Dissenting Views on H.R. 702, a Bill to "Adapt to Changing Crude Oil Market Conditions"

H.R. 702, a bill "to adapt to changing crude oil market conditions" was introduced in light of the growing interest in lifting the long-standing prohibition on the export of crude oil from the U.S., due to growing domestic supply and declining prices for producers. The extreme approach taken by this bill not only repeals current crude export restrictions, but also ensures that no export restrictions – for any reason – could be implemented or enforced in the future. Beyond incentivizing a major increase in domestic oil production, the vaguely drafted provisions of the bill could have potentially vast consequences for consumers, the environment and climate change, and national security.

BACKGROUND

The Energy Policy and Conservation Act of 1975 (EPCA) is the primary statute restricting the export of domestically produced crude oil. EPCA was enacted in the wake of the 1973 embargo of crude oil deliveries to the U.S. by the Organization of Arab Petroleum Exporting Countries (OPEC). The embargo resulted in rapid increases in the price of imported crude oil, raising concerns about the scarcity of domestic oil resources and the U.S. reliance on foreign oil.[1]

EPCA includes several provisions intended to mitigate the impact of disruptions in the supply of petroleum products on the U.S. The law directs the President to prohibit the export of crude oil and natural gas produced in the United States, unless doing so is determined to be in the national interest and consistent with the purposes of EPCA. The law also authorizes the Strategic Petroleum Reserve (SPR) for the storage of up to 1 billion barrels of petroleum products.[2]

The Department of Commerce's Bureau of Industry and Security (BIS) is responsible for regulating crude oil exports by issuing licenses to interested companies.[3] In accordance with EPCA's general prohibition on crude oil exports and regulations issued pursuant to the 1979 Export Administration Act, BIS will only approve export licenses for the following transactions:

- Exports from Alaska's Cook Inlet;
- Exports to Canada for consumption or use therein;
- Exports in connection with refining or exchange of SPR oil;

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[1] Congressional Research Service, *The Strategic Petroleum Reserve: Authorization, Operation, and Drawdown Policy* (Aug. 27, 2013) (R42460) (online at www.crs.gov/pdfloader/R42460). The price of imported crude oil roughly from roughly $4 per barrel in the last quarter of 1973 to an average price of $12.50 per barrel in 1974.

[2] Congressional Research Service, *The Strategic Petroleum Reserve: Authorization, Operation, and Drawdown Policy* (Aug. 27, 2013) (R42460) (online at www.crs.gov/pdfloader/R42460).

[3] Congressional Research Service, *U.S. Oil Imports and Exports* (Apr. 4, 2012) (R42465) (online at www.crs.gov/pdfloader/R42465).

- Exports of heavy California crude oil up to an average of 25,000 barrels per day (b/d);
- Exports that are consistent with international agreements;
- Exports that are consistent with findings made by the President; and
- Exports of foreign-origin crude that has not been commingled with U.S. crude oil.[4]

BIS also considers export license applications for exchanges involving crude oil on a case-by-case basis. BIS typically approves these export licenses only if the exchange is temporary, or under specific exceptional circumstances.[5]

Over the past several years, the number of approved applications and the level of crude oil exports have steadily increased. The number of approved crude oil license applications grew from 31 approved applications in FY 2008 to 189 approved applications in FY 2014.[6] In the first five months of 2015 crude exports have averaged 491,000 b/d, going primarily to Canada.[7]

A. Crude Oil Production

Domestic crude oil production has increased significantly over the past few years, reversing a decline that began in 1986. According to the U.S. Energy Information Administration (EIA) U.S. crude oil production increased from 5.1 million b/d in 2007 to an estimated 9.4 million b/d in the first half of 2015.[8] EIA currently projects crude oil production to average 9.2 million b/d in 2015, and then drop to 8.8 million b/d in 2016.[9] EIA also notes that tight oil development is still at an early stage, and that changes in U.S. crude oil production can be affected by technological advances which allow production to occur in potentially high-yielding tight formations.

