United States Senate

WASHINGTON, DC 20510

February 2, 2006

Mr. Rex W. Tillerson
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Mr. James J. Mulva
Chairman and CEO
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Mr. Ross J. Pillari
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Mr. John Hofmeister
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Mr. Felix Rodriguez
President and CEO
Citgo Petroleum Corporation
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Mr. David J. O'Reilly
Chairman and CEO
Chevron Corporation
6001 Bollinger Canyon Rd
San Ramon, CA 94583

Dear Gentlemen:

As America continues to import an increasing percentage of our oil, often from dangerous regimes around the globe, and as gasoline prices spiked to record levels following Hurricanes Katrina and Rita and remain high today, it is clear that fuel diversity, affordability and availability are key to achieving a secure energy supply and robust economy for our nation.

For these reasons, it is encouraging that Americans are turning increasingly to domestically-produced renewable fuels such as ethanol and biodiesel. We've taken some very significant steps in recent months to support this trend, including enacting this past summer the renewable fuels standard (RFS), under which ethanol and biodiesel will make up an ever greater percentage of our nation's motor vehicle fuel supply in future years.

To meet the growing demand, renewable fuel production is expanding at an unprecedented rate. There are now 95 ethanol plants in operation, with many more coming on-line. There are also more than 50 biodiesel plants. Our nation will produce well above four billion gallons of ethanol this year, and there is no doubt the rapid expansion of production will continue in order to supply increasing demand.

Further steps are necessary to make the country's rapidly expanding supply of biofuels available to motorists who want to use them. We must produce more flex-fuel vehicles which can operate on various blends of ethanol and gasoline. One recent survey found that nearly ninety percent of consumers would like to see manufacturers offer flex-fuel vehicles that use ethanol. Toward that end, we recently introduced a bill, S. 1994, the Fuel Security and Consumer Choice Act, which would ensure that within ten years all new vehicles sold in the United States would be capable of running on blends of up to 85 percent ethanol (E-85).

It is obvious we also need many more service station pumps supplying E-85, since there are now only 600 of them in the entire Unites States. We would like to work with you to increase the availability of E-85 pumps substantially in order to supply the increasing demand for this fuel. Some information indicates that retail marketers of your branded products can encounter various obstacles if they seek to offer their customers E-85 or other ethanol-blended fuels. We have been informed, for example, that some company policies and practices prohibit dealers from selling E-85 or require that it be offered to consumers at separate fuel pump islands away from the branded fuel offerings.

We invite each of you to give us your perspective on what is needed to improve the availability of E-85 to consumers. Is our information correct as to existing industry marketing policies and practices regarding E-85 and ethanol blends? If such obstacles do exist, we would hope to have the opportunity to work with you so that E-85 and ethanol blends, which meet industry standards and vehicle specifications, are conveniently offered to consumers at your branded stations across the country.

Thank you for considering our views on these issues. We look forward to hearing from you soon and working with you to increase the availability of renewable fuels.

Sincerely,

Tom Harkin
United States Senator

Richard G. Lugar
United States Senator