2015 HOUSE ENERGY AND NATURAL RESOURCES

HCR 3008

2015 HOUSE STANDING COMMITTEE MINUTES

Energy and Natural Resources Committee
Pioneer Room, State Capitol

HCR 3008
1/22/2015
22423

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature	Steph Sch

Explanation or reason for introduction of bill/resolution:

A concurrent resolution urging Congress to lift the prohibitions on the export of crude oil from the United States.

Minutes: Attachments #2

Chairman Porter opens meeting

Support:

Representative Roscoe Streyle, District # 3

Written testimony #1

Ron Ness, North Dakota Petroleum Council

Written testimony #2

Opposition: None

Chairman Porter Closes

2015 HOUSE STANDING COMMITTEE MINUTES

Energy and Natural Resources Committee
Pioneer Room, State Capitol

3008
1/23/2015
22443

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature	Steph Sch

Explanation or reason for introduction of bill/resolution:

A concurrent resolution urging Congress to lift the prohibitions on the export of crude oil from the United States.

Minutes:

Attachments #0

Chairman Porter opens

Rep. Mike Lefor: I recommend a do pass.

Rep. Dick Anderson: Second.

Chairman Porter: Seeing no discussion the clerk will call the roll.

Vote: 12 Yes, 0 No, 1 Absent.

Carrier: Rep. Mike Lefor.

Date: 1/~~22~~ 23/15
Roll Call Vote #: 1

2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO.

House Energy and Natural Resources Committee

☐ Subcommittee

~~HB~~ HCR 3008

Recommendation: ☐ Adopt Amendment
☑ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ ____________

Motion Made By Rep. Lefor Seconded By Rep Anderson

Representatives	Yes	No	Representatives	Yes	No
Chairman Porter	✓		Rep. Bob Hunskor	✓	
Vice Chairman Damschen	✓		Rep. Corey Mock	✓	
Rep. Dick Anderson	✓		Rep. Naomi Muscha	✓	
Rep. Roger Brabandt	✓				
Rep. Bill Devlin	✓				
Rep. Glen Froseth		A			
Rep. Curt Hofstad	✓				
Rep. George Keiser	✓				
Rep. Mike Lefor	✓				
Rep. Mike Nathe	✓				

Total (Yes) 12 No Ø

Absent 1

Floor Assignment Rep Lefor

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HCR 3008: Energy and Natural Resources Committee (Rep. Porter, Chairman) recommends **DO PASS** (12 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HCR 3008 was placed on the Eleventh order on the calendar.

2015 SENATE ENERGY AND NATURAL RESOURCES

HCR 3008

2015 SENATE STANDING COMMITTEE MINUTES

Energy and Natural Resources
Fort Lincoln Room, State Capitol

HCR 3008
3/6/2015
24423

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature	Katie Oliver

Explanation or reason for introduction of bill/resolution:

A resolution urging Congress to lift the prohibition on the export of crude oil from the United States

Minutes: 2 Attachments

Representative Streyle was on hand to intro the bill See attachment #1. (:40-5:10)

Senator Triplett In your analysis of the situation can you tell us what you think that the holdup is?

Representative Streyle: It is bipartisan, broad based. The idea is that we would hurt the consumer; I don't see that as a bug concern.

Senator Triplett: It has been suggesting that 25% is the bottom on what we can expect to get a return on our investment. We're not moving away from forging oil and we do not have adequate. Should we be adding something?

Representative Streyle: I see your point but one of the other benefits for this and we can't fight in any way. We are the hold in and think it would be a boost to our economy

Alexis Baxley: See attachment #2 (9:18-11:59).

There was no further testimony in favor of or opposition to HCR 3008 and Chairman Schaible closed the hearing.

A motion was made by Senator Armstrong to amend HCR 3008 with a second by Vice Chair Unruh. Roll was taken and the motion passed on a 6-0-1 count. With the amended resolution in front of them a motion for a Do Pass as Amended was made by Senator Armstrong with a second by Vice Chair Unruh. Roll was taken and the motion passed on a 6-0-1 count with Vice Chair Unruh carrying the bill to the floor.

15.3040.02001
Title.03000

Adopted by the Energy and Natural Resources Committee

March 6, 2015

TV
3/6/15

PROPOSED AMENDMENTS TO HOUSE CONCURRENT RESOLUTION NO. 3008

Page 1, line 23, replace "copies" with "a copy"

Page 1, line 24, replace "the North Dakota Congressional Delegation" with "Congress"

Renumber accordingly

Date: 3/06/2015
Roll Call Vote #: 1

2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 3008

Senate Energy and Natural Resources Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 15.3040.02001

Action Taken Amend

Motion Made By Senator Armstrong Seconded By Vice Chair Unruh

Senators	Yes	No	Senators	Yes	No
Chairman Schaible	X		Senator Murphy	X	
Vice Chair Unruh	X		Senator Triplett	X	
Senator Armstrong	X				
~~Senator Hogue~~					
Senator Laffen	X				

Total (Yes) 6 No 0

Absent 1

Floor Assignment

If the vote is on an amendment, briefly indicate intent:

Date: 3/06/2015
Roll Call Vote #: 2

2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 3008

Senate Energy and Natural Resources Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Do Pass as Amended

Motion Made By Senator Armstrong Seconded By Vice Chair Unruh

Senators	Yes	No	Senators	Yes	No
Chairman Schaible	X		Senator Murphy	X	
Vice Chair Unruh	X		Senator Triplett	X	
Senator Armstrong	X				
~~Senator Hogue~~					
Senator Laffen	X				

Total (Yes) 6 No 0

Absent 1

Floor Assignment Vice Chair Unruh

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HCR 3008: Energy and Natural Resources Committee (Sen. Schaible, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (6 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HCR 3008 was placed on the Sixth order on the calendar.

Page 1, line 23, replace "copies" with "a copy"

Page 1, line 24, replace "the North Dakota Congressional Delegation" with "Congress"

Renumber accordingly

2015 TESTIMONY

HCR 3008

1/22/2015

House Concurrent Resolution 3008 #1 HCR 3008

Rep. Roscoe Streyle, District 3 - Testimony

Strengthening America by Opening Overseas Energy Markets to US Companies.

