United States Senate

WASHINGTON, DC 20510

February 29, 2012

The Honorable Barack H. Obama
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

We write to express our concern about the rising cost of gasoline and your Administration's failure to take concrete actions to address this serious problem. The average U.S. price of a gallon of regular gasoline has more than doubled since the week of your inauguration in January 2009, from $1.84 to $3.72. Furthermore, according to the Associated Press, the typical U.S. household spent $4,155 filling up at the pump in 2011, an all-time high, and 8.4 percent of the median household income—the highest percentage spent for gasoline since 1981, when oil prices had soared due to crisis in the Middle East.

Last week you stated, "With or without this Congress, I'll continue to do whatever I can to develop every source of American energy, so that our future isn't controlled by events on the other side of the world." Indeed, the fact remains there are concrete actions within your power that can help ease fears of oil supply disruptions and skyrocketing gasoline prices. As you acknowledged in your March 2011 energy security speech, "producing more oil in America can help lower oil prices, create jobs, and enhance our energy security." However, several policies of your Administration are in direct conflict with this stated goal, and are contributing to the economic burden felt by families and businesses facing rising prices.

Expanding access to federal onshore and offshore lands, and eliminating permit delays for leases, could help lower prices and strengthen our energy security while creating jobs and boosting tax revenues. Unfortunately, your Administration's proposed offshore oil and natural gas leasing plan for 2012 to 2017 eliminates 50 percent of lease sales provided for in the previous plan, opens less than three percent of offshore areas to energy production, and imposes a moratorium on developing energy from 14 billion barrels of oil and 55 trillion cubic feet of natural gas in the Atlantic and Pacific oceans. The moratorium on exploration in the Gulf of Mexico, and persistent delays for permits in shallow and deep water leases, could result in a 19 percent decrease in production in 2012 compared to 2010, according to an Energy Information Administration projection.

Alleviating burdensome regulations would also help lower energy costs. For example, even as gasoline prices near $4.00 a gallon, next month, the Environmental Protection Agency (EPA) plans to propose its "Tier 3" rule to cut air emissions from fuels and light-duty vehicles, including requiring refiners to drastically cut sulfur in gasoline. A recent study concluded the rule could increase the cost of manufacturing gasoline by 12 to 25 cents per gallon. It could raise the refining industry's operating costs by $5 billion to $13 billion annually, lead to a 7 to 14 percent reduction in gasoline supplies from U.S. refiners, and force as many as seven U.S. refineries to shut down. Combined with proposed greenhouse gas emissions rules (which will serve as an energy tax on every consumer), new source performance standards, and the boiler "maximum achievable control technology" rule, these could put more U.S. refiners out of business, leading to even higher gasoline prices at the pump. The combined regulatory onslaught should be weighed against the impact on families and employers across the country.

Finally, reconsidering your denial of the Keystone XL pipeline would also secure future additional supplies of oil, bringing more than 700,000 barrels per day in additional Canadian crude oil. Rather than asking Saudi Arabia and other OPEC countries to produce more oil, we should work closely with our Canadian neighbors to reduce our dependency on oil from OPEC. Canada is a reliable and geographically secure trading partner whose oil exports are insulated from potential supply disruptions threatened by geopolitical turmoil found in the Middle East and the impulses of OPEC, including Iran, Libya, and Venezuela.

All of these actions are within your Administration's purview, and would signal to markets that America is serious about reducing its vulnerability to geopolitical oil shocks around the world. The actions you take will help determine how long our pain at the pump continues.

Sincerely,

John Cornyn

Jeff Sessions

David Vitter

Pat Toomey

James E. Risch

Tom Coburn

Ron Johnson

Michael B. Enzi

Jim DeMint
[illegible]

Richard G. Lugar
Chuck Grassley

Mike Crapo
Dan Coats

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John Barrasso

Dean Heller
Kay Bailey Hutchison

Orrin G. Hatch
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Signatures (from left to right):
John Cornyn, United States Senator
Jeff Sessions, United States Senator
David Vitter, United States Senator
Patrick J. Toomey, United States Senator
James E. Risch, United States Senator
Tom Coburn, United States Senator
Ron Johnson, United States Senator
Mike Lee, United States Senator
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Jim DeMint, United States Senator
Marco Rubio, United States Senator
Richard G. Lugar, United States Senator
Chuck Grassley, United States Senator
Mike Crapo, United States Senator
Daniel Coats, United States Senator
Roger F. Wicker, United States Senator
Saxby Chambliss, United States Senator
Richard Burr, United States Senator
James M. Inhofe, United States Senator
Johnny Isakson, United States Senator
John Barrasso, United States Senator
Dean Heller, United States Senator
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Pat Roberts, United States Senator
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Michael B. Enzi, United States Senator