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Thank you Chairman Ros-Lehtinen, Ranking Member Deutch, Chairman Weber, Ranking Member Grayson, and members of the Subcommittee; I appreciate the opportunity to be here today to discuss energy developments and opportunities in the Eastern Mediterranean.

But let me start here at home. The United States has transformed into the world's energy superpower. That is true in oil, gas, wind and solar, efficiency, and R&D. We have increased oil production from 5.5 to about 9 million barrels per day and, have transitioned from being a significant and increasing importer of gas to an important exporter. It has been reported that the United States has already shipped 20 cargoes of LNG to destinations around the world including Brazil, Argentina, China, Portugal, and Kuwait. In fact, the first LNG to transit the newly expanded Panama Canal was U.S. gas bound for China, a destination determined by private-sector commercial decisions. By the end of the decade, I believe the United States may match Qatar in export volume of LNG. We have seen investment in U.S. renewables rise to \$58 billion in 2015 and increased solar generation more than 20 fold in the last 8 years. Any way you look at world energy, the United States is a leader and the world is looking to us for leadership.

This is a time of turbulence for global energy markets, due in part to the transformation taking place in the United States. As you know, thanks in part to additional supply from the U.S., oil costs less than half what it did two years ago, and prices for natural gas in Europe and Asia are at historic lows.

Energy is also once again playing an increasing role in geopolitics. But today we are here to discuss the Eastern Mediterranean. Discoveries offshore Cyprus, Israel, Egypt, and potentially Lebanon have already redefined regional relationships and I

believe will continue to be a catalyst for increased economic and political cooperation through interconnection and integration. For example, many credit regional energy development for the deepening of the relationship between Israel and Cyprus. The successful exploration, production, and export of the natural gas resources in the Eastern Mediterranean will require exactly the political cooperation and economic integration that the United States has long supported in the region. This remains a top foreign policy priority for the United States, which is why I have spent a significant amount of my time devoted to these opportunities, and why engagement by Vice President Biden and Secretary Kerry on these issues has been so robust.

Let me start by describing the current energy landscape in the Eastern Mediterranean.

In January 2009, Houston-based Noble Energy discovered the Tamar gas field offshore Israel with original proved reserves of approximately 7 trillion cubic feet (tcf) of gas. Soon after in 2010, Noble discovered the Leviathan field, also offshore Israel, which was the largest discovery in the region at the time with recoverable reserves of approximately 18 tcf of gas.

The initial discovery of gas offshore Israel spurred exploration in nearby Cyprus. Noble Energy then discovered the Aphrodite field in 2011. Aphrodite contains approximately 4.5 to 5 tcf of gas and is just west of the Leviathan field. Increased interest in developing energy resources in the Eastern Mediterranean, coupled with positive developments in Egypt's investment climate, led to additional exploration in Egypt, which yielded the discovery last year by Italian oil firm Eni of the Zohr field, has potential gas in place of 30 tcf, making it the largest discovery to date in the Eastern Mediterranean.

Eni's discovery of the Zohr field, which lies just south of Cyprus' Exclusive Economic Zone (EEZ), sparked renewed interest in exploration offshore Cyprus, which had been waning after the Aphrodite find because a number of exploration wells did not produce significant discoveries. Cyprus just concluded a successful third bid round, with bids from companies including ExxonMobil, Qatar Gas, and others. This cycle of exploration and development in the region will continue as long as discoveries continue to be made, expanding potentially to places like

Lebanon and Greece. I believe that the Eastern Mediterranean remains an underexplored and underdeveloped area, and I fully expect that significant discoveries will continue to be made there. However, the market is still looking for validation that historic political differences will not get in the way of investment and development.

[Put Eastern Med map up on the screen]

One of the early lessons learned in the development of Eastern Mediterranean resources is the critical importance of regulatory certainty, a business climate that is conducive to investment, contract sanctity, and close cooperation between the government and private sector. The lack of regulatory clarity and stability cost Israel years in the development of its largest offshore resource. But, despite early challenges I am now optimistic and confident in the long-term stability of energy development in the region.

