

July 13, 2022

Teri L. Donaldson
Inspector General
U.S. Department of Energy
1000 Independence Avenue, SW
Washington, DC 20585

Dear Inspector General Donaldson,

I urge you to immediately open an investigation into the Department of Energy's (DOE) recent releases of oil from the Strategic Petroleum Reserve (SPR) to foreign countries including China. The SPR exists to protect and serve Americans, not foreign entities or adversaries. It is incumbent upon your office to determine the possibility of gross administrative misconduct with respect to these sales which may damage American energy security.

While Americans are paying record gasoline and diesel fuel prices, the Biden administration appears to have been letting our strategic oil stockpiles flow to foreign countries and entities. Critically, the American people deserve answers as to how exactly the Department justified sending oil from the SPR to China. DOE's recent transfer of nearly one million barrels of oil to UNIPEC is just one concerning example. That company is a wholly-owned subsidiary of a Chinese State-Owned Enterprise (SOE). This all comes at a time when the SPR's level has fallen to about 492 million barrels of oil, the lowest level since 1985, due to the Department's scheduled releases of nearly one million barrels per day.

These actions by the Department fall squarely within the scope of activities your office exists to root out. The Inspector General's office is empowered to investigate allegations of fraud, waste, and abuse with priority given to investigations of serious administrative misconduct. This includes the detection of contract fraud and issues that reflect on the integrity and credibility of Department officials. The process by which oil reserves were released to foreign adversaries such as China merits such investigation.

In order for Congress to consider legislation to improve oversight or operations of the Strategic Petroleum Reserve, please respond to the following questions by July 29th, 2022:

1. Does the Department have any internal controls in place to prevent the transfer of oil from the SPR to foreign entities with ties to China?
2. How many barrels of oil from the SPR ultimately went to American refineries? How many ultimately served foreign markets?
3. How could the qualifications or limitations the Department considers during the contracting process be improved to ensure releases from the SPR serve to improve the supply and affordability of energy for American citizens?

4. Were any controls in place to ensure oil from the SPR would go to serve American markets? How could these be improved?
5. Did Department officials follow the statutory requirement to consult with the Secretary of Defense on SPR releases? Did the Secretary of Defense raise any concerns regarding any transfer of the SPR to any foreign government or Chinese state-owned enterprise?

Sincerely,

A handwritten signature in black ink, appearing to read "Josh Hawley". The signature is written in a cursive, flowing style with a large initial "J" and a long, sweeping underline.

Josh Hawley
United States Senator