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4 MARKUP ON H.R. 702, TO ADAPT TO CHANGING CRUDE OIL MARKET

5 CONDITIONS

6 THURSDAY, SEPTEMBER 10, 2015

7 House of Representatives,

8 Subcommittee on Energy and Power

9 Committee on Energy and Commerce

10 Washington, D.C.

11       The Subcommittee met, pursuant to call, at 10:02 a.m.,  
12 in Room 2123 of the Rayburn House Office Building, Hon. Ed  
13 Whitfield [Chairman of the Subcommittee] presiding.

14       Members present: Representatives Whitfield, Olson,  
15 Barton, Shimkus, Pitts, Latta, Harper, McKinley, Pompeo,  
16 Kinzinger, Griffith, Johnson, Long, Ellmers, Flores, Mullin,  
17 Hudson, Upton (ex officio), Rush, McNerney, Tonko, Green,  
18 Doyle, Castor, Welch, Loeb sack, and Pallone (ex officio).

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19 Staff present: Nick Abraham, Legislative Associate,  
20 Energy and Power; Gary Andres, Staff Director; Will Batson,  
21 Legislative Clerk; Leighton Brown, Press Assistant; Allison  
22 Busbee, Policy Coordinator, Energy and Power; Karen  
23 Christian, General Counsel; Tom Hassenboehler, Chief Counsel,  
24 Energy and Power; Brittany Havens, Oversight Associate,  
25 Oversight and Investigations; Kirby Howard, Legislative  
26 Clerk; A. T. Johnston, Senior Policy Advisor; Peter Kielty,  
27 Deputy General Counsel; Brandon Mooney, Professional Staff  
28 Member, Energy and Power; Tim Pataki, Professional Staff  
29 Member; Graham Pittman, Legislative Clerk; Dan Schneider,  
30 Press Secretary; Jen Berenholz, Democratic Chief Clerk;  
31 Christine Brennan, Democratic Press Secretary; Jeff Carroll,  
32 Democratic Staff Director; Elizabeth Ertel, Democratic Deputy  
33 Clerk; Michael Goo, Democratic Chief Counsel, Energy and  
34 Environment; Tiffany Guarascio, Democratic Deputy Staff  
35 Director and Chief Health Advisor; Caitlin Haberman,  
36 Democratic Professional Staff Member; Rick Kessler,  
37 Democratic Senior Advisor and Staff Director, Energy and  
38 Environment; John Marshall, Democratic Policy Coordinator;  
39 Alexander Ratner, Democratic Policy Analyst; and Tim  
40 Robinson, Democratic Chief Counsel.

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|

41 H.R. 702

42 10:02 a.m.

43 Mr. {Whitfield.} I would like to call this markup to  
44 order and recognize myself for 5 minutes. You might want to  
45 start the clock.

46 Today this subcommittee begins the markup of H.R. 702,  
47 to adapt to changing crude oil market conditions. This  
48 bipartisan bill would put an end to the outdated restrictions  
49 on the export of American oil, and I want to thank Mr. Barton  
50 for introducing it and for the other members who support it.  
51 Allowing oil exports would provide a major boost for jobs and  
52 the economy, help keep gasoline affordable, and strengthen  
53 our national security. I urge all of my colleagues to  
54 support this common sense and long-overdue measure.

55 America is a Nation that supports free trade and open  
56 markets. Millions of Americans, from farmers to automakers,  
57 enjoy the benefits of a global marketplace and customer base.  
58 However, Congress created an exception for oil exports back  
59 in 1975. At the time, we feared that America was running out  
60 of oil, that we would become increasingly dependent on OPEC  
61 countries. However, over the years, many of the laws that  
62 were enacted during this period of our history have been

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63 repealed. Price controls are a good example. However, the  
64 restrictions on oil exports remain on the books.

65 Over the last decade, advances in drilling technology  
66 have resulted in dramatic production increases. This is  
67 especially true of the lighter grades of crude not suitable  
68 for most domestic refiners but very much in demand around the  
69 world.

