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September 14, 2015

The Honorable Fred Upton, Chairman
House Energy and Commerce Committee
Rayburn House Office Building
Washington, DC 20515

The Honorable Frank Pallone, Ranking Member
House Energy and Commerce Committee
Rayburn House Office Building
Washington, DC 20515

Dear Chairman Upton and Ranking Member Pallone,

Passage of H.R. 702 from the Energy and Power Subcommittee last week raises the possibility that the United States may soon begin to export oil. As we examine this idea, we should apply the export model set forth in the case of Alaskan North Slope crude oil.

In 1995, Congress enacted the Alaska Power Administration Asset Sale and Termination Act (Public Law No. 104-58) in recognition that West Coast refineries and other Alaskan destinations could not accommodate the amount of North Slope crude oil being produced. The law permitted export of the oil so long as it did not raise gasoline prices, and so long as its transportation by ship would help to preserve the U.S. tanker fleet essential to our national defense. As a result, North Slope crude must be, and has been, transported in U.S.-flag vessels that are at least 75 percent owned by U.S. citizens, requiring that all licensed officers and 75 percent of the unlicensed crew be U.S. citizens.

Oil and liquefied natural gas (LNG) are strategic assets, and if they are to be exported, it should be in a way that maximizes the benefit to our national security, as was the goal in 1995. Twenty years ago, Congress chose to act in this manner to safeguard U.S. national sealift capabilities through the preservation of our U.S.-flag fleet and the employment of licensed and unlicensed American mariners. It would be prudent to replicate the Alaska North Slope model today. The benefits to the U.S. economy and national security would be further enhanced by adding requirements for the vessels used in this trade to be built in the United States.

Among other things, the Committee has showcased H.R. 702 as a bill to strengthen our national security, utilizing a strategy of energy diplomacy to counter the geopolitical leverage of oil exporters like Russia, OPEC, and potentially Iran. We can do much more for our national security by requiring that oil and LNG exports be on ships built in American shipyards and sailed under American flags by highly experienced officers and crews. Such a requirement would keep our shipyards, which are critical to the production of naval vessels, vibrant and technologically advanced; our merchant fleet of sufficient size to meet any national emergency; and skilled sailors available for any requirement. I urge you to consider the benefits for American national security if we placed these requirements in any legislation that seeks to export America's strategic assets, oil and gas.

Sincerely,

A handwritten signature in blue ink, appearing to read "John Garamendi".

John Garamendi
Third District, California

Cc: U.S. House Energy and Commerce Committee Members
U.S. Senate Energy & Natural Resources Committee Members