The Export Ban is Outdated

- Thanks for North Dakota and new technology America is the world's leading oil producer, overtaking Russia and Saudi Arabia producing 9.2M barrels/day
- The export ban is from the 1970s and is a relic from an era of scarce oil reserves and flawed price controls policies
- The world's major developed nations ALL allow crude oil exports; we are the only nation who isn't taking advantages of the world market

Congress should allow the free market to work and allow American energy producers to sell crude oil on the world market.

1) Strengthen America's standing and influence in the world
    - Allowing the export of American crude oil will make our European allies less dependent on crude oil from Russia and Middle East.
    - Crude oil exports will decrease the likelihood that supply oil can be used as strategic weapon by Governments.
2) Grow the U.S. economy
    - Numerous studies have found that allowing U.S. crude oil in the world market will increase U.S. production while creating more jobs.
    - IHS: Increase in GDP of 0.7%, or $135 billion, at its peak in 2018.
    - ICF Int'l: $38.1 billion in 2020.
3) Create thousands of permanent high paying jobs
    - IHS: 394,000 avg. jobs created (2016-2030), 1 million jobs at peak (2018), and 1/4 of these jobs in non-oil producing states.
    - ICF Int'l: 300,000 jobs by 2020.
    - U.S. Manufacturers will benefit from less volatility in energy costs.
4) Dramatically improve the trade deficit
    - The more American products exported the lower the trade deficit
5) Help to stabilize the global crude oil market

Date	WTI Spot Price	Brent Spot Price
Sep 02, 2014	$ 92.92	$ 100.21
Sep 03, 2014	$ 95.50	$ 100.88
Sep 04, 2014	$ 94.51	$ 101.21
Sep 05, 2014	$ 93.32	$ 99.51
Sep 08, 2014	$ 92.64	$ 99.53
Sep 09, 2014	$ 92.73	$ 98.08
Sep 10, 2014	$ 91.71	$ 96.26
Sep 11, 2014	$ 92.89	$ 96.42
Sep 12, 2014	$ 92.18	$ 96.31
Sep 15, 2014	$ 92.86	$ 96.43
Sep 16, 2014	$ 94.91	$ 97.39
Sep 17, 2014	$ 94.33	$ 97.70
Sep 18, 2014	$ 93.07	$ 96.82
Sep 19, 2014	$ 92.43	$ 96.75
Sep 22, 2014	$ 91.46	$ 95.37
Sep 23, 2014	$ 91.55	$ 94.87
Sep 24, 2014	$ 93.60	$ 94.53
Sep 25, 2014	$ 93.59	$ 95.20
Sep 26, 2014	$ 95.55	$ 95.08
Sep 29, 2014	$ 94.53	$ 95.70
Sep 30, 2014	$ 91.17	$ 94.67
Oct 01, 2014	$ 90.74	$ 94.57
Oct 02, 2014	$ 91.02	$ 91.29
Oct 03, 2014	$ 89.76	$ 90.80
Oct 06, 2014	$ 90.33	$ 90.65
Oct 07, 2014	$ 88.89	$ 90.90
Oct 08, 2014	$ 87.29	$ 90.25
Oct 09, 2014	$ 85.76	$ 90.47
Oct 10, 2014	$ 85.87	$ 88.66
Oct 13, 2014	$ 85.73	$ 87.82
Oct 14, 2014	$ 81.72	$ 86.36
Oct 15, 2014	$ 81.82	$ 84.02
Oct 16, 2014	$ 82.33	$ 84.02
Oct 17, 2014	$ 82.80	$ 85.27
Oct 20, 2014	$ 82.76	$ 84.42
Oct 21, 2014	$ 83.25	$ 85.17
Oct 22, 2014	$ 80.52	$ 86.38
Oct 23, 2014	$ 82.81	$ 85.94
Oct 24, 2014	$ 81.27	$ 86.00
Oct 27, 2014	$ 81.26	$ 85.64
Oct 28, 2014	$ 81.36	$ 85.57
Oct 29, 2014	$ 82.25	$ 86.91
Oct 30, 2014	$ 81.06	$ 85.50
Oct 31, 2014	$ 80.53	$ 84.17
Nov 03, 2014	$ 78.77	$ 84.90
Nov 04, 2014	$ 77.15	$ 82.12
Nov 05, 2014	$ 78.71	$ 82.88
Nov 06, 2014	$ 77.87	$ 82.08
Nov 07, 2014	$ 78.71	$ 83.20
Nov 10, 2014	$ 77.43	$ 82.90
Nov 11, 2014	$ 77.85	$ 80.94
Nov 12, 2014	$ 77.16	$ 80.42
Nov 13, 2014	$ 74.13	$ 77.74

Date	WTI Spot Price	Brent Spot Price
Nov 14, 2014	$ 75.91	$ 77.51
Nov 17, 2014	$ 75.64	$ 76.86
Nov 18, 2014	$ 74.55	$ 77.23
Nov 19, 2014	$ 74.55	$ 77.21
Nov 20, 2014	$ 75.63	$ 77.61
Nov 21, 2014	$ 76.52	$ 79.20
Nov 24, 2014	$ 75.74	$ 79.62
Nov 25, 2014	$ 74.04	$ 77.62
Nov 26, 2014	$ 73.70	$ 77.39
Nov 28, 2014	$ 65.94	$ 71.89
Dec 01, 2014	$ 68.98	$ 70.87
Dec 02, 2014	$ 66.99	$ 71.13
Dec 03, 2014	$ 67.30	$ 70.13
Dec 04, 2014	$ 66.73	$ 68.48
Dec 05, 2014	$ 65.89	$ 68.00
Dec 08, 2014	$ 63.13	$ 65.64
Dec 09, 2014	$ 63.74	$ 66.11
Dec 10, 2014	$ 60.99	$ 63.32
Dec 11, 2014	$ 60.01	$ 63.65
Dec 12, 2014	$ 57.81	$ 61.67
Dec 15, 2014	$ 55.96	$ 61.09
Dec 16, 2014	$ 55.97	$ 60.26
Dec 17, 2014	$ 56.43	$ 59.84
Dec 18, 2014	$ 54.18	$ 58.81
Dec 19, 2014	$ 56.91	$ 58.87
Dec 22, 2014	$ 55.25	$ 58.31
Dec 23, 2014	$ 56.78	$ 59.07
Dec 24, 2014	$ 55.70	$ 58.67
Dec 26, 2014	$ 54.59	$ 58.72
Dec 29, 2014	$ 53.46	$ 57.86
Dec 30, 2014	$ 54.14	$ 55.60
Dec 31, 2014	$ 53.45	$ 55.27
Jan 01, 2015	$ 53.45	$ 55.27
Jan 02, 2015	$ 52.72	$ 55.38
Jan 05, 2015	$ 50.05	$ 51.08

TIME TO LIFT U.S CRUDE EXPORT BAN

Lifting the current 1970s-era ban on allowing U.S. crude oil to be sold on international markets would generate significant benefits for American consumers and the economy – creating hundreds of thousands of new jobs here at home, and actually lowering the price at the pump in the process.

