**WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET**

**Name of Correspondent:** kinda Stuntz

**Subject:** Page 6- Insert re oil supply in response to the Middle East Situation

**ROUTE TO:**

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<th>Office/Agency</th>
<th>(Staff Name)</th>
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**ACTION**

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<th>Action Code</th>
<th>Tracking Date YY/MM/DD</th>
<th>Type of Response Code</th>
<th>Completion Date YY/MM/DD</th>
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**ACTION CODES:**

- A - Appropriate Action
- C - Comment/Recommendation
- D - Draft Response
- F - Furnish Fact Sheet to be used as Enclosure
- I - Info Copy Only/No Action Necessary
- R - Direct Reply w/Copy
- S - For Signature
- X - Interim Reply

**DISPOSITION CODES:**

- A - Answered
- B - Non-Special Referral
- C - Completed
- S - Suspended

**FOR OUTGOING CORRESPONDENCE:**

Type of Response = Initials of Signer
Completion Date = Date of Outgoing

**Comments:** No response required. #41 7/22/90

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Keep this worksheet attached to the original incoming letter. Send all routing updates to Central Reference (Room 75, OEOB). Always return completed correspondence record to Central Files. Refer questions about the correspondence tracking system to Central Reference, ext. 2590.
Department of Energy
Washington, DC 20585

Facsimile Cover Sheet
for
The Office of Policy, Planning and Analysis

Date: 9/10/90

To: John Schmitz

Organization:

Phone/Fax Number: 456-1239

From: Linda G. Stuntz

Subject/Comments:

COUNSEL'S OFFICE
RECEIVED
SEP 10 1990

This fax contains 3 pages, including this cover. If you did not receive all of the pages or if illegible, please phone

Georgia at (202) 586-5314.
Page 6 Insert

Oil prices have increased sharply in the last month in reaction to uncertainty about future supplies. These increases will have an impact on the economy but need not push the U.S. into a recession.

Concerns about future supplies can be substantially reduced. The international community is responding to the energy ramifications of the Middle East situation with the same strong consensus that has been achieved on the diplomatic and security front. We are working with major producers to offset the volume of Iraqi and Kuwaiti oil that has been lost to the market. The full effects of this increased production should be felt fairly soon.

World oil stocks are at relatively high levels, and the market is currently being supplied with adequate volumes of oil products. Should the situation warrant it, IEA member states can count on the availability of more than 1 billion barrels of strategic stocks. The drawdown of these reserves, which were not available ten years ago, can be closely coordinated in order to obtain maximum impact on supply and price.

We are confident that the conservation, fuel switching, and oil supply response measures that are being undertaken, and our readiness to drawdown our strategic reserves, will stabilize conditions in the oil market.
Third: In line with the strong consensus we have achieved with our International Energy Agency partners, I have approved a series of measures that will increase U.S. energy efficiency, fuel switching, and domestic oil production. Energy efficiency is one of the most effective tools at our disposal to reduce our dependence on oil imports, reduce energy costs to consumers, and have a positive effect on the environment. To set an example for the Nation, I intend to issue an Executive Order requiring a minimum 10 percent reduction in Federal energy use, and accelerated conversion of the Federal auto and truck fleet to alternative fuels.

Fuel switching can be increased by removing barriers to new construction of natural gas pipelines. Domestic oil production increases can be obtained by expediting permits to bring developed projects on line in Alaska and California.

I expect to transmit to Congress tomorrow the full details of these measures, and to begin their implementation as rapidly as possible.