

Congress of the United States
House of Representatives
Washington, DC 20515

March 22, 2004

The Honorable George W. Bush
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mr. President:

We are writing to urge that you suspend shipments of oil to the Strategic Petroleum Reserve (SPR) and allow more oil to remain on the market and available to consumers when supplies are tight. We hear from our constituencies daily about the financial strain of increasing gasoline prices.

We are urging you to call upon the Department of Energy (DOE) to review and revert back to its previous policy of filling the SPR when crude oil prices are relatively low and deferring oil deliveries when prices are relatively high. Filling the SPR, without regard to crude oil prices and the availability of supplies, drives oil prices higher and ultimately hurts consumers.

In addition, we are concerned about missed opportunities for saving taxpayers' money. Filling the SPR regardless of oil prices increases taxpayer costs. Prior to 2002, DOE granted oil company requests to defer scheduled oil deliveries to the SPR when oil prices were high, in return for deposits of extra oil at a later date. These deferrals save taxpayers money and add extra barrels of oil to the SPR.

We urge the DOE to study the development of procedures to assure that the SPR is filled consistent with the objective of minimizing acquisition costs – or revenue foregone when the oil is acquired under the royalty-in-kind (RIK) program – and consistent with maximizing domestic supply. We urge the Administration to reevaluate the practice of diversion of RIK and other oil to the SPR so that it will be opportunely timed so as to not exacerbate crude oil price increases.

We recommend you restore market-based criteria for granting deferrals by urging the DOE to restore its SPR business procedures allowing deferrals of oil deliveries to the SPR when crude oil prices are high or commercial crude oil supplies are tight.

Again, we urge you to take these recommendations under consideration and to suspend shipments to the SPR until crude oil supplies increase and prices decrease.

Sincerely,

Bob Gallatto

M. A. Poyne (MI)

Walter B. Jones
Jim Gattum

Don Skum

Bill Shuster

James Emmer

John Boozman

Frank King

Buck McKeon

John G. ...
S. P. ...

Steve King

Rink Boncher

Mike Ryan AL-3

Sten Clark

W. L. Jenkins

Mike McIntyre

Quayle

Byrd

June Moran

Jenny Behney

Barbara Allen

Jana Davis

Phil English

Vigil Doodle

C.A. Dutch Kuppersteger

Ellen Fausch

Nancy Johnson

Fred M. ~~Johnson~~

Bart Gordon

Howard Coble

Erich L. Engel

Janet V. Johnson

Ken Lucas

J. Roddy Forbes

Tom Osborne

Collin C. Peterson

James Greenwald

Joey Wilson

Cui Conto

Sue Mezick

Marie Camp

Jim. D. White

Jimmy Fisher

Mark Fdez

Mark Alan

Ray Bent

Cass Ballenger

Jimmy Will

James Brown

Henry

John Duncanson

Blank lined paper for writing.