70 The oil and natural gas sector has been a rare bright  
71 spot in the economy and has been one of our best job  
72 creators. However, with oil prices at their current low  
73 levels, we have seen the pace of new drilling activity drop  
74 off, and some of those jobs have been lost. Oil export  
75 restrictions magnify the impact of the price decline.

76 Opening up new markets for American oil would create an  
77 additional demand and spur increases in oil production.  
78 According to a study from IHS, lifting the export ban would  
79 create an average of 394,000 additional jobs through 2030  
80 with a peak of 1 million in 2018. These are high-paying jobs  
81 that would already have been in existence today except for  
82 the ban on oil exports.

83 It is worth noting that these jobs are not concentrated  
84 in oil-producing regions but are spread throughout the  
85 country. Many have raised concerns about the impact of oil

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86 exports on the price of gasoline. However, a large number of  
87 studies have concluded that oil exports would not raise  
88 prices at the pump, and may actually lower them as more oil  
89 becomes available on the world market.

90       The economic benefits alone should make lifting export  
91 restrictions an easy choice, but the energy diplomacy and  
92 security benefits are also an example of a valuable benefit.  
93 Lifting oil export restrictions would allow the United States  
94 to help counter the influence of Russia, OPEC, and  
95 potentially Iran. And I think it is also ironic that the  
96 recent agreement negotiated by the Obama administration which  
97 will allow Iran to start exporting their oil products while  
98 here in the United States, we are still prevented from doing  
99 that.

100       The pro-exports consensus is a broad one and includes  
101 groups as diverse as the Brookings Institution, the  
102 Bipartisan Policy Center, The Heritage Foundation. Oil  
103 exports also enjoy support from numerous high-ranking Obama  
104 and Clinton Administration officials as well as many who  
105 served under both of the Bush Administrations.

106       For the economic and geopolitical benefits of oil  
107 exports, I urge my colleagues to take this long overdue step  
108 and support H.R. 702.

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109 [The prepared statement of Mr. Whitfield follows:]

110 \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

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|  
111 Mr. {Whitfield.} And with that, I yield back the  
112 balance of my time and would like to recognize at this time  
113 the Ranking Member from Illinois, Mr. Rush, for his opening  
114 statement.

115 Mr. {Rush.} I want to thank you, Mr. Chairman, for  
116 holding this important markup on this important bill, H.R.  
117 702, legislation to prohibit restrictions on the export of  
118 crude oil introduced by my good friend and colleague, and I  
119 might add, and in some minds, the greatest Congressman from  
120 Texas next to Jim Wright.

121 Mr. {Barton.} What about Sam Rayburn?

122 Mr. {Rush.} Or Sam--

123 Mr. {Barton.} What are you going to ask for?

124 Mr. {Rush.} Well, just hold on now.

125 Mr. {Whitfield.} He said Jim Wright and Sam Rayburn.

126 Mr. {Rush.} Don't be too hasty now. We are  
127 negotiating, right? Mr. Chairman, this is an issue that I  
128 have spent much time considering in light of the new American  
129 energy renaissance and the increased production of both  
130 natural gas and shale oil. I believe the time may be right  
131 for modifications to our Nation's 40-year ban on crude oil  
132 exports.

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133           Mr. Chairman, as I have stated many times before, I  
134 support an all-of-the-above energy policy. In practice, that  
135 means I wholeheartedly support President Obama's Climate  
136 Action Plan including the joint announcement with China  
137 establishing emissions carbon pollution reduction targets,  
138 the national commitment to the Green Climate Fund and of  
139 course the President's signature environmental achievement,  
140 the Clean Power Plan.

141           Mr. Chairman, I believe each of these initiatives both  
142 individually and collectively will go a long way in helping  
143 to transition not only the United States but countries around  
144 the globe to more sustainable, cleaner, and greener energy  
145 sources.

146           With that said, Mr. Chairman, the reality is that fossil  
147 fuels are going to be in the energy mix both domestically and  
148 globally for the foreseeable future. And it is critically  
149 important to my constituents and to the economy as a whole  
150 that all segments of the population are able to benefit from  
151 the tremendous opportunity available within the oil and gas  
152 industries as well as the alternative energy industry.

