



Opening Statement
Oversight Hearing on OCS Five Year Plan for 2017-2022
Chairman Lisa Murkowski
May 19, 2016

The Committee will come to order so we can begin our oversight hearing on Outer Continental Shelf oil and gas leasing, and more specifically the Five-Year Program for 2017 through 2022 that is being prepared by the Bureau of Ocean Energy Management.

We can start by recognizing that the natural endowment of the United States is virtually unrivaled. We have open spaces, wilderness, vast forests and national parks, and productive seas and coastal regions. We have wild rivers, rivers that have been harnessed for our economy, soils that have ended famines and feed the world, and mineral and energy deposits that underpin the international financial system and supply a global economic system.

Congress delegated the management and stewardship of one portion of that endowment – our nation’s Outer Continental Shelf – to the Department of the Interior in the 1950s. Since then, it has become a valuable source of energy for our nation – creating economic growth, and providing security, as it reduces our imports from other countries.

Over the past seven years, however, I have also watched the Department’s slow, but steady abrogation of duty to manage this endowment properly. It pains me to say this, but we now effectively have a Gulf of Mexico leasing program, and the shadow of a program for three major planning areas in Alaska.

The Department has concluded after years of study that just 13 percent of our nation’s OCS acreage should be available for leasing. It has canceled sales in my home state, where development has overwhelming support, and produced only a “bare minimum” plan for 2017 through 2022.

I find that unacceptable.

The Energy Information Administration tells us that OCS oil production will rise from 17 percent of the U.S. total this year to 21 percent in 2017. We could pat ourselves on the back about that. Or we could recognize that it is the result of decisions made years ago – likely in 2007, or even earlier. And that, in turn, should make us consider what kind of production the program before us today will yield for our nation in 2027 and beyond.

We are at a rare moment where we can plan ahead to meet our future needs, without facing a supply or price-related emergency. Yet, we are not taking advantage of it. By choosing not to produce here, we are telling other countries – some of them rather nefarious – that we would rather buy from them. And we are giving away the jobs, the revenues, the growth, and the security that would all come with that energy development.

The Bureau of Ocean Energy Management removed the single Atlantic lease sale in its proposed program. A 2014 study estimated that a robust Atlantic leasing program could result in new oil production of 1.3 million barrels per day and 280,000 new jobs by 2035. Even if the Atlantic's resources aren't that prolific, Interior's decision will still cost our country for years to come.

The Department's treatment of the Alaska OCS is also extremely frustrating. The proposed program includes just three sales with targeted acreage, not the area-wide sales that Alaskans have advocated for this past decade. Department leaders have implied that there is waning industry interest in Alaska – but above all, it is the chaotic federal regulatory regime that is discouraging investment.

The economic activity that we are sending overseas due to lack of proper Alaska OCS management means Alaska Native communities that have survived for thousands of years in the harshest environment on earth, may have to choose between schools, health clinics, or home heat. And this is happening just as our oil pipeline – infrastructure of national significance, and vital to the entire West Coast – is at risk of becoming uneconomic, and per law, dismantled.

I am disappointed by the proposed Five-Year Program for 2017 through 2022. Oil prices may be relatively low today, but they will not stay that way, especially if we refuse to provide access to new supply. Instead, we will find ourselves giving away the gains of recent years, as our imports once again rise, our economy once again suffers, and we once again find ourselves at the mercy of OPEC.

The Energy Security Leadership Council released a new report this morning. I urge members to read it carefully. Their council – with CEOs, former military leaders, and more – recommends re-opening the Five-Year Program for 2017 through 2022. I hoped we would not reach that point, but we have, and especially if the lease sales for Alaska are not maintained, we will do just that.

Ranking Member Cantwell?