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The Honorable Roger Wicker  
Chair  
Committee on Commerce, Science, and Transportation  
United States Senate  
Washington, DC 20515

Dear Chairman Wicker:

Thank you for your interest in the impact of the COVID-19 crisis on the supply chains and transportation networks affecting America's oil and natural gas industry. The American Petroleum Institute (API) represents more than 600 U.S. energy operators across all segments of the industry, and our members continue to deliver essential fuels to families and businesses, even in this era of volatility and uncertainty.

As critical infrastructure, the oil and natural gas industry has continued to safely operate throughout the COVID-19 crisis, taking into consideration limitations on personnel capacity and social distance requirements. We appreciate the efforts of Congress and the Administration that have provided appropriate resources and guidelines to protect the health and safety of our workforce, local communities, and the environment.

Our industry is prepared to support the safe reopening of the U.S. economy, which will require the restart of our transportation networks, business activities, and manufacturing facilities.

Thank you for the opportunity to provide input and perspective as you work to spark America's economic recovery.

**What impacts have your members seen from COVID-19 on our transportation networks and supply chains, and how have they responded to these impacts?**

The oil and natural gas industry has complex and extensive global supply chains, which appear to have been minimally impacted by the COVID-19 crisis, as companies are still receiving the supplies needed for producing, transporting, processing, and distributing energy.



However, as the demand for crude oil and petroleum products has declined, the availability of liquid storage capacity became a concern. Importantly, the markets have gradually started to rebalance and the storage crisis failed to materialize, with commercial crude inventories on the decline, according to the U.S. Energy Information Administration (EIA). API advocated for free and fair markets, instead of government intervention, allowing the industry to weather this storm without impacting consumers.

Prior to COVID-19, the world consumed 100 million barrels per day (mb/d) of oil, and projections show long-term demand for energy remains strong. In fact, the EIA's May Short Term Energy Outlook forecasts oil consumption will rebound to 99 mb/d as soon as late 2020. Significant challenges remain in the weeks and months ahead for our sector, but like other critical infrastructure personnel, the energy workforce has mitigated supply chain interruptions to deliver essential fuels to homes, hospitals, and businesses.

**What are your expectations for how freight transportation networks or the supply chain may continue to be impacted in the near term? What impacts do you anticipate in the long term?**

Currently, crude oil and petroleum storage companies are finding innovative solutions, both onshore and offshore, to address the industry's storage challenges. A large number of vessels have been deployed as floating storage facilities for crude oil and petroleum products here in the U.S. and around the world. This is likely to continue in the near-term as production shut-ins take effect, and until demand gradually returns.

In the longer term, our industry is poised to support economic recovery and growth, as it did following the 2008 global financial crisis. Over the next few decades, the global demand for oil and natural gas is projected to rise, and the fuels will continue to serve as the building blocks for the products and processes that make modern life possible.

Nearly a decade ago, an economic downturn incentivized technological advances that allowed shale companies to streamline operations, leading to a revolution in domestic energy production. The resilient and innovative spirit that introduced hydraulic fracturing – one of the most critical business breakthroughs in U.S. history – will ensure American energy emerges from this market dislocation even stronger.



**How have critical infrastructure employees been affected during the COVID-19 crisis while performing their duties, and what steps have your members taken to protect them?**

Our industry's workforce has responded to COVID-19 crisis with resilience, maintaining critical energy supplies in our country's time of need. API worked closely with the Department of Energy, the Department of Homeland Security, and U.S. Governors to ensure industry employees were classified as essential when workplace restrictions were ordered across the country. The health and safety of our employees is our top priority, and member companies have followed the guidance released from the Centers for Disease Control as well as state and local agencies.

Protective measures, including social distancing, staggered shifts, contactless handoffs and temperature checks, are now common across the industry. API members are planning for a return to work based on federal and state guidance using a phased approach, and as supplies become available, businesses are also testing workers for the virus and virus antibodies. This will ensure the health of essential personnel, especially those unable to practice social distancing due to safe operating requirements.

**The U.S. Department of Transportation has a number of authorities that can be utilized to respond to extraordinary and unanticipated events. How has the use of these authorities affected your members during the COVID-19 crisis, and are additional authorities needed to provide additional support to the transportation sector in unforeseen circumstances?**

Throughout the COVID-19 crisis, the oil and natural gas industry has faced personnel capacity and social distancing limitations while attempting to manage the full scope of regulatory requirements. Individual company requests for relief would be burdensome to file and track, and therefore, a more holistic approach was necessary. As such, API appreciated the U.S. Department of Transportation's (DOT) proactive issuance of guidance on modal compliance with DOT drug and alcohol testing regulations, and the multiple Pipeline and Hazardous Materials Safety Administration (PHMSA) Stays of Enforcement and Notice of Discretion to pipeline operators. These actions provided pipeline operators flexibility when developing contingency plans and alternative procedures for maintaining safe operations.

Additionally, PHMSA recognized that many states have safety authority over intrastate natural gas pipelines, hazardous liquid pipelines, and underground natural gas storage through certifications and agency agreements – meaning operators may be subject to



inspection and enforcement by one or more state safety agencies. The steps taken in early March by PHMSA to provide guidance to state pipeline safety partners were critical to ensuring consistent enforcement, compliance, and adherence to the Notice of Discretion. To protect industry employees, as well as federal and state agency workers, PHMSA and state regulatory safety agencies have rescheduled non-essential in-person inspections and are conducting inspections remotely where practicable.

As you know, PHMSA's authorization expired in October 2019, and despite bipartisan consensus, pipeline safety authorization still faces significant hurdles. API urges the advancement of industry priorities through this authorization, which will maximize our investment in pipeline safety. Passing PHMSA authorization will provide needed clarity for industry operators during an uncertain time.

America's oil and natural gas industry is championing efforts to protect the health and safety of workers, communities and the environment, while meeting the world's essential energy needs. When the COVID-19 crisis is behind us and as the need for affordable, reliable and cleaner energy returns, this industry will be prepared to deliver the fuels to power the future.

Thank you again for the opportunity to provide input and information related to the impacts of the COVID-19 crisis on the natural gas and oil industry's supply chains and transportation networks. We appreciate your leadership and look forward to supporting our economic recovery and improving our nation's energy infrastructure.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael J. Sommers".

Michael J. Sommers