However, EIA projections suggest that the recent gains in tight oil production may be temporary. EIA projects that domestic production slows after 2015, and expects that "after 2020, tight oil production declines, as drilling moves into less productive areas."[10]

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[4] 15 C.F.R. § 754.2(b)(1).

[5] *Id.* at (b)(2).

[6] Congressional Research Service, *U.S. Crude Oil Export Policy: Background and Considerations*, at 10 (Dec. 31, 2014) (R43442) (online at www.crs.gov/pdfloader/R43442).

[7] U.S. Energy Information Administration, *Effects of Removing Restrictions on U.S. Crude Oil Exports* (Sept. 2, 2015) (online at www.eia.gov/analysis/requests/crude-exports/pdf/fullreport.pdf); U.S. Energy Information Administration, *Exports by Destination* (online at www.eia.gov/dnav/pet/PET_MOVE_EXPC_A_EPC0_EEX_MBBLPD_M.htm).

[8] U.S. Energy Information Administration, *Short-Term Energy Outlook September 2015*, at 7 (Sept. 9, 2015) (online at www.eia.gov/forecasts/steo/pdf/steo_full.pdf).

[9] *Id.* at 6.

[10] U.S. Energy Information Administration, *U.S. Crude Oil Production to 2025: Updated Projection of Crude Types*, at 1 (May 29, 2015) (online at www.eia.gov/analysis/petroleum/crudetypes/pdf/crudetypes.pdf).

In its 2015 Annual Energy Outlook Reference Case, EIA projects all domestic crude production to peak at 10.6 million b/d in 2020.[11] If the price of oil remains well below $100 per barrel, EIA projects domestic production to only reach 10 million b/d in the same year.[12] Should domestic production significantly expand like in the "High Oil and Gas Resource" case, production could continue to climb to a high of 16.6 million b/d in 2040.[13]

B. U.S. Refining Capacity

As of January 1, 2015, the United States had 140 operating refineries with a total crude oil processing capacity of roughly 18 million b/d.[14] Each refinery has its own unique configuration that is generally designed to economically optimize the use of a certain crude oil blend and the production of oil products that will maximize profit margins.[15] More than 50% of the refining capacity in the U.S. is located in the Gulf Coast region, where the refineries are configured to process heavy crude. Refining of light sweet crude is concentrated primarily on the east coast.[16]

C. Imports of Crude Oil

Despite increased production, the U.S. remains heavily dependent on imports of crude oil. In June 2015, the U.S. imported an average of 6.9 million b/d of crude oil.[17] In 2014, U.S. imports declined to an estimated 26% of the petroleum it consumed.[18] This is the result of a variety of factors, including a rise in domestic oil production and a decreased demand for petroleum products –due to increased alternative fuel use, higher fuel efficiency standards and the overall economic downturn. EIA projects that net U.S. petroleum imports will fall to 21% of consumption in 2016, which would be the lowest level since 1969.[19]

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[11] U.S. Energy Information Administration, *Annual Energy Outlook 2015*, at 18 (Apr. 2015) (online at www.eia.gov/forecasts/aeo/pdf/0383(2015).pdf).

[12] *Id.*

[13] *Id.* at ES-4.

[14] U.S. Energy Information Administration, *Refinery Capacity Report* (Jun. 18, 2015) (online at www.eia.gov/petroleum/refinerycapacity/refcap15.pdf).

[15] Congressional Research Service, *U.S. Crude Oil Export Policy: Background and Considerations* (Dec. 31, 2014) (R43442) (online at www.crs.gov/pdfloader/R43442).

[16] U.S. Energy Information Administration, *This Week in Petroleum: Regional refinery trends continue to evolve* (Jan. 7, 2015) (online at www.eia.gov/petroleum/weekly/archive/2015/150107/includes/analysis_print.cfm).

[17] U.S. Energy Information Administration, *U.S. Net Imports of Crude Oil* (Aug. 31, 2015) (online at www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=MCRNTUS2&f=M).

