

LIFTING BAN ON OIL EXPORTS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 2015, the gentleman from Texas (Mr. CONAWAY) is recognized for 60 minutes as the designee of the majority leader.

Mr. CONAWAY. Mr. Speaker, I appreciate the leadership allowing me to visit with you about something that is near and dear to my heart. I hope we spend the better part of the next hour discussing a bill tomorrow that will be before this body, which is H.R. 702, which would lift the 40-year-old, decades-old ban on exporting a domestic product, a domestic commodity, called crude oil.

As you look at the things that America buys and sells around the world, the only commodity that we produce here in the United States that we cannot export is crude oil. It harkens back to 40 years ago, and I will talk about it in a second.

There are no restrictions on imports. You could import all the crude oil that you would like, but we have a restriction on exporting that crude oil.

Now, the administration recently signaled a bit of a change in that in that they licensed a swap of certain number of barrels of heavy crude from Mexico for light sweet crude coming to the United States. So there was at least one opportunity recently where the Department of Commerce authorized that swap and, in effect, began to export some of this crude that we produce every single day.

Forty years ago the Arab oil embargo and all the things that happened with that—most of the folks in this Chamber, except maybe you and I, don't necessarily recall the long lines at the gas station and the rationing and the way that even-numbered license plates were okay one day and odd-numbered license plates were okay the next day to buy gasoline.

I can remember living in Dallas at the time. I would have to get up at 5 o'clock in the morning and go sit in line at a gas station in order to fill up the car so that I could make it downtown and back and forth. It was somewhat disruptive to our quiet lives.

The price of oil went from \$3 a barrel to \$12 a gallon, a fourfold increase. That shock hammered the economy with a lot of things that were going on.

As a part of that response, in addition to the response, just before the Arab oil embargo in the 1973–1974 time-frame, the United States had, through a secret study, determined that American crude oil production may have peaked in 1970 and that the wells in the United States that were then producing and the new ones that were going to be drilled and brought online—that the daily production in the United States would slowly decline from that point on and that that scarce resource of strategic value needed to stay here in the United States.

So while we were even a net importer at that point in time, the wisdom of

this House, the Senate, and the President at the time was: Let's just don't export any U.S. crude. Let's use all of it here. And then we will buy from other folks the crude oil that we need to make up the difference in our refinery loads.

That held true for 35 years. Then something pretty stunning happened, and that was this incredible renaissance in the oil and gas business that has occurred over the last 5 years.

When history writes about this era of the oil and gas business, it will talk about these incredible breakthroughs in technology and the science associated with it and the risk taking of the private sector.

The current President likes to brag about the oil and increased production. Quite frankly, this has all come in the private sector, private lands, and private initiatives, where this has happened. Permitting on public property, public lands, has slowed down, and actual production off our Federal lands has shrunk from where it has been.

So for 35 years it was a policy that was out there. It was never an issue because we didn't produce enough every day to export.

Then about 5 years ago this process of increased production was driven by the shale oil play in the Bakken, the shale oil play in west Texas, and the shale oil play in the Eagle Ford shale in south Texas, big frac jobs, technologies that broke the rock up or allowed the oil to escape out of that rock in quantities heretofore not really contemplated or known.

The oil was in the rock. Everyone knew that. They just didn't know how to get it out of the rock. This wonderful renaissance began to occur, and U.S. production began to increase every day to the point now that the estimates, had the price not dropped, were that, by 2020, we would be the largest exporter and that we would have an excess.

So we already had a bit of an excess of crude oil in the United States because it had to go through U.S. refineries. U.S. refineries are set up to process heavy crude, which is not what is produced out of this oil shale. That is light, sweet crude. So, consequently, we had more light sweet. We are still importing crude every day from Venezuela and other countries that feed heavy crude into our refineries.

So it got on everybody's radar screen that we need to figure out a way to unlock this market and eliminate the inefficiencies associated with not being able to export U.S. crude.

As a result of that, there are two sets of prices in the world markets. There is a Brent price of crude, which is North Sea crude, and there is also a West Texas Intermediate price that is in the markets.

There has been for a long time now a differential between those two prices. The West Texas Intermediate price, which is what our local American producers get, was less than the Brent crude.

That differential was driven by the fact that we had no market for U.S. crude, other than U.S. refineries, given the laws and the restrictions that were in place. So the movement began to explore the opportunity for lifting this decades-long ban on crude oil.

Throughout the years that HARRY REID was in charge of the Senate, it was a nonstarter because it was not likely we could get a bill like we are going to vote on tomorrow in the House through the Senate. With the Republican victory last November and control in the Senate by Republicans, it then became an opportunity for us to examine this policy and see if it makes sense.

Just to set the record straight, even without the bad deal the President has foisted on us, we treat Iran better than we treat American producers. Because even before the sanctions are lifted in Iran, they can produce and export about a million barrels of crude oil a day. The U.S. is zero.

So as you step back to look at the big picture, we treat Iran—with all the mischief they do and the bad actor they are and the threat to world peace that they are, they get better treatment than domestic producers, and that makes no sense whatsoever when you look at the overall issue.

So we are at a point now where, with this drop in prices to almost half of what it was, we have begun to see that crude oil production will probably tail off here in the United States this quarter.

But the oil is there. We know how to get it. The science is available. It is just simply driven by the price. Recovering the drilling and completion costs is what is causing the current decline in production, but we know where it is and how to go get it.

When a well comes online, from day one, it will begin to produce less oil today than it did yesterday. That process, that decline, will move forward throughout the life of that well until it reaches its economic limit.

