



Barry Russell
President & CEO

July 7, 2015

President Barack Obama
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

IPAA strongly supports efforts to lift the longstanding ban on exporting the oversupply of United States crude oil. The American energy renaissance has created an historic opportunity for the nation and for the benefit of consumers, businesses, and national security.

Today, with the advancement of hydraulic fracturing and improved horizontal drilling technologies, America's energy industry can provide the nation's oil and natural gas at levels not seen since the 1970s. However, the 1970s laws that govern America's crude oil exports are outdated and inconsistent.

American families and businesses in every state stand to benefit as crude exports will increase the United States Gross Domestic Product and stimulate economic activity across the nation. Adding a surplus of America's crude oil into the world market would reduce market volatility, stabilize oil prices that are set by the global market, and therefore lower U.S. gasoline prices, which are based on international oil prices.

In recent months, the Administration has positively addressed some elements of current constraints on American participation in world markets by changing the export limitations on condensates. But, more can be done.

A growing body of research from government agencies, academia, public policy experts, and think tanks across the political spectrum has confirmed the widespread benefits of crude oil exports. By lifting the outdated exports ban, the United States would see more good-paying American jobs, reduced pressure on gasoline prices, increased investment in free trade, economic growth, and a diminished need for imported foreign oil from volatile regions of the world, all while reducing the national trade deficit.

Much of the concern about lifting the crude oil exports ban surrounds the impact it might have on American consumers and U.S. gasoline prices. According to a number independent, non-partisan economic studies, including a recent study by the United States Government Accountability Office, repealing the crude oil export ban will benefit American consumers by putting downward pressure on gasoline prices. As the U.S. Energy Information Administration has noted, U.S. gasoline prices are tied to global oil prices. Repealing the crude oil export ban

will increase both U.S. oil production and global oil supplies, which, according to the Brookings Institution, “will make global oil prices fall.” This will help lower gasoline prices in the United States.

As others have observed, recent lower gasoline prices are acting like a giant stimulus for America’s working-class families and small businesses. A recent ICF International report found that lowered energy 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.” Additionally, IHS Energy, a global consultancy and think tank, concludes, “lifting restrictions on crude oil exports will increase real household disposable income in the forecast due to an investment-led expansion in economic activity and a lower unemployment rate.” As a result, American households will benefit from higher real wages and incomes, as well as increased government revenues, which can be used for infrastructure, schools, and other public services.

While American economic interests will always be the primary consideration in addressing trade issues, the international implications of allowing crude oil exports should be a key component as well. Allowing the export of surplus American crude oil production would result in sharp reductions to the trade deficit and reduce the need for the United States and its allies to import oil from volatile regions of the world. Given the increased security threats facing the nation and its allies, the United States must leverage its abundant energy resources to further enhance its economic and national security. Lifting the restrictions on U.S. exports would provide America with greater foreign policy influence and would strengthen its trading position worldwide.

To continue growing as an energy superpower, America must have policies that reflect modern energy markets, rather than policies based on a market that existed in the 1970s. Current law provides authority to the Administration to approve oil exports without requiring any action from Congress. For example, granting exemptions for American allies would not only beneficially serve the national interest, it would also be consistent with the Administration’s broad free trade agenda.

More broadly, as the Administration did by taking action regarding condensates, IPAA urges it to give impartial consideration to the economic and consumer benefits that could result in completely lifting the restrictions on U.S. crude oil exports as wholly in America’s national interest. IPAA stands ready to work with this Administration on advancing thoughtful, commonsense decisions on crude oil exports.

Sincerely,

A handwritten signature in black ink, appearing to read "Barry Russell". The signature is fluid and cursive, with a large initial "B" and "R".

Barry Russell
President and CEO
Independent Petroleum Association of America