153           So Mr. Chairman, while I am not able to support H.R. 702  
154 at this very moment, my office has been working with and will  
155 continue to work with my friend, the esteemed gentleman from



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156 Texas, Mr. Barton's office, to see if we can come up with a  
157 proposal that I am comfortable with that would warrant my  
158 support for lifting the ban. I think it would be beneficial  
159 to have more time, Mr. Chairman, to fully discuss this issue  
160 before the Full Committee. We need more time. Specifically,  
161 Mr. Chairman, businesses around the country have repeatedly  
162 reached out to my office for help in finding pathways to  
163 securing prime contracts and subcontracts within the energy  
164 supply chain. We all understand that awarding contracts to  
165 minority firms can result in a multiplier effect on jobs and  
166 economic opportunities for communities that need assistance  
167 the most.

168 Mr. Chairman, before opening the door to this global  
169 market, I must feel confident that underrepresented  
170 communities all around this country would indeed benefit from  
171 the opportunities that will come from lifting this ban. In  
172 another way of speaking, Mr. Chairman, cut us in or just cut  
173 it out.

174 So Mr. Chairman, I will remain engaged on this matter,  
175 and I will maintain an open-door policy for stakeholders who  
176 would like to discuss either side and all sides of this  
177 particular issue. Hopefully again, Mr. Chairman, the  
178 majority will give us more time to work through these

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179 important issues. It is my hope that by the time this bill  
180 moves through the Full Committee, all of my concerns and all  
181 the concerns of the members of this subcommittee on this side  
182 of the aisle would have been addressed and we would be able  
183 to fully confirm our stance affirmatively on this issue or  
184 not affirmatively on this issue.

185 I thank you, Mr. Chairman. I yield back.

186 [The prepared statement of Mr. Rush follows:]

187 \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

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|  
188           Mr. {Whitfield.} Thank you, Mr. Rush. At this time I  
189 recognize the chairman of the Full Committee, Mr. Upton, for  
190 5 minutes.

191           The {Chairman.} Well, thank you, Mr. Chairman. You  
192 know, America's energy landscape has certainly changed  
193 dramatically since 1975 when President Ford signed the export  
194 ban into law. And few back then could have imagined a  
195 domestic oil glut jeopardizing new drilling and the jobs that  
196 go with it, but that is the situation many experts say we  
197 face today. The growing supply of American oil is outpacing  
198 domestic demand and in fact needs a new outlet.

199           There is widespread support for oil exports. Left-  
200 leaning organizations like the Brookings Institution and the  
201 Progressive Policy Institute have joined center and right-  
202 leaning groups in saying that oil exports would, in fact,  
203 create jobs and boost economic growth. The CBO, GAO, and  
204 most recently the Energy Information Administration have all  
205 concluded that oil exports would not raise the price at the  
206 pump and may actually save consumers money. And foreign  
207 policy experts across the political spectrum have determined  
208 that oil exports would enhance America's standing in the

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209 world. And I would note the President's agreement with Iran  
210 now allows Iran to export oil as well.

211 So it is important that we pass this legislation through  
212 the subcommittee today. I am glad to say that the chief  
213 sponsor of the bill, Mr. Barton, I congratulate his  
214 enthusiasm. He said that they would be able to work with  
215 both sides, and without his efforts we would not be here  
216 today. And I congratulate his efforts, and I look forward to  
217 the vote that we have later this morning as the bill moves  
218 through the legislative process. And I yield back.

219 [The prepared statement of Chairman Upton follows:]

220 \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

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|

221 Mr. {Whitfield.} The gentleman yields back. At this  
222 time I recognize the gentleman from New Jersey, Mr. Pallone,  
223 for 5 minutes.

224 Mr. {Pallone.} Thank you, Chairman Whitfield, and also  
225 our ranking member for today's markup. As I have said  
226 before, it is not a bad idea to reconsider the merits of a  
227 policy enacted in the wake of the 1973 oil embargo. The  
228 world is very different than it was 40 years ago.  
229 Unfortunately I believe that the majority has rushed to mark  
230 up this legislation, cutting this committee's consideration  
231 short.

