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Dear Member of Congress:

As you visit with constituents during the Memorial Day recess, you will hear concerns regarding the recent rise in gasoline prices. Like yourself, the men and women of America's oil and natural gas industry have a keen understanding of the impact of these costs on the everyday lives of Americans. It's why our industry is working overtime to produce record amounts of gasoline and diesel fuel to meet record U.S. demand. Our industry's commitment to providing Americans with the energy they need can be summarized as: *record* investments to produce *record* supplies to meet *record* demand.

Gasoline demand has averaged over 9 million barrels a day since the first of the year, the highest ever. Globally for 2007, the Energy Information Administration (EIA) has projected gasoline consumption growth of 1.4 million barrels per day, half of which will be consumed by the United States and China. Gasoline production so far this year has also been the highest ever, averaging 8.75 million barrels a day, helped by the addition of 200,000 barrels a day of new refinery capacity. Industry reinvestment reached a highest-ever \$154 billion for the 24 leading U.S. oil and gas companies in 2006, a 29% increase over the prior year.

Recent high gasoline prices are the result of the high cost of crude oil and record demand for gasoline here and around the world, as well as temporary interruptions in refinery operations resulting from seasonal maintenance and safety turnarounds, external and internal disruptions requiring attention, and government-mandated fuel transitions. An additional major factor contributing to reduced gasoline inventory and supplies has been a shortage of available gasoline imports. In years past, imports from Europe and elsewhere have been used to augment supply in this country, particularly during refinery maintenance periods.

We are pleased with evidence of an increased understanding of energy markets, particularly among policymakers and the media, as evidenced in recent editorial comments and analyses, including a May 20 article in *The New York Times* ("Oil Price 'Gouging': a Phantom Menace?" by Edmund L. Andrews). This trend is also observable among many of our nation's leading market analysts and energy economists. We are concerned, however, that a similar level of increased energy markets understanding is yet to be evidenced in the legislative proposals being acted upon in the 110th Congress.

A series of legally ambiguous legislative proposals do not reflect basic energy economics and, if enacted, will likely produce unintended, anti-consumer consequences. The potential impact of the just-passed House price gouging legislation on consumers and on the U.S. economy would be severe and long-lasting. This bill could well result in gasoline price controls and the related long gasoline lines so much in evidence in the 1970s. We are also concerned about other legislation being considered that would interfere with markets and further constrain access and domestic oil and natural gas projects.

There are solutions to these energy challenges: use energy more wisely; increase and diversify both domestic and global sources of supply; expand infrastructure; and speed adaptation of emerging energy technologies. America can meet its energy challenges, just as it has met great challenges in the past. But meaningful changes in energy policy will be required, and a transparent, reasoned and fact-based discussion is necessary and overdue. We welcome the opportunity for such a discussion. For more information, please visit <http://www.energytomorrow.org>, or call Jim Ford, API Vice President of Government Affairs, at (202) 682-8210.

Sincerely,

A handwritten signature in black ink, appearing to read "Red Cavaney", is written below the word "Sincerely,".