



Opening Statement
Oversight Hearing to Examine Challenges and Opportunities in Oil and Gas Development
in Different Price Environments
Chairman Lisa Murkowski
April 22, 2016

Good morning, everyone. The Committee will come to order. The subject of challenges and opportunities in oil and gas development, under different price environments, is certainly one of national significance – for our security, for our economy, and for the environment itself.

A special thank you to our witnesses, all of whom had agreed to testify last week only to be bumped by the energy bill on the floor. I regret any inconvenience but hope you can find some solace in the fact that your sacrifice enabled the first significant energy reform package to clear the Senate in nearly a decade.

Oil and gas prices are low today, but they won't be low forever. In fact, the only way drawdowns from the Strategic Petroleum Reserve fill revenue gaps on paper is because the Congressional Budget Office assumes price levels in the future to double (to ~\$80 or more) from today's levels (~\$40).

Oil and gas production is heavily capital intensive. It takes a long time for these projects to come online. The Energy Information Administration, for example, estimates that development in the non-wilderness portion of ANWR would take 8-12 years after legislation is enacted to open up the 1002 Area for exploration and production.

I remember when low oil prices dipped to \$9 a barrel in Alaska – years ago, now. I was a state legislator at the time, and we debated whether we had enough money to grant the State Troopers' request for buying bullets. We had to make really tough decisions. And yet, our executive and legislative branches, controlled by a Democrat and Republicans respectively, worked diligently to ensure that our public policy remained attractive to resource investment.

That should be our goal: to ensure that America remains an attractive place to produce the resources we need, and will use, right here at home. And when you look at our energy mix, that means we need to provide new access, we need to establish reasonable systems for leasing and development, and we need to reform what is often an overly cumbersome permitting process.

Right now, we do not have that system at the federal level, but with policy improvements, we can get there. And we should be tackling this right now – not the next time oil is at \$100 a barrel, or even more.

Today, I am also pleased to announce the launch of a new series of white papers. Followers of this Committee will know that all of my major initiatives have been based on rigorous analysis and brick-by-brick argumentation. Many of the ideas contained in S. 2012, the Energy Policy Modernization Act, which passed the Senate 85-12 last week, were actually contained in *Energy 20/20*, which I released at the start of 2013.

My efforts to expedite LNG exports and lift the ban on oil exports were also supported by a series of staff reports – on condensate, on cross-border swaps, and much else that we saw actually get adopted by this Administration.

The report I'm releasing today, *The Alaska Exception: Energy and the Frontier*, is the first in this new series, *Alaska: First in Energy*. It details the various special exceptions that have been made for my State – on LNG, the RFS, crude oil, FERC, and our signature achievement, the modern marvel of TAPS. As I prepare to unveil Alaska legislation in the coming weeks, stay tuned for more building blocks as we construct the case that Alaska should be first in energy.

I now turn to Senator Heinrich who is standing in for Senator Cantwell this morning.

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