

United States Senate

WASHINGTON, DC 20510

September 3, 2003

The Honorable George W. Bush
President of the United States
The White House
Washington, D.C. 20500

Dear Mr. President:

As you know, the month of August witnessed extraordinary increases in the cost of gasoline throughout the United States and severe limitations on the nation's gasoline supply. The average retail price of gasoline in the United States experienced the largest weekly increase in history, rising by \$0.12 per gallon between August 18 and August 25. Gasoline prices throughout the country increased from about \$1.52 per gallon at the end of July to a record high of almost \$1.75 per gallon at the end of August, placing an immense burden on working families and our national economy. During this time, the Kingdom of Saudi Arabia sharply curtailed oil exports to the United States. According to preliminary data compiled by the Energy Information Administration, oil imports from Saudi Arabia appear to have fallen by 500,000 barrels a day in the first weeks of August, or approximately 25 percent of the previous rate.

August's gas price spike has been attributed to a number of factors, including reduced crude oil imports and a ruptured pipeline in Arizona that required fuel from across the country to be diverted to the Southwest and the West to compensate for lost supply. Several refineries also lost days of production during the Northeast blackouts, and at least one other major refinery was shut down because of safety concerns. However, none of these conditions can fully explain such a large jump in gasoline prices throughout all regions of the country.

According to the Department of Energy, during the month of August Saudi Arabia cut its oil exports to the United States from approximately 2 million barrels per day to 1.5 million barrels per day. This decision by Saudi Arabia is particularly confounding for a number of reasons. Saudi Arabia had been consistently exporting approximately 2 million barrels of oil per day to the United States for over four months, and chose to reduce its exports to the United States at a time when three other OPEC nations, Nigeria, Venezuela, and Iraq, were producing less oil than had been previously anticipated. The Saudi Arabian reduction in exports also occurred during a time of year when our nation's demand for gasoline has traditionally increased.

It would seem that Saudi Arabia's decision to reduce its oil exports to the United States is the major reason that gasoline prices increased during the month of August. This problem is not unsolvable. We respectfully urge you to call upon Saudi Arabia to resume exporting oil to the United States in amounts equivalent to exports made prior to the month of August.

In the event that Saudi Arabia does not resume such exports, we respectfully urge you to release 15 million barrels of oil from the Strategic Petroleum Reserve, in order to compensate for the shortfall of Saudi Arabian oil exports. Releasing oil from the Strategic Petroleum Reserve in order to address the types of conditions our gasoline markets currently face is not without precedent. As you are aware, when gas prices soared during the summer and fall of 2000, President Clinton tapped into the Strategic Petroleum Reserve and releases 30 million barrels over 30 days. Prices quickly fell by over 10 percent and helped stabilize gas prices for nearly a year.

We are greatly concerned that the recent increases in the price of gasoline are hindering our nation's economic growth and that if action is not taken to address this problem, creating jobs and ensuring prosperity for the American people will become increasingly difficult. We strongly believe that by using oil from the SPR to substitute for declining oil exports from Saudi Arabia and by preserving the option to use oil from the SPR in the future, the United States can protect its economic stability and force oil producers from the Middle East to engage in fair production and export policies.

We thank you for your attention to this matter and look forward to your response.

Sincerely,

<u>Charles Schum</u>	<u>Tom Vanden</u>
<u>Thomson</u>	<u>John Doe</u>
<u>Barack</u>	<u>George Bush</u>
<u>Jack Reed</u>	<u>Condoleezza</u>
<u>Patty Murray</u>	<u>Hillary Rodham Clinton</u>
<u>John Edwards</u>	<u>Tom Daschle</u>

Jim Jeffords
Max Baucus
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Tom Harkin

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Jay Bybee
Ron Wyden

Dianne Feinstein

Kit Bolson Neenan Cantwell

Ernst

Bleah L. Lincoln

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Frank Lautenberg
Bill Nelson

Paul Sarbanes
Mark Dayton

Samuel N. J. Plaka
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MARIE BOYER