232 Our energy picture is evolving rapidly. The worldwide  
233 crude oil prices are at their lowest level in 5 years. U.S.  
234 gas prices have been hovering around \$2 per gallon, at least  
235 in New Jersey. Domestic oil production has increased  
236 dramatically in recent years while demand has declined,  
237 thanks to increased fuel efficiency standards for our cars  
238 and trucks. And all this is good news for consumers in the  
239 near term. However, there is no guarantee that these  
240 conditions will last. So I believe that it is imperative for  
241 Congress to consider a host of factors before permanently  
242 dismantling our Nation's ability to restrict oil exports as

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243 proposed by H.R. 702.

244 First, we should consider the impacts on consumers. How  
245 would easing restrictions affect the price of crude oil and  
246 gasoline? Proponents argue that allowing unrestricted  
247 exports of crude oil would lead to low oil prices and a lower  
248 price at the pump. But a recent Energy Information  
249 Administration study found that changes to U.S. oil export  
250 policy will have little to no impact on the future price of  
251 oil. What we do know is that changes in our crude oil policy  
252 will lead to a significant payday for oil producers with  
253 increases in annual profits approaching \$30 billion by 2025.  
254 Increased crude exports certainly help oil companies but do  
255 they really benefit the consumer?

256 Next we should also consider the impacts on our refinery  
257 capacity and associated jobs. Refinery capacity is a  
258 critical element of our infrastructure and can be an  
259 important source of good-paying, middle-class jobs. And both  
260 our infrastructure and jobs have grown over the past 2 years  
261 due to increased production. Both would be in jeopardy if we  
262 hastily removed crude export restrictions, like the steel  
263 workers. I want to keep and grow refining jobs here in the  
264 United States. Unrestricted exports of crude oil could mean  
265 exporting those jobs and losing out on critical investments

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266 in future refining capacity.

267       And finally, Mr. Chairman, we must seriously consider  
268 the environmental and climate impacts of lifting the export  
269 ban. In today's world, we can't consider energy policy as  
270 distinct from environmental policy. They are linked. And  
271 each is a facet of the other. Increasing crude oil exports  
272 means increasing domestic production of crude oil which has  
273 impacts on climate change, on public health and worker  
274 safety, on property owners, and on protection of our water  
275 supplies. Yet the bill before us prohibits any official of  
276 the Federal Government from imposing or enforcing any  
277 restriction on the exports of crude oil in any circumstances,  
278 not for reasons of national security, not for adverse  
279 consumer impacts, not for public safety, and certainly not  
280 for impacts to the environment. And I think this is  
281 dangerous and misguided. Too often we eagerly embrace short-  
282 term profits and benefits without understanding the costs of  
283 our actions. We should not make such a mistake again here.  
284 Instead we should take the long view to ensure we fully  
285 understand and consider the enduring consequences of our  
286 actions and choose the cleanest and most sustainable path  
287 forward. And that is the essence of common sense energy  
288 policy.

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289           So I don't believe the potential impacts of H.R. 702 on  
290 the economy, on consumers, and on the environment can be  
291 considered acceptable. Therefore, I would urge my colleagues  
292 to vote no on this legislation. And I would yield back the  
293 balance of my time.

294           [The prepared statement of Mr. Pallone follows:]

295           \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*



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|

296 Mr. {Whitfield.} The gentleman yields back. At this  
297 time I recognize the gentleman from Texas, the primary  
298 sponsor of the legislation, Mr. Barton, for 3 minutes.

299 Mr. {Barton.} Thank you, Mr. Chairman. Thank you and  
300 Chairman Upton for scheduling the markup today. I want to  
301 thank Ranking Member Rush for his kind comments and open  
302 mind. I want to thank Ranking Member Full Committee Pallone  
303 for his reasoned thoughts about this issue.