The economic limit of a producing well is driven by the price versus how much it costs you to get it out of the ground, the taxes associated with the barrel, the royalties associated with it. Those have got to be in positive circumstances or it doesn't make any sense to produce that crude oil.

In the drilling and the completion of a well, you have got to be able to recover that investment from the total number of barrels that you expect to produce out of that well. When you know those fixed costs going in, there are very few of those costs that are recoverable once you drill a well.

Your only return is to sell the crude oil. And given how much you think that each well will produce, it has got to be at a price where you can recover that investment as well as cover your incremental costs each day of producing that crude oil.

So there are some sound economic reasons why, at current prices of crude

oil, there is less drilling going on and certainly less completions going on in the market.

That oil is not going anywhere. That shale is just the way it was when the prices were a lot higher. So if prices were to recover and it made sense, then our American domestic producers could go back to producing more and would then reset that decline on an upward slope so that we are, in fact, producing more oil each day than we did yesterday because we are bringing on more wells every single day to offset the natural decline that each well will experience. While we have got this window of opportunity, it is time now to lift this crude oil ban.

Mr. Speaker, I am joined by my neighbor, who represents the southern two-thirds of New Mexico. More importantly, he represents my three grandsons who live in Las Cruces, New Mexico. So I watch him like a hawk to make sure he is doing a good job representing my grandsons.

I yield to the gentleman from New Mexico (Mr. PEARCE).

Mr. PEARCE. Mr. Speaker, I would like to bring to attention that we are engaged in a very important activity here. We are talking about American jobs.

Now, some people dismiss jobs as being a four-letter word. Well, I mean it kind of is, but not that kind of four-letter word. It is an important piece.

When I was born, my father was a sharecropper. In 1947, the year I was born, he made \$200. The next year, the drought year, he made 50 bucks.

Mom said, “We are leaving the farm.” She jumped in the pickup truck. Dad jumped in the back, along with us kids. There were three kids at that time, later to become six.

They headed to the West. I don’t think they knew where they were going. I guess they would have stopped when they got to California. But they got 75 miles down the road and broke down 3 miles outside of Hobbs, New Mexico. They hitchhiked into Hobbs, and that is where I grew up.

Dad was able to find a job almost immediately in the oilfield. He got in at the lowest level, a roustabout, making \$2.62 an hour.

Now, to them, to my family who had made \$200 for a full year’s work and \$50 for the next year’s work, \$2.62 an hour was the absolute pinnacle.

They never moved from Hobbs. They stayed there and raised their six children on \$2.62 an hour. And, of course, it graduated through the years.

That is why I am passionate about this export ban. Because right now we have people in my home county who are being laid off because our oil is sitting in the pipelines. The pipelines going to Houston are filled up. And so companies are having to shut down wells. They are having to stop production.

Now, some of the countries in the Baltics have come to Eddy County, which is one of the counties I rep-

resent, and they have said, “We would buy your light, sweet oil. That crude oil is better than what we buy from Russia. We would stop buying from Russia and buy from you,” except we have this ban in place. We can’t ship oil out of this country.

Now, we have to understand that 95 percent of the world’s consumers are outside the United States. So when we have this self-imposed problem, this self-imposed restriction on sending a product that is very needed out there, know that we are penalizing American jobs.

The President has been very, very ardent in his willingness to create Iranian jobs because he insists that Iran should be able to export their oil while all the time saying that he is opposed to the idea of this bill.

□ 1730

We are going to consider this bill tomorrow, and I think in my heart that we are doing things that would benefit people like my parents, people who did not have the option to move to New York and be on Wall Street. They didn’t have the option to move to Albuquerque or Dallas. They were where they could get to, and they were able to find work and raise a family. That is the people that I am fighting for, the people that don’t have other choices.

Now, the oilfield provides very good jobs. In this current energy revolution that is taking place in the country, this explosion of shale oil production, truck drivers in my hometown were receiving \$100,000 a year to drive a truck. If you wanted to work overtime, you could get up to \$120,000. That is the sort of job that is now available to people like my father. If he were still working, those jobs would be out there.

But it is not just the people in the oil and gas industry. It is the people who work in the convenience store at the corner. They are busy 24 hours a day, and the local convenience store operator may have to pay \$15 an hour just to attract people in. It benefits everyone, regardless if they are in oil and gas or not.

In New Mexico, oil and gas provides about 40 percent to our State’s budget. I tell teachers on the other side of the State: With no oil and gas, you should be vitally interested in this export bill because, if we put people back to work in the oil industry, that money goes straight to the State government, and it helps pay your salary.

Up and down the spectrum, people are benefited when we have a vital energy economy.

If we are going to allow our light sweet crude to be exported, people wonder: Are we going to run out of energy? Absolutely not. It is not going to get more expensive.

Back when my father was working for Humble, which later became Exxon, they had a company philosophy. They were the largest energy company in the world. They simply said this area, the Permian Basin here in New Mexico, is

going to run out of oil in the late 1980s, so they sold every producing well in that area. They simply moved out.

Just a couple of years ago, a discovery was made in southern New Mexico—keep in mind, some of the majors moved out, said there was no more future in this area; it is going to be out of oil—and a discovery was made that is going to produce more oil from that one field than has been produced in New Mexico through the whole of New Mexico in all of its history, from one field that was discovered recently.

We have this kind of thing where people are saying, well, we have got to worry and we have got to think about the future and save it for the future. No, there is as much oil out there unused as we have used in New Mexico. So let us have New Mexico jobs. Let us continue to export now instead of allowing the oil to fill up the pipelines and shut down jobs. That is the main reason that I am supporting this.