[18] U.S. Energy Information Administration, *Monthly Energy Review August 2015* (Aug. 26, 2015) (online at www.eia.gov/totalenergy/data/monthly/). In 2005, U.S. imports made up 60% of consumption.

[19] U.S. Energy Information Administration, *Short Term Energy Outlook June 2015* (June 9, 2015) (online at www.eia.gov/forecasts/steo/archives/Jun15.pdf).

Nearly the entire recent decline in crude oil imports has occurred in light sweet crude which fell roughly 85% between 2010 and June 2015.[20] Imports of light sweet crude to the U.S. Gulf Coast have been virtually eliminated.[21]

D. Volatility in Global Oil Market

Starting in the second half of 2014 the price of a barrel of oil fell rapidly. The price of futures contracts for West Texas Intermediate crude oil (WTI), the main U.S. benchmark oil price, fell from approximately $100 per barrel in July 2014, to the current price of around $46 per barrel.[22]

Analysts have identified several factors contributing to the recent fall in global oil prices, including: decreased demand in Europe and Asia; significantly increased production by the world's major oil producers; and OPEC's decision to maintain current production levels in order to secure their share of the global market.[23] In fact, a recent analysis estimates that oil prices could fall as low as $20 per barrel due to oversupply, and that U.S. production is "the likely near-term source of supply adjustment" since OPEC has maintained its market share by producing "above its 30-million-barrel-a-day quota for the past 15 months."[24]

ANALYSIS OF H.R. 702, A BILL "TO ADAPT TO CHANGING CRUDE OIL MARKET CONDITIONS"

The following is a brief summary and analysis of the legislation.

A. Summary of H.R. 702

H.R. 702 lifts the ban on crude exports by repealing the Presidential authority to restrict exports of coal, petroleum products, natural gas, or petrochemical feedstocks under section 103 of Energy Policy and Conservation Act of 1975 (EPCA).[25] Section 3 of the bill also establishes a national policy on oil export restriction, preventing any official of the

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[20] U.S. Energy Information Administration, *Crude Imports, Imports of lights sweet from World to Total U.S.* (accessed Sept. 8, 2015) (online at www.eia.gov/beta/petroleum/imports/browser/#/?chartindexed=1&e=201504&f=m&g=g&s=201001&v=l&vs=PET_IMPORTS.WORLD-US-G.M).

[21] U.S. Energy Information Administration, *EIA tracking tool shows light-sweet crude oil imports to Gulf Coast virtually eliminated* (Feb. 10, 2015) (online at www.eia.gov/todayinenergy/detail.cfm?id=19931).

[22] U.S. Energy Information Administration, *Cushing, OK Crude Oil Future Contract 1* (Sept. 24, 2015) (online at www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=pet&s=rclc1&f=d).

[23] Congressional Research Service, *Lower Oil Prices 2015* (Jan. 6, 2015); *A Simple Guide to the Sudden Collapse in Oil Prices*, Washington Post (Dec. 1, 2014) (online at www.washingtonpost.com/blogs/wonkblog/wp/2014/11/28/a-simple-guide-to-the-sudden-collapse-in-oil-prices/)

[24] *How Low Can Oil Go? Goldman Says $20 a Barrel Is a Possibility*, Bloomberg Business (Sept. 11, 2015) (online at www.bloomberg.com/news/articles/2015-09-11/-20-oil-possible-for-goldman-as-forecasts-cut-on-growing-glut).

[25] H.R. 702, a bill to adapt to changing crude oil market conditions § 2; Pub. L. No. 94-163 (1975).

federal government from imposing or enforcing any restriction on the export of crude oil.[26]

Section 4 requires the Secretary of Energy to conduct a study and develop recommendations on the "appropriate size, composition, and purpose of the Strategic Petroleum Reserve." The study and its accompanying recommendations would be due to the House Committee on Energy and Commerce and Senate Committee on Energy and Natural Resources within 120 days of enactment.[27]

Section 5 is a savings clause which aims to preserve some of the President's authority to restrict exports for reasons of national security. This section was added during the Full Committee markup by an amendment offered by Rep. Green.

