CLAIRE McCASKILL
MISSOURI

506 HART SENATE OFFICE BUILDING
WASHINGTON, DC 20510
(202) 224-6154
FAX: (202) 228-6326
http://mccaskill.senate.gov

United States Senate

WASHINGTON, DC 20510

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CHAIRMAN

February 22, 2012

President Barack Obama
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mr. President:

The recent actions by the Iranian government to cut off oil supply from some parts of the world are causing serious disruptions in the world oil market. Concerns over the loss of oil supply from Iran are driving up the price of crude oil, and increasing the price of gasoline. As you know, gasoline has reached a record price for the month of February. Prices in some parts of our country are now over the $4 a gallon. While the nation's economy slowly recovers and Americans continue to face serious financial challenges in their everyday lives, I believe you must act to provide relief in gas prices. Specifically, I urge you to act without delay to release adequate reserves of oil from the Strategic Petroleum Reserve (SPR) in order to quell concerns about the potential loss of global oil supply that could result from Iranian belligerence and to stabilize gas prices here at home now.

The U.S. maintains the SPR for the very purpose of responding to international and domestic energy supply shortages. Since 1991 there have been three presidentially directed releases from the SPR in response to international or domestic supply concerns. All three releases resulted in a drop in prices. In 1991, President George H.W. Bush released oil from the SPR at the beginning of Operation Desert Storm and prices dropped by 33 percent. In 2005, after Hurricane Katrina hit the Gulf Coast, President George W. Bush released oil from the SPR and prices dropped by more than 9 percent. And last year, in response to the instability in Libya, you directed the release of 30 million barrels of oil from the SPR, which was matched by an additional 30 million barrels released from reserves held by our international partners, leading to an 8 percent drop in gas prices.

Today, the SPR holds almost 696 million barrels of oil, which is 95 percent of its total capacity. Provided the dangerous impact increasing gas prices can have on struggling American families and on the economic recovery, which is vital to our future and our national security, you must act. As prices continue to rise and the situation in Iran continues to escalate, it would be imprudent for the United States not to rely on the reserves we hold in order to respond to crisis such as these, particularly in light of the fact that history has shown that releasing even a small portion of our reserve oil has a clear impact on prices.

555 INDEPENDENCE
ROOM 1600
CAPE GIRARDEAU, MO 63703
(573) 651-0964
FAX: (573) 334-4278

915 EAST ASH STREET
COLUMBIA, MO 65201
(573) 442-7130
FAX: (573) 442-7140

4141 PENNSYLVANIA AVENUE
SUITE 101
KANSAS CITY, MO 64111
(816) 421-1639
FAX: (816) 421-2562

5850 DELMAR BOULEVARD
SUITE A
ST. LOUIS, MO 63112
(314) 367-1364
FAX: (314) 361-8649

324 PARK CENTRAL WEST
SUITE 101
SPRINGFIELD, MO 65806
(417) 868-8745
FAX: (417) 831-1349

While the SPR is needed to address our more immediate concerns with the volatility in the oil market and provide relief from escalating prices, I believe we must also continue to develop long-term strategies to reduce our dependence on foreign oil. With U.S. oil production at its highest level since 1998, we are certainly on the right track. But we must continue to invest our resources in traditional and alternative domestic energy sources.

We must also help advance production of traditional fuels from our nearby allies for consumption in the U.S. The disappointing recent failure to approve the Keystone XL pipeline is inconsistent with this priority. It is unfortunate that the process was not allowed to continue in its normal course; we must now work to overcome any future delay. Approval of the pipeline should proceed as soon as possible.

Finally, we also cannot continue to subsidize those major oil companies making record profits, especially as they continue to decrease their overall production, creating more shortages in the market. We must focus our resources in areas that benefit the American public, not the bottom line of major corporations. At minimum, if we cannot repeal the tax credits, we must ensure they are being used to expand production and carry out other activities that will reduce gas prices, rather than allowing them to simply pad profits. American consumers cannot continue to pay more at the pump because of the companies' failures to provide adequate oil supplies.

Regardless, the most immediate and direct action we can take to provide relief to Americans and to avoid jeopardizing our fragile, but critical economic recovery is to release oil from the SPR, just as you did last summer and as presidents have done before you under similar challenging circumstances for the nation. My constituents, and all Americans, cannot afford for prices to get any higher. We must take action now. In the long term, I look forward to working with you to advance an aggressive domestic energy agenda that seeks to reduce our dependence on foreign oil.

Sincerely,

Claire McCaskill
United States Senator