

Mr. Sensenbrenner's Opening Statement for Select Committee on Energy Independence and Global Warming hearing: "Immediate Relief from High Oil Prices: Deploying the Strategic Petroleum Reserve."

July 23, 2008

High gas prices are frustrating people all over the country. I saw it just this weekend when during a town hall meeting in Delafield, Wis., one of my constituents urged Congress to "drill, drill, drill."

These high prices are hurting all of our constituents – Democrats and Republicans alike – and I think people are anxious for Congress to take action that will help drive down the cost of gas.

Today's hearing focuses on one step Congress can take that could help start reducing the price of gas. However, while there is historic evidence that shows that releasing crude oil from the Strategic Petroleum Reserve can send market signals and trigger lower oil prices, this is only a short-term solution.

That doesn't mean it's a step we shouldn't take, but it does mean that it can't be the only step Congress takes to help lower gas prices.

Increasing domestic oil and natural gas supplies will also send signals to the market that will lower prices in both the near and long term, and this should be a top priority for this Congress, especially since the Administration has lifted its ban on offshore exploration. All that remains is the Congressional ban, and it should be lifted immediately.

There are tremendous resources available both offshore and onshore and they can be extracted without harming the environment. There's no reason not to harness these resources, especially with our economy in the state it is in.

In the past, releasing crude oil from the SPR has helped lower prices. However, each time it was done, the economic conditions

were different than the ones we face today. In 1991, the President released oil from the SPR after the U.S. began the liberation of Kuwait, which sent immediate signals to the market and kept gas prices in line during that conflict. It was opened again in 2005, after President Bush declared an energy supply interruption following Hurricane Katrina. Again, the price dropped.

But in both of those cases, the opening of the SPR was triggered by large-scale events like a global conflict or a natural disaster that threatened supply interruptions.

This is not the case now. But it's not hard to imagine a scenario where we would need the SPR to prevent price increases that go beyond what the American people are experiencing now.

One needs look no further than Iran to see that scenario. Iran not only has nuclear ambitions that are rightly making many parts of the world nervous, it also borders the Straits of Hormuz, through

which approximately 20 percent of the world's oil passes. Any conflict with Iran would likely result in some disruption – and perhaps a severe disruption for an extended period – of this oil supply.

That's the main reason why we have the SPR, for just that kind of emergency. It would be a disaster if it wasn't there when we needed it. That's why this issue deserves careful consideration by Congress, and also why it shouldn't be the only action Congress takes to help lower gas prices.

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