

## **Airline Trade Group Asks for Heating Oil Release**

In a move that affirms requests by the New England Fuel Institute and other petroleum marketer associations, the head of the Air Transport Association (ATA, James C. May) has asked Dept. of Energy Secretary Samuel Bodman to release home heating fuel from the Northeast Oil Reserve to temper the impact higher prices of home heating oil are having with respect to the cost of jet fuel nationwide due to their correlation in futures contract pricing, whereas trading for both products are based on NY Harbor delivery. [See the letter.](#)



AIR TRANSPORT ASSOCIATION

■ **JAMES C. MAY**  
PRESIDENT AND CEO

March 19, 2008

The Honorable Samuel W. Bodman  
Secretary  
Department of Energy  
1000 Independence Ave, SW  
Washington, DC 20585

Dear Secretary Bodman:

As you are aware, the exceptionally depleted inventory of home heating oil in the northeastern United States is having a particularly adverse impact on prices, including the related price of jet fuel. My purpose in writing is to suggest government action to help address this situation.

Due to a unique combination of factors, Northeast heating oil inventories have dwindled to extremely low levels, well below what the market is demanding. This shortage has sent the heating oil crack spread surging along with the jet fuel crack spread, which recently hit a staggering \$36.

The correlation between the Northeast home heating oil price and jet fuel price has an even broader impact on the airline industry because New York Harbor is a critical point for jet fuel delivery and the pricing of futures contracts. Consequently, price spikes there affect jet fuel prices not just regionally but nationwide. While gasoline prices are also high due to the high price of crude oil, the crack spread for gasoline is markedly lower than that for heating oil and jet fuel.

To address this unique problem, I am writing to ask that you consider an immediate release from the Northeast Home Heating Oil Reserve. While admittedly not the panacea to our energy crisis, making the Heating Oil Reserve available to the commercial market would yield immediate, tangible benefits for residential consumers of heating oil as well as the nation's airlines and their customers. Collectively, that would help the U.S. economy. Although weather-related disruptions to home heating oil supplies are unlikely at this point in the calendar, any lingering concerns about a safety cushion for home heating oil supplies can be met by a requirement for reserve replacement by a date certain.

The Air Transport Association and its member airlines appreciate your ongoing commitment to energy security.

Sincerely,

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AIR TRANSPORT ASSOCIATION OF AMERICA, INC.

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