Here's what the experts have to say:

Fuel Cost Savings for Consumers

- **IHS Energy:** "Since US gasoline is priced off global gasoline prices, not domestic crude prices, the reduction will flow back into lower prices at the pump – reducing the gasoline price 8 cents a gallon. The savings for motorists is $265 billion over the 2016 – 2030 period[1]."
- **ICF International:** Lowered prices as a result of the crude export ban "could save American consumers up to $5.8 billion per year, on average, over the 2015 – 2035 period[2]."
- **Resources for the Future:** "A better allocation of refinery activity will result in more gasoline production, which will lower gasoline prices[3]."
- **Dallas Federal Reserve Bank:** "U.S. consumers also stand to benefit from lower retail fuel prices[4]."
- BROOKINGS **Brookings Institution:** "The increase in U.S. oil production makes world oil prices fall. Accordingly, so do U.S. gasoline and diesel prices, at least temporarily. This lowers the costs of production for all kinds of businesses and makes households better off[5]."

Additional Oil Development Here at Home

- **IHS Energy:** "Lifting the export ban and allowing free trade will, in our base case, increase US production from 8.2 million [barrels per day] B/D currently to 11.2 million B/D."
- **ICF International:** "With crude exports, U.S. oil production is expected to grow faster and result in incremental U.S. oil production of between 110,000 – 500,000 barrels per day in 2020."
- **Resources for the Future:** "If the ban on US crude oil exports were lifted, more oil would be produced in the Midwest and the areas of Canada supplying the Midwest."
- **Dallas Fed:** "Over longer term, U.S. crude oil producers would receive higher prices. In response, they would produce more oil than they would have if the ban were in place."
- BROOKINGS **Brookings:** "With greater profits, producers invest in producing more oil in the United States, about 1.3 million to 2.9 million barrels per day more in 2020 than under the ban, assuming the ban is lifted in 2015."

Nearly a Million New Jobs

- **IHS Energy:** "Total US jobs increase due to free trade will be, on average, 394,000," while "peak job creation in 2018 is nearly 1 million."
- **ICF International:** "The U.S. Economy could gain up to 300,000 jobs in 2020 when crude exports are allowed."
- BROOKINGS **Brookings:** "Lifting the ban on crude oil exports from the United States will boost U.S. economic growth, wages, employment, trade, and overall welfare."

1 IHS Energy: US Crude Oil Export Decision: Assessing the impact of the export ban and free trade on the US economy. May 2014.
2 ICF International: The Impacts of U.S. Crude Oil Exports on Domestic Crude Production, GDP, Employment, Trade, and Consumer Costs. March 2014.
3 Resources for the Future: Crude Behavior: How Lifting the Export Ban Reduces Gasoline Prices in the United States. February 2014.
4 Dallas Fed: Crude Oil Export Ban Benefits Some ... but Not All. Plante, Michael. July 2014.
5 Brookings: Changing Markets: Economic Opportunities from Lifting the U.S. Ban on Crude Oil Exports. September 2014.

Additional Investment in U.S. Economy

- **IHS Energy:** Lifting the export ban would "add investment of nearly $750 billion."
- **ICF International:** "An expansion of crude exports would result in $15.2 - $70.2 billion in additional investment in U.S. exploration, development and production in crude oil between 2015 and 2020."

Improvement of the U.S. Trade Deficit & Free Trade Policy

- **ICF International:** "Lifting crude oil export restrictions contributes to expanded U.S. exports. This could narrow the U.S. trade deficit by $22.3 billion in 2020."
- **Resources for the Future:** "All parties can agree that lifting the ban confers some advantages to the United States as a whole. It would improve our trade balance and provide us with greater geopolitical leverage."
- **Brookings:** "[A]llowing goods to flow into the international market gives buyers access to competitive prices and sellers access to world markets while enhancing free trade."
- **Larry Summers, former economic senior economic advisor for President Obama:** "The merits [in support of lifting the crude export ban] are as clear as the merits with respect to any significant public policy issue that I have ever encountered."
- **Council on Foreign Relations:** "Republicans and Democrats alike, including President Obama, express support for boosting U.S. exports in general. Crude oil should be no exception[6]."
- **Amy Myers Jaffe, University of California, Davis:** "[T]he United States should continue to actively support open markets and free trade in energy and to do so, it cannot restrict its own energy exports[7]."
- **Sen. Heidi Heitkamp (D-N.D.):** "You think about this. We can export gasoline, but not crude oil? How does that make sense?"
- **Thomas Friedman, New York Times:** "Nothing would make us strong and Putin and [ISIL] weaker – all at the same time" than lifting the ban on crude exports.

Increased Revenue for States, Federal Government

- **IHS Energy:** "Government revenues from corporate, personal and energy-related taxes and royalties are expected to increase under free trade policy. The cumulative addition to revenue is $1.3 trillion from 2016 through 2030."
- **ICF International:** "U.S. federal, state, and local tax receipts attributable to GDP increases from expanding crude oil exports could reach $13.5 billion in 2020."

Big Boost in U.S. GDP

- **IHS Energy:** "The higher US oil production resulting from a lifting of the ban will [...] increase GDP by $135 billion."
- **ICF International:** "U.S. GDP is estimated to increase by $38.1 billion in 2020 if expanded crude exports were allowed."
- **Brookings:** Lifting the crude export ban "will have a positive impact on GDP and welfare" and in every case analyzed, "there are positive percentage change impacts on GDP."

