



THE ROAD TO SUSTAINED AMERICAN ENERGY LEADERSHIP

Today, America is a global energy leader. A fundamental reordering of the world's energy markets has elevated the importance of North American energy production and reduced what had been the once-dominant roles of OPEC and Russia on the world energy stage. The energy policy decisions we make today will either keep us on the road to years of American energy leadership or reverse course back to an era of energy scarcity, uncertainty and dependence.

But to sustain and build on our nation's positive energy trajectory, our energy policies should foster—or at least not hinder—America's ability to explore, develop, transport and deliver to consumers the energy they need to heat their homes, run their businesses and enjoy their lives.



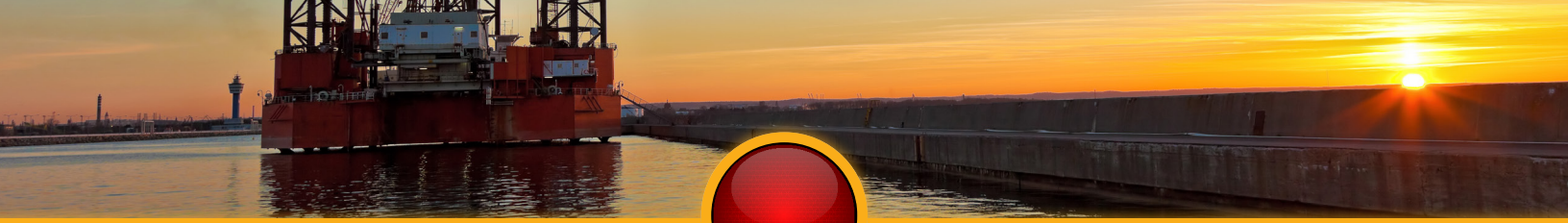
The United States has become a global energy leader, not by accident or government regulation and intervention, but as a direct result of oil and natural gas industry-led innovation and market forces. As a result, the development of American energy resources, primarily through hydraulic fracturing and other unconventional energy development methods, generated \$74 billion in government revenues in 2012, and projected to rise to as much as \$138 billion in 2025. And contributed \$284 billion to the U.S. GDP in 2012 and estimated to rise to \$533 billion by 2025.

And American consumers enjoy unprecedented energy security and cost savings, which continues to provide a sizable lift to the U.S. economy. This continued progress depends on ensuring that we get our nation's energy policy right today.

The reverse is also true: A study last year by Wood Mackenzie found that national energy policies that discourage energy development and constrain U.S. refiners could lead to a cumulative decrease of \$280 billion in government revenue from 2016 to 2025 and increase by \$258 the cost of energy annually for the average household.