In Europe, for example, the impediments to resource exploitation are primarily below ground, whereas the Eastern Mediterranean has challenges far beyond geology. These above ground challenges are more complex, but they also present great opportunities and incentives for cooperation. Clearly energy will not solve the political differences in the region but it can provide incentives to accelerate political accommodation and encourage compromise.

The future that I see for the region includes new and old pipelines connecting Israel's offshore resources to Jordan, Egypt, Turkey, and the Palestinian Authority. It includes Cypriot gas exports to Turkey and/or Egypt, allowing Egypt to satisfy its own power needs and export surpluses to international markets via existing, but now idle, LNG terminals. New resources will allow Turkey to diversify its heavy dependence on a small number of suppliers and use its extensive pipeline network to reach Europe as well. The success of all these plans however hinges on cooperation. Countries will save billions if they share infrastructure and market access. If they don't share those resources, most of the gas will have to stay in the ground.

In addition to hydrocarbons, we are working with countries in the region to expand renewable energy. For example, along with the Government of Israel, we are creating a task force that will accelerate financing of clean energy projects and programs. The task force will bring together representatives from across governments along with the private sector, and state and local authorities to drive investment and speed deployment of clean energy solutions.

The importance of these developments is not isolated to the Eastern Mediterranean, but is part of a broader energy security puzzle connecting dots from Jerusalem to Nicosia; Athens to Baku; from Baghdad and Irbil to Sophia, Athens, Belgrade, and Kiev. The Eastern Mediterranean can play a role in freeing Central and South East Europe from their overwhelming dependence on Russian gas. Turkey has the potential to transform from a country with a heavy reliance on Russian energy to critical hub connecting Europe, Asia, and the Middle East.

This is an exciting opportunity to enhance prosperity, economic security, stability, and political security. That is why we have made this a top priority of the United States. I don't believe that this vision of increased national security through energy security is wishful thinking. We are seeing it become a reality.

I thank you and look forward to your questions.

Amos J Hochstein



Special Envoy, Bureau of Energy Resources

Term of Appointment: 08/01/2014 to present

Amos J Hochstein currently serves as the Special Envoy and Coordinator for International Energy Affairs leading the Bureau of Energy Resources (ENR) at the U.S. Department of State. He oversees U.S. foreign policy engagement in the critical intersection of energy and national security. In this role, he advises the Secretary on global energy security and diplomacy, as well as promotes U.S. interests to ensure energy resources are used to increase economic opportunity, stability and prosperity around the world.

Special Envoy Hochstein also advises the Secretary on U.S. strategy to advance global integration of renewable and clean energy sources. Prior to this role, Mr. Hochstein served as Deputy Assistant Secretary for Energy Diplomacy and in that capacity oversaw the Office of Middle East & Asia and the Office of Europe, the Western Hemisphere & Africa where he lead the bureau's energy diplomacy efforts. Prior to joining the State Department, Mr. Hochstein spent more than 15 years advising U.S. elected officials, candidates for public office and thought leaders on domestic and global energy policy initiatives.

He began his career in Washington, D.C. on Capitol Hill where he served in a variety of senior level positions, ultimately serving as the Senior Policy Advisor to the Foreign Affairs Committee of the U.S. House of Representatives. Mr. Hochstein first served as the principal Democratic staff person on the Economic Policy, Trade & Environment Subcommittee where he oversaw work authorizing Ex-Im Bank, OPIC and USTDA, as well as drafting legislation on export controls and trade-related multilateral organizations and regimes. Mr. Hochstein served as Policy Director to Senator Chris Dodd (D-CT). Prior to his work with Sen. Dodd, he worked as a Senior Policy Advisor to Senator (then Governor) Mark Warner (D-VA). Harnessing his experience in the policy, campaign and public sector, Mr. Hochstein moved to the private sector as Executive Vice President of International Operations at Cassidy & Associates. Throughout his career, he has been a counselor for both domestic and international oil and gas companies, as well as companies focusing on renewable energy. In this capacity, he assisted corporations in assessing potential new markets and the development of alternative sources of power and best strategies to bring them to market.