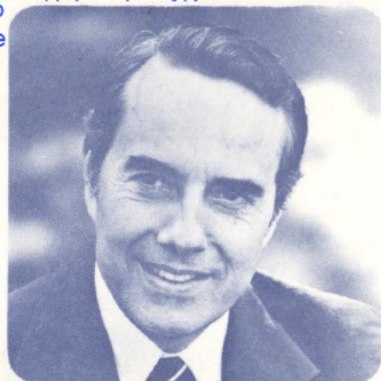


News from Senator

BOB DOLE



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SAUDI OIL PRICE HIKE ILLUSTRATES NEED FOR STRATEGIC PETROLEUM RESERVE, DOLE SAYS

WASHINGTON -- "The latest oil price increases by Saudi Arabia are yet another good example of why our nation needs to reaffirm our commitment to build the Strategic Petroleum Reserve (SPRO)," Senator Bob Dole (R-Kan.) said today on the floor of the Senate.

"In an attempt to ostensibly unify the fragmented oil pricing policies of OPEC, the Saudis have raised their per barrel price by \$2, and one can only assume that refiners of that imported crude will pass that increase along to consumers.

"The question we need to ask is when are we finally going to stand firm in our commitment to reducing U.S. oil vulnerability and loose ourselves from the stranglehold OPEC now has on us? Our current anti-SPRO policy renders us incapable of ever responding forcefully to continued cartel-style price hiking. There seems to be no end in sight to how far OPEC can push this country to the wall.

"When the Iranian Revolutionary Government raised its price to \$35 per barrel for crude oil, our ally Japan refused to buy. Their refusal to be blackmailed by the oil weapon was based on Japan's possession of an approximately 88-day petroleum reserve. Japan's strong reserve program was their first line of defense against an economic assault by Iran, and it provided them the needed cushion when the flow of Iranian crude was halted.

"It is this first line of defense, this energy insurance, or whatever one chooses to call the Strategic Petroleum Reserve, that could provide the United States the vital elements of time and flexibility in the event the oil weapon is used against us in the future. Our continued reliance on foreign oil over the next decade or so, OPEC's policy of continued price increases, and the highly vulnerable state existent in the region of the Persian Gulf make our need for a petroleum reserve greater today than ever.

"The Senate Energy Committee heard testimony by Secretary Duncan in which he stated no oil would be bought for SPRO until June 1981, regardless of the fact that the world oil market is soft and now may very well be the best opportunity we will have for some time to buy oil for SPRO. Does Secretary Duncan really think that the market will be better in June 1981 or that OPEC will reverse their cartel policy of continued price increases and actually lower their price per barrel? What are we waiting for? The time to reaffirm our commitment to filling the Strategic Petroleum Reserve is now -- not in 1981.

"Today our strategic reserve has a total capacity of 248 million barrels, but we possess only 91 million barrels in our reserves. This is barely a 12-day cushion, hardly enough for a nation so dependent on oil as a major component of our economy and defense posture. In light of current OPEC price increases the arguments put forth by the Carter Administration for halting the reserve program continue to be unjustifiable, and this anti-reserve policy must be reversed.

"While our consumers have provided a \$5-billion windfall profit to the government coffers of Saudi Arabia due directly to increased oil prices, and while our own economy continues to suffer, this Administration has done precious little to provide the nation with energy security. The Strategic Petroleum Reserve could, in the future, be used as a deterrent to those OPEC nations who will continually and unmercifully jack up the price of crude unless they know the United States possesses the capacity to say no to them."