

# United States Senate

WASHINGTON, DC 20510

May 21, 2018

The Honorable Gene Dodaro  
Comptroller General of the United States  
Government Accountability Office  
441 G St., NW  
Washington, DC 20548

Dear Comptroller General Dodaro,

We write to request that the General Accountability Office (GAO) review and produce a report on the effects of crude oil exports on American consumers and the economy. We would also ask that such a report examine the impacts of U.S. crude oil exports in the context of recent actions by nations in the Organization of the Petroleum Exporting Countries, in addition to evaluating the regional impacts on investment and employment in key sectors such as U.S. refining, including independent refiners, and shipbuilding and the impacts on oil industry revenues.

In 1975, Congress enacted a ban on most U.S. exports of crude oil as part of the Energy Policy and Conservation Act. Forty years later, this ban was repealed in the Consolidated Appropriations Act of 2016, which was passed by Congress on December 18, 2015. Since the repeal, crude oil exports have risen sharply, with an average of 1.1 million barrels a day of U.S. crude heading to 37 different countries in 2017.<sup>1</sup> During one week in April 2018, the U.S. exported 2.33 million barrels of oil a day, the highest daily volume on record in 25 years.<sup>2</sup>

Largely due to increased production from tight rock formations through horizontal drilling and hydraulic fracturing, American crude oil and petroleum output has soared over the past ten years.<sup>3</sup> Despite this domestic production and export boom, the U.S. is still importing significant amounts of crude oil and petroleum products from overseas, with net average imports reaching 3.7 million barrels per day in 2017.<sup>4</sup>

The economic effects of the surge in exports on American consumers and refiners remains unclear. Analyses before the export ban was lifted found that consumers were benefitting from lower U.S. oil prices resulting from the export ban.<sup>5</sup> Today, we have not seen any impartial

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<sup>1</sup> *This Week in Petroleum*, U.S. Energy Information Administration (March 7, 2018),

[https://www.eia.gov/petroleum/weekly/archive/2018/180307/includes/analysis\\_print.php](https://www.eia.gov/petroleum/weekly/archive/2018/180307/includes/analysis_print.php).

<sup>2</sup> Sheela Tobben and Jessica Summers, *Oil Futures Signal a Flood of U.S. Exports Is Coming This Summer*, Bloomberg (April 25, 2018), <https://www.bloomberg.com/news/articles/2018-04-25/oil-futures-signal-a-flood-of-u-s-exports-is-coming-this-summer>.

<sup>3</sup> *This Week in Petroleum*, U.S. Energy Information Administration (March 14, 2018),

[https://www.eia.gov/petroleum/weekly/archive/2018/180314/includes/analysis\\_print.php](https://www.eia.gov/petroleum/weekly/archive/2018/180314/includes/analysis_print.php).

<sup>4</sup> *U.S. Net Imports of Crude Oil and Petroleum Products*, U.S. Energy Information Administration,

<https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=pets&s=mtntus2&f=a>.

<sup>5</sup> Paul Y. Cheng, *Crude Export Ban: Impact on Gasoline Prices, 2015 Edition*, Barclays (May 13, 2015),

[http://oilexports.com/wp-content/uploads/2015/06/Barclays\\_Oil\\_Exports\\_5.2015.pdf](http://oilexports.com/wp-content/uploads/2015/06/Barclays_Oil_Exports_5.2015.pdf).

economic analysis that confirms consumers are seeing similar or greater benefits from the lifted export ban. However, we believe it is clear that different regions of the country are seeing different effects from the lifted export ban.

Before the export ban was lifted, GAO Director of Natural Resources and Environment Frank Rusco testified in the House of Representatives Committee on Agriculture that lifting the export ban could result in “important regional differences in consumer fuel price implications and that prices could increase in some regions—particularly the Midwest and the Northeast” and “some refineries could face an increased risk of closure, especially those located in the Northeast.”<sup>6</sup> We fear the negative impacts identified by GAO are already being felt in the Northeast. Philadelphia Energy Solutions (PES), one of the oldest and largest merchant refineries on the East Coast, is currently going through Chapter 11 bankruptcy restructuring, in part because of the “the structural elimination of PADD I refiners’ access to discounted domestic crude oil.”<sup>7</sup>

The Senate has previously voted in support of a GAO report on the effects of crude oil exports. Language requesting this report was offered as an amendment to S.2012, the North American Energy Security and Infrastructure Act of 2016, and was adopted by a vote of 62 to 29.<sup>8</sup> The North American Energy Security and Infrastructure Act passed both the House and Senate, but the differences were not resolved in conference committee and the bill was never made into law.

We request that GAO specifically examine the effects of oil exports on American consumers and refined product prices, as well as the impacts on employment and investment in key sectors such as domestic refining and revenue for oil producers. Please feel free to contact Lindsey Griffith in Senator Markey’s office at [lindsey\\_griffith@markey.senate.gov](mailto:lindsey_griffith@markey.senate.gov) or Laura Gillam in Senator Carper’s office at [laura\\_gillam@epw.senate.gov](mailto:laura_gillam@epw.senate.gov) with any questions that you or members of your staff might have.

With best personal regards, we are

Sincerely yours,



Edward J. Markey  
United States Senator



Tom Carper  
United States Senator

<sup>6</sup> Frank Rusco, *Crude Oil Export Restrictions: Studies Suggest Allowing Exports Could Reduce Consumer Fuel Prices*, United States Government Accountability Office (July 8, 2015), <https://www.gao.gov/assets/680/671235.pdf>.

<sup>7</sup> Joint Prepackaged Chapter 11 Plan of Reorganization of PES Holdings, LLC and its Debtor Affiliates (January 22, 2018), [http://www.omnimgt.com/cmsvol2/pub\\_47219/654434\\_10.pdf](http://www.omnimgt.com/cmsvol2/pub_47219/654434_10.pdf).

<sup>8</sup> *S. Amdt. 2982 to S. Amdt 2953*, Congress.Gov, <https://www.congress.gov/amendment/114th-congress/senate-amendment/2982>.