6 Council on Foreign Relations: The Case for Allowing U.S. Crude Oil Exports. Clayton, Blake. July 2014
7 Senate Energy and Natural Resources Committee: Opportunities and Challenges of the U.S. Crude Oil Export Ban.

Resolution in Support of Lifting Federal Restrictions on Crude Oil Exports

WHEREAS, in response to the 1973 oil crisis, Congress passed the Energy Policy and Conservation Act of 1973 and the Export Administration Act of 1979, significantly restricting U.S. crude oil exports except for a few arbitrary exceptions; and

WHEREAS, with the advancement of drilling technologies the U.S. in 2013 produced over 2.7 billion barrels of crude oil, the most produced domestically since 1989; and

WHEREAS, millions of barrels of refined products, including gasoline, are currently exported on a daily basis, free of any restriction on trade.

WHEREAS, crude oil is an internationally traded commodity and is therefore susceptible to price fluctuations based upon fear and speculation in addition to normal supply and demand economics; and

WHEREAS, current trade restrictions distort the U.S. economy by artificially depressing prices, disrupting the operation of free market economies, thereby dampening additional production of U.S. crude oil; and

WHEREAS, other barriers to a free and open market, and particularly the Merchant Marine Act of 1920 ("Jones Act"), should also be addressed to allow our domestic fuel manufacturers access to new U.S. crude oil supplies, in a manner that is free of artificially imposed economic penalties that place domestic refiners at a competitive disadvantage to foreign refiners; and

WHEREAS, allowing American oil producers greater access to markets both foreign and domestic would encourage further investments in oil and gas production in the U.S., leading to increased economic growth, wages, and employment for every state in the nation.

NOW, THEREFORE BE IT RESOLVED that the Legislature of the state of **North Dakota** urges:

1. The U.S Department of Commerce to expand its definition of allowable crude oil exports;
2. The President of the U.S. to acknowledge that crude oil exports are in the national interest of the country and to exempt all oil producers from the current crude export ban, pursuant to his authority under the Energy Policy and Conservation Act; and

3. Congress, in recognition of the benefits of free trade, to pass legislation removing the current ban on crude oil exports, and to waive Jones Act requirements for domestic crude oil shipments.

BE IT FURTHER RESOVLED that a copy of this resolution be sent to the President of the U.S., the U.S. Secretary of Commerce, the U.S. Secretary of Energy, the Majority Leader of the U.S. Senate, the Speaker of the U.S. House of Representatives, and the members of the congressional delegation of **North Dakota**.

Approved by the ALEC Board of Directors January 9, 2015.

NORTH DAKOTA
PETROLEUM
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1/22/2015
HCR 3008

#2

House Concurrent Resolution 3008
Testimony of Ron Ness
House Energy and Natural Resources Committee
January 22, 2015

Chairman Porter and members of the House Energy and Natural Resources Committee, my name is Ron Ness, president of the North Dakota Petroleum Council. Last year the North Dakota Petroleum Council represented more than 550 companies in all aspects of the oil and gas industry, including oil and gas production, refining, pipeline, transportation, mineral leasing, consulting, legal work, and oilfield service activities in North Dakota. Our industry represents 65,000 direct and indirect jobs in North Dakota. I appear before you today in support of House Concurrent Resolution 3008.

The current ban on the export of United States crude oil, instituted in 1973 at the height of the OPEC oil embargo, is outdated. Congress banned the export of US crude oil in response to several concerns – to support domestic price controls, to conserve what was perceived as dwindling domestic supplies, and in response to the embargo. More than 40 years later, none of these conditions exist, but the ban lives on.

As a result of 1973 and the energy landscape that followed it, U.S. refineries were built or converted to process heavy, sulfurous crude oils that we imported from Canada, Mexico or the Middle East. They are not built to handle the light, sweet crude oil we produce here. A May 2014 study from leading research and consulting firm IHS warns that the inability of the US refining system to efficiently process the growing volume of light crude is causing a "widening discount, which will reduce drilling investment, jeopardizing oil production growth, reducing jobs, and hurting the US economy." The good news is there are refineries that want our oil, and they belong to friends and allies in Europe.

Thanks to major advances in technology in the Bakken and shale plays across the nation, US oil production has surged to more than 10 percent of the world's total. We're less reliant on foreign energy than ever before, and production is still rising. As a result, we've become a net exporter of refined petroleum

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products for the first time in over 60 years. This great rise in production have lifted the U.S. from an era of energy scarcity to an era of energy abundance. We have an opportunity to become an energy superpower. Instead, we find ourselves in a price war with countries we've allowed to monopolize the global markets. OPEC has clearly seen the potential and have chosen to price us out of business. Lifting the export ban would enhance our ability to compete with OPEC in the global market and take away their ability to manipulate oil prices.

But, we're not just talking energy security. There are other benefits, too – namely jobs, economic growth and lower energy prices – that would come from lifting the export ban. If crude exports are allowed, the US economy could gain up to 300,000 additional jobs in 2020. It's clear that allowing domestic energy producers, like those here in the Bakken, to sell crude oil on the world market would greatly benefit our state and our nation. Let's tell Congress it's time to repeal the ban on crude oil exports. I would be happy to answer any questions.

IT'S TIME
to allow free markets for crude oil

DEPA
DOMESTIC ENERGY PRODUCERS ALLIANCE

The current ban on the export of United States crude oil, instituted in 1973 at the height of the OPEC oil embargo, is outdated. Allowing domestic energy producers to sell crude oil on the world market can benefit the United States by:

1) Strengthening America's standing and influence on the global stage; as well as
2) Creating thousands of permanent jobs with wages above the national average; thereby
3) Growing the US economy, and
4) Dramatically improving our nation's trade deficit; and also
5) Helping to improve the stability of volatile world crude oil markets.

North American energy companies currently are using remarkable innovations and proven technology to unlock vast supplies of oil and natural gas in shale and other technically-challenging deposit formations. The transformation in the US energy supply has been remarkable.

- **The US has now surpassed Saudi Arabia and Russia as the world's largest producer of oil and natural gas.**[1] In just one year, US crude oil output jumped by 1 million barrels per day — the largest rate of increase in US history.[2]
- **By every measure, the US is less reliant on foreign sources of energy than ever before.** Total US net imports of energy declined 19 percent from 2012 to 2013, hitting the lowest level in more than 20 years, according to the US Energy Information Administration.[3]

DID YOU KNOW ...?

