



One Hundred Sixteenth Congress
U.S. House of Representatives
Committee on Foreign Affairs
2170 Rayburn House Office Building
Washington, DC 20515
www.foreignaffairs.house.gov

March 25, 2020

The Honorable Keith Krach
Under Secretary of State for Economic Growth, Energy, and the Environment
U.S. Department of State
2201 C Street N.W.
Washington, DC 20520

Dear Undersecretary Krach,

In light of the increasingly dire situation facing the U.S. oil industry, I urge you to continue diplomatic engagement to help stem the devastating economic implications of the ongoing oil price war between Saudi Arabia and Russia. I commend Secretary Pompeo for emphasizing the need for global economic stability on his recent call with Saudi Crown Prince Mohammed bin Salman Al Saud, and I encourage you to keep up this pressure until we see changes.

As a result of Saudi and Russian actions, crude oil experienced the sharpest one-day price drop since the Gulf War and is now trading under \$30 per barrel. As you know, this is a level which many American companies, both small and large, will find unsustainable if this situation persists. The ongoing COVID-19 outbreak is presenting enough challenges for the United States without the added effects of rock-bottom oil prices and excess supply. The shale industry in my home state of Texas and throughout the rest of the U.S. has fought hard to turn America into a leading oil and gas producer and to increase our energy independence. This position and their hard work could be a thing of the past if production is not cut by Saudi-led OPEC and Russia.

The United States is accustomed to Putin being a bad actor, often pursuing aggressive international policies aimed at undermining the United States and the Western democratic system. The Russian Federation viewed an oil war as a prime opportunity to take a shot at the booming American shale industry that has threatened Putin's reach into Europe and beyond. He is desperate to retaliate for the broadening oil and gas sanctions against his regime, including the NordStream 2 sanctions I helped get enacted in December. Plainly, Putin wants to edge U.S. energy out of his traditional "backyard" European market. I know we are in agreement that we must stand firm against his regime's attempts to wield energy as a geopolitical weapon.

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The Trump administration stood in solidarity with Saudi Arabia amid Iran's attack on Saudi oil facilities last September, which was a deliberate attempt to disrupt the global economy. I ask that you remind Saudi Arabia of that support as they consider next steps for OPEC and for the Group of 20, which it currently chairs. This is an area where we should be working together as strategic partners to try to insulate the global economy from further disruption.

These countries both believe they can outlast one another in this dispute, ignoring the dire global impacts these actions are having. The United States has worked hard to become a net energy exporter and to achieve dramatic progress on our road to energy independence. We cannot jeopardize this success and allow our industries to become the victim of someone else's price war, so I ask you to continue utilizing every tool at your disposal to press Saudi Arabia and Russia to cut production. Especially now, America and the world need stability in this and other global matters.

Sincerely,



MICHAEL T. McCAUL
Ranking Member
House Foreign Affairs Committee