Obviously, I appreciate the fact that energy is national security. The low energy prices now are rebuilding the manufacturing economy. As we drive the price of oil down—and keep in mind that the consumers benefit from that. Gasoline had gotten to over \$4. Now, then, it is right down in the \$2 range. So it benefits the consumers.

It is also attracting back industries that manufacture. That is essential for that kind of business. If you are going to manufacture, you need affordable, reliable energy. Firms are moving back here in order to produce. That is creating even other jobs that don’t even seem associated with the energy business.

So, again, you have many, many reasons for supporting this energy export bill, and I urge my colleagues to do that.

Mr. CONAWAY. Mr. Speaker, I thank the gentleman from New Mexico for his thoughts and comments. He and I are blessed to share a group of people who work across that State line between Texas and New Mexico—our districts are contiguous with each other—who live in one State, work in the other, vice versa, some of the hardest working, most dedicated, patriotic folks on the face of the Earth, like his dad and his mom who have built wealth, raised a family, protected that family, and produced a U.S. Congressman. It makes them easy to talk about and easy to defend.

I want to flush out this idea of the geopolitical aspects of lifting the ban. I was recently in a Baltic country in conversations with one of the top two leaders, and I had the chance to ask a question of the Prime Minister. I said: Mr. Prime Minister, if you could buy crude oil directly from the United States, would it make your issues with Putin and all the mischief and things he is up to less difficult to deal with?

He lit up like a Christmas tree. He said: Oh, absolutely, absolutely. We would love to buy U.S. crude and not spend that money with Putin and Russia and help lift the boot—the Russian

boot off their neck—that is driven by crude oil and natural gas.

If they could supply to these countries that can't supply themselves, then there is absolutely no reason whatsoever that they shouldn't be running our light sweet crude through their refineries at this point in time.

Steve talked about his dad. My dad was the same way in the sense that if rigs—he was a roughneck, and roughnecks are that hardy group of individuals who work on a drilling rig. It is dangerous. It is hard. It is 24 hours a day. They work 8-hour shifts.

My dad would pull doubles in order to get the extra time and a half so the cash flow to the family would be enough to feed my brother, sister, me, and my mom. He lost a part of a finger as a part of that experience. If the rigs were running in Borger, Texas—we lived in Borger, Texas, where I was born. If the rigs were running in Odessa, Texas, we moved to Odessa, Texas, because my dad thought it was more important to have a job than necessarily where we lived because that was key.

In the early 1990s, I was part of a group that did a needs assessment in Midland, Texas. And we sometimes lose sight of why jobs are important because we talk a lot about it. But that needs assessment did a scientifically sound, statistically sound survey of Midland, asking folks what are the issues within your home, what are the issues within your neighborhood, what are the issues within your community that have a problem, that create this problem? We then winnowed those down to the top 10.

If you looked at that list of top 10 needs of Midland, Texas, at the time, 9 of those would have been positively impacted by somebody having a job. Whatever that need was, it was less of a problem if a family had a job than if they didn't have a job.

The jobs that this will create, jobs that this will protect and maintain are important. The unemployment rate in Midland, Texas, is still in the 3, 2 range, and Odessa is the lower 4. That hides some other issues associated with this problem; and that is, before the drop in the price of oil, not only were there a lot of jobs, but a lot of those jobs were providing some 10, 15, 20 hours of overtime each week to the people that were working. Overtime is a real boost because it is time and a half.

Now, then, these folks still have a job, and with the decreased activity, the decreased drilling and all the other activity associated with the crude oil business, that overtime has evaporated. These folks still have a job, but they built commitments and bought trucks and other things based on that overtime, and they are now not getting it. So while they still have a job, the cash flow to their families is impacted.

I had another opportunity to see the impact of that recently when I toured our local food bank and was discussing

with them what was going on. They said that the elderly population coming to the food bank had dramatically increased over the last 4 or 5 months as a result of this drop in prices.

I asked, Well, why is that? They said that many of these adults, these elderly adults, their families had been helping them with their monthly bills. Because they had this extra overtime, they had extra money that they were able to help their families with, and now that that has evaporated, that trickle-down effect is impacting these elderly who are on fixed incomes and are having to now go to the food bank. Creating jobs, you just can't overstate how important that is.

I have now been joined by my fellow Texan from the Dallas area, PETE SESSIONS, current chairman of the Committee on Rules. I yield to my good friend.

Mr. SESSIONS. Chairman CONAWAY, I want to thank you for leading this effort tonight as we talk to the American people about what we are not only doing in Washington, D.C., but about what we began several years ago, a process of talking to our colleagues about how important it was that America have a strong energy policy. America is the only nation in the world that has a provision that does not allow the export of crude oil.

Crude oil is something that we have been told for a long, long time, since the mid-1970s, that we are running out of. It is a natural resource that America has an abundance of, but over the years that we are running out of oil, we are running out and depleting what we have.

Then a few years ago, some bit of reality took place because a change in technology, a change in technology that was called horizontal drilling, allowed those people who were in the oil patch actually drilling and doing the hard work necessary to extract this gift that we have in this country, developed a process that would allow them to get 60 percent more oil than what had previously been provided for through those existing processes.

Overnight, Americans saw that we also gained the advantage of getting more natural gas. The proven reserves of not only natural gas, but also crude oil shot up dramatically; and it became very apparent not only to the marketplace, because we have seen consumer prices fall over the last few years from over \$4.40 per gallon in lots of places to last week, in Dallas, Texas, 2 weeks ago, gasoline at \$1.97. It is true, last weekend that I was home, it was \$2.18. Mr. Speaker, I would sooner be paying between \$1.99 and \$2.18 for the gasoline that I use as opposed to the scare tactics of where we were just a few short years ago of over \$4.

