



**Opening Statement of Chairman Scott Tipton**  
**Small Business Subcommittee on Agriculture, Energy and Trade**  
**Hearing: “The New Domestic Energy Paradigm: Downstream Challenges for Small Energy Businesses”**  
**June 26, 2014**

The hearing is called to order. I would like to thank the witnesses for taking the time out of your busy schedules to appear before the Committee to discuss a topic that was all but unimaginable just a few short years ago.

For decades, the consensus among geologists, energy producers and policymakers was that oil production in the United States was in a permanent and irreversible decline. However, advances in new technology and the adaptation of old technologies for new purposes have now made it economical to produce enormous quantities of oil and natural gas in the United States, which has substantially increased the volume of our nation’s proven reserves of oil and gas.

The potential benefits of this new domestic energy paradigm to small businesses and the broader economy are significant. As the Subcommittee has previously examined, the full upstream development of our nation’s oil and gas resources could produce more than 1.4 million direct and indirect energy sector jobs and another 1.4 million jobs outside the oil and gas industry.

Many of these energy production and associated manufacturing jobs would be created by small businesses. Of course, these jobs will only materialize if the United States responsibly utilizes the abundant resources at its disposal. Unfortunately, that is not presently the case.

In previous hearings, the Committee has examined upstream challenges to realizing America’s full energy potential, predominately those created by government regulation and bureaucratic inertia. These upstream impediments include policies that have made it difficult to obtain access and permits to drill for oil on federal lands. However, it now appears that additional challenges are emerging further downstream that could likewise reduce the potential production of oil in the United States and jeopardize the new jobs and other economic benefits that would result from that production.

Specifically, there is a growing mismatch between the increasing amount of light sweet grade crude being produced in the United States and the available utilization capacity of the midstream and downstream refining sector to process this grade of crude into high-value products, such as transportation fuels.

The reasons for this are many, but they include previous assumptions that the United States would import most of the oil it consumed, and those imports are different grades of oil than what the U.S. is producing today. There are also regulatory requirements and other burdens that make it difficult to significantly expand refining capacity in the United States.

The solutions to these challenges are complex. They not only include building up refining capacity, but may also include ending our nation's de facto ban on petroleum exports, which proponents claim would address downstream challenges to upstream oil production and help facilitate a reduction in the price consumers pay at the pump for gasoline and other transportation fuels.

In relation to the matter of oil exports, today's hearing couldn't be timelier. As Members may know, according to reports, the Obama Administration may soon approve licenses for two companies to export minimally processed petroleum condensates.

Whether this is a significant step or an interim step in addressing the oil supply and refinery utilization challenges, and what impact it will have on domestic fuel prices, is a question that I believe today's witnesses will help answer.

I know yield to Ranking Member Murphy for his opening statement.

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