



Opening Statement
Full Committee Hearing on the Strategic Petroleum Reserve
Chairman Lisa Murkowski
October 17, 2019

Good morning, everyone. The Committee will come to order. We're meeting this morning to examine the status of the Strategic Petroleum Reserve (SPR).

We recognize around this committee, certainly Senator Cantwell when she was Ranking on the committee, we had many, many conversations about the significance, the importance of the SPR. We use a lot of terminology about not using this as an ATM or the piggy bank or the cash mechanism for so many other initiatives. But, it seems that we are in a never ending place trying to educate people about the Strategic Petroleum Reserve. So, we're going to continue that education process this morning as we speak about its importance to our national energy security.

The SPR is a vital national asset. In a pair of staff reports that we released back in 2015, I argued that it must be maintained in case of supply disruptions and the economic shockwaves that can follow. So it was entitled "The turbulent world: In Defense of the Strategic Petroleum Reserve." This was prepared for the committee July 27, of 2015. So it was important back then and four years later it's still relevant.

I think we recognize that you don't give up your health insurance policy when you're healthy – we shouldn't give up the SPR just because we're producing more oil right now. In fact I believe, SPR – the most important strategic energy stockpile in the world – is critical to our American energy dominance.

Global energy markets are what I will would call "systemically volatile." And just to kind of put that in context with a couple examples, and I will be quick here, but over the past century, we all know here in this country, we all know about OPEC, the Organization for Petroleum Exporting Countries. It's the quintessential cartel, and its mission is to benefit its members by controlling prices. "OPEC Plus," the cartel's loose alliance with Russia and several other producing countries, is the same story, just with an expanded cast.

Second, volatility predominates from Venezuela to Libya and beyond. In every SPR "war game," the worst case scenario has always been a violent shock to the Persian Gulf. Of course the recent attacks on Saudi Arabian oil processing facilities, recurring incidents involving oil tankers, and persistent concerns about the Strait of Hormuz all foreshadow that potential nightmare.

At a minimum, the activities of “OPEC Plus” and continued strife overseas will ensure that global energy markets remain systemically volatile. And as long as that condition exists, I believe that we need to have a robust and a functional strategic reserve.

The fact that we did not need to tap the SPR after the Saudi outage does not in any way discount the value of having that as an option. We had that in reserve and I think that was critical, it could have been much worse. Indeed, it could very well have been economically cataclysmic.

Just under a third of the SPR is mandated for sale over the next ten years, a period I have deemed “the decade of drawdown.” We may have over 600 million barrels in reserve today, but over 200 million are scheduled for sale.

A small portion will be sold to enhance our energy security by modernizing the SPR itself. That is something that Senator Cantwell and I worked on together to make sure that not only do we have the Strategic Petroleum Reserve but that we have a functioning reserve. So, as that modernization continues this committee continues to conduct rigorous oversight. But using SPR as an ATM for purposes completely unrelated to energy – let alone energy *security* – is something else entirely.

So I want to end my comments, thank the panel for being here, I will make introductions after Senator Manchin’s opening statement. But, I appreciate the fact that all of you have come to the committee this morning to provide us your thoughts and your expertise. Senator Manchin?
Senator Manchin?

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