What does this mean to the American consumer? What does this mean to families all over the United States? More importantly, what does it mean to America? It means that in testimony that was gathered yesterday at

the Committee on Rules, on which I have a chance to serve as the chairman, that we heard that they are expecting at least 400,000 regular jobs that would be added to the economy. That would be all across the United States of America—New York, Illinois, Florida, North Carolina, all over this country—because it would encourage us to do more work, to be able, instead of taking these places and putting a stop on their production, we would now do more production, get it into the worldwide market, sell it overseas, and it becomes a product just like a farm product that can be sold around the world that would help America's exports.

Mr. Speaker, I am here today to thank not only Chairman JOE BARTON, but also Chairman MICHAEL CONAWAY for the hard work that they have done to sell the ideas and the reality that America can have it both ways, and that is: we can produce our natural products; we can get more than 60 percent more out of the ground than we were getting before because of the technology; and we can help the American consumer, moms and dads who need to get to work, who need to go to softball and football practice, and also to work and back and church and back, all in a way that they can meet their budget.

I am pleased and proud to say, Chairman CONAWAY, you can count on me tomorrow, that I will be there to support this great piece of legislation. I want to thank you for allowing me to be with you to talk about the importance of this bill and to wish you good luck tomorrow.

Mr. CONAWAY. Mr. Speaker, I thank the chairman of the Committee on Rules, PETE SESSIONS, for his kind words and also his support tomorrow.

I think the bill that went through the Committee on Energy and Commerce that started life as a Joe Barton bill will be the one that makes it to the floor tomorrow.

We are expecting to have a really solid, bipartisan vote, by the way. This is not a partisan issue, *per se*, but the White House might try to make it that. This is a bipartisan issue.

I yield to my colleague from Arkansas, FRENCH HILL. FRENCH.

Mr. HILL. Mr. Chairman, I rise in support of this commonsense bill, which has been a long time in coming.

I want to thank Mr. CONAWAY for his leadership in bringing it to the floor tomorrow, and the process the committee used, which was a series of hearings through the process, supported by our chairman, supported by members on both sides of the aisle.

I want to thank JOE BARTON and Mr. CUELLAR of Texas for their leadership in recruiting cosponsors, a large bipartisan group of cosponsors, to bring this longstanding bill to the floor and the positive efforts it will have on our economy.

□ 1745

I would like to say to my friend, Mr. SESSIONS—and I invite him to come to

Little Rock—that I filled up last week for \$1.82. So, perhaps Arkansas is a more competitive gas pricing market than even Texas. That may be the biggest economic news of the day here on the floor.

We have touched on the importance of American jobs. All of our American jobs in the oil patch right now are suffering due to low prices and low development budgets. I don't have any doubt that when reserves are revalued September 30 for our publicly traded companies, their oil and gas exploration lines of credit will be down because of pricing in the U.S.; and, therefore, this is a boost for the economic opportunity for jobs in the United States in development.

I want to touch on the national security aspects of this bill that I think are so important, Mr. Speaker. Early in the year, this House passed ways to improve liquefied natural gas to be developed and shipped overseas to international markets. We have an abundant amount of natural gas in this country. We are now the world's leading producer, and we have the opportunity to provide natural gas in liquefied form around the world to our allies in Asia and Europe. Likewise, eliminating the ban on crude oil, long outgrown by North American production and our economic success, will allow us to now, from a national security point of view, to have liquefied natural gas and crude oil as export potential and as economic job potential for the U.S.

But more importantly, to our NATO allies and to our Asian allies, we offer them North American gas and crude oil as an alternative to the Mid East and, most importantly, Europe to Russia. For too long, our allies in Europe have been held hostage by the politics of the Mid East or the politics of Russia. This allows us to be a much better not only economic partner, but national security partner with our allies in Europe and our allies in Asia.

I want to thank you, Mr. Chairman, for the opportunity to come to the floor and speak in strong support of this bill to remove the export ban on crude oil in the United States. I urge my fellow Members, both Democrat and Republican, to provide a good, strong, bipartisan vote and send that message to the United States Senate to join us in passing this lifting of the ban, and to send a message to White House, Mr. Chairman, that a veto message here is not appropriate.

I invite the President and the OMB and the Department of Energy to reconsider that, in fact, this is a national security benefit to the United States and a jobs and economic benefit to the United States, and it is not the kind of thing that our President should issue a veto threat on.

Mr. CONAWAY. I thank the gentleman from Arkansas for his comments and opinions on this issue. I hope his support draws Members of the other side of the aisle to our arguments and to make this happen.

The gentleman mentioned the price he paid in Arkansas recently. I dare say, there is not another commodity in America that we don't check the price on more often than gasoline. You may not buy gas every day, but every time you drive by a gasoline station, you check the price because it is right there for everybody to see. We don't put the price of bread and milk up like that, but we do put the price of gasoline up.

I have got a district that has 29 counties and is 300 miles wide and 200-plus miles north to south. We do a lot of driving. My district director and I are always looking for that better gasoline price deal in the district as we are moving around, because hardwired into most all of us that drive very much is to check those prices.

This increased production in the United States will also help protect consumers from price shocks. I mentioned that in 1974, the price of crude oil went from \$3 a barrel to \$12 a barrel, a fourfold increase. The more production you have from a stable environment like the United States, the less whipsaw you will get in the market from disruptions in supplies from places and part of the world where it is not quite as stable, such as the Middle East and others.

