United States Senate
WASHINGTON, DC 20510

April 13, 2005

The Honorable Deborah Platt Majoras
Chairman
Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, DC 20580

Dear Chairman Majoras:

We are writing to express our concern regarding the recently proposed acquisition of Unocal by ChevronTexaco. We are troubled by the possibility that a joining of two of the largest companies in an already heavily consolidated industry could initiate a series of mergers and acquisitions that would continue to place an increasingly large amount of oil production and distribution capacity in the hands of a shrinking number of corporate entities. The price of gasoline and other retail petroleum products has already reached record highs this year, and it is absolutely crucial to ensure that the proposed ChevronTexaco-Unocal acquisition will not allow further industry concentration or other factors to exacerbate the financial burden that spiking oil prices have placed on America's working families. In order to protect consumers from such effects, we urge you to conduct a thorough review of all market and consumer impacts of the proposed acquisition and report your findings to Congress before approving ChevronTexaco's purchase of Unocal.

If ChevronTexaco, which is already the world's fifth largest oil company, is allowed to acquire Unocal, the ninth largest oil and gas company in the world, the resulting corporate entity would be the world's fourth-largest publicly traded oil and gas company behind Exxon Mobil, BP and Shell. Following the acquisition ChevronTexaco would control 13 billion barrels of oil equivalent proven reserves, and would increase its oil equivalent production to 3 million barrels per day. This amount exceeds the daily production of every OPEC member with the exception of Iran and Saudi Arabia.

We are extremely concerned that this acquisition will only intensify the dangerous level of concentration in the oil industry. This consolidation has already drastically undermined competition, leaving American consumers vulnerable to repeated and sustained spikes in the price of oil. As a result of vertical integration in the industry, the five largest oil companies in the United States control almost as much crude oil production as the Middle Eastern members of OPEC, over half of domestic refiner capacity, and over 60 percent of the retail gasoline market. The impacts of this integration are clear. Last year, with crude oil averaging $41 per barrel and working families paying exorbitant prices to heat their homes and fuel their cars, the world's top ten oil companies made more than $100 billion in profit and in some cases posted record-breaking fourth quarter earnings that were in some cases more than 200 percent higher than the previous year. This year, crude oil prices are consistently trading at above $50 per barrel, simultaneously increasing the financial burden of energy costs for working families and oil company profits.

We believe there is a significant danger that the ChevronTexaco-Unocal acquisition, like the Chevron-Texaco and Exxon-Mobil consolidations before it, will further reduce competition in the oil industry by placing the vast majority of production and distribution resources under the control of a handful of corporate giants. A fair and competitive oil market is of vital importance to the national security and economic prosperity of the United States. Accordingly, we urge you to investigate the proposed ChevronTexaco-Unocal acquisition to ensure that it will not further undermine competition in the oil industry, and to report to Congress on the results of this investigation prior to considering the acquisition.

We thank you for your attention to this important matter, and look forward to hearing from you soon.

Sincerely,

Charles Schumer

Dick Durbin

Barbara Boxer

Chris Dodd

Patrick Leahy

J Lieberman

Maria Cantwell

Russell D Feingold

Debbie Stabenow

Ron Wyden