

News from Senator

BOB DOLE



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FOR IMMEDIATE RELEASE:
WEDNESDAY, JANUARY 26, 1983

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DOLE URGES CHANGES IN TAKE OR PAY CONTRACTS

WASHINGTON -- Senator Bob Dole (R.-Kan.) announced today that he has written John E. Swearingen, Chairman of the Board of Standard Oil Co. (Amoco), to strongly encourage renegotiation of their high price, take or pay natural gas contracts with the Northwest Central Pipeline Corporation. Northwest Central (formerly Cities Service) is a major Kansas supplier of natural gas.

"Northwest Central purchases high cost gas from a large number of producers and I intend to contact each producer with the same message. Amoco, though, is by far the largest high cost gas supplier to Northwest. It is ironic that under existing federal price controls, Amoco is entitled to receive a price for their so-called tight sands gas which is substantially above what most experts believe to be the free market price for gas. I believe they have an obligation to renegotiate contracts that are no longer justified by market conditions. If producers are unwilling to voluntarily change their gas contracts, it seems likely that Congress will change those contracts for them," Dole said.

In his letter to Swearingen, Dole said:

It is my understanding that Northwest Central purchases large volumes of high priced natural gas from the Wamsutter Limited Partnership, of which Amoco is the general partner. These purchases are having an unjustifiable adverse impact on constituents who are consumers on the Northwest Central system. I understand that your company has met with representatives of Northwest Central to discuss renegotiation of the Wamsutter contracts. I strongly encourage you to substantially alter your existing agreement.

In my opinion, Congress will not allow the current natural gas situation to continue. If there are not voluntary changes in natural gas contracts the market can no longer support, I believe Congress will act to alter them legislatively. I mention the above not as a threat, but merely as my assessment of the political climate. I believe it is accurate.

I realize that you have obligations to your partners and stockholders which may make renegotiation difficult. I encourage you, though, to consider the public interest and the long term interest of the natural gas market when considering possible changes in existing gas contracts.