B. Issues Raised by the Bill

The boom in domestic crude oil production and anticipation of continued growth has led to increased calls to lift the limitations on crude oil exports. As described in a recent analysis by the Center for American Progress, "the economic, national security, and environmental impacts of changing long-standing U.S. crude oil policy are neither well-documented nor well-understood."[28]

1. Economic Impacts

The economic impact of lifting the crude export ban is an area of considerable uncertainty and disagreement.[29] Proponents of lifting the current export restrictions, including major oil producers, have argued that significant increases in production for purposes of export would result in lower oil and gasoline prices.[30] But according to a recent study by EIA, the anticipated price of oil and gasoline would be virtually unchanged by an easing of export restrictions: "[w]hile removing restrictions on U.S. crude oil exports either leaves global prices unchanged or lowers them modestly, global price drivers unrelated to U.S. crude oil export policy will affect growth in U.S. crude oil production and exports of crude oil and products whether or not current export restrictions are removed."[31]

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[26] H.R. 702 § 3.

[27] *Id.* at § 4.

[28] Center for American Progress, *The Environmental Impacts of Exporting More American Crude Oil* (Aug. 21, 2015) (online at www.americanprogress.org/issues/green/news/2015/08/21/119756/the-environmental-impacts-of-exporting-more-american-crude-oil/).

[29] U.S. Energy Information Administration, *What Drives U.S. Gasoline Prices?* (Oct. 30, 2014) (online at www.eia.gov/analysis/studies/gasoline/pdf/gasolinepricestudy.pdf).

[30] According to two commonly cited studies by IHS and ICF International, reductions in oil prices would be anywhere from $0.25 to $5 per barrel (Brent prices), and lower gasoline prices would range from $0.014 to $0.12 per gallon. *See* IHS, *U.S. Crude Oil Export Decision: Assessing the Impact of the Export Ban and Free Trade on the U.S. Economy* (May 29, 2014); ICF International, for the American Petroleum Institute, *The Impacts of U.S. Crude Oil Exports on Domestic Crude Production, GDP, Employment, Trade, and Consumer Costs* (Mar. 31, 2014).

[31] U.S. Energy Information Administration, *Effects of Removing Restrictions on U.S. Crude Oil Exports,* at x (Sept. 2, 2015) (online at www.eia.gov/analysis/requests/crude-exports/pdf/fullreport.pdf).

Further, U.S. consumers have actually enjoyed significant discounts on gasoline thanks to the combination of increased domestic production, decreased fuel demand, and export restrictions. A recent study found that annually, consumers in the Midwest, Gulf Coast and East Coast have saved approximately $6.1 billion, $6.7 billion, and $2.9 billion respectively.[32] And Barclays estimates that "the annual economic benefit of crude discounts to U.S. consumers is potentially greater than $10.2 billion."[33]

Another argument commonly used in favor of lifting export restrictions is that an oversupply of light crude in the U.S. has emerged due to a mismatch between the light sweet oil being produced and configurations of the U.S. refining capacity, much of which is optimized to run heavy sour crude. Opponents of lifting crude export restrictions, including many independent refiners, have challenged this premise of U.S. market and refining system oversaturation. During a March 3, 2015 hearing, a representative of the domestic refining industry noted that "U.S. refiners have plenty of room to accommodate new, domestic supplies of light crude oil, with additional capacity to further grow U.S. production. The refining industry is constantly shifting crude slates to maximize efficiency and to meet consumer demand."[34]

The primary beneficiary of a shift in crude export policy would likely be domestic oil producers. EIA notes that the easing of crude export restrictions would likely result in a $29.7 billion increase in gross revenue for oil producers in 2025.[35] Further, "allowing more crude oil exports could result in $8.7 billion less investment in U.S. refining capacity over the next 10 years."[36] CBO estimates that if the restrictions on crude oil exports are lifted, "the prices of domestic light crude oils seen by some U.S. crude oil producers and petroleum refiners would rise."[37] These price increases would be seen primarily by refineries already configured for processing light sweet crude, like those on the east coast.[38]

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[32] Baker & O'Brien Inc., *An Analysis of the Relationship Between U.S. Gasoline Prices and Crude Oil Prices* (Sept. 2, 2015) (online at crudecoalition.org/app/uploads/2015/09/Baker-OBrien-report-09-01-2015.pdf).

