

Original FOIA Number: 1998-0099-F

6th FOIA Number:

2nd FOIA Number:

7th FOIA Number:

3rd FOIA Number:

8th FOIA Number:

4th FOIA Number:

9th FOIA Number:

5th FOIA Number:

10th FOIA Number:

FOIA MARKER

This is not a textual record. This is used as an administrative marker by the George Bush Presidential Library Staff.

Record Group: Bush Presidential Records
Office: Records Management, White House Office of (WHORM)
Series: Subject File - General
Scanned/Unscanned: Scanned

WHORM Category Code: CM010
WHORM Category Name: Petroleum (Gas-Oil)

Document Number: 238159
Alpha File Name:

TB
Preserved

ID# 238159

THE WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

CMO10

3920

INCOMING

DATE RECEIVED: MAY 14, 1991

NAME OF CORRESPONDENT: THE HONORABLE PHIL SHARP

SUBJECT: URGES THE PRESIDENT TO CONSIDER THE SAUDI
ARABIAN PROPOSAL TO PROVIDE OIL FOR THE SPR
IN LIEU OF PAYMENT OF A PORTION OF THE DEBT
FROM OPERATION DESERT SHIELD / STORM

ROUTE TO: OFFICE/AGENCY	(STAFF NAME)	ACTION		DISPOSITION	
		ACT CODE	DATE YY/MM/DD	TYPE RESP	C COMPLETED D YY/MM/DD
FREDERICK MCCLURE		ORG	91/05/14	FM	A 91/05/16 LJ
99 WSC ✓	REFERRAL NOTE: _____	R	91/05/28	LJ	BSA 91/06/11
99 DOS	REFERRAL NOTE: _____	I	91/05/28	LJ	C 1 1
99 TRCA	REFERRAL NOTE: _____	I	91/05/28	LJ	C 1 1
	REFERRAL NOTE: _____		1 1		1 1
	REFERRAL NOTE: _____				

COMMENTS: INCOMING REC'D FROM LEGISLATIVE AFFAIRS,
MAY 13 91, FOR TRACKING
SPR (STRATEGIC PETROLEUM RESERVE)

ADDITIONAL CORRESPONDENTS: 3 MEDIA:L INDIVIDUAL CODES: 1230 _____
MAIL USER CODES: (A) _____ (B) _____ (C) _____

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*****
*ACTION CODES:          *DISPOSITION          *OUTGOING          *
*                       *                               *CORRESPONDENCE:  *
*A-A-APPROPRIATE ACTION *A-ANSWERED          *TYPE RESP=INITIALS *
*C-COMMENT/RECOM        *B-NON-SPEC-REFERRAL *           OF SIGNER *
*D-DRAFT RESPONSE       *C-COMPLETED        *           CODE = A  *
*I-INFO COPY/NO ACT NEC *S-SUSPENDED        *COMPLETED = DATE OF *
*R-DIRECT REPLY W/COPY  *                               *           OUTGOING *
*S-FOR-SIGNATURE        *                               *                               *
*X-INTERIM REPLY        *                               *                               *
*****

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REFER QUESTIONS AND ROUTING UPDATES TO CENTRAL REFERENCE
(ROOM 75, OEOB) EXT-2590
KEEP THIS WORKSHEET ATTACHED TO THE ORIGINAL INCOMING
LETTER AT ALL TIMES AND SEND COMPLETED RECORD TO RECORDS
MANAGEMENT.

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

May 31, 1991

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: TIMOTHY E. DEAL *TED*

FROM: ERIC MELBY *EM*

SUBJECT: Congressional Letter on SPR

Natl Sec Advisor
has seen

SIGNED

Fred McClure has asked that we respond to a letter from Congressmen Gephardt, Dingell, Panetta and Sharp on the SPR. In essence, they urge that the Administration accept Saudi oil in lieu of financial payments for Desert Shield obligations.

The draft response states that we expect Saudi Arabia to fulfill its 1991 Desert Shield obligations by the end of June. It also states that we are prepared to undertake separate discussions on filling the SPR.

The draft response has been cleared by OMB, DOE, and State.

Concurrences by: Ginny *not* Lampley, Sandy *sc* Charles

RECOMMENDATION

That you sign the letters to the Congressmen at Tab I.