304 This has been a long day coming, Mr. Chairman. In  
305 December of 1975 when President Ford signed the bill that  
306 restricted exports of crude oil from the United States, we  
307 were importing almost 2/3 of our oil. We didn't have the  
308 capability to export crude oil. We had just come out of the  
309 Arab oil embargo of the early '70s. We thought our oil base  
310 was in decline.

311 Mr. Chairman, that is wrong. The United States of  
312 America has the largest oil and gas reserve base of any  
313 nation in the world including Russia and Saudi Arabia. Not  
314 only that, Mr. Chairman, we have the best technology in the  
315 world, and not only that, Mr. Chairman, we have the best  
316 workforce in the world, the best group of people that know  
317 how to innovate and know how to utilize this resource base.

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318 We are the only Nation in the world, Mr. Chairman, that has  
319 the capability to substantially increase our oil production.  
320 The Saudis can't do it. The Russians can't do it. The  
321 Iraqis can't do it. The Iranians can't do it. The Mexicans  
322 can't do it. No other nation in the world has the capability  
323 that the United States of America has to substantially  
324 increase our oil production. But in order to do that, Mr.  
325 Chairman, we simply must repeal this outdated ban on crude  
326 oil exports.

327       The bill before us today would do that. It is a  
328 bipartisan bill. We have almost 10 percent of the Democratic  
329 Caucus as an original co-sponsor of the bill. That is not  
330 happenstance. Henry Cuellar from South Texas who has the  
331 Eagle Ford shale in his Congressional District has been a  
332 tireless worker encouraging Democrats to sign onto the bill.  
333 Just this week the Blue Dog group in the House of  
334 Representatives has endorsed the bill. How many bills do we  
335 have in this Congress, Mr. Chairman, that the Blue Dogs have  
336 endorsed on the Democratic side and the Republican Study  
337 Committee has endorsed on the Republican side? Not many.

338       This is a simple issue. We have an abundance of crude  
339 oil. Our refineries are running at 97 percent capacity, 97  
340 percent. They are not going to lose refinery jobs if we

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341 repeal the ban on crude oil exports. They are going to  
342 maintain those jobs.

343 This is a bill that will help every state in the Union,  
344 Mr. Chairman, not just Texas. The state that is second  
345 helped--Texas is helped, but so is California. So is  
346 Illinois. So is Missouri. Now you go across the board.  
347 Every state in the Union will create jobs, create economic  
348 activity if we pass this legislation.

349 So Mr. Chairman, I am very happy that you are going to  
350 mark the bill up, and I promise my friends on the Democratic  
351 side, and they are my friends, it is going to be an open  
352 process. It is going to be a bipartisan process. And  
353 ultimately it is going to be a successful process. One of  
354 the greatest moments I have had as a congressman, Mr.  
355 Chairman, was taking the Energy Conference Report for the  
356 2005 Energy Policy Act to the House Floor to have John  
357 Dingell sign it. I hope that Chairman Upton gets to take a  
358 conference report in the next 3 months and asks Mr. Pallone  
359 to sign it. And at that time I hope that Frank will sign it.

360 With that, Mr. Chairman, I yield back.

361 [The prepared statement of Mr. Barton follows:]

362 \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

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363           Mr. {Whitfield.} The gentleman yields back. I would  
364 remind all members also that opening statements will be part  
365 of the record. And are there further opening statements at  
366 this point? The gentleman from Texas, Mr. Green, is  
367 recognized for 3 minutes.

368           Mr. {Green.} Thank you, Mr. Chairman, and ranking  
369 member for holding the markup today. Today we have to  
370 discuss an issue that is very important to the district I  
371 represent. Over my 20 years in Congress, I have at one time  
372 represented 5 refineries and still represent many people who  
373 work there. But what people forget is Houston isn't the  
374 refining capital of the world. We are actually the energy  
375 capital of the world. Our district is home to many upstream  
376 drillers, mid-stream transporters, and storage companies as  
377 well. All these companies have a stake in the policies we  
378 are discussing today. The producers are in the field  
379 creating jobs and are directly responsible for the U.S.  
380 position as the number one producer of oil and gas in the  
381 world. And Texas has a lot to do with that.

