



FACT SHEET ON GAS PRICES

Market speculation, fears about turmoil in the Middle East, and growing global demand for oil are all driving up gas prices and putting pressure on middle class family budgets. While Republicans continue to pander to big oil companies by pushing an agenda written by oil CEOs, President Obama and Senate Democrats are taking real action to increase domestic production, fight against market manipulation, and invest in the clean energy industries of the future.

President Obama and Senate Democrats Have Taken an All-of-the-Above Approach to Boosting American Oil Supplies and Moving Toward a Clean Energy Future

Under President Obama, reliance on foreign oil is down, domestic drilling has increased, and production of American oil is the highest it has been in eight years.

- **Last year America relied less on foreign oil than in any of the past 16 years.** As a share of total consumption, oil imports declined from 57 percent in 2008 to 45 percent in 2011. The lowest level since 1995. [[White House](#)]
- **In 2011, U.S. crude oil production reached its highest level since 2003**, increasing by an estimated 110,000 barrels per day (bbl/d) over 2010 levels to 5.59 million bbl/d. [[White House](#)]
- **We are drilling on more land than ever before. The number of oil drilling rigs in the U.S. hit a [record](#) last week**, having quadrupled in number over the past three years. Between oil and gas drilling rigs, the U.S. now has more rigs at work than the rest of the world combined. [Houston Chronicle, [2/19/12](#)]
- **The Administration has announced it will lease out an additional 38 million acres of the Gulf of Mexico for oil drilling and exploration** in hopes of increasing domestic oil production even more. That's more than 75% of our potential offshore oil and gas resources. [US. News, [1/26/12](#)]
- **Even the [American Petroleum Institute](#) agrees** that "American producers and refiners are producing more oil and petroleum products, reducing our reliance on imports. We are also consuming less. Without these two factors, today's prices might be even higher." [American Petroleum Institute, [2/23/2012](#)]
- **The Obama administration continues to offer millions of acres of public lands and federal waters for oil and gas exploration and production.** Unfortunately, Big Oil refuses to develop the over 55 million acres of federal land they currently lease. In fact, more than 80 percent of offshore leases are not producing. [BOEM, [2/01/2012](#); Wilderness Society, [2/22/2012](#)]

Market Speculation, Increasing Tensions in Iran, and Global Demand Are Driving Up The Cost of Gasoline:

American demand for oil and gasoline has dropped sharply, yet consumers are still facing sky-high prices at the pump – clearly, something is wrong. Experts say that market speculation is helping to fuel the run up in oil prices, costing consumers pain at the pump.

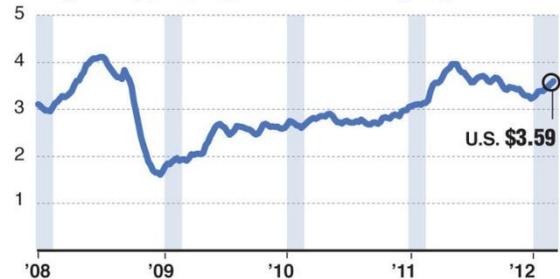
- **U.S. oil and gasoline prices are surging — thanks again in no small part to rampant financial speculation.** Demand for oil and refined products — including gasoline — is down sharply from last year, so much that the U.S. has become a net exporter of gasoline. Yet, last week oil rose past \$106 a barrel and gasoline averaged \$3.57 a gallon. [McClatchy, [02/21/2012](#)]
- **Market speculators are snapping up oil contracts in anticipation of a protracted standoff with Iran, one of the world’s top oil exporters.** Oil prices are approaching last year’s highs as tensions increase over Iran’s nuclear program. [Washington Post, [02/24/2012](#)]
- **Speculators make up over 70% of the oil futures market.** This speculation drives volatility in world oil markets which distorts the price of crude oil and gasoline. Historically, 70% of the oil futures market was dominated by traditional end-users of oil such as airlines, oil refiners and trucking companies. Today, the situation has completely reversed. [McClatchy [06/09/2011](#); McClatchy, [02/21/2012](#)]
- **Energy Market Analyst: "Speculation is now part of the DNA of oil prices."** “Speculation is now part of the DNA of oil prices. You cannot separate the two anymore. There is no demarcation,” said Fadel Gheit, a 30-year veteran of energy markets and an analyst at Oppenheimer & Co. “I still remain convinced oil prices are inflated.” [McClatchy, [02/21/2012](#)]

The gasoline riddle

U.S. gasoline prices are at the highest level ever for this time of the year and could go even higher, yet demand is declining

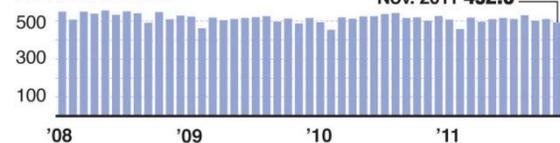
Prices are rising ...