Attachments

Tab I Letters to Congressmen
Tab II Incoming

THE WHITE HOUSE

WASHINGTON

June 11, 1991

Dear Mr. Chairman:

Thank you for your letter of May 10, co-signed by three of your colleagues, concerning Saudi contributions to help meet the cost of Operation Desert Shield.

By the end of June, we expect that Saudi Arabia will have met all its 1991 Operation Desert Shield financial commitments of \$13.5 billion. Most of this will have been in cash, although Saudi Arabia is also making in-kind contributions to support U.S. forces in the region.

In this regard, it has not been necessary to offset Saudi financial payments with oil for the Strategic Petroleum Reserve. We have discussed this situation with Saudi officials, who understand our position.

Nevertheless, we believe it important to resume expeditious acquisition of oil for the SPR. In this connection, we will be exploring a full range of options with key producers, including Saudi Arabia, to enhance our mutual security. We will take your views into consideration in these discussions.

Sincerely,



Brent Scowcroft

The Honorable Philip R. Sharp
Chairman
Subcommittee on Energy and Power
Committee on Energy and Commerce
House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

June 11, 1991

Dear Mr. ^{beer}Chairman:

Thank you for your letter of May 10, co-signed by three of your colleagues, concerning Saudi contributions to help meet the cost of Operation Desert Shield.

By the end of June, we expect that Saudi Arabia will have met all its 1991 Operation Desert Shield financial commitments of \$13.5 billion. Most of this will have been in cash, although Saudi Arabia is also making in-kind contributions to support U.S. forces in the region.

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Sincerely,


Brent Scowcroft

The Honorable Leon E. Panetta
Chairman
Committee on the Budget
House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

June 11, 1991

Deck

Dear Congressman Gephardt:

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By the end of June, we expect that Saudi Arabia will have met all its 1991 Operation Desert Shield financial commitments of \$13.5 billion. Most of this will have been in cash, although Saudi Arabia is also making in-kind contributions to support U.S. forces in the region.

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Sincerely,

Brent

Brent Scowcroft

The Honorable Richard A. Gephardt
Majority Leader
House of Representatives
Washington, D.C. 20515

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June 11, 1991


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Sincerely,


Brent Scowcroft

The Honorable John A. Dingell
Chairman
Committee on Energy and Commerce
House of Representatives
Washington, D.C. 20515

May 16, 1991

Dear Congressman Sharp:

Thank you for your recent letter to the President, cosigned by 3 of your colleagues, regarding discussions between the U.S. and Saudi Arabian governments to explore means through which the Saudi Arabian debt from Operation Desert Shield and Desert Storm may be repaid.

We appreciate being apprised of your support for a proposal to provide Saudi oil for the Strategic Petroleum Reserve. Please know that I have shared your comments with President Bush. Additionally, I have taken the liberty of providing your remarks to several of the President's advisors on this matter so that they, too, are aware of your recommendations.

Thank you again for your interest in writing.

With best regards,

Sincerely,

Frederick D. McClure
Assistant to the President
for Legislative Affairs

The Honorable Philip R. Sharp
House of Representatives
Washington, D.C. 20515

FDM:TSB:

bcc: w/ copy of inc to NSC - for Direct Response
bcc: w/ copy of inc to Dept. of State - FYI
bcc: w/ copy of inc to Dept. of the Treasury - FYI

2 38159

Congress of the United States
House of Representatives
Washington, D.C. 20515

May 10, 1991

The Honorable George W. Bush
President
The White House
Washington, DC 20500

Dear Mr. President:

We understand that the Administration and Saudi Arabia are discussing different means by which the large Saudi Arabian debt to the United States incurred during the Desert Shield and Desert Storm operations might be repaid.

One Saudi proposal was to provide oil for the Strategic Petroleum Reserve in lieu of payment of a portion of the debt.

We write to urge strongly your favorable consideration of such a repayment option.

We realize that other considerations may argue for a rapid full repayment in cash. However, a significant gain in our nation's energy security could be achieved by your timely commitment to rapidly fill the SPR.

Because this oil would be stored, not placed on the open world market, the Saudi government may be willing to sell the oil at prices significantly below its market value, but above its production cost, thus benefitting both sides. Saudi Arabia has: (1) a temporary shortage of cash for repayment; (2) at least 300,000 barrels per day of excess capacity; (3) over 100 years of reserves; (4) production costs of less than \$1 per barrel; and (5) the knowledge that sales to the SPR will not depress world oil prices.