- **US gasoline is freely traded in global markets.** The US both exports gasoline from the Gulf Coast and imports it on the East Coast because it costs less to import surplus gasoline from Europe than to ship it by tanker from Texas. US gasoline prices are set by global gasoline prices, not domestic crude oil prices.
- **The President has the power to act at any time to lift the ban on crude oil exports if it is deemed in the national interest.** This is outlined in the provisions of the Energy Policy and Conservations Act of 1975 (EPCA).[4] As Larry Summers, former senior economic advisor to President Obama, said the President "has that authority, and if Congress is unable to act legislatively, I hope the export ban will be lifted as rapidly as possible."[5]
- **Exporting oil facilitates greater domestic production and more efficient refinery use, helping to reduce the volatility of oil prices.** The Center for a New American Security has said, "US oil supplies have helped to cap the price spikes caused by severe global supply disruptions and to moderate oil prices for consumers."[6]
- **Lifting the ban will boost US economic growth, wages, employment, trade and overall welfare.**[7] An ICF study found that if crude exports are allowed, the US economy could gain up to 300,000 additional jobs in 2020.[8]

[1] www.eia.gov/todayinenergy/detail.cfm?id=13251 [10/04/2013] US expected to be largest producer of petroleum and natural gas hydrocarbons in 2013. *"The US Energy Information Administration estimates that the United States will be the world's top producer of petroleum and natural gas hydrocarbons in 2013, surpassing Russia and Saudi Arabia. For the United States and Russia, total petroleum and natural gas hydrocarbon production, in energy content terms, is almost evenly split between petroleum and natural gas. Saudia Arabia's production, on the other hand, heavily favors petroleum."*
[2] www.eia.gov/todayinenergy/detail.cfm?id=14531 [01/09/2014] US crude oil production growth contributes to global oil price stability in 2013.
[3] www.ogj.com/articles/2014/04/eia-net-energy-imports-in-2013-lowest-in-more-than-2-decades.html [04/02/2014]; OGJ Editors.
[4] www.brookings.edu/~/media/research/files/reports/2014/09/09%208%20facts%20about%20crude%20oil%20production/crude%20oil%20exports%20web.pdf [09/2014] Changing Markets: Economic Opportunities from Lifting the US Ban on Crude Oil Exports; Ebinger, Charles and Greenley, Heather L.
[5] larrysummers.com/2014/09/09/future-of-us-energy-climate-security/ [09/09/2014] Summers, Lawrence H.
[6] www.cnas.org/sites/default/files/publications-pdf/CNAS_EnergyBoom_Rosenberg_0.pdf [02/2014] Energy Rush: Shale Production and US National Security; Rosenberg, Elizabeth. Page 5.
[7] www.brookings.edu/research/reports/2014/09/09-8-facts-about-us-crude-oil-production [09/09/2014] 8 Facts About US Crude Oil Exports; Ebinger, Greenley.
[8] www.api.org/~/media/Files/Policy/LNG-Exports/LNG-primer/API-Crude-Exports-Study-by-ICF-3-31-2014.pdf [03/31/2014] The Impacts of US Crude Oil Exports on Domestic Crude Production, GDP, Employment, Trade and Consumer Costs; ICF International, et al.

WHAT EXPERTS ARE SAYING ...

ABOUT FUEL COST SAVINGS FOR CONSUMERS

IHS Energy

"The additional crude oil supply would lower gasoline prices by an annual average of 8 cents per gallon, the study says. The combined savings for US motorists during the 2016-2030 period would translate to $265 billion compared to a situation where the restrictive trade policy remains in place."[1]

ICF International

Lowered prices as a result of lifting the crude export ban "could save American consumers up to $5.8 billion per year, on average, over the 2015-2035 period."[2]

Brookings Institute

"The increase in US oil production makes world oil prices fall. Accordingly, so do US gasoline and diesel prices, at least temporarily. This lowers the costs of production for all kinds of businesses and makes households better off."[3]

ON IMPROVING THE US TRADE DEFICIT & NATIONAL SECURITY

ICF International

"Lifting crude oil export restrictions contributes to expanded US exports. This could narrow the US trade deficit by $22.3 billion in 2020."

Larry Summers

Former Economic Senior Advisor for President Obama

"The merits [in support of lifting the crude export ban] are as clear as the merits with respect to any significant public policy issue that I have ever encountered."

Robert J. Samuelson

Washington Post

"Producers will be discouraged by an oil market that seems rigged against them. They will react by slowing — or possibly stopping — new exploration. The oil boom will ebb or end. Global oil supplies will then be lower than they would otherwise be; prices will be higher. It's a bad outcome for the United States but a good one for Russia, Iran and other producers hostile to us."

Resources for the Future

"All parties can agree that lifting the ban confers some advantages to the United States as a whole. It would improve our trade balance and provide us with greater geopolitical leverage."

ABOUT CREATING MORE AMERICAN JOBS

IHS Energy

"Total US jobs increase due to free trade will be, on average, 394,000" while "peak job creation in 2018 is nearly 1 million."

ICF International

"The US economy could gain up to 300,000 jobs in 2020 when crude exports are allowed."

Brookings Institute

"There are very few actions the US government can take that as a long-term instrument of economic policy would make as measurable a difference in the economy. Lifting the ban on crude oil exports in 2015 would add approximately $90 billion to the US GDP."[4]

[1] press.ihs.com/press-release/energy-power/lifting-export-restrictions-us-crude-oil-would-lower-gasoline-prices-an-0 [05/292014] Lifting Export Restrictions on US Crude Oil Would Lower Gasoline Prices and Reduce US Petroleum Imports While Supporting Up to 964,000 Additional Jobs, IHS Study Finds.

[2] www.api.org/~/media/Files/Policy/LNG-Exports/LNG-primer/API-Crude-Exports-Study-by-ICF-3-31-2014.pdf [03/31/2014] The Impacts of US Crude Oil Exports on Domestic Crude Production, GDP, Employment, Trade and Consumer Costs; ICF International, et al.

