

May 31, 1946.

Honorable Sam Rayburn,  
Speaker of the House,  
Washington, D.C.

Dear Sam:

According to the enclosed clipping from this morning's paper, the OPA is permitting a 10 per cent increase in the price of all the material that goes in each oil well drilled. In addition, we have had continuous increases in labor and the price of drilling and everything pertaining to the production of oil. However, the OPA still insists on freezing the price of oil at the low peak of 1944 - outside of one increase of ten cents a barrel.

It is somewhat like their attitude on copper. They froze the prices of the Phelps Dodge and Kennecott Copper companies at 12¢ a pound during the war. Phelps Dodge Corporation, the second largest copper producer in America, with 21,000 employees has had 16,000 out on a strike since March 20. Phelps Dodge offered to increase their wages 18¢ an hour, provided the OPA would grant them 2-3/8¢ per pound increase, which would make their price 14-3/8¢. This, the OPA declined to do.

Meanwhile, other departments of the Government have been buying South American copper at 14-5/8¢ per pound and selling it to the consumers in the United States for 12¢ per pound, thereby losing 2-5/8¢ a pound which will necessarily have to be paid by the taxpayers. If the OPA had granted the copper companies the 14-3/8¢ price, they would have still saved 1/4¢ a pound on what they have gyped off through the subsidies and avoided the striking of 16,000 men for almost 2 1/2 months. If this makes sense, I am unable to understand or comprehend it.

The OPA has repeatedly stated, and the President as well, that they would remove the control on any product as soon as there was a sufficient quantity to supply the demand. This condition has prevailed for more than a year on oil and still



OPA insists on holding prices to a ridiculous minimum. Now in the hell is our country going to succeed on this kind of an asinine program? This same condition exists in cattle, grains, lumber and innumerable other articles which has created a black market in practically all of these lines with the exception of oil. Now, it looks as though they are going to permit the big major companies to bring in an unnecessary large quantity of foreign oil which is detrimental to the producers in our own country of which 22,000, or the majority, are independent operators.

You no doubt recall in the early stages that the Phillips Petroleum Company and Sinclair added 25¢ a barrel to the price of crude prior to the opening of hostilities. Leon Henderson insisted on this increase being withdrawn and, as I recall, told you that if you would help secure necessary legislation for the price control he would sit down and work out a plan that would take care of the 25¢ a barrel increase. As soon as the legislation was provided, Mr. Henderson, as I recall, double crossed you on this matter and this same procedure seems to still be in vogue. It looks like the only way for the oil producers to get any relief is for Congress to take action.

We do not deny that OPA has performed a fine service and we do not advocate that it should be eliminated, but there should be some law through Congress that would insist on the OPA releasing control on producers who have passed their requirements regarding sufficient supply to more than take care of the demand. Otherwise, OPA through one excuse or another will keep the price to this ridiculous minimum. The last one, on the part of OPA, was they could not release oil control on account of the coal strike. This is pure unadulterated bunk as their statement is not substantiated by facts.

I realize you are busy and I regret to burden you with matters of this kind; however, knowing that you are not in sympathy with the



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OPA's action in these matters, I am taking the liberty of calling this matter to your attention.

With best wishes, I am

Sincerely,

AGC:ED

CC: Sid H. Richardson  
Fort Worth, Texas.