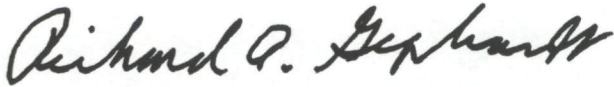
Alternatively, Saudi Arabia may be willing to lease oil to us, in a manner consistent with last year's Strategic Petroleum Reserve legislation, which could also give the U.S. significant benefits. An SPR considerably larger than its current level is a goal that both Congress and your National Energy Strategy endorse. The increased energy security that would result from a larger SPR would both benefit energy consumers and allow greater policy flexibility.

It would seem to us that under the circumstances, the U.S. and Saudi Arabia should be able to work out an arrangement. We strongly encourage your prompt and favorable consideration of such an option.

Free Clava

Please let us know how we can assist you in working out such a mutually beneficial agreement.

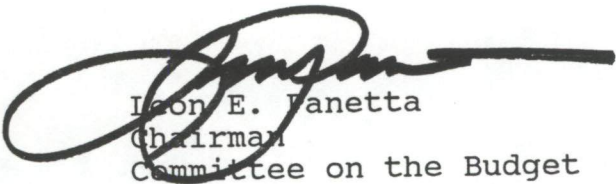
Sincerely,



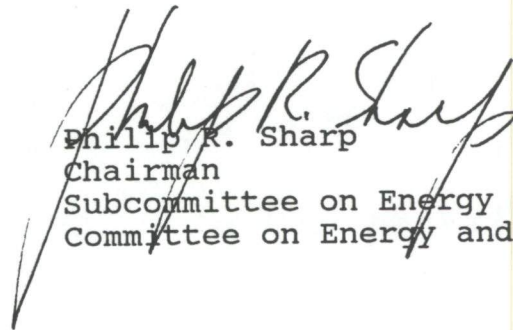
Richard A. Gephardt
Majority Leader



John D. Dingell
Chairman
Committee on Energy and Commerce



Leon E. Panetta
Chairman
Committee on the Budget



Philip R. Sharp
Chairman
Subcommittee on Energy and Power
Committee on Energy and Commerce

THE WHITE HOUSE

WASHINGTON

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By the end of June, we expect that Saudi Arabia will have met all its 1991 Operation Desert Shield financial commitments of \$13.5 billion. Most of this will have been in cash, although Saudi Arabia is also making in-kind contributions to support U.S. forces in the region.

In this regard, ~~we do not believe it appropriate or necessary to~~ ^{it has not been} offset Saudi financial payments with oil for the Strategic Petroleum Reserve. We have discussed this with Saudi officials, who understand our position. ^{situation}

Nevertheless, we believe it important to resume expeditious acquisition of oil for the SPR. In this connection, we will be exploring a full range of options with key producers, including Saudi Arabia, to enhance our mutual security. We will take your views into consideration in these discussions.

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Brent Scowcroft

The Honorable Richard A. Gephardt
Majority Leader
House of Representatives
Washington, D.C. 20515

Same for all letters

THE WHITE HOUSE

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House of Representatives
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The Honorable John A. Dingell
Chairman
Committee on Energy and Commerce
House of Representatives
Washington, D.C. 20515

UNCLASSIFIED
NSC/S PROFILE

RECORD ID: 9103920
RECEIVED: 24 MAY 91 14

TO: GEPHARDT, RICHARD A
ET AL

FROM: SCOWCROFT

DOC DATE: 11 JUN 91
SOURCE REF:

KEYWORDS: SAUDI ARABIA
CO

DESERT STORM

PERSONS:

SUBJECT: RESPONSE TO CONGRESSIONAL LTR ON SPR

ACTION: SCOWCROFT SGD LTRS

DUE DATE: 28 MAY 91

STATUS: C

STAFF OFFICER: HAASS

LOGREF:

FILES: WH

NSCP:

CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION

FOR CONCURRENCE

FOR INFO

CHARLES
DEAL
LAMPLEY
MELBY
NSC CHRON

COMMENTS: _____

DISPATCHED BY RCB DATE 6/12 BY HAND W/ATTCH

OPENED BY: NSRCB

CLOSED BY: NSRCB

DOC 3 OF 3

UNCLASSIFIED

UNCLASSIFIED
ACTION DATA SUMMARY REPORT

RECORD ID: 9103920

DOC ACTION OFFICER

CAO ASSIGNED ACTION REQUIRED

001 HAASS
002 SCOWCROFT
003

Z 91052414 PREPARE MEMO FOR SCOWCROFT
Z 91060411 FOR SIGNATURE
X 91061210 SCOWCROFT SGD LTRS

UNCLASSIFIED

UNCLASSIFIED
NSC/S PROFILE

RECORD ID: 9103920
RECEIVED: 24 MAY 91 14

TO: PRESIDENT

FROM: SHARP, PHILIP R

DOC DATE: 10 MAY 91
SOURCE REF: 238159

KEYWORDS: SAUDI ARABIA
CO

DESERT STORM
OIL

PERSONS:

SUBJECT: LTR RE SAUDI PROPOSAL TO CONTRIBUTE OIL TO SPR IN LIEU OF PAYMENT OF
DESERT STORM / SHIELD DEBT

ACTION: _____ DUE DATE: 28 MAY 91 STATUS: C

STAFF OFFICER: HAASS

LOGREF:

FILES: WH

NSCP: _____

CODES: _____

D O C U M E N T D I S T R I B U T I O N

FOR ACTION

FOR CONCURRENCE

FOR INFO

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSRCB

CLOSED BY: NSRCB

DOC 1 OF 3

UNCLASSIFIED

UNCLASSIFIED
NSC/S PROFILE

RECORD ID: 9103920
RECEIVED: 24 MAY 91 14

TO: PRESIDENT

FROM: SHARP, PHILIP R

DOC DATE: 10 MAY 91
SOURCE REF: 238159

KEYWORDS: SAUDI ARABIA
CO

DESERT STORM

*Tim
Read*

PERSONS:

SUBJECT: LTR RE DISCUSSIONS BTW US & SAUDI ARABIAN GOVT TO EXPLORE MEAN
THOUGH WHICH SAUDI ARABIAN OPERATION DESERT SHIELD & DESERT STORM

ACTION: PREPARE MEMO FOR SCOWCROFT DUE DATE: 28 MAY 91 STATUS: S

STAFF OFFICER: HAASS

LOGREF:

FILES: WH

NSCP:

CODES:

DOCUMENT DISTRIBUTION

FOR ACTION
HAASS

FOR CONCURRENCE
CHARLES
LAMPLEY

FOR INFO
GATES
HAYDEN
HULL
O'LEARY
PAVITT
SCOWCROFT

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSRCB

CLOSED BY:

DOC 1 OF 1

UNCLASSIFIED

*Congressional Letter
on JPR*

**National Security Council
The White House**

PROOFED BY: _____ LOG # 3920 Redo
URGENT NOT PROOFED: _____ SYSTEM PRS NSC INT
BYPASSED WW DESK: _____ DOCLOG _____ A/O _____

	SEQUENCE TO	HAS SEEN	DISPOSITION
Ken Hill	_____	_____	_____
Bill Sittmann	_____	_____	_____
Bob Gates	_____	_____	_____
Brent Scowcroft	<u>4</u>	<u>APNSA Has Seen</u>	_____
Bill Sittmann	_____	_____	_____
Situation Room	_____	_____	_____
West Wing Desk	<u>5</u>	<u>9/11</u>	<u>D</u>
NSC Secretariat	<u>6</u>	_____	<u>D</u>
_____	_____	_____	_____
_____	_____	_____	_____

A = Action I = Information D = Dispatch R = Retain N = No further Action

cc: VP Sununu Other _____

Should be seen by: _____
(Date/Time)

COMMENTS

DISPATCH INSTRUCTIONS:

Cong ltr on SPR

National Security Council
The White House

PROOFED BY: DJD

LOG # 3920

URGENT NOT PROOFED: _____

SYSTEM PR5 NSC INT

BY PASSED WW DESK: _____

DOCLOG AC A/O _____

Me for
Ken Hill

SEQUENCE TO HAS SEEN DISPOSITION

Bill Sittmann

Bob Gates

Brent Scowcroft

Bill Sittmann

Situation Room

West Wing Desk

NSC Secretariat

91 JUN 4 A 9: 10

SEQUENCE TO	HAS SEEN	DISPOSITION
<u>1</u>	<u>K</u>	<u>A</u>
<u>2</u>	<u>W</u>	
<u>3</u>	<u>→ REDO</u>	
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