So, this increased U.S. production will also help protect American consumers from being whipsawed by dramatic increases in the price of crude oil because we have got that supply.

I now yield to the gentleman from North Dakota (Mr. CRAMER), who is from another State benefitting from the shale play and someone that is probably more familiar with the Bakken Shale than anybody else.

Mr. CRAMER. Mr. Chairman, your leadership on this has been great.

As I think about what Mr. HILL from Arkansas was saying in expressing his appreciation for regular order and the committee process, this really is probably one of the greatest examples since I have been in Congress of a piece of legislation and a concept that has gone through the process the way it is supposed to go through the process. Because not only did the Energy and Commerce Committee have hearings on H.R. 702, which we are going to vote on tomorrow which lifts the ban, I know you had a bill that similarly lifts the ban. You had hearings in the Agriculture Committee, which I think, by the way, the hearing you had was probably the best hearing on the entire topic. You honed in on that impact on the consumer and the input costs for producing another important product: food.

And we are pretty good in the United States in places like Texas and North Dakota and lots of places in between at growing food—enough food to feed not just Americans, but a hungry world, and enhance our trade balance and enhance our economy in using the peaceful tool of food rather than weapons of war.

I think, similarly, the shale revolution presents the same opportunity that food does, and that is to use the peaceful tools of energy development in place of or to enhance weapons of war.

One doesn't need to be too creative to see that in the world today there is some chaos. When you have Vladimir Putin pushing further into Eastern Europe, when you have him now bombing in Syria, when you have him selling arms to Iran, you have Iran being able to get arms and now being able to sell their oil in the global marketplace, to have this stabilizing impact of U.S. production into the global marketplace, I think it can only benefit everybody. And that is true of not just stabilizing price, as we see the Brent global price much higher than the domestic WTI price. On average, over the last 5 years, that spread has been \$11—a spread that is not enjoyed by consumers, but certainly harms economic opportunity and job opportunity in the United States. Your hearing really honed in on that cost to consumers and the benefit to consumers. Also, the hearing in the Foreign Affairs Committee as well.

So we have had three committees of jurisdiction talking about this issue and this bill coming to the floor tomorrow, going through the Rules Committee, and the Rules Committee allowing a number of amendments to be debated and voted on tomorrow. Many amendments were introduced by Democratic Members as well as Republican Members. It has just been a rich experience. There are a number of issues related to it.

Coming from North Dakota, I can tell you firsthand that not that many years ago I was the economic development and finance director in the State of North Dakota at a time when we were just stabilizing out-migration. But part of the reason we were stabilizing it was because we lost so many of our young people. Our small towns were shrinking. While we were diversifying our economy a little bit here and there, the shale revolution that came along with the technology that combined fracking with horizontal drilling dramatically changed our State.

Probably my favorite anecdote of the whole situation—while there are many—is the fact that the little town of Killdeer hadn't had a football team for 20 years because they couldn't field enough young men, and now they have a football team. And that is just illustrative of what has happened in many of our small towns; because in the supply chain in the oil and gas industry, the jobs are not only numerous, they are really good. They pay, on average, 25 percent higher than the national average.

So it really is a grand opportunity that is somewhat being lost—certainly, its potential is being lost—because we are now sort of hemmed in with light sweet crude being produced more than we can use in our refineries in the

United States, especially the light sweet crude which our refineries are not set up to take, for the most part, but refineries outside the United States are set up to take, for the most part. In fact, 92 percent of the oil refined outside of the United States is light sweet crude. Only about 25, 30 percent of the refining capacity in the United States is set up to take light sweet crude. So that distinction is important to understand when you see that we are now overproducing for the refinery capacity we have in our country.

I want to address, Mr. Speaker, some comments made earlier this week by Secretary of Energy Ernie Moniz, a man I have great respect for—clearly, an intellect. He made some comments in the Senate Commerce Committee that, while technically accurate, I suppose were certainly incomplete. He had said that now is not the time to lift the oil export ban; and he said that according to the EIA, somehow we weren't really hemmed in because we were still importing some oil.

It ignores so many things, not the least of which is that distinction between light sweet and heavy sour that I talked about just moments ago; the fact that our refineries, for the most part, in the United States are set up for the heavy sour that we aren't producing an excess of—and, by the way, about 30 percent of which are owned by vertically integrated companies outside of the United States who have more of an interest in buying their oil than ours. But the world is really where the opportunity exists.

The other thing that he ignores in his statement saying that we are not yet hemmed in, he ignores just the natural order of things, that global markets, global demand being accessible to domestic producers, U.S. producers, will grow the production. You can't expect people to produce more of something than they can sell or than can be used in their limited market. If we have access to the global demand, of course we are going to produce more—that is the whole point—creating more jobs, more entrepreneurial opportunities.

The other thing that bothers me about what Secretary Moniz said about now not being the time is that it ignores so many things. It ignores the fact that we still have a very low workforce participation rate in this country. We need more jobs. We have many people that are either underemployed, unemployed, no longer looking for work, and these are good, high-paying jobs up and down the supply chain.

And lest we forget, they are not just jobs in the oil patch. It is not just in west Texas; it is not just in Houston; it is not just in North Dakota or Oklahoma or New Mexico. These jobs are in every State in the country.