ECONOMIC IMPACTS OF POLICY CHOICES





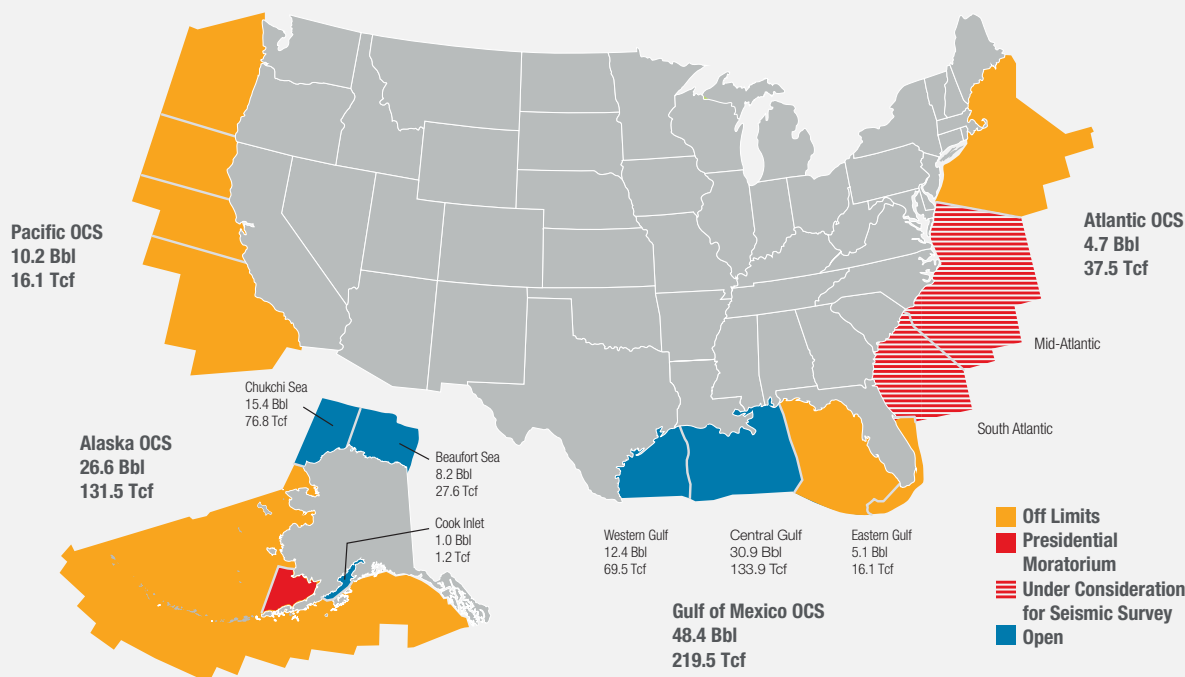
POLICY ROAD BLOCKS

Unfortunately, there are many existing, and proposed, policies that constrain energy production, distribution and use; almost 100 new or pending regulations last year alone. These policies have already hindered our advancement and, if not checked, could cost our nation's economy and consumers billions of dollars over the next several decades.

A major roadblock to our nation's long-term ability to fulfil its true energy potential is the difference between access and development to our energy resources on federal land as opposed to state and private land. For reasons unrelated to geological science, the federal government has placed most of its vast land and offshore areas off-limits to energy exploration and development.

U.S. OFFSHORE UNDISCOVERED TECHNICALLY RECOVERABLE FEDERAL OIL AND NATURAL GAS RESOURCES

(billion barrels - Bbl and trillion cubic feet - Tcf)



Source: <http://www.boem.gov/2011-National-Assessment-Factsheet/> (Table 1).

AMERICAN ENERGY PRODUCTION UP, EMISSIONS DOWN

Between 2005-2013, our nation experienced one of the largest increases in oil and natural gas production in history. During that period, according to EPA data, methane emissions from hydraulically fractured natural gas wells decreased by about 80 percent, emissions from natural gas production decreased by about 38 percent and total methane emissions decreased by about 11 percent.

All of which clearly demonstrates the effectiveness of the industry's leadership and innovative spirit, which led to the development and application of today's cutting edge emission reduction technologies. And yet, contrary to the data, EPA along with BLM continues to move forward with duplicative methane regulations. These regulations would not only fail to provide tangible benefits to consumers or the environment but could in fact hinder the ability of the U.S. to develop oil and natural gas resources and deter the adoption of new and innovative technologies.

TODAY, LESS THAN 15 PERCENT OF BLM'S MANAGED LAND IS CURRENTLY LEASED FOR OIL AND NATURAL GAS DEVELOPMENT.

