

Chairman Poe, Ranking Member Keating, Members of the Committee - Thank you for inviting me here today to testify on my bill HR 702, a straightforward piece of legislation that repeals authority to restrict the export of crude oil. I would like to thank those of you who are already cosponsors and look forward to winning the support of others in the future.

My colleague Chairman McCaul has introduced similar legislation with the same objective—to remove an outdated law that stands contrary to America’s free market ideals and constrains our nation’s potential economic growth. It is my understanding that Chairman McCaul will discuss the geopolitical benefits of removing the ban, of which there are many. But first, a little background:

The Energy Policy and Conservation Act of 1975 was crafted at a time when OPEC delivered 65% of US oil imports and the idea of an energy secure America was unimaginable.¹ Three assumptions underpinned that legislation: domestic production was dwindling; consumption was rising; and reliance on foreign sources of oil was increasing. In response to the Arab oil embargo Congress enacted a suite of policies to reduce US reliance on foreign imports including restrictions on exporting all domestically produced oil and petroleum products, plus a complicated system of price controls. We repealed price controls 34 years ago, lifted restrictions on product exports and have subsequently become a net exporter of these products, but the ban on crude oil exports still stands. We are the only member of the Organization for Economic Cooperation and Development (OECD) and the International Energy Agency (IEA) with an outright ban on exporting domestically produced crude oil.

In December, the US surpassed Saudi Arabia as the world’s largest producer of petroleum products. 96% of our growth in production since 2011 has come from a certain type of oil known as light sweet crude.² Our refining system, one of the most technologically advanced and efficient in the world, is configured to refine primarily heavy crude. The glut of light oil we see stocking up in storage in Cushing, Oklahoma and elsewhere across the nation has nowhere to go. Now, with the price of oil nearly half what it was this time last year, Texas producers are especially feeling pinched. The number of oil rigs in Texas actively drilling has dropped more than 50% since October when we had 1,609 active rigs.³ Today we have 760, the lowest weekly total since December 2010. That’s a lot of production going offline, costing thousands of jobs and untold economic slowdown. Due to declining production, Texas lost 40% of its tax revenue from oil and gas in January 2015.⁴ This ban hurts our constituents, our cities, and our country.

¹ [Testimony](#) of Adam Sieminski before the House Energy and Commerce Committee, December 11, 2014.

² See [“Increases in U.S. crude oil production come from light, sweet crude from tight formations,”](#) U.S. Energy Information Administration

³ See [“North America Rig Count,”](#) Baker Hughes, April 10, 2015.

⁴ See [“Oil Price decline leads to lower tax revenue in top oil-producing states,”](#) U.S. Energy Information Administration.

Removing the crude export ban will be good for the country, increasing domestic production, raising GDP, and increasing federal revenues approximately \$35 billion higher in 2020 than without shale development.⁵ Without the ban, nearly 630,000 jobs will be added at peak production in 2019 and household incomes will see a real increase of \$2,000 to \$3,000 per household in 2025.⁶

Studies show that removing the ban would decrease the price of gasoline we pay at the pump up to 13 cents per gallon, that's real money to real families.⁷ EIA has shown that the price we pay at the pump is based on the international price of oil and it follows that more supply in the international market will push the price downward for folks at home.

There is broad agreement that maintaining the ban is bad for business and bad for America. It is up to this Congress to examine the issue and move towards a better policy that reflects the reality of America today, not the America of 1975. It is a win, win, win—internationally, domestically, and economically.

⁵ See "[The Economic and Budgetary Effects of Producing Oil and Natural Gas from Shale](#)," Congressional Budget Office, December 9, 2014.

⁶ See "[Lifting the Crude Oil Export Ban: The Impact on U.S. Manufacturing](#)," The Aspen Institute, October 2014.

⁷ See "[U.S. Crude Oil Export Policy: Background and Considerations](#)," Congressional Research Service, December 2014.