

LARSON URGES BUSH TO ENGAGE OPEC NATIONS TO PREVENT DECREASE IN OIL PRODUCTION

FOR IMMEDIATE RELEASE: December 10, 2004

LARSON URGES BUSH TO ENGAGE OPEC NATIONS TO PREVENT DECREASE IN OIL PRODUCTION

WASHINGTON, D.C.-U.S. Congressman John B. Larson (CT-1) today sent the following letter to President Bush urging him to engage the OPEC nations in an effort to convince them not to decrease oil production, citing the devastating effect it would have on the nation's economy. The text of the letter follows:

Dear President Bush:

I am writing today to urge you to engage the OPEC nations immediately and convince them not to decrease oil production. Any additional decrease in production at this time will have a devastating effect on the nation's economy and on families about to face the full force of winter, especially given the summer supply disruptions caused by this season's hurricanes that have contributed to the extremely low overall US inventories.

The Department of Energy's Energy Information Administration's (EIA) October 2004 Short-Term Energy Outlook specifically warned that in 2005 high world oil prices begin to slow the pace of world economic growth. The rising cost of gasoline and home heating oil affects Connecticut and the nation in many ways, including not only the out of pocket expenses of private citizens, but also the working expenses of many businesses and corporations, expenses which are ultimately passed down to their consumers. The consequences of this additional downward economic pressure given the continued fragile state of our economy demands action if we are going to ward off additional slowdowns on the path to economic recovery.

Even before OPEC's decision to reduce production today by up to 2 million barrels of oil per day, the EIA's October report predicted winter heating expenditures for all fuel types would increase compared to year-ago levels, even in regions where the demand for fuel was expected to fall. Heating oil prices were expected to average 29 percent higher compared with last winter and household expenditures were expected to be 28 percent higher. The price of crude oil has been driven up over \$10 per barrel just since August and is up nearly \$20 per barrel since January. According to the Coalition of Northeastern Governors (CONEG), this winter in the Northeast heating oil winter prices will reach a new average high, estimated at \$1.75 per gallon. Now we can expect those numbers, already a tremendous and unnecessary burden, to increase dramatically.

For Connecticut residents, who already experience some of the highest prices in the nation for automobile fuel, having to pay a high rate for the fuel that heats their homes is a tremendous burden. I am especially concerned about the effect these heating oil prices will have on the elderly. Many already have to choose between paying for food on the table and paying for healthcare. Now that the cold temperatures are setting in, they may soon be forced to make yet another very difficult decision: either stay warm or stay healthy.

Given the dire predictions from the EIA and the announcement from OPEC, I would like to know what steps you are taking now to ensure that there will be adequate supplies of petroleum for gasoline and home heating oil for the coming winter and that prevent OPEC's latest attempt at price gouging. I would also like to know what the current status and inventories are of the Northeast Home Heating Oil Reserve and the Strategic Petroleum, and under what circumstances and conditions you would see yourself authorizing a release from these reserves to provide relief to my constituents should OPEC go forward with its latest price gouging scheme.

The United States economy should not be held hostage to foreign oil interests. I implore you to engage OPEC nations immediately to stop their attempt to reduce production, and I urge you to institute policies advocated by myself and others to engage the United States in an Apollo-type energy program that will provide for American Energy

Independence from foreign energy sources within the next 10 years.

Respectfully,

JOHN B. LARSON
Member of Congress
###