In fact, according to the Energy Equipment and Infrastructure Alliance, which did a vast study on this, the third leading recipient of new jobs, if this export ban is lifted, is the State

of Illinois. And you might wonder, well, why is it? Well, because Illinois has a lot of manufacturing, especially a lot of large equipment manufacturing. Those manufacturing jobs are great for families. They are great for the economy. They are great for startup business opportunities. So it is every State in the country that benefits. Secretary Moniz certainly dismisses that, or at least ignores it, in his statements.

I want to wrap up with this point. I always like to say that America's national security and America's economic security are tied directly to America's energy security. I touched on it earlier, but there has never been a time certainly in my public service when the world was in a more fragile state, and certainly chaos is reigning.

I talked about Vladimir Putin's push into Eastern Europe, his bombing of Syria, his alliance with Iran.

Iran, by the way, is another major producer of oil, who, as per the Iran nuclear deal, now gets to sell their oil onto the global marketplace. But our President thinks it is a better idea for them than he does for United States producers. He ignores the opportunity that, again, the peaceful development of oil and gas and the production of it and then the marketing of it in the global marketplace, the opportunity that has to spread influence and create peace in places that desperately need it, especially for our allies.

It is interesting. I doubt that the folks that scheduled the floor time for tomorrow's bill had this in mind, because this was more of a process of regular order than it was the calendar; but we are, right now, in the middle of the 42-year recognition of the Yom Kippur War.

□ 1800

The Yom Kippur War was what sort of began, really started, the energy crisis that led to the 1973 embargoes. We are reliving, in many respects, some of the geopolitical aspects of that time and that situation.

Our friends in Israel are not sure whether we are with them or not as a country, whether we are going to be with them on big issues, dependent on Russian oil largely, a Russia that is playing bad in the neighborhood, and uncertainty as to who is going to fill the leadership vacuum in places like Syria, a very important player, 42, 43 years ago.

There is a lot adding up to this being a very, very important vote tomorrow on lifting the export ban on H.R. 702. There are things adding up that we didn't even contemplate at the time that the bill was introduced.

But it is a grand opportunity to secure America's economy, secure America's national security while at the same time spreading our influence of freedom and free enterprise around the world.

So I am looking forward to, hopefully, a lot of bipartisan votes tomorrow, a big vote, so that we can send

that over to the United States Senate, who I know has a different standard than we have. But, hopefully, we can show them the way.

I thank the gentleman for yielding so much time to me.

Mr. CONAWAY. I thank the gentleman from North Dakota, clearly, a State that is a major player in this oil and gas renaissance that has occurred over the last 5 years.

I would also like to point out that the oil and gas business, *per se*, is an incredibly fertile ground for small business development. And my dad, I mentioned earlier, was a great example of this.

There are lots of narrow-focused aspects of the service side of the business. We all think of the drilling rigs and the big investments there, but there are various aspects, whether it is hauling things or mud or whatever is the deal, where entrepreneurs, men and women who want to take a little risk, can put a little capital together, put some tools together, and begin servicing an aspect of the business that is there.

So it is incredibly fertile in terms of setting up new businesses. I have got one group in Eastland, Texas, that, just as the renaissance was beginning to start, they thought it was a good idea to get into some aspect of the fracking business and, over a very short period of time, built that business into a multi-billion-dollar deal and sold it.

So incredible wealth was created as a result of small businesses turning into a medium-sized business, turning into a big business, and then, ultimately, sold to another bigger business for an awful lot of money.

And every time that happens there are jobs created associated with that and wealth created with that that benefits not only those individual communities, but all of us that are involved.

We failed to mention that there is no ban on exporting product. Crude oil that is refined, turned into gasoline, turned into diesel, there is no ban on that.

So refiners today can take that heavy crude that they use and the little bit of light, sweet crude that they use, turn that into a product that they then can sell into the world market, and the same folks can sell it back into our communities for us to use in our cars and in our trucks.

That gasoline, in the main, particularly by folks, individuals, is bought with after-tax dollars. That means they have had to earn a buck, pay the taxes on it, and then take what is left out of that dollar to actually buy gasoline.

As we have seen over the last several months, these lower gasoline prices have been a big boon to folks in our country that have to drive a car to get to work or take their kids to school, whatever it might be.

So if you have got a \$1 or a \$2 drop in the price of gasoline and you are buying 15 gallons a week or 15 gallons

every so often, that is \$15 to \$30 of after-tax dollars that you can then spend somewhere else to benefit you and your family.

Another aspect of what is happening is not related to what will go into the bill tomorrow, but it is something we have talked about on this floor ad nau-seam, and that is the XL Pipeline. This pipeline is designed to haul Canadian oil sand oil, bitumen oil, that is, in effect, heavy crude south to the United States.

This is the kind of crude that could run our refineries and our refineries would desperately like to have rather than buying the heavy crude from Venezuela and other places where the recipients of our checks when we buy that crude oil aren't necessarily friends of ours, aren't necessarily on the same geopolitical page that we are on.

So having that pipeline would be another aspect of freeing up this market. The more efficient you can make markets, the less artificial restraints, the less goofy things you have got in there, then the better pricing mechanisms you get, the better and the more efficient those markets are, and then everybody up and down that chain benefits from that.

As I mentioned earlier, we have got this odd circumstance where the producers in the United States sell on the West Texas Intermediate number to a refinery. That refinery then turns it into gasoline, and they sell it based on the Brent crude.

So there is a differential being made by somebody, and shrinking that differential is what will keep the price of gasoline and diesel from increasing.

One of the arguments for folks who don't represent producing provinces is: Why would I be in favor of something that would increase the folks I represent gasoline and diesel prices?

Every study has shown that that will not happen. Now, the price of gasoline and diesel will go up by the world market. But as a result of lifting this export ban, it will, in fact, not increase the price of gasoline as we produce it.

