

## U.S. Senator Maria Cantwell

### Full Committee Hearing To Examine the Use of Energy as a Tool and a Weapon

**Witnesses: Mr. Jonathan Elkind, Senior Research Scholar, Center on Global Energy Policy, Columbia University; Dr. Michelle Michot Foss, Fellow in Energy, Minerals and Materials, Baker Institute for Public Policy, Rice University; Ms. Collette Hirstius, Senior Vice President, Gulf of Mexico, Shell USA; Ms. Melanie Kenderdine, Principle, Energy Futures Initiative; Dr. Kenneth B. Medlock III, James A Baker III and Susan G Baker Fellow in Energy and Resource Economics and Senior Director, Center for Energy Studies, Baker Institute for Public Policy, Director, Master of Energy Economics, Economics Department, Rice University**

**March 10, 2022**

[\[VIDEO\]](#) [\[AUDIO\]](#)

**Cantwell:** Thank you, Mr. Chairman. The Washington constituents I represent have always paid very high gas prices. We've been an isolated market, mostly oil coming from Alaska and then refined in our refineries. So all these issues become very interesting, even when we see various impacts when we have high costs, because we're an isolated market and then we have high costs, because we're still impacted, even though we're an isolated market. So it just seems that we are always, that is why I'm very ardent about trying to diversify off of that vulnerability. At \$4.63 a gallon my constituents are already, you know, seeing the impacts. And so to me, this is an issue about our challenges in a world market. And this committee has had lots of hearings about price in what impacts price on a global basis. But clearly OPEC, even though Saudi companies, countries like Saudi Arabia and UAE have significant swing capacity, they seem to always figure out a way to not be as helpful on this issue.

The top six oil companies made 90 billion in profits last year. So I Mr. Chairman, I believe in getting them in here and getting them to raise their right hand and asking them questions about this issue, which the Energy and Commerce Committee have done before, maybe we should do a joint hearing and do that because I think that we find out a lot of answers about what's going on. I'll never forget the Exxon Chairman being in front of one of our committees, and he basically said, yeah, there's no reason that oil shouldn't be at \$60, because that's exactly what it costs to produce it plus some. And so I think in that was when oil was being manipulated in other markets, and he was very concerned about that they were concerned at \$150 a barrel. They weren't the ones who were making the money, but Wall Street was driving that price up, and it was affecting our economy and ultimately undermined our economy. So I think that these record profits are something to discuss with them as we all try to tighten our belts and try to have an impact on a big sector of the Russian economy.

I know that for us, thousands of dollars to fill up rigs, when you're in the transportation business with so many people in our state are is also a big concern. And that this is about America's long term national security. President Bush was brave enough to say this in his State of the Union address 15 years ago. But we're still here in this vulnerable position, making some traction, but not enough traction, to figure out how to get to be really, truly energy independent. Not as long as OPEC and the cartel can manipulate

the world supply, we will definitely have challenges here at home. So to me, that is why I believe that we need to do everything we can to diversify off of this source, and move forward.

In reality, President Biden's Administration approved 34% More permits for oil and gas and public lands in the first year of office more than what was done by the Trump administration. And so to me, I look at it and say, now I have one of the highest install rates of electric vehicles in the country. And instead of filling up at \$4, or four\$ 4.50, I can fill up for \$1 a gallon. So that's what my constituents want to see the reality of that, and the reality of moving forward on higher adoption rates. We need to make our gas fire power cars more efficient, we need to make our boats and trucks and planes look at hydrogen. There's so many of these issues that I believe, Mr. Chairman, we need to move forward on but I'd like to ask the witnesses a question about because every time we get into one of these areas, and we've been here several times, lots of ideas are thrown on the table and for the most part, they have nothing to do with they're just going to affect the price at the pump today.

So I just want to bring up a few issues, so Occidental Petroleum CEO said this week that because of challenges like ageing wells, labor shortages, supply chain crush, U.S. producers cannot ramp up production, even in response to skyrocketing oil prices. Do you agree Mr. Eckland or Ms. Kenderdine about that? Do you agree that US productions cannot be meaningfully increased, say by 20% or so just to help us in the short term?

**Kenderdine:** Me?

**Cantwell:** Yes, yes,.

**Kenderdine:** I am sorry, I didn't hear um, I think that there is obviously capacity to increase production and, but I've been listening to all of this in the...

**Cantwell:** that would affect the price right now.

**Kenderdine:** If you increase production Yeah, it...

**Cantwell:** Would it affect the price right now?

**Kenderdine:** Increasing and production, increasing production would affect the price. I would say that that the price of oil is set on global markets. It's not only about U.S. demand.

**Cantwell:** And so my point about OPEC being the big...

**Kenderdine:** I do think that. I've spent a lot I worked at DOE for eight years in the Clinton administration and four years in the Obama administration spent a lot of time in OPEC countries. The U.S. oil production and it's basically shale oil has diminished the power of OPEC, to set global prices, which I think is a good thing. But I think that we could fairly rapidly ramp up production in response to demand. That's how oil and gas prices get set is it's a supply and demand thing. And so, but I, and I would say one other thing about high prices have been listening to a lot of this. We've had COVID, we have Ukraine. 130 countries have net zero targets. So the financial community is very worried about additional investments in fossil fuels around the world. There are a whole lot of things that are creating uncertainty in energy markets right now. And so I'm not sure that we can make hard and fast my decisions about what's going on in market should because of that.

**Kenderdine:** Okay, Mr. Elkind. Did you have a comment on that? My time is expired, I guess. I guess I talked to longer there at the front end.

**Manchin:** Go ahead. Respond, sir.

**Cantwell:** Oh, okay. Well, apparently all my colleagues did. So go ahead. Let's get an answer on the record on this. This this issue about can we really do something today that would affect the price today? Or are we just constantly going to be jawboning with OPEC over these issues?

**Elkind:** Senator, I understand Vicki Hollub comment as being that there's no overnight fix, right. But these are deal. These are issues that they all of the companies, as I understand it, are dealing with and are prepared to, you know, try to respond to but their workforce shortages, and their supply chain issues and there, yes, there's a capital issue. So overnight change, no directional change. Yes.

**Cantwell:** Thank you. Thank you, Mr. Chairman. And just to be clear, I believe in the directional change of getting my constituents to \$1 per gallon instead of the \$4 per gallon, thank you.

**Manchin:** Thank you, Senator.