Congress of the United States

Washington, DC 20515

April 13, 2012

The Honorable Barack Obama
President
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear President Obama:

On March 15th, the Wall Street Journal reported that U.S. crude oil futures dropped by as much as $1.58 per barrel in reaction to a Reuters report suggesting that you and British Prime Minister David Cameron had reached agreement on a plan to release oil from both countries' national oil reserves. After government officials denied that any such agreement was imminent, oil futures prices quickly rebounded.

This incident only further underscores the sensitivity of world oil markets to the possibility that you might exercise the authority that you have to release oil from the Strategic Petroleum Reserve (SPR), and the ability of releases from the Reserve to help bring consumers short-term relief from current high oil prices. We are writing you because we believe that it is essential that the United States have an aggressive strategy for releasing oil from the Strategic Petroleum Reserve to combat the speculators capitalizing on the fear in oil markets and to send a message to Iran that we are ready, willing, and able to deploy our oil reserves.

While the policies that you have put forth to move the United States away from its dependence on oil through increased fuel efficiency and accelerated deployment of alternative energy technologies provides the best medium- and long-term solution to our nation's dependence on imported oil, the one tool that the United States has at its disposal to protect against the short-term threat of supply disruptions and related speculation in the oil markets is the SPR. As we approach the summer driving season, we believe that you must consider all immediate options in order to prevent a runaway increase in prices. We commend you for your willingness last year to use this weapon that the American people have against OPEC. We urge you to consider again deploying oil from the SPR to combat the rapid price escalations resulting from speculation in the oil markets.

As you know, releasing oil from the SPR has driven down prices in the past. When President George H. W. Bush deployed oil from the SPR in 1991, oil prices immediately dropped by more than 33percent. When President Clinton exchanged oil from the SPR in 2000, it again drove prices down by nearly 19 percent. And when President Bush released oil from the reserve in 2005 following Hurricane Katrina, oil prices fell by more than 9 percent. And last year, when you directed the release of 30 million barrels of oil from the SPR - less than 5 percent of the reserve – in conjunction with the release of an additional 30 million barrels from our international partners, prices declined by 8 percent.

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Right now, the Strategic Petroleum Reserve holds approximately 696 million barrels and is filled to more than 95 percent of its capacity. Releasing even a small fraction of that oil could again have a significant impact on speculation in the marketplace and on prices. It would remind the markets that the United States is ready to employ an aggressive and effective SPR drawdown policy if needed. Signaling that the United States will continue to employ an aggressive SPR policy in the near-term would send a strong signal to oil markets responding to the unrest in the Middle East.

Gas prices are up nearly 70 cents a gallon since Iran threatened to block the Strait of Hormuz at the end of December and high energy prices have the potential to derail the progress our economy is making in recovering and adversely impact American consumers. In the long term, we agree with you that America needs to develop clean energy alternatives that can reduce our dependence on oil. However, as a short-term step, once again considering the release of oil from the SPR could help prevent oil prices from spiking in the short term and help American consumers and our economy.

Thank you for your consideration of this request.

Sincerely,

EDWARD J. MARKEY
Member of Congress

ROSA L. DeLAURO
Member of Congress

PETER WELCH
Member of Congress

CHRIS VAN HOLLEN
Member of Congress

GEORGE MILLER
Member of Congress

BARNEY FRANK
Member of Congress

JAMES P. McGOVERN
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DALE E. KILDEE
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RUSH D. HOLT
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GRACE F. NAPOLITANO
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