

OIL EXPORTS DISPATCH



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In The News

NOTE: Check out **IPAA's Oil Exports webpage** with a new **"Frequently Asked Questions"** section.

Rick Perry: Crude export ban should be lifted. *Fuel Fix.* Former Gov. Rick Perry on Tuesday gave his support to lifting a decades-old ban on crude exports, calling it a "major error" to prevent U.S. oil from being shipped overseas. Perry, a likely candidate for the 2016 Republican presidential nomination, said that if he won the White House, he would propel North America into the global energy business "in a big way." "If energy is going to be used as a weapon, we need to have the largest arsenal."

Oil Export Folly. *Wall Street Journal, Editorial.* But U.S. producers can't export their oil, and U.S. refineries are mainly built to process heavier oil imported from Mexico, Venezuela and Canada. This refining mismatch means that U.S. oil is piling up in storage or being sold at a discount. WTI now trades 20% below the world market price, which means

Senate Committee Holds Export Hearing

Last week the Senate Energy and Natural Resources committee held a hearing to examine the economic benefits of exporting America's surplus crude oil supplies. In her opening statements, Committee Chairwoman Lisa Murkowski (R-AK), referred to the numerous studies examining the issue and stated, "The year of the report is coming to an end."

Senator Murkowski went on to mention concerns that have been raised regarding the impact crude oil exports would have on gasoline prices, a concern that is shared by both Republicans and Democrats. Carlos Pascual, a fellow at Columbia University's Center on Global Energy Policy and a former Obama State Department official, pointed out that gasoline prices are based on the international Brent crude oil price, not the domestic West Texas Intermediate benchmark.

At the conclusion of the hearing, ConocoPhillips Chairman and CEO Ryan Lance, an IPAA member, was asked by Murkowski, "Have you been in a situation where you've tried to sell light crude to a refiner and had been turned away?" Lance responded, "Yes, it's happening today" and gave the example of refiner Monroe Energy, who was also testifying at the hearing, as turning away ConocoPhillips' light crude oil. "In fact my company has tendered that and been told 'no,'" Lance testified.

You can view full witness testimony and see a video of the hearing [here](#).

Study: Crude Exports Boost Security, Not Gas Prices

Rice University released this morning a report that says ending the nation's four-decade-old ban on exporting domestic crude would provide notable economic and energy security benefits even during a period of depressed oil prices.

additional pressure on U.S. producers to stop drilling. That plays into the hands of Russia and Saudi Arabia, which are only too happy to see U.S. production fall so global prices can climb again. The Saudis all but said that undercutting U.S. drillers was their goal when they decided last year not to cut their production quotas. Why would Washington want to help Vladimir Putin?

Lifting export ban on crude oil would benefit NM. [Albuquerque Journal](#)

[Journal](#), Op-Ed by U.S. Rep. Steve Pearce (R-NM). ...[T]he antiquated export ban is making matters even worse for New Mexico and other U.S. oil producers by preventing them from finding buyers abroad for the surplus reserves that U.S. refiners cannot process. The effect of allowing only U.S. buyers to buy American crude is that it further cuts the price that U.S. producers receive - even below the severely depressed world price. New Mexico producers cannot afford to continue to invest in new drilling projects. Rigs are being laid down and the spin-off gains for New Mexico are weakening. Specifically, the export ban translates into lost jobs, lost taxes and decreased royalties; losses with heavy consequences for New Mexico.

According to the University, "The study includes an analysis of the U.S. energy security benefits of ending the restrictions on oil exports by highlighting the relative costs and benefits of the status quo. In doing so, the study argues that the implications for overall market function, infrastructure investment and energy sector activity are all positive. More generally, the study reveals that removing the ban generates distinct energy security benefits, a result that may be counterintuitive to some."

This study will be posted shortly on the IPAA Exports website, along with other studies and news [here](#).

Did You Hear?

IHS recently [released a study](#) on the impacts of oil exports across the oil industry's supply chain from 2016-2030 and found:

- The crude oil supply chain will add \$26 billion - \$47 billion to GDP per year.
- Supply chain jobs will be 124,000 - 240,000 higher per year, on average.
- Labor income improves by about \$158 - \$285 per year, on average, for each household.
- Cumulative government revenues from corporate and personal taxes attributed to supply chain industries reach \$429 billion - \$868 billion.

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