[3,4] www.brookings.edu/~/media/research/files/reports/2014/09/09%208%20facts%20about%20crude%20oil%20production/crude%20oil%20exports%20web.pdf [09/2014] Changing Markets: Economic Opportunities from Lifting the US Ban on Crude Oil Exports; Ebinger, Charles and Greenley, Heather L.

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House Concurrent Resolution 3008

Rep. Roscoe Streyle, District 3 - Testimony

Strengthening America by Opening Overseas Energy Markets to US Companies

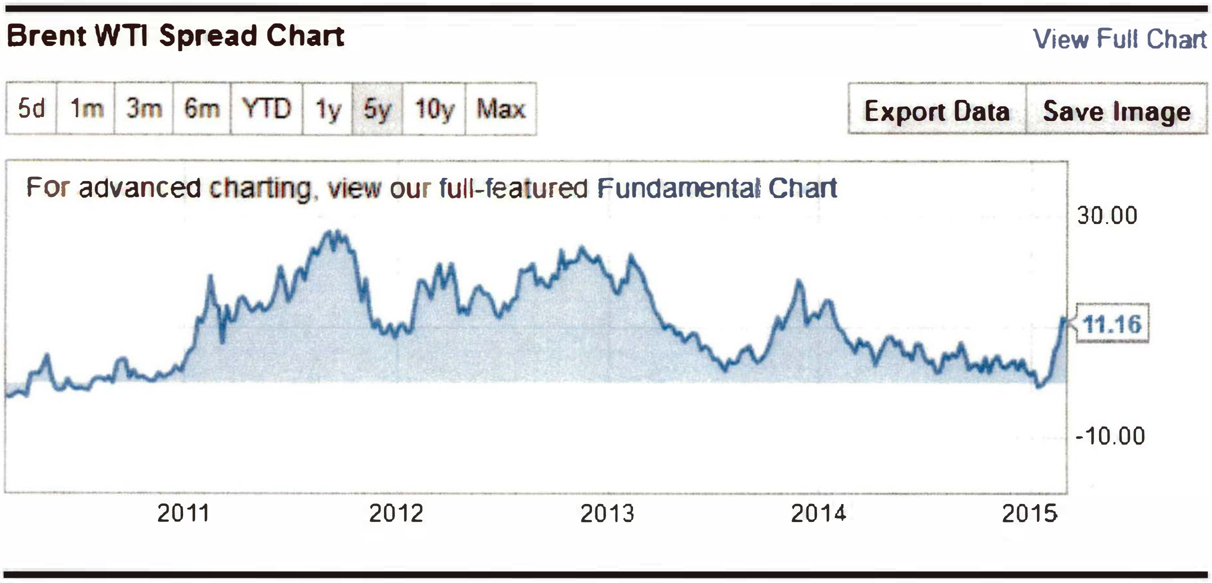
The Export Ban is Outdated

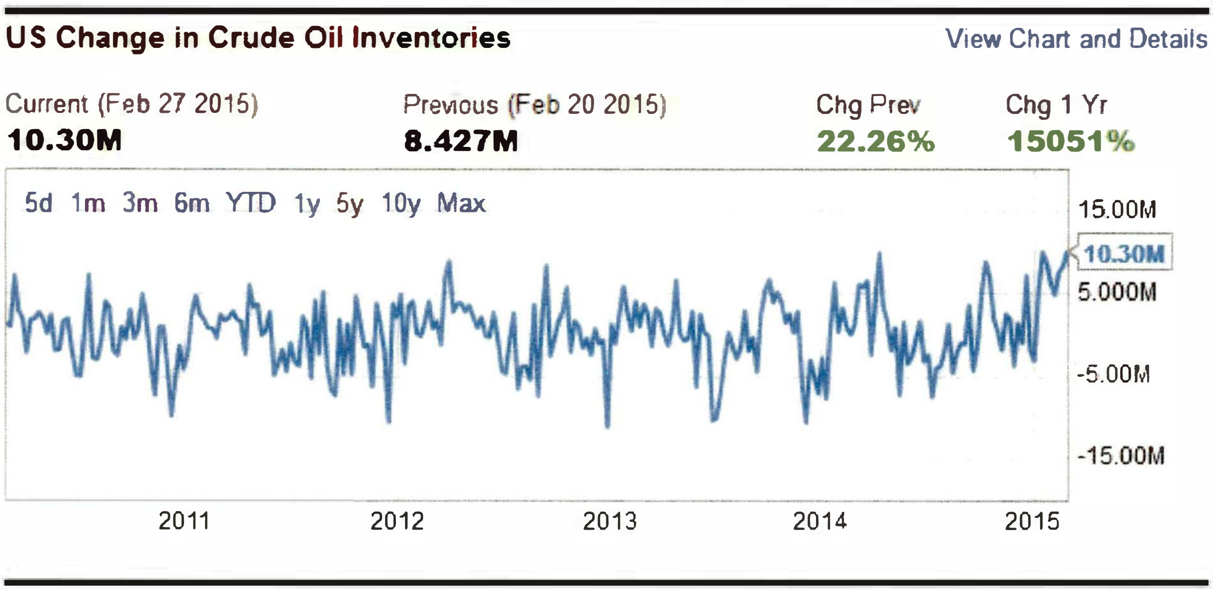
- Thanks to America's energy producers, North Dakota, Texas, and new technologies America is the world's leading oil producer, overtaking Russia and Saudi Arabia producing 9.2M barrels/day
- The export ban is from the 1970s and is a relic from an era of scarce oil reserves and flawed price control policies
- ALL the world's major developed nations allow crude oil exports; we are the only nation who isn't taking advantages of the world market

Congress should allow the free market to work and allow American energy producers to sell crude oil on the world market.

