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Dear Member of Congress:

With energy prices and supplies foremost in the minds of many Americans, we thought it useful to provide some perspective on these issues as you return home for the Fourth of July.

Crude oil prices remained above \$130 a barrel last week, keeping the price of a gallon of crude oil – the raw material used to make gasoline, diesel, and other fuels – well above \$3.00. Rising world demand, lagging growth in supply, and tight spare production capacity are the main drivers of these increases. Speculation – whatever its impact – currently reflects the view that tight oil markets will continue for the foreseeable future.

The burden of high gasoline prices is affecting consumer behavior. The most recent demand data show a decline in U.S. gasoline deliveries for the January-May period for the first time since 1991. Despite softening U.S. demand, average U.S. gasoline prices edged up to nearly \$4.08 a gallon, reflecting the continuing rise in global demand for crude oil, the chief driver of the price of gasoline. However, because of weakening U.S. demand, gasoline prices have proportionately increased substantially less this year than crude oil prices. On the other hand, very strong world and U.S. demand for diesel fuel continues, making diesel fuels fully reflect the increases in crude oil prices.

As a nation, we can have more control over our energy destiny by supplying more of the oil and natural gas we'll be consuming from resources here at home. Government policy now stands in the way of that. However, polls show that a rising majority of Americans want expansion of access to federal oil and gas resources now off limits to development to enhance our nation's energy security, create more American jobs, and keep more dollars at home in the American economy.

The false charge that companies are sitting on oil and natural gas in existing federal leases is groundless and reflects a lack of understanding of how the federal government's oil and gas lease system works. Oil and natural gas leases are options to explore, with no guarantee that they hold any commercial quantities of oil or natural gas. In fact, most don't.

Determining whether a lease has commercial (or any) quantities of oil and natural gas is a multi-year process, including the federal government permitting process. And if a company is successful, years more are spent in the work required to bring the resources to market. Every step of the way, huge amounts of time are typically consumed in obtaining the series of permits that allow this development.

In short, leases are not "idle" while all the preparatory work goes on. What should not be lost in this debate is the inescapable fact that access to additional federal lands is crucial to expanding available supplies. The American people recognize this. Congress should, too.

Our nation needs a much stronger commitment to energy efficiency, as well as all the economically viable energy that can be provided in an environmentally sound manner. There are no simple, quick solutions to our energy challenges, but bipartisan cooperation, in concert with industry and other stakeholders, can make a stronger energy future possible.

Sincerely,

Red Cavaney