extend tax provisions for domestic infrastructure investment.** These provisions benefit multiple industries and drive investment and job creation. Immediate deductions for intangible drilling costs (IDCs) should be retained, 100% bonus depreciation should be reinstated, and technology-neutral tax credits that spur innovation should be supported.
- **Preserve crucial international tax provisions.** Overseas investment is vital to ensuring adequate energy supply, and companies that make those investments should be protected from duplicative and punitive double-taxation.

Industry investment rests on sound, predictable tax policy. With many key tax provisions expiring at the end of next year, it is critical they be extended to ensure the next chapter of our energy future is once again written here in America.

Do you support or oppose a federal tax policy that encourages American energy production and strengthens the country's economic and energy security?

81% Support

19% Oppose

U.S. oil and natural gas investments totaled \$1.6 trillion since 2015

Annual U.S. oil and natural gas industry capital expenditures by segment (billion US dollars, nominal)

Yellow = Upstream Blue = Midstream Teal = Downstream



Source: S&P Global Commodities Insights

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www.API.org/roadmap