382           The pipeline and storage companies are building like  
383 crazy in our district. I visited a facility last year in our  
384 district that was completed. It will hold 700,000 barrels of

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385 oil. Under current law, mid-stream companies are investing  
386 and build splitters to export condensate that is allowed  
387 under current law.

388 I know approximately 10 announced projects that are set  
389 to come on line in the next 2 years. Under current law, our  
390 refineries are investing in expanding. There have been 10  
391 other announcements in the gulf and across the country that  
392 would add additional capacity. Under current law, we can and  
393 are exporting crude oil to Mexico and Canada, all these  
394 thanks to the U.S. oil and gas production.

395 Our production has been an enormous boon to the economy  
396 of our district, but I also know the upstream folks are  
397 facing domestically constrained markets in an internationally  
398 challenging marketplace. So the United States lacks that  
399 infrastructure. Infrastructure is needed to move the product  
400 from non-traditional drilling areas to where the refining  
401 capacities are.

402 North Dakota does not have a pipeline that leaves North  
403 Dakota so everything comes out in either truck or train car.  
404 We need to invest in pipeline capacity and hope that it will  
405 address our in this energy package. We also need to  
406 understand the international marketplace and the complexity  
407 of oil as a commodity.

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408 I want to produce at home and provide for the domestic  
409 needs and then supply our friends around the globe, but I  
410 don't also want to become just a resource Nation and lose  
411 these downstream jobs and manufacturing jobs that we have in  
412 our refining and even our chemical industry.

413 I remember two empty office buildings in the 1970s, and  
414 I sure liked those chemical and refinery jobs coming in our  
415 district instead of leaving it.

416 I am open to working on the export issue, but we have to  
417 create a policy that not only reflects the last 30 years but  
418 also looks into the future for the next 30 years. As we move  
419 forward to Full Committee, I encourage us to sit down and  
420 engage in the issue and craft a common sense legislation that  
421 will not just benefit producers but benefit everybody along  
422 the supply line, including the consumers.

423 And with that I will yield back.

424 [The prepared statement of Mr. Green follows:]

425 \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

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426           Mr. {Whitfield.} The gentleman yields back. Are there  
427 other members on the Republican side that would like to make  
428 an opening statement? The gentleman is recognized for 3  
429 minutes.

430           Mr. {Flores.} Thank you, Mr. Chairman. The American  
431 energy revolution has dramatically improved our energy  
432 security at home and overall economic opportunity for hard-  
433 working Americans. The United States is now the number one  
434 producer of oil and gas in the world. Unfortunately current  
435 policies reflect a 1970s era of scarcity, and these policies  
436 desperately need to be updated to reflect our current reality  
437 of energy abundance.

438           Several major studies over the past year, including CBO,  
439 IHS, Brookings, Columbia University, and the national  
440 security experts from both Republican and Democratic  
441 administrations all agree on a key issue: American consumers  
442 and households all benefit if we repeal the outdated ban on  
443 crude oil exports.

444           President Obama's former top economic advisor, Larry  
445 Summers, even agrees that we need to lift this ban. It is  
446 also notable that we are considering this bill today as  
447 debate on the Iran deal is moving forward. Why are some now

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448 so eager to lift Iranian sanctions to allow their oil to  
449 access the world market, yet our own domestic producers  
450 continue to face internal sanctions. Gasoline prices are set  
451 by Brent global prices. Allowing our domestic producers to  
452 increase global supply will bring overall energy prices down  
453 for hardworking Americans.

454 The administration's own Energy Information  
455 Administration stated in a recent report that lifting the  
456 crude export ban could reduce gasoline prices.

457 So we talked about the long view here or you have heard  
458 people mention the long view, and you have heard people talk  
459 about trying to benefit their communities, particularly those  
460 in lower income and lower middle-class families. Let's walk  
461 through the benefits of this deal. This benefits American  
462 consumers by overall energy prices from what they buy every  
463 day. This helps those families get what they need today for  
464 economic security.

465 Number two, it benefits the American energy producer and  
466 allows them to further reinvest in our domestic energy  
467 structure furthering our energy security.

