

Murkowski asks Reagan to lift ban on export of Northslope crude

WASHINGTON, D.C. — Due to the dramatic decline in world oil prices and the possibility of a Libyan oil embargo, Alaska Senator Frank Murkowski has asked President Reagan and Secretary of State Shultz to temporarily lift the ban on the export of Alaska North Slope crude oil.

In letters sent to Reagan and Shultz on Thursday, Murkowski said lifting the Alaska oil export ban "is clearly warranted by the current conditions in world oil markets and international affairs."

"The precipitous fall of oil prices, coupled with uncertainty about Mideast supplies has created an emergency that requires an immediate response," Murkowski said. "As our allies evaluate the wisdom of boycotting Libya they face the prospect of a shut-off of some of their oil supplies."

"The United States' demonstrated willingness to export Alaska oil can have a positive influence on these difficult decisions for our allies."

Murkowski said the export of North Slope oil, even on a temporary basis, would benefit several segments of U.S. domestic oil industry, including independent oil producers in California. With oil now selling for \$12 a barrel, Murkowski said there is a possibility that between 5,000 and 10,000 independent oil wells will be capped with the likelihood they never will be reopened.

He also noted that lifting the export ban would improve market conditions for North Slope producers by lowering the transportation costs for oil bound for the Gulf Coast.

The senator also noted that in discussions with Prime Minister Nakasone last week "Nakasone stated the single most effective act Congress

could take to reduce the trade deficit with Japan would be to allow the export of Alaska oil to Japan."

Murkowski said the United States could provide "additional security and stability to Mexico because Mexican oil would be an excellent substitute for Alaska oil no longer going to the Gulf Coast and that it would be cheaper to transport the oil to the Gulf Coast."

"Using more oil from Mexico to satisfy our energy needs accomplishes two major objectives. Our national security is enhanced because Mexico's economy will be enhanced, and domestic banks with extensive loans to Mexico can breathe easier as their debtor's cash flow improves."

Murkowski said the concerns of the maritime industry have also been addressed in recent months. Four new contracts have been signed to allow the U.S. crews to bring Japanese automobiles to the United States. In addition, oil production in the North Slope has increased from 1.5 million barrels per day to 1.9 million barrels per day, which would allow 400,000 barrels to be exported daily without the loss of maritime jobs.

"Allowing a small amount of surplus oil — 300,000 to 500,000 barrels — would help our domestic economy by generating about \$1.5 million in taxable oil revenue daily," he said. "All of these factors point to one conclusion: now is the appropriate time to propose at least a temporary waiver of the export ban on North Slope crude oil."

Murkowski noted that in a Wednesday meeting with Shultz and other senate leaders, the Secretary of State agreed the ban on Alaska oil export should be lifted.