

Senators Ask Justice to Probe California Gasoline Prices

By REUTERS
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WASHINGTON (Reuters) - The U.S. Justice Department should investigate whether [oil](#) refineries created a perceived shortage of gasoline supply in May and October of this year when West Coast prices spiked to record highs, six Democratic senators said on Tuesday.



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The senators want the Justice Department to subpoena records from California refineries to see whether public reports of maintenance shutdowns were accurate. If not, the refineries could face fines.

"We are requesting a Department of Justice investigation of possible market manipulation and false reporting by oil refineries, which may have created a perception of a supply shortage when in fact refineries were still producing," the senators said in a letter to Attorney General Eric Holder.

The senators cited a report from independent energy consultant Robert McCullough that said two West Coast refineries continued to operate throughout May despite reports they were shut for maintenance.

The report also found West Coast oil inventories were at historically high levels in October and were rising in May, which should have kept prices from spiking during an unplanned shutdown of an Exxon Mobil Corp refinery, but they rose near \$5 a gallon.

The letter was signed by Senators Maria Cantwell and Patty Murray of Washington, Dianne Feinstein and Barbara Boxer of California, and Ron Wyden and Jeff Merkley of Oregon.

The senators said the Justice Department and its Oil and Gas Price Fraud Working Group need to make sure the market is free from price manipulation.

"While we applaud the Working Group for convening in April 2011, we see scant evidence that its members are policing these markets as required by law or cracking down on other practices that may be illegal and hurting consumers," the senators said.

(Reporting by Roberta Rampton; Editing by Gerald E. McCormick and Kenneth Barry)

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