[33] Barclays Equity Research, *Crude Export Ban: Impact on Gasoline Prices, 2015 Edition* (May 13, 2015) (online at crudecoalition.org/app/uploads/2015/02/ENERGY_CRUDE_EXPORT_BAN__1035047681.pdf).

[34] House Committee on Energy and commerce, Subcommittee on Energy and Power, Testimony of Charles Drevna, President of the American Fuel & Petrochemical Manufacturers, *Hearing on 21st Century Energy Markets: How the Changing Dynamics of World Energy Markets Impact our Economy and Energy Security,* 114th Cong. (Mar. 3, 2015).

[35] U.S. Energy Information Administration, *Effects of Removing Restrictions on U.S. Crude Oil Exports,* at 23 (Sept. 2, 2015) (online at www.eia.gov/analysis/requests/crude-exports/pdf/fullreport.pdf).

[36] Center for American Progress, *The Environmental Impacts of Exporting More American Crude Oil* (Aug. 21, 2015) (online at www.americanprogress.org/issues/green/news/2015/08/21/119756/the-environmental-impacts-of-exporting-more-american-crude-oil/).

[37] Congressional Budget Office, *The Economic and Budgetary Effects of Producing Oil and Natural Gas From Shale* (Dec. 7, 2014) (online at www.cbo.gov/sites/default/files/cbofiles/attachments/49815-Effects_of_Shale_Production.pdf).

[38] U.S. Energy Information Administration, *This Week in Petroleum: Regional refinery trends continue to evolve* (Jan. 7, 2015) (online at www.eia.gov/petroleum/weekly/archive/2015/150107/includes/analysis_print.cfm).

2. Climate and Environmental Impacts

Maximizing U.S. oil production would exacerbate climate change and increase the risks to the land, water and air. According to a recent study, approximately one third of the world's remaining oil reserves and half of the remaining gas reserves should remain untouched over the next 40 years in order to prevent the global average temperature from rising more than 2°C.[39] An increase in oil production, consistent with unrestricted crude exports, would run counter to U.S. and global efforts to limit greenhouse gas emissions and prevent catastrophic climate change.

Further, the drilling boom has outpaced the building of infrastructure necessary to control methane leaks from oil and gas wells leading to increased emissions of this potent greenhouse gas. The energy sector—including sources like natural gas and petroleum systems—is the largest source of U.S. methane emissions, accounting for 263.5 million metric tons of CO_2 equivalent in 2013.[40] The lack of infrastructure to capture the co-produced methane, combined with low natural gas prices, often makes it cheaper for industry to burn the gas rather than capture and process it.[41] So an increase in oil production—for purposes of exportation—would likely result in significant increases in uncontrolled greenhouse gas emissions.

3. National Security Impacts

Lifting the ban on crude exports would dramatically alter decades of U.S. policies put in place to encourage energy independence and security. This is particularly concerning in light of section 3 of the bill, which prevents any future restriction on the export of crude oil. As noted above, imports of crude oil still represent over a quarter of the nation's annual oil consumption.[42] Even with continued production and decreased demand, EIA estimates that total imports will only drop to 17% in 2040 with current regulations in place.[43] Lifting the ban on crude exports would hinder the predicted decline in imports and leave the U.S. dependent on foreign countries for more than a quarter of its oil for decades.