This is a win on every level. It is a win for consumers, as I have mentioned, it is a win for taxpayers, and it is a win for taxing entities.

My colleagues from North Dakota and from Arkansas mentioned that reserves in the ground are valued for property tax purposes, and those property taxes that are generated from that then support our schools and other county, city, and State functions.

As that developed crude oil is explored and those producing wells come online, that creates a property tax base that benefits all of the taxpayers in those particular entities.

So it is a win across the world. It is a win for our allies and the geopolitical issues that we have talked about. So it is good for this country. It is good for jobs. And it is something that I hope my colleagues on both sides of the aisle can thoroughly look at. They have had plenty of time to do it.

As was mentioned, it went through regular order, several hearings on the issue, actual legislation went through the subcommittee and the committee, the normal regular order, as we like to say around here, and everyone has had a chance to weigh in.

Tomorrow there will be some amendments made in order under the rule. Folks will be able to weigh in. Some of those I will support. Some of those I will be against. But they were all presented as a way to get someone else's idea about this issue to the floor to have us debate it. I think that is a healthy thing, that we will be able to do that tomorrow. Some of those will perhaps pass, and some of them won't.

But whatever happens, I have got great confidence that the bill that we will pass tomorrow with a big bipartisan vote can then go to the Senate and move the ball and move the initiative over there.

Mr. Speaker, I appreciate the gentleman from Texas, whose work on this issue started his career in this business and has just joined us and is the lead sponsor on the bill that we will be voting on tomorrow.

We have got probably 4 or 5 minutes left. I yield to the gentleman from Texas (Mr. BARTON), my chairman emeritus of the Energy and Commerce Committee, the Dean of the Texas delegation, for whatever thoughts he might care to share with us.

Mr. BARTON. I thank the gentleman from Midland, Texas, the chairman of the Agriculture Committee and a stalwart original sponsor of the bill. I appreciate your leadership, and I appreciate you doing this Special Order.

Mr. Speaker, tomorrow we are going to have a debate on H.R. 702. It is a bill to repeal the ban on crude oil exports. This is the last remnant of the 1970s era energy policy for America that said we were running out of energy and that the only way to use the energy we did have was to keep it in the United States.

As a consequence of the Arab oil embargo, we had price controls on oil. We had price controls on natural gas. We had limits on what natural gas could be used for. We had a very restrictive, defeatist, in my opinion, energy policy.

All that has been repealed except for one thing, and that is this ban on crude oil exports. There are a number of opinions about why that has not been repealed, but I think the primary reason is that, until the last 5 years, Mr. Speaker, we really didn't have a significant amount of oil that could be exported.

But a funny thing happened. Some engineers in Texas—I have to give my State credit—developed two technologies, one called hydraulic fracturing where you pressurize a formation, and another where you can turn the drill bit and drill horizontally.

The combination of hydraulic fracturing and horizontal drilling has transformed what were considered to be uneconomic reserves, i.e., these

tight shale formations in south Texas in the Eagle Ford, in North Dakota in the Bakken, in Louisiana, and up in through Pennsylvania, Ohio, and New York, into economically producible oil and gas formations.

The consequence is, in the last 5 years, U.S. oil production has doubled. It got as high as almost \$10 million a barrel about a year ago. Because of the collapse in oil prices, that production level has declined some, but the capacity is still there.

So we have created a surplus in the domestic market of this light, sweet shale oil, but we can't export it. So what has developed is a two-tiered price market. You have a domestic price for oil in the United States that is anywhere from \$2 to as much as \$30 below the world price, which is set by North Sea oil called Brent.

That price differential is causing wells in the United States to shut in. It is preventing new wells from being driven.

If we can pass our bill tomorrow and the Senate pass it and the President sign it, that price differential, Mr. Speaker, will go away, and we will be competitive to export oil into the world market.

If we are able to do that, good things happen. We create jobs in the United States. We put pressure on OPEC and Russia in the world market. We probably bring that world price down slightly, which will result in lower gasoline prices for United States consumers.

We will be competitive in the energy markets everywhere in this world. In Asia, in South America, in Western Europe, Central Europe, U.S. oil will be used as an economic product, but also as a strategic asset for the security of our country.

So, Mr. Speaker, we hope to have a big vote on that tomorrow, somewhere between noon and 1:00. We have, I think, 10 amendments the Rules Committee has made in order. Some of those we will accept. Some of them we will oppose.

But it has been an open process, hearings in a number of committees, including your committee, Mr. Chairman, the Agriculture Committee, open markup in subcommittee of Energy and Commerce, full committee, and amendments accepted from both sides of the aisle that will be on the floor tomorrow.

So H.R. 702 is good for America, good for the country. It is a job-creation bill, and we hope that we will get a big vote tomorrow afternoon.

Mr. CONAWAY. I thank the gentleman.

I want to brag on the House for having conducted this business with respect to this bill the way it has.

If you go back to your grade school or your junior high civics classes, I'm a bill on Capitol Hill trying to become a law, this is exactly what happened with this deal. It went through the process the way it is supposed to, kind of the old-fashioned deal.

We hope to see tomorrow a big bipartisan vote so the American people can at least in this one glimmer look and say, hey, the House of Representatives functioned the way that the Founding Fathers intended it to and moved an important piece of legislation forward.

Mr. Speaker, I look forward to a big vote tomorrow. I yield back the balance of time.

