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GAS PRICES: Did oil firms manipulate market, senators ask



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California Sens. Dianne Feinstein and Barbara Boxer are among those calling for a federal probe of gas price increases they say might have come as a result of market manipulation by oil companies in the West.

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[BY BEN GOAD](#) | November 27, 2012; 05:54 PM | [Comments \(6\)](#)

WASHINGTON – A group of lawmakers including California Sens. Dianne Feinstein and Barbara Boxer is calling upon federal authorities to launch an investigation into possible market manipulation by oil companies, following a pair of gas price spikes that drove fuel costs above \$4 per gallon across the West.

In a letter sent Tuesday, Nov. 27, to U.S. Attorney General Eric Holder, the contingent of six U.S. senators, all Democrats, urged the Justice Department's Oil and Gas Price Fraud Working Group to conduct a "refinery-by-refinery level probe" of the May and October price increases.

Earlier this month, a report from McCullough Research, a Portland-based energy consulting firm, concluded that industry explanations for the price spikes were contradicted by emissions data. Specifically, the research

indicated that some West Coast oil refineries may have been producing oil last May despite public reports that they were shuttered for maintenance. Also, both spikes came while crude oil, the main driver of gasoline prices, was decreasing, the senators note in their request for an investigation.

“Taken together we believe these facts paint a picture of a highly unusual set of concurrent events in West Coast petroleum markets,” they wrote. “Given the hit to American families and businesses from gasoline price spikes, we urge the Working Group to use every existing authority and regulation to identify, stop, and prosecute any and all instances of false reporting, manipulation, or anticompetitive behavior in the West Coast petroleum wholesale markets.”

An industry official said the petroleum companies dispute the notion that any false reporting or manipulation took place.

“We went through a very difficult time in the marketplace in the past few months,” Western States Petroleum Association spokesman Tupper Hull said. “We experienced some very real and demonstrable disruptions in supply.”

Hull said members have Congress have made similar appeals to authorities in the past and, despite dozens of investigations, the petroleum industry has never been found to have manipulated prices.

The McCullough report, however found that such manipulation could be easy to coordinate between companies.

“In highly concentrated industries, the exercise of market power through production reductions or cooperative pricing can require no more than an email or a phone call,” it read.

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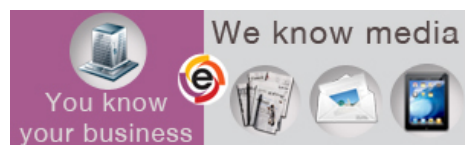
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