



**Opening Statement**  
**Oversight Hearing on Well Control Rule, Other Offshore Regulations**  
**Chairman Lisa Murkowski**  
**December 1, 2015**

Good morning. The Committee will come to order. I'd like to welcome our panel here this morning as we begin our oversight hearing on offshore oil and gas regulations.

Offshore oil and gas production of course is an issue of national importance, not merely a topic for the coastal states that support it. According to the Office of Natural Resources Revenue, federal offshore production tops one million barrels of crude oil per *day* and one trillion cubic feet of natural gas per *year*.

Those volumes are sizeable, but have declined as a share of overall domestic production during this Administration. Since 2009, federal offshore oil production is basically flat *at best*, while federal offshore gas production has been cut in half.

A lot of us believe that our offshore production could – and should – be higher than it is today. A lot of us believe that more production would be good for our economy and our security. And a lot of us are concerned that the offshore regulatory system has too often held projects back and my home state of Alaska is probably exhibit A – case and point.

No one here will suggest that offshore production should go unregulated, or that safety should ever be anything except a top priority. Yet, it is also fair to examine whether our offshore regulators are striking the right balance, and actually designing rules that will meet their objectives.

Which brings us to the focus of today's hearing and that is the Well Control Rule, and a series of related rules that govern offshore production in federal areas.

The stated aim of the well control rule, to ensure the safety of oil and gas operations offshore, to prevent incidents like the Macondo spill from ever happening again, is one that I certainly share.

The well control rule is, at its core, an extremely technical document, better suited perhaps to engineers than certainly to Senators here. As the Committee with jurisdiction over the agency that issued the rule, however, we still need to do what we can to ensure that it will actually enhance the safety of offshore production and operations.

And on that front, it appears we have considerable cause for concern.

Over the past several months, many seasoned veterans of offshore exploration and production have submitted comments for the record about various aspects of the well control rule, as proposed.

These experts have raised concerns over mandatory drilling margins, blowout preventer specifications, real-time monitoring, and more. They suggest in their comments that, if left unaddressed, these requirements may actually increase the risk of a catastrophic accident, actually taking us in the wrong direction.

When industry veterans come forward to express concern about a rule's impact on safety and not about the regulatory burden a rule would impose, or the jobs or production it could cost, but safety, we should all be paying attention.

I also want to make a final point on Alaska. I have been deeply disturbed and I have said so quit publically regarding the administration's handling of our Arctic resources. The regulatory maze imposed from Washington, DC created a situation in which successful exploration of Alaska's offshore was an uphill battle every step of the way.

We have now seen two companies pull out of an area of our Outer Continental Shelf that holds an estimated 24 billion barrels of oil and 104 trillion cubic feet of natural gas, and again where there is very strong local support for development. Now we all know that the physical environment in the Arctic is tough but it was not the environment that prompted these decisions. It was, to a larger degree, the regulatory environment, which continues to deteriorate.

I believe that a new paradigm is in order, one that recognizes the federal offshore areas in the Arctic are a "frontier play" worthy of a modern, adaptable leasing structure designed to help, than rather to block, exploration. Moving forward, I think you can probably expect more from me on this as well as the committee.

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