WATER PROBLEMS IN THE CITY OF FLINT, MICHIGAN

The SPEAKER pro tempore (Mr. BISHOP of Michigan). Under the Speaker's announced policy of January 6, 2015, the Chair recognizes the gentleman from Michigan (Mr. KILDEE) for 30 minutes.

GENERAL LEAVE

Mr. KILDEE. Mr. Speaker, I ask unanimous consent that I have 5 legislative days—and any other speaker who may arrive—to revise and extend remarks and include extraneous material on the subject of my Special Order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. KILDEE. Mr. Speaker, I come to the floor today just to take a few minutes to call attention to a problem that I have been trying to raise in this body and in my work before I came to Congress for some time, specifically, to describe the conditions in my own hometown of Flint, Michigan.

The subject that I am addressing is the unique and really difficult challenges facing America's older industrial cities, cities like my hometown of Flint, Michigan, a city that is the birthplace of General Motors. It is where the first UAW contract was created, was signed. But it is a city that has really struggled as it has made this transition from the old to the new economy.

It is a city that had 200,000 people just a couple of decades ago and now hovers right around 100,000 citizens, a poorer city than it once was, a city that has lost 90 percent of its manufacturing jobs.

□ 1815

I raise this because I believe that this Congress and the Federal Government have an obligation to reinvest in these communities, communities that helped build this country and that can have a significant effect on our future. These are the cities where innovation took place and where it can take place again.

But my own hometown right now is struggling, struggling with a problem, unfortunately, that is not entirely of its own making. My home of Flint, a city that was once really the center of the auto manufacturing universe, can't even guarantee to its citizens one of the most essential functions of government. It can't guarantee to citizens that it can deliver clean, drinkable water to their households.

We have elevated lead levels in the city of Flint in their water system. It has been known for some time, for about a year that there have been significant problems with water quality in Flint. And despite protests, really, at the State and Federal levels, public officials saying that there is no problem with the water, that it is completely safe to drink—in fact, one State official told city of Flint residents that they just needed to simply relax.

It has been revealed recently through independent studies, now confirmed by the State government, that we have lead levels far in excess of what is allowed under the Federal lead and copper rules. This is completely unacceptable.

In fact, what makes this even more troubling is that this is a tragic set of circumstances that has public health implications for the citizens of my community that were completely avoidable, that are the result of decisions that were made by the State of Michigan when it took over control of this fiscally stressed city.

This is a city that is struggling in a lot of different ways. Twice in the last decade, it has been under the control of a receiver, of a State-appointed emergency manager that takes away the authority of local government officials to make decisions for themselves, takes away the authority of the Flint citizens to elect their own representatives to govern themselves, and places authority to control the city in the hands of a single master, an emergency manager.

Well, it was during the period of time that one of those emergency managers was in control that the State decided for the city of Flint that, for a temporary period of time, simply to save money, it would begin to draw water, rather than from the city of Detroit water system, which had a water source from Lake Huron, but it would begin to draw water from the Flint River, a small river that passes through our hometown, a river that is the namesake of our own community.

The sad thing is—and this tells you a little bit about how some folks in different levels of government at the Federal and State level think about these older cities. There was no robust review, no testing, no examination as to whether or not this river water would result in clean water being delivered to homes, drinkable water delivered to citizens. As a result, this water drawn from the Flint River is substantially more corrosive and has led to lead leaching from the pipes in the delivery system into the drinking water in Flint homes.

In fact, there was a study that was just done in the last day or two that shows that in Flint school district buildings, water being delivered to Flint schoolchildren has lead levels far above the actionable level under the EPA lead and copper rule.

Think about this. In the 21st century in the United States of America, we

have a city, a great, old city that was a part of the industrial revolution, that can't even deliver clean and safe drinking water to its citizens, not only because of our failure to invest in infrastructure in this country, which is a big part of the problem, but largely because officials at the State government simply decided, well, that Flint River water, that will be good enough. There was no real scientific research that determined whether or not that water would be safe—"it will be fine." And even when evidence was presented indicating that that water might be unsafe, Flint citizens were told by the State government to just relax; don't worry about it.

Well, that is a complete failure of government. It is a failure of government, frankly, at the Federal level because, for almost a year now, I have been asking the EPA to intervene; to, first of all, help this old city of Flint rebuild itself and rebuild its water system by providing some relief through the clean drinking water revolving loan fund, some degree of loan forgiveness, which is allowable under Federal law; but in this case, a technicality has prevented the EPA from allowing the State of Michigan to grant that kind of relief. That could make a huge difference for the city and its ability to rebuild its own infrastructure. But so far, all we get from the EPA is "no," and we asked for technical assistance from the EPA.

Now, recently we have had more attention; but, frankly, it is not enough. I mean, where is the urgency?

If the role of the U.S. EPA is to ensure adherence to this rule, this law that requires clean and safe drinking water to be available to its citizens, they ought to do more than sit back and offer opinion. They need to be engaged. So I call on the EPA to take a much more focused role in making sure that the citizens of Flint have clean drinking water.

I mentioned that this was not an accident. This decision to use this questionable water source was done when the city was under financial receivership, when an appointed emergency manager was making the decisions for the city of Flint. So here we had a situation where this emergency manager, this outside new management is appointed to come in and deal with the issue of fiscal insolvency and, by only looking at the short-term balance sheet, made a decision to get cheaper water that turned out to be dangerous for the residents of the city and, actually, potentially has handed the city a huge cost to fix what could be hundreds of millions of dollars of permanent damage to the water system as a result of that decision.

So an emergency manager comes in with the idea that somehow outside management is the only problem that this city faces, makes decisions that not only ruin the reputation of the city but also cause significant health risks,