House
REPUBLICAN
Conference

Sample Statement on Republican Efforts to Secure America's Energy Future

For Immediate Release: Contact:

Rep. ### Statement on Republican Efforts to Secure America's Energy Future

WASHINGTON, DC—Today, Congressman ### (R-##) released the following statement regarding rising gas prices and pending Congressional action on energy legislation:

"Today our nation faces a looming energy crisis that is already manifesting itself in rising crude oil costs and skyrocketing gas prices. This crisis could have been avoided much earlier, had not the Democrat obstructionists in the House and Senate prevented a balanced, comprehensive energy plan from being passed each of the last 4 years."

Beginning Tuesday, April 5th, the House Energy and Commerce Committee will once again begin consideration of energy legislation—the Energy Policy Act of 2005—with the hope of finally providing the nation with a reliable, stable flow of energy.

"House Republicans will be not let the opponents of change stop us from enacting a sensible and progressive energy solution for America. With the start of debate on the Energy Policy Act of 2005, we are taking a serious step forward in providing Americans with energy security for the 21st century. Through expanded production, increased conservation, and greater investment in renewable energy sources, America's energy future will be secure and stable."

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A National Energy Plan to Fuel America

House Republican Conference
Chairman Deborah Pryce

Oil prices keep barreling upward; analysts foresee $ 2.40 gas by Memorial Day

The Washington Times
April 2, 2005, Saturday
By Patrice Hill

Oil prices surged nearly $ 2 to a record $ 57.27 a barrel yesterday on fear that the thirst for gasoline this summer could outstrip world oil supplies and lead to a massive spike in fuel prices.

With both oil and wholesale gasoline prices at new highs in New York trading, analysts predict the average price of regular, self-serve gasoline will surpass $ 2.25 a gallon within weeks and shoot up to $ 2.40 by Memorial Day, the start of the heaviest driving season in the United States.

But the jump in gas prices since last year has not deterred Americans from driving as much as ever, and demand is expected to keep growing at a 2 percent pace this summer.

Meanwhile, the use of oil in cars and factories in China, India and other developing countries is surging, putting the world on a collision course with a rapidly shrinking cushion of oil supplies.

Most oil-producing nations are pumping as much as they can, and the cushion of excess supply among Organization of the Petroleum Exporting Countries producers -- primarily Saudi Arabia -- is estimated at less than 1 million barrels a day in a world that consumes 84 million barrels of oil a day.

The dicey outlook led Goldman Sachs, a major energy trader and Wall Street investment bank, this week to forecast spikes in oil prices to more than $ 100 a barrel over the next several years as consumers bump up against global limits on oil supplies.

"Oil markets may have entered the early stages of what we have referred to as a 'super spike' period," where prices for premium crude range between $ 50 and $ 105, said Goldman analyst Arjun Murti.

Given that robust demand has held up in the face of record prices for the last year, a doubling of oil prices would be needed to "meaningfully reduce energy consumption and re-create a spare capacity cushion" that would enable prices to fall again, he said.

The Goldman forecast had a powerful effect, driving up oil prices this week, and took a toll on the stock market, contributing to a 99-point drop in the Dow Jones Industrial Average yesterday.<t-5> Rapidly rising gas prices also are weighing on consumer confidence, which has declined in the last two months as the cost of filling up has risen sharply.

Rather than cut back on gas, Americans usually go further into debt or cut back spending in other areas.

But many oil analysts are skeptical that the oil market is heading for the meltdown portrayed by Goldman Sachs.

They note recent speculation driving up oil prices is being fanned by hedge funds, mutual funds and other big investors that have dived into the oil markets to make profits in the last year. Oil contracts have been among the biggest money-makers -- producing a tenfold return on investment since 2001.

"Traditionally, the hedgers and speculators have ruled the commodity markets.

But now a new behemoth has stepped in -- the institutional ... fund manager" who buys and holds oil contracts indefinitely without selling, said Tom Nugent, an analyst with Kudlow & Co.

"This entrant has trillions of dollars of assets under management and is changing the landscape," driving up oil prices dramatically and perhaps indefinitely, he said. "This monster has staggering geopolitical consequences that are currently being played out."

While investors are playing a bigger role in the price of oil, this year's run-up owes more to strong growth in demand, which could push prices to between $ 60 and $ 80 in the coming year, according to Cambridge Energy Research Associates.

Some economists note that high oil prices already are slowing demand and economic growth in Japan and Europe, and they will not have to rise as high as $ 100 to dampen demand in the United States and rest of the world.

Jay Bryson, economist with Wachovia Securities, expects oil prices to stay around $ 50 this year, high enough to put a lid on demand.

With ample inventories of oil and gas in the United States, he says the market is overreacting to worries about supplies. "We look for a near-term decline in the price of oil," he said.