1) Strengthen America's standing and influence in the world
    - Allowing the export of American crude oil will make our European allies less dependent on crude oil from Russia and Middle East.
    - Crude oil exports will decrease the likelihood that supply oil can be used as strategic weapon by Governments.
2) Grow the U.S. economy
    - Numerous studies have found that allowing U.S. crude oil in the world market will increase U.S. production while creating more jobs.
    - IHS: Increase in GDP of 0.7%, or $135 billion, at its peak in 2018.
    - ICF Int'l: $38.1 billion in GDP by 2020.
3) Create thousands of permanent high paying jobs
    - IHS: 394,000 avg. jobs created (2016-2030), 1 million jobs at peak (2018), and 1/4 of the jobs in non-oil producing states.
    - ICF Int'l: 300,000 jobs by 2020.
    - U.S. Manufacturers will benefit from less volatility in energy costs.
4) Dramatically improve the trade deficit
    - The more American products exported the lower the trade deficit
5) Help to stabilize the global crude oil market
6) The spread price between WTI and Brent spot price is large, see spreadsheet
7) US has a glut of oil in storage, 70% full and expected to be 100% this summer
8) All Crude oil isn't the same, ND should be getting premium price on the World market
9) Refineries in the US are better suited for heavy crude and not light Bakken crude
10) U.S. can reverse 40 years' worth of wealth transfer to OPEC by removing the export ban
11) Brooking Institution's Energy Security Initiative found that the net present value of the gain in GDP from lifting the ban is between $200B and $1.8T

12) Banning exports does nothing to protect the environment, according to Lawrence Summers, "There is no environmental argument for a policy that distinguishes between oil produced in the United States for domestic consumption and oil produced in the United State for foreign consumption."





1.3

Date	WTI	Brent	Spread
Oct 01, 2014	90.74	94.57	3.83
Oct 02, 2014	91.02	91.29	0.27
Oct 03, 2014	89.76	90.80	1.04
Oct 06, 2014	90.33	90.65	0.32
Oct 07, 2014	88.89	90.90	2.01
Oct 08, 2014	87.29	90.25	2.96
Oct 09, 2014	85.76	90.47	4.71
Oct 10, 2014	85.87	88.66	2.79
Oct 13, 2014	85.73	87.82	2.09
Oct 14, 2014	81.72	86.36	4.64
Oct 15, 2014	81.82	84.02	2.20
Oct 16, 2014	82.33	84.02	1.69
Oct 17, 2014	82.80	85.27	2.47
Oct 20, 2014	82.76	84.42	1.66
Oct 21, 2014	83.25	85.17	1.92
Oct 22, 2014	80.52	86.38	5.86
Oct 23, 2014	82.81	85.94	3.13
Oct 24, 2014	81.27	86.00	4.73
Oct 27, 2014	81.26	85.64	4.38
Oct 28, 2014	81.36	85.57	4.21
Oct 23, 2014	82.81	85.94	3.13
Oct 24, 2014	81.27	86.00	4.73
Oct 27, 2014	81.26	85.64	4.38
Oct 28, 2014	81.36	85.57	4.21
Oct 29, 2014	82.25	86.91	4.66
Oct 30, 2014	81.06	85.50	4.44
Oct 31, 2014	80.53	84.17	3.64
Nov 03, 2014	78.77	84.90	6.13
Nov 04, 2014	77.15	82.12	4.97
Nov 05, 2014	78.71	82.88	4.17
Nov 06, 2014	77.87	82.08	4.21
Nov 07, 2014	78.71	83.20	4.49
Nov 10, 2014	77.43	82.90	5.47
Nov 11, 2014	77.85	80.94	3.09
Nov 12, 2014	77.16	80.42	3.26
Nov 13, 2014	74.13	77.74	3.61
Nov 14, 2014	75.91	77.51	1.60
Nov 17, 2014	75.64	76.86	1.22
Nov 18, 2014	74.55	77.23	2.68
Nov 19, 2014	74.55	77.21	2.66
Nov 20, 2014	75.63	77.61	1.98
Nov 21, 2014	76.52	79.20	2.68
Nov 24, 2014	75.74	79.62	3.88
Nov 25, 2014	74.04	77.62	3.58
Nov 26, 2014	73.70	77.39	3.69
Nov 28, 2014	65.94	71.89	5.95
Dec 01, 2014	68.98	70.87	1.89
Dec 02, 2014	66.99	71.13	4.14
Dec 03, 2014	67.30	70.13	2.83
Dec 04, 2014	66.73	68.48	1.75
Dec 05, 2014	65.89	68.00	2.11
Dec 08, 2014	63.13	65.64	2.51
Dec 09, 2014	63.74	66.11	2.37
Dec 10, 2014	60.99	63.32	2.33
Dec 11, 2014	60.01	63.65	3.64
Dec 12, 2014	57.81	61.67	3.86
Dec 15, 2014	55.96	61.09	5.13
Dec 16, 2014	55.97	60.26	4.29
Dec 17, 2014	56.43	59.84	3.41
Dec 18, 2014	54.18	58.81	4.63
Dec 19, 2014	56.91	58.87	1.96
Dec 22, 2014	55.25	58.31	3.06
Dec 23, 2014	56.78	59.07	2.29
Dec 24, 2014	55.70	58.67	2.97
Dec 26, 2014	54.59	58.72	4.13
Dec 29, 2014	53.46	57.86	4.40
Dec 30, 2014	54.14	55.60	1.46
Dec 31, 2014	53.45	55.27	1.82
Jan 02, 2015	52.72	55.38	2.66
Jan 05, 2015	50.05	51.08	1.03
Jan 06, 2015	47.98	50.12	2.14
Jan 07, 2015	48.69	49.06	0.37
Jan 08, 2015	48.80	49.43	0.63
Jan 09, 2015	48.35	47.64	-0.71
Jan 12, 2015	46.06	46.90	0.84
Jan 13, 2015	45.92	45.13	-0.79
Jan 14, 2015	48.49	45.82	-2.67
Jan 15, 2015	46.37	47.66	1.29
Jan 16, 2015	48.49	47.38	-1.11
Jan 20, 2015	46.79	46.49	-0.30
Jan 21, 2015	47.85	46.50	-1.35
Jan 22, 2015	45.93	46.09	0.16
Jan 23, 2015	45.26	46.69	1.43
Jan 26, 2015	44.80	46.07	1.27
Jan 27, 2015	45.84	46.55	0.71
Jan 28, 2015	44.08	47.07	2.99
Jan 29, 2015	44.12	46.61	2.49
Jan 30, 2015	47.79	47.52	-0.27
Feb 02, 2015	49.25	51.74	2.49
Feb 03, 2015	53.04	54.41	1.37
Feb 04, 2015	48.45	55.07	6.62
Feb 05, 2015	50.48	55.98	5.50
Feb 06, 2015	51.66	55.88	4.22
Feb 09, 2015	52.99	57.00	4.01
Feb 10, 2015	50.06	55.79	5.73
Feb 11, 2015	48.80	53.48	4.68
Feb 12, 2015	51.17	56.23	5.06
Feb 13, 2015	52.66	60.33	7.67
Feb 17, 2015	53.56	60.78	7.22
Feb 18, 2015	52.13	60.72	8.59
Feb 19, 2015	51.12	58.78	7.66
Feb 20, 2015	49.95	60.99	11.04
Feb 23, 2015	49.56	59.78	10.22
Feb 24, 2015	48.48	60.33	11.85
Feb 25, 2015	50.25	59.77	9.52
Feb 26, 2015	47.65	61.39	13.74
Feb 27, 2015	49.84	61.89	12.05
Mar 02, 2015	49.59	60.75	11.16