468 Number three, it benefits our geopolitical standing and  
469 strengthens our ties with global friends and allies and hurts  
470 those who are adverse to American interest.



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471           And number four, for those people that care about the  
472 downstream energy industry, think about this. This also  
473 benefits our downstream refining community because lower  
474 prices for their products stimulate high demand for their  
475 products, their refined products. That gives them more  
476 financial capital to reinvest in hiring skilled American  
477 workers and to reinvesting in their operations. These are  
478 four critical reasons where everybody wins out of this, and I  
479 think we need to keep these things in mind.

480           Mr. Chairman, thank you for holding today's markup, and  
481 I hope that we have a strong bipartisan vote in favor of Mr.  
482 Barton's bill. I yield back.

483           [The prepared statement of Mr. Flores follows:]

484 \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

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|

485           Mr. {Whitfield.} Thank you, Mr. Flores. At this time I  
486 recognize the gentleman from Pennsylvania, Mr. Doyle, for 3  
487 minutes.

488           Mr. {Doyle.} Thank you, Mr. Chairman. The energy  
489 landscape in this country and around the world has undeniably  
490 changed since we first limited oil exports in 1975. Our  
491 energy portfolio has diversified, adding new sources and  
492 utilizing new technologies. But while we could talk for days  
493 about the change we have seen in the energy sector over the  
494 last 4 decades I think we need to talk about the incredible  
495 change we have seen in just the past year.

496           A little over a year ago in the summer of 2014, West  
497 Texas Intermediate Crude was trading at over \$100 a barrel.  
498 Today it is below \$50. Our committee cannot just be  
499 reactionary to oil prices. We need to think about the big  
500 picture, the next 5, 10, 20, or 50 years. And I think this  
501 bill can have some real negative consequences now and in the  
502 future.

503           People on this committee know I am an all-of-the-above  
504 guy when it comes to energy, and I voted in favor of many  
505 bills from both sides of the aisle including dealing with  
506 exports. But I have serious concerns about this bill. We

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507 have been blessed with an incredible abundance of resources  
508 in our country, but we have to make sure we are making smart  
509 decisions on how to use them. And although we are very  
510 fortunate with these abundant resources, let's not forget  
511 that our country is still using much more oil than what we  
512 are producing.

513 In June of this year the most recent data we have, the  
514 United States used 16.9 million barrels of oil a day, but we  
515 only produced 9.3 million barrels. So we talk about energy  
516 independence, we are still a long ways from energy  
517 independence when we have that kind of a spread.

518 Our top priority as a government needs to be ensuring  
519 that America has a strong source of stable energy for years  
520 and decades to come regardless of the political and religious  
521 turmoil around the world. If we are going to export oil, we  
522 need to do so prudently and ensure that we keep good family  
523 sustaining jobs here at home. I know a lot of hard-working  
524 men and women on the other side of my state whose family rely  
525 on jobs in the refineries. Lifting the ban could shift their  
526 jobs overseas along with our oil. The transportation of oil  
527 from the gulf to U.S. refineries also supports the American  
528 shipbuilding industry and steel-making industry as well as  
529 jobs in the maritime trades. Lifting the ban could destroy a

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530 lot of U.S. jobs in those industries, too. I think we need  
531 to make sure that we do right by hard-working Americans in  
532 those jobs as well.

533 So in short, Mr. Chairman, I think this bill needs some  
534 work, and I think we need some time to sit down and work on a  
535 bill that takes all of these things into consideration before  
536 we move forward to the full committee. I thank you, and I  
537 yield back.

538 [The prepared statement of Mr. Doyle follows:]

539 \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

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540           Mr. {Whitfield.} The gentleman yields back. At this  
541 time I recognize the gentleman from Illinois, Mr. Shimkus,  
542 for 3 minutes.