Average weekly price per gallon for self-serve regular gasoline



... yet demand is trending down

U.S. finished petroleum products by month, in millions of barrels



Source: U.S. Energy Information Agency, Los Angeles Times
Graphic: Judy Treible

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At the same time, oil companies are chasing profits by selling to foreign consumers, driving up the price by doing business with the highest bidder.

- Even [Bill O'Reilly and Lou Dobbs](#) admit that global demand, not the Obama Administration, is the primary cause behind high gas prices:

O'REILLY: *And you're telling me the reason the price of gasoline went up is because the oil companies can make more money overseas, so they're saying to the Americans, "Blank you. We're not going to give you the oil. We'll make more over there."*

DOBBS: *It is -- it is the same principle by which we are buying cheaper goods at Wal-Mart. We're now part of a world market, like it or not. And the fact of the matter is we are competing with demand in China, in Europe, and primarily in Latin America.*

Republican Continue to Protect Oil Company Profits Over Consumers:

Republicans continue to use high gas prices as an excuse to promote an agenda that will further enrich big oil companies.

- **Not enough drilling is not the problem.** The fact is **domestic oil production is at its highest level in 8 years and gas prices continue to rise.** The best way to protect middle class families from volatile gas prices and big oil profit-taking is to kick our dependence on oil.

- **There are no “quick fixes” for rising gasoline prices.** “There is no silver bullet. There never has been...It's the easiest thing in the world to make phony election-year promises about lower gas prices.” – President Barack Obama [[02/23/2012](#)]

While Republicans have failed to offer real solutions for consumers, oil companies have reaped record profits while benefitting from taxpayer subsidies.

- **In 2011, the top five oil companies—BP, Chevron Corp., ConocoPhillips, ExxonMobil Corp., and Royal Dutch Shell Group—posted a record combined net-income of \$137 billion, they repurchased a combined \$38 billion worth of their stocks, yet received \$7 billion in tax-payer subsidies.**
- **Exxon Mobil – the most profitable oil company in the world – paid an effective federal tax rate of 17.6%, lower than the average American.** Exxon paid zero taxes to the federal government in 2009.
- **Even conservative think tanks and former Shell Oil CEO John Hofmeister agree “subsidies are not necessary,”** and support the elimination of Big Oil tax subsidies.
- **President Obama’s budget proposal for FY 2013 eliminates tax subsidies for Big Oil.** [[White House](#)]
- **Despite record earnings, last year, Senate Republicans blocked an effort by Senate Democrats to repeal tax subsidies for Big Oil.** In fact, they refused to even allow the Senate to proceed to debate of the bill.

TABLE 2
Big Oil helps itself
Total stock repurchases by company, 2011

Company	Total profit, 2011 (in billions)	Total stock repurchase, 2011 (in billions)	Percentage of 2011 profit used for repurchase
BP	\$26	-	-
Chevron	\$27	\$4	16%
ConocoPhillips	\$12	\$11	89%
ExxonMobil	\$41	\$22	53%
Shell*	\$31	\$1	4%
Total	\$137	\$38	28%

Source: Company profit reports

Senate Democrats Are Fighting to Make America A Leader In The Clean Energy Industries of the Future

President Obama and Senate Democrats know that while drilling more is part of the solution we need to do more to protect Americans from future gasoline price spikes. In addition to producing more American oil, we must make strides toward greater efficiency and getting America running on clean energy.

- In 2010, domestic renewable energy production contributed to nearly 10% of the Nation’s total energy demand. [[EIA](#)]
- Recently announced fuel efficiency standards for cars and light-duty trucks will save Americans \$1.7 trillion, reduce oil consumption by 2.2 million barrels per day by 2025, and slash greenhouse gas emissions by 6 billion metric tons. [[White House](#)]
- Recently finalized first ever national fuel efficiency standards for heavy-duty trucks, vans, and buses, which will reduce oil consumption by over 500 million barrels, and save truck owners and operators more than \$50 billion in fuel costs. [[DOT](#)]
- The Administration will make \$30 million available through ARPA-E for a new research competition to find ways to harness our abundant supplies of domestic natural gas for vehicles. [[ARPA-E](#)]

- President Obama's Administration has approved enough commercially viable clean energy projects to power 1.7 million homes creating over 11,000 jobs. [\[BLM\]](#)