United States National Energy Supply

**Issue:** AAPG is concerned that the United States faces an energy supply shortfall.

**Background:** As the United States demand for energy has increased, imports of crude and refined products have increased while domestic production has decreased. This has contributed to high crude and gasoline prices. Natural gas production and deliverability are near demand volumes with little excess capacity resulting in high prices and price volatility. Supply shortages cause significant personal hardship and disruption to the economy through high prices and excessive volatility discourses investment in new supplies. This will continue if Congress fails to implement a meaningful comprehensive energy supply policy that encourages domestic exploration and development of our natural resources.

The United States has the potential through both the discovery of new oil and gas resources, and the recovery of substantial additional reserves in known oil and gas fields, to eventually mitigate or avoid future petroleum supply shortfalls and resulting price shocks.

Although the refineries in the United States have been expanded to increase capacity, no new ones have been built in over 25 years. They tend to operate at or near capacity but even so the amount of imported petroleum products has about doubled since 1995.

**Statement:** The AAPG believes a legislative initiative is critical to promote sufficient domestic oil and gas exploration and production to mitigate future supply disruptions. Critical issues in this initiative should include improved access to public lands and tax legislation that encourages capital investment. The AAPG also encourages the investment in and the building of new refineries to ensure continued domestic supply of refined petroleum products.