

Small Draw Down of the Reserve Would Drop Oil and Gas Prices Within Two Weeks

Huntington Station, NY — Friday, Rep. Steve Israel (D-Long Island) called on President Bush to tap into the Strategic Petroleum Reserve to bring down gas prices on Long Island and across the country. Israel, a member of the House Appropriations Subcommittee on Energy and Water, is working closely with Congressional leadership on the issue.

“It’s time to free America’s oil,” Israel said. “By releasing just a small portion of the Strategic Petroleum Reserve, we will bring down gas prices almost immediately while stemming oil speculators. Why wait ten years for the price of oil to drop as a result of drilling when we can reduce those prices in ten days by tapping into the Strategic Petroleum Reserve?”

The Strategic Petroleum Reserve (SPR) currently holds more than 700 million barrels of oil and stands at its highest capacity in history. Israel, along with other leading Democrats in Congress, is proposing a draw down of 10 percent or less from the SPR.

Once oil is released from the SPR, it would take less than two weeks to enter the market, according to the Department of Energy. Drilling for new oil, by comparison, would not impact prices for 5 to 10 years.

On Long Island, the average price for a gallon of regular, unleaded gasoline on July 10 was \$4.34. Nationally, the average was \$4.10.

The past three presidents, including Presidents George W. Bush and George H.W. Bush, have released oil from the SPR to alleviate high gas and oil prices. In 2000, after President Clinton authorized a swap of 30 million barrels, oil prices dropped 20 percent in a week and 34 percent in a short amount of time. In 2005, President Bush offered 30 million barrels from the SPR to reduce prices after Hurricane Katrina. Only 11 million barrels were released, which resulted in crude oil prices dropping by \$5 a barrel.

“With the mark-up on fuel, selling at this ridiculously high price, there are times when we’re selling gasoline at cost or sometimes below cost on credit card purchases,” said Rich Catania, owner of Advance Service Center, an independent gasoline retailer. “When I first started in the business 44 years ago, we were making 5 cents a gallon. Forty-four years later there are times when I’m making nothing, less than cost, or just two cents above. It’s very difficult to stay in business like this.”

Earlier this year, Israel introduced federal legislation that will protect consumers from high gas prices that may be caused by consolidation in the industry. Israel’s legislation will require the Comptroller General to investigate the impact of consolidation of gasoline wholesalers on prices at the pump. Israel has also supported legislation to curb excessive speculation in the energy futures markets, and as a member of the House Appropriations Subcommittee on Energy and

Water, worked to secure \$2.5 billion for energy efficiency and renewable energy programs in FY 2009.