



AMERICAN PETROLEUM INSTITUTE

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Office of Energy Policy and Systems Analysis  
EPSA-60, QER Meeting Comments  
U.S. Department of Energy  
1000 Independence Avenue, SW  
Washington, DC 20585-0121

SUBJECT: U.S. Department of Energy, Quadrennial Energy Review: Notice of Deadline for Public Comments [79 FR 50638, Doc. No. 2014-20114]

The American Petroleum Institute (API) offers the following comments on the U.S. Department of Energy's "Quadrennial Energy Review: Notice of Deadline for Public Comments [79 FR 50638, Doc. No. 2014-20114]." API is a national trade association that represents over 600 members involved in all aspects of the oil and natural gas industry, including producers, refiners, suppliers, pipeline operators and marine transporters, as well as service and supply companies that support all segments of the industry.

Today, the U.S. is benefitting from an energy renaissance, and our nation has become the world's leader in natural gas production and stands to surpass Saudi Arabia as the largest oil producer in 2015.<sup>1</sup> With access to affordable and abundant supplies of energy, the country has turned to oil and natural gas to play a vital role in providing energy for our homes, workplaces, and in transportation, and serves as essential manufacturing feed stocks for everyday household products. In addition, the oil and natural gas industry provides an estimated 9.8 million American jobs, with expected growth to 1.4 billion jobs by 2030.

In order to deliver the petroleum products that support the American way of life, industry must manage a complex and dynamic production and distribution infrastructure. A recent report by IHS estimates capital investments of up to \$1.14 trillion in oil and natural gas midstream and downstream infrastructure (pipelines, storage, processing, rail, maritime) over the 2014 to 2025 period. These capital investments will ripple through the U.S. economy creating jobs, increasing

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<sup>1</sup> U.S. Energy Information Administration

GDP and labor income, and increasing tax revenue to the Federal government and state governments.<sup>2</sup>

While the industry agrees that much of the infrastructure involved in the oil and gas supply chain is privately owned, it also recognizes that no one entity manages the oil and natural gas supply chain in its entirety. These highly developed supply chains touch every piece of our society and geography, numerous individuals, organizations, and institutions, which have a stake in the safe and efficient operation of the associated infrastructure. Consequently, the industry together with the public sector entities at the national, state and local levels must effectively partner and communicate with one another to protect our shared values. This is especially true in areas where oil and natural gas development is a relatively new enterprise – where states and localities may not be familiar with its operations.

Through partnership and a strong understanding of industry operations and needs, policies can be developed that ensure the safe and efficient operations and development of oil and natural gas resources and the infrastructure that supports them. A good example where this enhanced partnership and understanding can provide value is in the regulatory process for gas gathering and pipeline approval. Because this infrastructure is owned by the industry, new projects tend to be "shovel ready" for development. However, under the current regulatory framework, receiving approval for new pipeline infrastructure is a cumbersome and time consuming process that suffers from vast inconsistencies as the infrastructure is developed from location to location. Federal and state regulatory processes are unique to one another and not connected in their development. Streamlining and coordinating the process would ensure that all of the necessary steps required by the Department of Interior (e.g., Right-of-Way application, NEPA review, National Historic Preservation Act 106 consultation, and Endangered Species Act determinations) would be coordinated with the other Federal requirements (e.g., Army Corp of Engineers on multiple water issues, and the Forest Service on specific land access and permitting approvals) as well as with individual state approvals. A coordinated approach would ultimately yield timely approvals and permits of individual pipeline projects so that they can be built in an expeditious manner and their benefits can be realized throughout the country.

An example which highlights an infrastructure system not owned or controlled by industry, but no less important to the industry, is the American waterway system which includes not only the coastal ports and harbors but also the inland waterway system. As a whole, the system is an old one that has been poorly funded, and therefore poorly maintained. Man-made structures such as locks and dams have not been getting the attention and resources needed to ensure that they continue to function without failure. The waterways themselves, both in the coastal areas as well as throughout the Nation's lakes and rivers, are not properly maintained to their desired width

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<sup>2</sup> IHS study on **Oil and Natural Gas Transportation and Storage Infrastructure: Status, Trends, and Economic Benefits**, December 2013, Executive Summary.

and depth. This has all led to reduced product movement as ships are forced to carry lighter loads or must be smaller themselves to traverse the more narrow waterways. The deterioration of our waterways elevates the risk that a grounding or collision could occur, potentially leading to a product release that could have significant environmental impact and even temporarily shut down major corridors for energy movement.

Taken as a whole, there is clear recognition throughout the country that as the infrastructure supporting oil and natural gas becomes more dependable and more diverse, the more secure and resilient the overall energy supply system becomes. This translates to an oil and gas system that is less prone to disruption and, in those rare instances where the system does face interruption (such as the impacts faced in the wake of Superstorm Sandy in 2010), the system can recover more quickly to get energy flowing back to the public.

As the oil and natural gas industry continues to grow and provide more energy to the country and the consumer, it will increasingly depend on the nation's infrastructure to support the supply chain of its operations. API and its members recognize that no one piece or mode of infrastructure is more critical than the other. Rather, we firmly believe that ALL modes of infrastructure will be needed and must be supported if we are to continue to provide energy in a reliable fashion. To further augment these remarks and add more context, API's 2014 State of American Energy Report and the 2013, API funded IHS Study "Oil & Natural Gas Transportation & Storage Infrastructure: Status, Trends, & Economic Benefits" have been included for DOE's consideration.

API looks forward to further engaging with the Department of Energy as it further develops the Quadrennial Energy Review. We would encourage the agency to engage with industry as often as possible to ensure that the content of the final report accurately reflects the importance of infrastructure to oil and natural gas development and subsequently the importance of the oil and natural gas development to the people of the nation.

Sincerely,

A handwritten signature in black ink that reads "Robin Rorick". The signature is written in a cursive, flowing style.

Robin Rorick  
Director, Marine and Security