Critics of the ban on crude oil exports contend that access to U.S. crude would decrease Europe's reliance on Russian oil and free them from "coercive energy supply

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[39] *The geographical distribution of fossil fuels unused when limiting global warming to 2°C,* Nature (Jan. 7, 2015) (online at www.nature.com/nature/journal/v517/n7533/full/nature14016.html).

[40] U.S. Environmental Protection Agency, *Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990–2013 (April 2015)* (online at http://epa.gov/climatechange/Downloads/ghgemissions/US-GHG-Inventory-2015-Chapter-3-Energy.pdf).

[41] *Gas flaring permits surge in Texas*, Fuelfix.com (Apr. 9, 2012) (online at fuelfix.com/blog/2012/04/09/gas-flaring-permits-surge-in-texas/).

[42] U.S. Energy Information Administration, *Monthly Energy Review August 2015* (Aug. 25, 2015) (online at www.eia.gov/totalenergy/data/monthly/pdf/mer.pdf).

[43] U.S. Energy Information Administration, *Annual Energy Outlook 2015*, at ES-4 (Apr. 2015) (online at www.eia.gov/forecasts/aeo/pdf/0383(2015).pdf).

policies".[44] This scenario is far from guaranteed. According to CRS, "the decision to export crude oil will be based on commercial and economic considerations, not directed and controlled by the federal government," therefore, "predicting and quantifying physical crude oil flows to a particular region in the world under a non-restricted export scenario is difficult and is subject to several assumptions that may or may not be realized."[45] European refineries are currently configured to process Russia's medium sour crude and would need significant time and capital to handle American light sweet crude.[46] East Asian markets are the most likely beneficiaries of American crude oil exports, with China set up to be the top purchaser.[47]

C. H.R. 702 Is Not Necessary

As noted above, the President currently has the authority to permit crude oil exports under certain circumstances and where appropriate. In fact, the Administration has already taken a number of steps to do so on a gradual basis.

In 2014, BIS issued two private rulings to allow, without license, the export of condensate.[48] Until recently, condensate was treated exclusively as a crude oil and subject to export restrictions. When asked to clarify its decisions, BIS stated, "lease condensate that has been processed through a crude oil distillation tower is not crude oil but a petroleum product."[49] Some have questioned the Commerce Department's process and legal rationale behind these private rulings, highlighting the potential easing of restrictions on crude exports.[50] Despite the uncertainty surrounding the commodity classification of condensate, refiners have already started making significant investments in condensate splitters (distillation towers) in order to extract and export the resulting components without restriction.[51] According to EIA, an average of 84,000 b/d of condensate was exported during

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[44] *Senate Oil Export Hearing Panelists Debate National Security And Limited Refinery Capacity*, Breaking Energy (Mar. 30, 2015) (online at breakingenergy.com/2015/03/30/senate-oil-export-hearing-panelists-debate-national-security-and-limited-refinery-capacity/).

[45] Congressional Research Service, *Potential Market Effects of Removing Crude Oil Export Restrictions: Eastern Europe* (May 29, 2015).

[46] Senate Committee on Foreign Relations, *Hearing on American Energy Exports: Opportunities For U.S. Allies and U.S. National Security*, 114th Cong. (Jun. 23, 2015).

[47] *Id.*

[48] Condensate is the lightest form of hydrocarbons classified as crude oil, and refers to very light hydrocarbons that exist as a gas underground but condense to a liquid after reaching the pressure and temperature at the earth's surface. Some tight oil deposits have very high condensate content, for instance as much as half of all oil production in the Eagle Ford Shale is believed to fall into the condensate category. *See e.g.* Oil Change International, *Should It Stay or Should It Go? The Case Against U.S. Crude Oil Exports* (Oct. 11, 2013) (online at priceofoil.org/content/uploads/2013/10/OCI_Stay_or_Go_FINAL.pdf); *What is Condensate? Introducing America's New Oil Export*, Wall Street Journal (June 25, 2014) (online at blogs.wsj.com/corporate-intelligence/2014/06/25/what-is-condensate-introducing-americas-new-oil-export/).