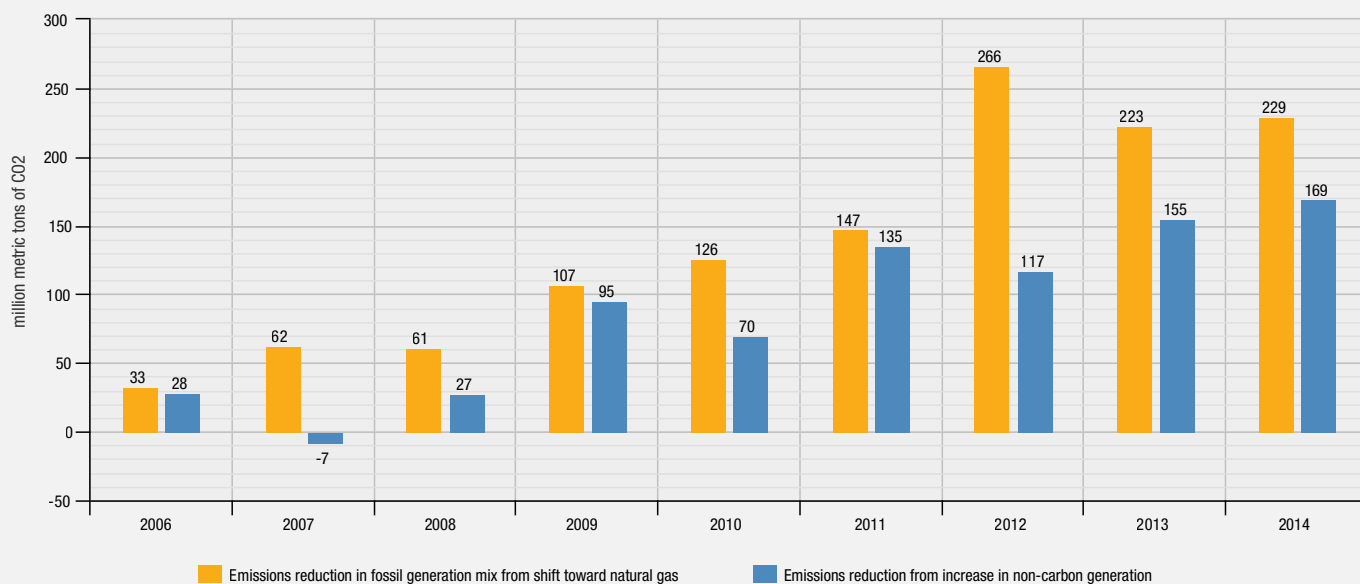


CLEAN POWER PLAN

Another major roadblock to progress is the Clean Power Plan, which attempts to tilt the scale of the energy markets, not based on market conditions, consumer preference or economic reality but in favor of certain preferred energy sources. Fundamentally, the Clean Power Plan overlooks the success record of domestic natural gas—which has lowered electricity prices, reduced our carbon emissions, and positioned the U.S. as a global energy leader—in favor of renewable energy sources.

ELECTRIC POWER SECTOR CO2 REDUCTION

(from shifting to natural gas and non-carbon generation in years 2006 through 2014, relative to 2005 generation fuel mix and efficiency)



Source: <http://www.eia.gov/environment/emissions/carbon/> (Figure 12).

RENEWABLE FUEL STANDARD

And American consumers are put at risk as a result of the outdated Renewable Fuel Standard.

The Renewable Fuel Standard is a good example of the lag between market reality and government regulation and the disconnect between legislative mandate and consumer preference. Written at a time of energy scarcity and dependence on foreign sources of oil, the RFS is a relic of our nation's energy past and should be immediately repealed or significantly amended. To continue to implement this failing relic of the past – heedless of the consequences to our nation's economy, the preferences of consumers or today's market reality – simply ignores the facts.

ACCORDING TO THE EIA,
THE ANNUAL AMOUNT OF
E85 SOLD IN 2014 IS LESS
THAN ONE PERCENT OF
ANNUAL GASOLINE DEMAND.



**ENERGY SCARCITY,
DEPENDENCE AND UNCERTAINTY**

**LONG-TERM ENERGY ABUNDANCE,
AFFORDABILITY AND LEADERSHIP**

THE ROAD AHEAD

WE HAVE A CHOICE. BEYOND THE NEXT ELECTION OR EVEN THE NEXT SEVERAL ELECTIONS OF CHOOSING THE PATH OF SUSTAINED GLOBAL ENERGY LEADERSHIP AND AFFORDABLE, RELIABLE AND ABUNDANT ENERGY FOR AMERICAN CONSUMERS, OR THE PATH BACK TO LAST CENTURY'S REALITY OF ENERGY DEPENDENCE, SCARCITY AND UNCERTAINTY.

WE KNOW WHAT TO DO. THE ONGOING SUCCESS OF OUR NATION TO GROW OUR ECONOMY, PROVIDE CONSUMERS WITH ABUNDANT LOWER COST ENERGY, IMPROVE OUR ENVIRONMENT AND LEAD THE WORLD IN ENERGY PRODUCTION—ALL WHILE FIGHTING THE HEADWINDS OF ALMOST 100 FEDERAL REGULATIONS THAT THWART AMERICAN ENERGY PRODUCTION—PROVES THAT AMERICA'S OIL AND NATURAL GAS INDUSTRY CAN KEEP US ON THE ROAD TO A BETTER AMERICAN ENERGY FUTURE.

WE HAVE AN OPPORTUNITY TO CEMENT OUR NATION'S POSITION AS THE NUMBER ONE PRODUCER OF OIL AND NATURAL GAS ON THE PLANET, AND WITH IT, THE MILLIONS OF DOLLARS OF REVENUE TO GOVERNMENTS ON ALL LEVELS AS WELL AS THE ECONOMIC, JOB CREATION AND GLOBAL ENERGY LEADERSHIP BENEFITS.

