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NEWS from U.S. Senator Bob Dole

(R.—Kans.)

New Senate Office Building, Washington, D.C. 20510 (202) 225-6521
FOR IMMEDIATE RELEASE CONTACT: JANET ANDERSON
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I WOULD SUPPORT LIMITED ROLLBACK ON CRUDE OIL PRICES

WASHINGTON, D.C.--Senator Bob Dole today informed Federal Energy Office Administrator William Simon that he feels the best form of consumer relief would be a rollback on gasoline, propane and other fuel prices. But if such an approach was not workable, he would support a reasonable rollback on "new" crude oil prices to protect consumer interests.

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The text of Senator Dole's letter, released through his Washington office, follows:

I have noted reports that the Federal Energy Office is considering the implementation of a rollback on crude oil prices.

Since the intent of any such action is to provide relief to consumers from the burdensome rise of fuel prices, I would prefer to see a rollback on the end product itself included in your considerations. If this proves unworkable, however, I would support a crude oil rollback, provided it meets two conditions; 1) the rollback be limited to so-called "new and released" oil and not apply to the oil produced by the more than 350,000 stripper wells in America; and 2) such a rollback be reasonable so as to maintain an adequate incentive for increased discovery and production of new domestic petroleum supplies.

While protection for consumer interests may require the imposition of some limitations on new and released oil, it should be kept in mind that greatly expanded supplies of new oil will be necessary to meet American's energy needs from secure domestic sources. Therefore, the return on this oil should be greater than on the "old" oil which requires no risk or significant new expenditures to produce. Some current prices for new oil may exceed the requirements of an adequate incentive, and I should think that a price level in the range of long-term equilibrium price estimates would be appropriate.

In my opinion an uncontrolled free market price should be allowed for stripper oil. The wells currently producing this oil -- some 12 percent of domestic output -- can only be kept in operation through a price structure which fully justifies the costs of their upkeep and maintenance. But more important, the Senate Finance Committee was told yesterday that a strong price for stripper oil can lead to the reactivation of many abandoned wells and increased production from them of some 250,000 barrels per day. I believe the need to maintain existing stripper production and the hopeful prospect for expanding our domestic production from abandoned wells fully justifies a free market price for stripper oil. And I would urge that this oil, therefore, be exempted from any rollback.

I would appreciate having your comments on the points I have raised and urge that they be taken into consideration as you study petroleum price matters.