Additional Investment in U.S. Economy

- **IHS Energy:** Lifting the export ban would "add investment of nearly $750 billion."
- **ICF International:** "An expansion of crude exports would result in $15.2 - $70.2 billion in additional investment in U.S. exploration, development and production in crude oil between 2015 and 2020."

Improvement of the U.S. Trade Deficit & Free Trade Policy

- **ICF International:** "Lifting crude oil export restrictions contributes to expanded U.S. exports. This could narrow the U.S. trade deficit by $22.3 billion in 2020."
- **Resources for the Future:** "All parties can agree that lifting the ban confers some advantages to the United States as a whole. It would improve our trade balance and provide us with greater geopolitical leverage."
- **Brookings:** "[A]llowing goods to flow into the international market gives buyers access to competitive prices and sellers access to world markets while enhancing free trade."
- **Larry Summers, former economic senior economic advisor for President Obama:** "The merits [in support of lifting the crude export ban] are as clear as the merits with respect to any significant public policy issue that I have ever encountered."
- **Council on Foreign Relations:** "Republicans and Democrats alike, including President Obama, express support for boosting U.S. exports in general. Crude oil should be no exception[6]."
- **Amy Myers Jaffe, University of California, Davis:** "[T]he United States should continue to actively support open markets and free trade in energy and to do so, it cannot restrict its own energy exports[7]."
- **Sen. Heidi Heitkamp (D-N.D.):** "You think about this. We can export gasoline, but not crude oil? How does that make sense?"
- **Thomas Friedman, New York Times:** "Nothing would make us strong and Putin and [ISIL] weaker – all at the same time" than lifting the ban on crude exports.

Increased Revenue for States, Federal Government

- **IHS Energy:** "Government revenues from corporate, personal and energy-related taxes and royalties are expected to increase under free trade policy. The cumulative addition to revenue is $1.3 trillion from 2016 through 2030."
- **ICF International:** "U.S. federal, state, and local tax receipts attributable to GDP increases from expanding crude oil exports could reach $13.5 billion in 2020."

Big Boost in U.S. GDP

- **IHS Energy:** "The higher US oil production resulting from a lifting of the ban will [...] increase GDP by $135 billion."
- **ICF International:** "U.S. GDP is estimated to increase by $38.1 billion in 2020 if expanded crude exports were allowed."
- **Brookings:** Lifting the crude export ban "will have a positive impact on GDP and welfare" and in every case analyzed, "there are positive percentage change impacts on GDP."

6 Council on Foreign Relations: The Case for Allowing U.S. Crude Oil Exports. Clayton, Blake July 2014

7 Senate Energy and Natural Resources Committee: Opportunities and Challenges of the U.S Crude Oil Export Ban.

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House Concurrent Resolution 3008
Testimony of Alexis Brinkman-Baxley
Senate Energy & Natural Resources Committee
March 6, 2015

Chairman Schaible and members of the Senate Energy and Natural Resources Committee, my name is Alexis Baxley, and I represent the North Dakota Petroleum Council. The North Dakota Petroleum Council represents 500 companies in all aspects of the oil and gas industry, including oil and gas production, refining, pipeline, transportation, mineral leasing, consulting, legal work, and oilfield service activities in North Dakota. Our industry represents 65,000 direct and indirect jobs in North Dakota. I appear before you today in support of House Concurrent Resolution 3008.

The current ban on the export of United States crude oil, instituted in 1973 at the height of the OPEC oil embargo, is outdated. Congress banned the export of US crude oil in response to several concerns – to support domestic price controls, to conserve what was perceived as dwindling domestic supplies, and in response to the embargo. More than 40 years later, none of these conditions exist, but the ban lives on.

As a result of 1973 and the energy landscape that followed it, U.S. refineries were built or converted to process heavy, sulfurous crude oils that we imported from Canada, Mexico or the Middle East. They are not built to handle the light, sweet crude oil we produce here. A May 2014 study from leading research and consulting firm IHS warns that the inability of the US refining system to efficiently process the growing volume of light crude is causing a "widening discount, which will reduce drilling investment, jeopardizing oil production growth, reducing jobs, and hurting the US economy." The good news is there are refineries that want our oil, and they belong to friends and allies in Europe.

Thanks to major advances in technology in the Bakken and shale plays across the nation, US oil production has surged to more than 10 percent of the world's total. We're less reliant on foreign energy than ever before, and production is still rising. As a result, we've become a net exporter of refined petroleum products for the first time in over 60 years. This great rise in production have lifted the U.S. from an era of energy scarcity to an era of energy

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abundance. We have an opportunity to become an energy superpower. Instead, we find ourselves in a price war with countries we've allowed to monopolize the global markets. OPEC has clearly seen the potential and have chosen to price us out of business. Lifting the export ban would enhance our ability to compete with OPEC in the global market and take away their ability to manipulate oil prices.

But, we're not just talking energy security. There are other benefits, too – namely jobs, economic growth and lower energy prices – that would come from lifting the export ban. If crude exports are allowed, the US economy could gain up to 300,000 additional jobs in 2020. It's clear that allowing domestic energy producers, like those here in the Bakken, to sell crude oil on the world market would greatly benefit our state and our nation. Let's tell Congress it's time to repeal the ban on crude oil exports. I would be happy to answer any questions.