

Congress of the United States
House of Representatives

COMMITTEE ON OVERSIGHT AND REFORM

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515–6143

MAJORITY (202) 225–5051
MINORITY (202) 225–5074

<https://oversight.house.gov>

October 26, 2022

The Honorable Jennifer Granholm
Secretary
U.S. Department of Energy
1000 Independence Avenue, SW
Washington, D.C. 20585

Dear Secretary Granholm:

The Biden Administration continues to pursue policies that suppress domestic energy production and drive fuel prices higher for consumers. We are concerned that the president may soon impose an oil and gas export ban that will result in even higher gas prices, supply chain issues, global market upheaval, and reduced energy security for the U.S. and our allies. While you have not confirmed a ban will be imposed, recent reports by top officials suggest Administration interest in restricting exports of refined petroleum products.¹ As such, we request documents and information to learn more about the Administration’s potential plans to ban oil and gas exports, as well as the Department of Energy’s (DOE) role in the potential misuse of the Strategic Petroleum Reserve (SPR) as a means to increase domestic fuel supply.

On October 5, 2022, the Organization of Petroleum Exporting Countries (OPEC) and its affiliates (OPEC+) announced their intent to cut oil production by two million barrels a day—the equivalent of two percent of current global yields—beginning in November.² The promise of production cutbacks amid a preexisting supply shortage will increase fuel prices, adding to the recent surges in gasoline prices this month after briefly falling in September from an all-time-high of \$5 a gallon in June.³ In a move that sought to lower gas prices leading up to the midterm elections,⁴ the Biden Administration asked OPEC+ to delay production cuts until December—a proposal which OPEC+ rejected.⁵

As part of OPEC+ and a major supplier to the European Union (EU), Russia will continue to exert the pressure it has placed on Europe in the aftermath of the Ukrainian invasion. The EU is already experiencing severe energy shortages and the stress will only worsen as a

¹ E.g., Collin Eaton, *Exxon CEO Warns Biden Administration Against Limiting Exports*, WALL ST. J. (Updated Sept. 30, 2022).

² Organization of the Petroleum Exporting Countries, Press Release, *33rd OPEC and non-OPEC Ministerial Meeting* (Oct. 5, 2022), available at www.opec.org/opec_web/en/press_room/7021.htm; Stanley Reed, *In Rebuke to West, OPEC and Russia Aim to Raise Oil Prices With Big Supply Cut*, N.Y. TIMES (Oct. 5, 2022).

³Id.

⁴ See Ahmad Elhamy and Moaz Abd-Alaziz, *Saudi Arabia, United States clash over reason for OPEC+ oil cut*, REUTERS (Oct. 13, 2022).

⁵ Jonah Shepp, *Did Saudi Arabia Just Hand the Midterms to the GOP?*, INTELLIGENCER (Oct. 16, 2022).

Russian oil embargo will commence in December amidst increased demand over the winter months.⁶ Restricting European access to yet another fuel source in the face of Russian aggression jeopardizes not only the wellbeing of our allies, but also endangers our own national security.

Contrary to alleviating gasoline prices at the pump, an export ban on refined petroleum products will prompt additional price hikes and supply chain bottlenecks, costing American consumers even more money.⁷ While Democrats blame American companies for inflated prices,⁸ years of underinvestment due to regulatory uncertainty and hostile Democrat policies are causing undersupply, leading to confined refinery capacity narrowly suited to processing imported heavy crude.⁹ A ban would temporarily oversaturate domestic refineries ill-prepared to process additional levels of light sweet crude since the U.S. is currently equipped to refine principally heavy crude.¹⁰ The resulting global supply contraction would spike fuel prices around the world, including in the U.S.¹¹ A letter sent to you by industry officials raised producers' growing concerns regarding limits on refined petroleum products.¹²

In addition to potentially imposing an export ban, President Biden is further depleting the Strategic Petroleum Reserve ahead of the midterm elections.¹³ Following the oil embargo OPEC levied against the U.S. in 1973, the Strategic Petroleum Reserve was created as an emergency buffer to mitigate domestic fallout from global market shocks.¹⁴ But after President Biden emptied more of our vital stockpiles than all previous presidents combined, the SPR now sits at its lowest levels since establishment.¹⁵ The SPR currently holds only enough reserves to offset U.S. consumption for 50 days should imports cease. Dipping further into the SPR to cover additional foreign fuel bans or price fluctuations is a short-sighted fix that would inadvertently exacerbate U.S. vulnerability.¹⁶

To assist Republicans on the Committee on Oversight and Reform in conducting oversight of the circumstances surrounding domestic supply concerns and a potential refined

⁶ Medora Lee, *Winter bills will send shivers up your spine with energy prices set to rise, analysts say*, U.S.A TODAY (Sept. 16, 2022).