[49] U.S. Department of Commerce, Bureau of Industry and Security, *FAQs – Crude Oil and Petroleum Products* (Dec. 30, 2014) (online at www.bis.doc.gov/index.php/licensing/embassy-faq).

[50] Letter to Secretary Penny Pritzker, from Senators Edward J. Markey and Robert Menendez (July 2, 2014) (online at www.markey.senate.gov/imo/media/doc/2014-06-25_Commerce_Condensate.pdf).

[51] U.S. Energy Information Administration, *Presentation by Adam Sieminski on the Effects of Low Oil*

the first five months of 2015.[52]

On August 14, 2015, the Obama Administration approved several applications for the exchange of U.S. crude oil for similar quantities of oil from Mexico. The approval of these crude oil "swaps" was widely interpreted to signal another step by the Administration toward liberalizing restrictive U.S. policy toward exports of domestic crude oil.[53]

When asked about the Administration's receptivity to H.R. 702, the White House Press Secretary replied: "this is a policy decision made over at the Commerce Department, and for that reason we wouldn't support legislation like the one that has been put forward by Republicans."[54]

D. H.R. 702 Is an Extreme Approach

H.R. 702 is a blunt instrument that not only does away with the President's authority to restrict exports of crude oil, but also prevents the federal government from imposing or enforcing any restriction on the export of crude oil under any other authority.

Section 2 of the bill repeals the President's ability to restrict the export of domestic crude under section 103 of EPCA. But section 103 authorizes restrictions not only on crude oil exports, but all on exports of coal, natural gas, petroleum products, and petrochemical feedstocks. Repealing this section, as the underlying bill proposes to do, would eliminate the authority to restrict any of these exports even for national security reasons – such as an embargo._

Further, EPCA section 103 is the central authority for the current exemptions to the crude oil ban. Its repeal could undermine the criteria for export under statutes like the Mineral Leasing Act, the Outer Continental Shelf Lands Act, and the Trans-Alaska Pipeline Authorization Act.

Section 3 of the bill prohibits any federal official from imposing or enforcing any restriction on the export of crude oil. That would include BIS, which is tasked with issuing export licenses for crude under certain circumstances. Under section 3 of the bill, BIS could be prevented from ever denying an export license.

Such heavy handed drafting also appears to impact far more than just the export of crude. Since the term "restriction" is undefined, any federal action that could potentially

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Prices (Feb. 12, 2015) (online at www.eia.gov/pressroom/presentations/sieminski_02122015.pdf); Congressional Research Service, *U.S. Crude Oil Export Policy: Background and Considerations* (Dec. 31, 2014) (R43442) (online at www.crs.gov/pdfloader/R43442).

[52] U.S. Energy Information Administration, *Effects of Removing Restrictions on U.S. Crude Oil Exports*, at vii (Sept. 2, 2015) (online at www.eia.gov/analysis/requests/crude-exports/pdf/fullreport.pdf).

53 *See, e.g., U.S. approves landmark crude oil export swaps with Mexico,* Reuters (Aug. 14, 2015) (online at www.reuters.com/article/2015/08/14/us-usa-oil-exports-exclusive-idUSKCN0QJ1RI20150814).

[54] *Vote Near to Repeal Ban on Oil Exports, House Leader Says*, New York Times (Sept. 15, 2015).

impede the "efficient exploration, production, storage, supply, marketing, pricing, and regulation of energy resources, including fossil fuels" could be considered a restriction. For example, EPA's proposed measures to cut methane and volatile organic chemical emissions from the oil and gas sector could be considered a restriction. So could an order to shut down a pipeline that the Secretary of Transportation has determined to be a hazard to public safety and the environment under the Pipeline Safety Act.

For the reasons stated above, specifically the potentially vast adverse consequences this flawed legislation holds for consumers, the environment and climate change, and national security, I dissent from the views contained in the Committee's report.

Frank Pallone, Jr.

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