

United States Senate

WASHINGTON, DC 20510

October 1, 2012

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

Dear Mr. President:

We are concerned by recent reports that you are contemplating a release of oil from the Strategic Petroleum Reserve (SPR) in response to record gasoline prices. The SPR was created for use only in emergencies to safeguard our economy and national security against severe oil supply disruptions, not as a mechanism to control the price at the pump. We strongly urge you to refrain from deploying this vital strategic asset unless and until a severe oil supply disruption occurs.

Congress created the SPR in 1975 in response to the oil embargo Arab countries imposed on the U.S. and other nations at the time of the 1973 Arab-Israeli war. This severe supply disruption tripled the price of imported crude and wreaked havoc on the U.S. economy. Today, rising tensions throughout the Middle East similarly threaten our supply of imported crude. But while conditions are similar, we have not yet seen the discrete event that directly affects our oil supply and justifies tapping our reserves. For example, if Iran blocked 20 percent of the world's oil from flowing through the Strait of Hormuz, crude oil prices would spike upward and U.S. gasoline prices would skyrocket. We must preserve the SPR for when we truly need it -- unanticipated emergencies and severe supply disruptions.

An SPR oil release comes at significant cost to the American people. Your administration's withdrawal of 30.64 million barrels of oil in response to high gas prices last year reduced the length of time the SPR can replace lost imported crude in the event of a severe supply disruption by three days. If your administration released another 30 million barrels, it would reduce the SPR's capacity to provide import protection by another three days, leaving American consumers even more vulnerable to emergency oil supply disruptions and gasoline price shocks. It would also increase the amount of taxpayer money needed to refill the SPR to pre-2011 levels that, after last year's drawdown alone, would cost around \$1 billion.

Furthermore, an additional SPR withdrawal will not effectively reduce the price of gasoline. Following your administration's announcement that it would release oil last year, prices dipped slightly before rebounding *above* their pre-announcement levels within a month. Even if your administration flooded the market with the entire remaining SPR stock, it would cause barely a ripple in the price of oil and gasoline.

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The SPR is America's rainy-day fund. We ask you to preserve it for a truly rainy day when an unanticipated emergency or severe supply disruption occurs. We also request that your administration provide to each of us no later than 30 days from the date of this letter a detailed plan explaining how you intend to fully refill the SPR to pre-2011 levels. There are plenty of storm clouds on the horizon. The government must adequately shelter the American people and vigorously protect their rainy-day fund.

Sincerely,

John Barrasso

Jon Kyl

Ray Blunt

John McCain

Metib M. Connell

John Thune

John Cornyn