⁷ Timothy Puko and Benoît Morenne, *U.S. Takes Aim at OPEC for Oil Production Cuts*, WALL S. J. (Updated Oct. 6, 2022).

⁸ H. Comm. On Oversight and Reform, *Hearing on Power and Profiteering: How Certain Industries Hiked Prices, Fleeced Consumers, and Drove Inflation* (Sept. 22, 2022).

⁹ Garrett Golding and Lutz Kilian, *A Ban on U.S. Crude Exports Would Not Lower Gasoline Prices at the Pump*, FEDERAL RESERVE BANK OF DALLAS (Jan. 4, 2022), available at <https://www.dallasfed.org/research/economics/2022/0104>.

¹⁰ *Supra*, n.1.

¹¹ *Id.*

¹² Letter from Mike Sommers, President and CEO, American Petroleum Institute and Chet Thompson, President and CEO, American Fuel & Petrochemical Manufacturers, to Jennifer Granholm, Sec'y, U.S. Dep't of Energy. (Oct. 4, 2022), available at www.api.org/~media/Files/misc/AFPM-Granholm-Letter-on-Refined-Product-Exports.

¹³ Ben Lefebvre, *Biden administration to tap oil reserve again ahead of midterms*, POLITICO (Oct. 18, 2022).

¹⁴ Department of Energy, Office of Office of Cybersecurity, Energy Security, and Emergency Response, *SPR Origins*, available at www.energy.gov/ceser/spr-origins (last visited Oct. 12, 2022).

¹⁵ Alexander Zemek, *Biden's America is Running on Empty*, WALL S. J. (Sept. 22, 2022).

¹⁶ *Id.*

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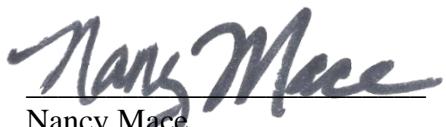
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petroleum product ban, please provide the following information no later than November 9, 2022:

1. All documents and communications, from November 1, 2021 to present, between and among DOE officials, referring or relating to releases from the SPR in conjunction with export bans, including domestic refinery capabilities should an export ban be enforced;
2. All documents and communications, from September 1, 2022 to present, between and among DOE officials, referring to using the SPR to lower prices until November of 2022.
3. All documents and communications from January 20, 2021 to present, between third party groups outside the government and DOE employees related to releases from the SPR and/or an export ban.
4. All documents and communications, from January 20, 2021, to present, between DOE and the White House, regarding SPR releases and/or an export ban.

To ask any follow-up or related questions, please contact Committee on Oversight and Reform Republican Staff at (202) 225-5074. The Committee on Oversight and Reform is the principal oversight committee of the U.S. House of Representatives and has broad authority to investigate “any matter” at “any time” under House Rule X. Thank you in advance for your cooperation with this inquiry.

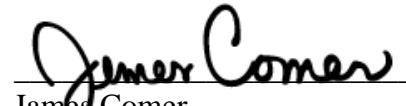
Sincerely,



Nancy Mace

Ranking Member

Subcommittee on Civil Rights
and Civil Liberties



James Comer

Ranking Member

Committee on Oversight and Reform



Glenn S. Grothman

Ranking Member

Subcommittee on National Security



Michael Cloud

Ranking Member

Subcommittee on Economic and
Consumer Policy

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Yvette Herrell

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Ranking Member

Subcommittee on Environment

Bob Gibbs

Bob Gibbs

Member of Congress

Ralph Norman

Ralph Norman

Member of Congress

Andy Biggs

Andy Biggs

Member of Congress

Mike Flood

Mike Flood

Member of Congress

Virginia Foxx

Virginia Foxx

Member of Congress

Clay Higgins

Clay Higgins

Member of Congress

Fred Keller

Fred Keller

Member of Congress

Pat Fallon

Pat Fallon

Member of Congress

cc: The Honorable Carolyn Maloney, Chairwoman
Committee on Oversight and Reform

The Honorable Stephen F. Lynch, Chairman
Subcommittee on National Security

The Honorable Raja Krishnamoorthi, Chairman
Subcommittee on Economic and Consumer Policy

The Honorable Ro Khanna, Chairman
Subcommittee on Environment

The Honorable Jamie Raskin, Chairman
Subcommittee on Civil Rights and Civil Liberties