

Testimony
House Committee on Natural Resources
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Good morning Chairman Rahall, Ranking Member Hastings, and members of the committee.

I am Jack Gerard, President and CEO of the American Petroleum Institute. API has about 400 member companies, which represent all sectors of America's oil and natural gas industry. Our industry supports 9.2 million American jobs – including 170,000 in the Gulf of Mexico related to the offshore development business – and provides most of the energy we need to power our economy and our way of life.

The tragic and heartbreaking accident in the Gulf was unprecedented, and our thoughts and prayers go out to the families who lost loved ones, to the workers who were injured, and to all of our neighbors in the Gulf who were affected.

The response to the accident has also been unprecedented. Industry and government were on the scene immediately and massively. Many thousands of people have been working long and hard to control and halt the release of oil and protect the shoreline.

Our work will not end until we stop the flow of oil, clean up the environment, understand the causes, and correct them. We owe that to our employees and their families, and we owe it to our country.

Safety is a core value for the U.S. offshore oil and natural gas industry. Companies and employees understand the significant risks of working in the challenging offshore environment and place a strong focus on safety training, procedures, and equipment.

Offshore workers are the first line of defense against oil spills and other accidents on rigs and platforms. These hard-working, conscientious professionals are schooled in how to protect themselves and the environment. They actively observe each other's behavior and remind their co-workers about safe operating practices. They work under a comprehensive suite of regulatory standards and frequent inspections that further reinforce their safety ethic.

The industry's commitment to safety is real and strong, but the April tragedy in the Gulf clearly demonstrates there is more work to be done. All of us realize we must do better.

The process of improvement has already begun with the formation of industry task forces, which provided input to the U.S. Department of the Interior on improving offshore equipment and offshore operating procedures. Their work will complement

Interior's Outer Continental Shelf Safety Oversight Board and lead to enhancements to existing API standards and possibly to new API standards. API has helped create numerous standards on safety, which we provide free of charge to all. The API standards program is accredited by the American National Standards Institute, the same independent organization that accredits programs at some of our federal laboratories.

A commitment to safety improvement is vital because more domestic production of oil and natural gas both onshore and offshore is critical to jobs for Americans, a stronger economy, and enhanced energy security.

The tragic accident in the Gulf doesn't change the reality that demand for energy is growing and that we'll need more oil and natural gas to help meet that demand in the coming decades. Offshore production from the Gulf of Mexico plays an important role meeting demand today, accounting for 30 percent of the nation's total domestic oil production and 11 percent of domestic natural gas production. Approximately 70 percent of the oil and 36 percent of the natural gas produced in the Gulf come from deepwater exploration.

We fully support President Obama's plans for an independent presidential commission to investigate the spill. At the same time, we urge our policymakers to be careful in their approach so that any policies enacted don't have unintended consequences for our nation and our recovering economy. Proposals to halt or restrict offshore energy projects could result in hundreds of thousands of lost jobs, including many in the Gulf States, billions of dollars of lost government revenue, and a sharp decrease in our country's energy security.

President Obama and Interior Secretary Salazar struck the right balance when they recently reaffirmed the importance of domestic oil and natural gas production to the nation's strategy for energy and economic security.

Permanently shutting down an entire program or system, whether it's our interstate highway system, our space program or our airways is never an option when there's an accident or tragedy. Doing so when it comes to offshore oil and gas activity shouldn't be an option either.

We can safely and reliably produce the oil and natural gas we'll need at home. For more than 60 years, our industry has developed the ample natural resources that lie off our coasts and, with rare exceptions, has done so in a safe, environmentally responsible way. We will address the safety issues related to this accident and continue to provide the energy our nation needs, keeping jobs and revenue at home while enhancing our energy security.

It is important to take the time to understand the causes of the accident as we work to improve the safety and reliability of offshore oil and natural gas development. This knowledge will help the industry raise the bar on our performance and better inform policy choices related to offshore development. We will continue to support the

Department of the Interior, other agencies and the President's independent commission in their efforts to learn what caused this accident.

This concludes my statement, Mr. Chairman. I welcome questions from you and your colleagues. Thank you.