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cc: VP Sununu Other _____

Should be seen by: _____ (Date/Time)

COMMENTS

DISPATCH INSTRUCTIONS:

RECEIVED JUN 4 10:15 AM '91

TB
Presip

ID# 238159

THE WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

CMOIO

INCOMING

DATE RECEIVED: MAY 14, 1991

NAME OF CORRESPONDENT: THE HONORABLE PHIL SHARP

SUBJECT: URGES THE PRESIDENT TO CONSIDER THE SAUDI
ARABIAN PROPOSAL TO PROVIDE OIL FOR THE SPR
IN LIEU OF PAYMENT OF A PORTION OF THE DEBT
FROM OPERATION DESERT SHIELD / STORM

ROUTE TO: OFFICE/AGENCY	(STAFF NAME)	ACTION		DISPOSITION	
		ACT CODE	DATE YY/MM/DD	TYPE RESP	C COMPLETED D YY/MM/DD
FREDERICK MCCLURE		ORG	91/05/14	FM	A 91/05/16 LJ
99 NSC	REFERRAL NOTE: _____	R	91/05/28 LJ		- - 1 - 1
99 DOS	REFERRAL NOTE: _____	I	91/05/28 LJ	C	- 1 - 1
99 TRCA	REFERRAL NOTE: _____	I	91/05/28 LJ	C	- 1 - 1
	REFERRAL NOTE: _____		- - 1 - 1		- - 1 - 1
	REFERRAL NOTE: _____				

COMMENTS: INCOMING REC'D FROM LEGISLATIVE AFFAIRS,
MAY 13 91, FOR TRACKING
SPR (STRATEGIC PETROLEUM RESERVE)

ADDITIONAL CORRESPONDENTS: 3 MEDIA:L INDIVIDUAL CODES: 1230 _____
MAIL USER CODES: (A) _____ (B) _____ (C) _____

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*R-DIRECT REPLY W/COPY *                        *           OUTGOING  *
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*X-INTERIM REPLY       *                        *                        *
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Frederick D. McClure
Assistant to the President
for Legislative Affairs

The Honorable Philip R. Sharp
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Washington, D.C. 20515

FDM:TSB:

bcc: w/ copy of inc to NSC - for Direct Response
bcc: w/ copy of inc to Dept. of State - FYI
bcc: w/ copy of inc to Dept. of the Treasury - FYI

2 38159

*for
Enclosure*

Congress of the United States
House of Representatives
Washington, D.C. 20515

May 10, 1991

The Honorable George W. Bush
President
The White House
Washington, DC 20500

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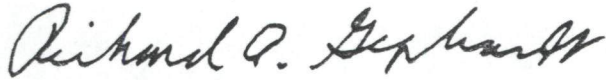
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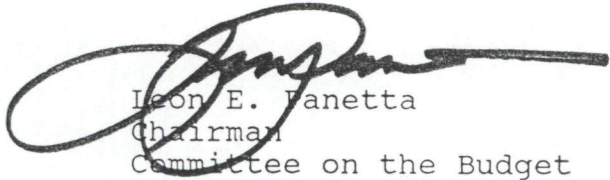
Sincerely,



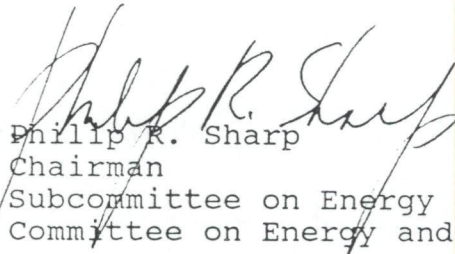
Richard A. Gephardt
Majority Leader



John D. Dingell
Chairman
Committee on Energy and Commerce



Leon E. Vanetta
Chairman
Committee on the Budget



Phillip R. Sharp
Chairman
Subcommittee on Energy and Power
Committee on Energy and Commerce

PHOTOCOPY
MISC. HANDWRITING