543           Mr. {Shimkus.} Thank you, Mr. Chairman. I will be  
544 brief. First of all, this is a good bill, and it will help  
545 continue to create jobs or save jobs because obviously in the  
546 oil fields right now, there is a decline and a loss of jobs.  
547 Illinois has the Illinois basin. We are marginal producers,  
548 and our producers are asking us to lift this ban. Crude oil  
549 is a commodity product just like corn or beans and should be  
550 sold on the world market. The Brent pricing will be lower  
551 based upon new supply that goes in. So the world price of  
552 crude oil will go down. And the last thing that I talked  
553 about quite a bit in all the hearings was more crude oil on  
554 the world market really will help protect our allies and  
555 friends from rogue nations that use crude oil to extort  
556 public policy in an international arena.

557           And for that reason, I appreciate ranking member or I  
558 mean Chairman Emeritus Barton's bill, and I look forward to  
559 support and I yield back my time.

560           [The prepared statement of Mr. Shimkus follows:]

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561 \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

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|

562 Mr. {Whitfield.} The gentleman yields back. At this  
563 time the chair recognizes the gentlelady from Florida, Ms.  
564 Castor, for 3 minutes.

565 Ms. {Castor.} Thank you, Mr. Chairman, and good  
566 morning. Members, as currently crafted, I believe this bill  
567 is an unconscionable giveaway to the big oil companies at the  
568 expense of American consumers, America's national security  
569 interest, and decades of U.S. policy to encourage America's  
570 energy independence. You simply cannot ignore the fact that  
571 America remains heavily dependent on imports of crude oil,  
572 over 25 percent today. And although proponents argue that a  
573 ban is in place, that is not accurate. Current law allows  
574 thoughtful and strategic exports to our allies. And in fact,  
575 those exports have been increased over the past few years.

576 Regarding consumers, any claims that sending American  
577 oil overseas would help consumers are entirely unsupported.  
578 Instead, what the studies show is that exporting American oil  
579 would feed the uncertainty of oil markets and American  
580 consumers. Further allowing more crude oil exports could  
581 result in \$8.7 billion less investment and U.S. refining  
582 capacity over the next 10 years.

583 Those are American jobs, and CBO estimates that if the

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584 restrictions on crude oil exports are lifted, the prices of  
585 domestic light crude oil seen by some U.S. crude oil  
586 producers and petroleum refineries would rise.

587       When it comes to national security, we have got to be  
588 very careful here because export of America's crude oil is  
589 rife with unknown and unintended consequences. Who will  
590 really benefit? It is likely the Chinese. We are currently  
591 locked in a geopolitical struggle with China. China is known  
592 for its exploitation of natural resources all across the  
593 globe in Africa and South America. Why would we help them  
594 gain a strategic foothold on America's natural resources? I  
595 think that should give everyone pause.

596       My overriding concerns are with the American consumers  
597 and America's national security, and I urge the committee to  
598 carefully rethink the policy direction on this bill. And I  
599 yield back.

600       [The prepared statement of Ms. Castor follows:]

601 \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*



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602           Mr. {Whitfield.} The gentlelady yields back. Are there  
603 any other members seeking recognition for an opening  
604 statement?

605           Seeing none, the Chair would call up H.R. 702 and ask  
606 the Clerk to report.

607           The {Clerk.} H.R. 702, to adapt to changing crude oil  
608 market conditions.

609           [The bill follows:]

610 \*\*\*\*\* INSERT 1 \*\*\*\*\*

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611 Mr. {Whitfield.} Without objection, the first reading  
612 of the bill is dispensed with, and the bill will be open for  
613 amendment at any point. So ordered.

614 Are there any bipartisan amendments to the bill?

615 Seeing none, are there any amendments to the bill?

616 Seeing none, Mr. Barton, really did his work. I can see  
617 that.

618 The question now occurs on forwarding H.R. 702 to the  
619 Full Committee.

620 All those in favor, say aye.

621 All those opposed, nay.

622 The ayes appear to have it. The ayes have it, and the  
623 bill is favorably reported.

624 Without objection as staff is authorized to make  
625 technical and conforming changes to the legislation approved  
626 by the subcommittee today, so ordered. And without  
627 objection, the subcommittee stands adjourned.

628 [Whereupon, at 10:34 a.m., the Subcommittee was  
629 adjourned.]