RSC
Republican Study Committee

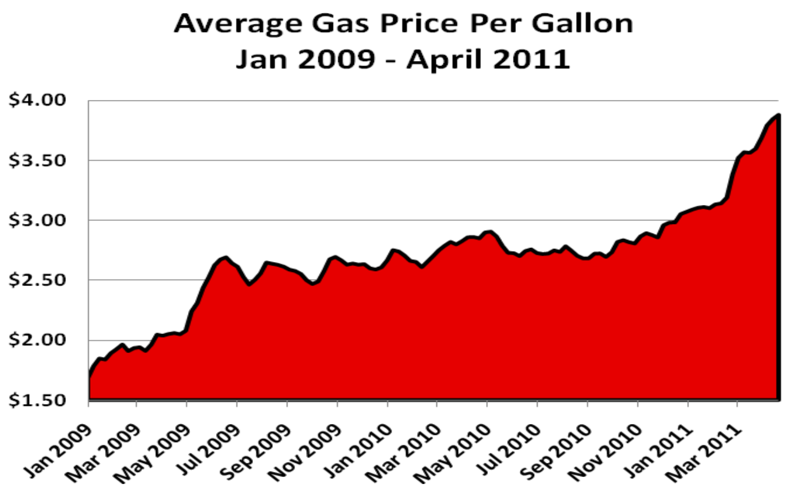
Rep. Jim Jordan (R-OH), Chairman
Paul Teller, Executive Director
1524 Longworth House Office Bldg.
Washington, D.C. 20515

RSC.JORDAN.HOUSE.GOV
ph. (202) 226-9717 / fax (202) 226-1633

# RSC Policy Brief: All About Gas

## *Gas* Prices, Just the Facts:

*May 3, 2011*




- The average retail price of gasoline from 2000-2009 was $2.09. The average retail price of gasoline when President Obama took office was $1.85. The average retail price of gasoline today is $3.88, an 86% increase. (EIA)

- The average U.S. driver travels 12,000 miles per year, using 533 gallons of gasoline in the process. The $2.03 increase in the price of gasoline since President Obama took office amounts to an additional $1082 per year in additional driving costs per driver. The cost to American families is amplified further by the impact transportation costs have on the cost of all goods, especially food, which means the effects of high gas prices are felt far from the pump. (Dr. Sanjai Bhagat)

- One barrel of oil (42 gallons) produces 19 gallons of gasoline, 10 gallons of diesel, and numerous other petroleum products. (EIA)

- Crude oil costs account for 68% of the cost of a gallon of gasoline (API)

## *Oil Facts:*

- In 2009, the U.S. imported about 51% of the crude oil and refined petroleum products it used. (EIA)

- In 2009, other than the U.S. itself, the four largest oil producing countries in the world were Russia, Saudi Arabia, Iran, and China. (EIA)

- Proven world reserves of crude oil have increased annually for the past 20 years, to a current world reserve of 1.337 trillion barrels, of which 80% is held by OPEC nations. Over the same period, the U.S. has seen its reserves drop by 5 billion barrels to 19 billion barrels. (OPEC).

## *Petrolem - Not going anywhere for a LONG time:*

- In 2009, petroleum provided 94% of the energy used by the transportation sector in the U.S, with only 6% coming from natural gas or renewable sources. (EIA)

- In 2009, 72% of the U.S.'s petroleum supply was used by the transportation sector, 22% by the industrial sector, 5% by residential and commercial users, and 1% for the production of electric power. (EIA)

- In 2009, the transportation sector used 4.846 billion barrels of petroleum products. (DOT)

- In 2008, passenger cars and motorcycles used 71.497 billion gallons of motor fuel, the equivalent of 1.702 billion barrels of oil. All other highway users used 99.012 billion gallons, the equivalent of 2.357 billion barrels of oil. (DOT)

## *Obama Job Killing Permatorium on Domestic Resources:*

- Although the Interior Department lifted its explicit moratorium on shallow and deepwater drilling instated after the Deepwater Horizon spill, it has maintained a *de facto* moratorium by slow-walking the issuing of permits. Interior's "permatorium" is so egregious that a federal judge held Interior in contempt of court on February 3, 2011.

- The U.S.'s second largest shallow-water drilling company, Seahawk, filed for bankruptcy in February, citing a lack of permits. (CNN)

- The Interior Department has also interfered with the drilling process on land. In 2009, it delayed and disincentivized commercial oil shale leasing in the West, and is currently reconsidering Bush Administration rules for development of oil shale production which will further delay that production.

- The Obama Administration permatorium has created a backlog of, at times, more than 100 deepwater drilling permit applications in the Gulf, which is responsible for more than 25% of domestic oil production. According to independent analysis, the number of deepwater permits approved monthly has dropped by 78% from the historical average.

- According to the EIA, production in the Gulf is expected to drop by 220,000 barrels per day, which leads to $4.7 million in lost federal government royalty revenue daily. If the Obama Administration continues its policies and the projections hold for this year, the permatorium will cost at least $1.7 billion in government revenue. Other potential losses include $1 billion in lease sale revenue, and millions in rent payments by lease holders. (NCPA)

- The *de facto* moratorium has caused at least 13 drilling rigs to leave the Gulf of Mexico, with more to follow. This will lead to major reductions in production and thousands of lost jobs. Each drilling rig that leaves costs 180-200 direct employees, along with hundreds of support jobs and jobs in surrounding communities. (Shallow Water Energy Coalition)

## *Additonal Obama Job Killing Energy Policies:*

- The EPA has delayed an extension to Texas refineries of an existing pipeline, the Keystone XL, which carries crude oil from Canada's oil sands to American refineries. This expansion would enable expanded importation of 830,000 barrels of oil daily from the U.S.'s neighbor and ally, instead of importing from it from other unfriendly sources. A Canadian Energy Research Institute study found that investing in Canadian oil sands will produce 340,000 U.S. jobs and create $34 billion in revenues for the U.S. government. Construction of the pipeline itself would support more than 10,000 jobs. (API)

- Although Royal Dutch Shell paid the U.S. government $2.2 billion in 2005 for leases to explore for oil in an Arctic region estimated to have billions of barrels of oil, the EPA has refused to issue necessary permits and has suspended the permitting process. This delay will cost 800 direct jobs and millions of dollars in additional contracts and investment. (IER)

- The Interior Department has invented a designation of "Wild Lands" to give the Bureau of Land Management the ability to establish *de facto* Wilderness areas without Congressional approval. This designation would place limitations on the public's access to such lands and severely restrict energy production activities. (CFACT)

- Congress has already designated 107 million acres, 4.8% of the land mass of the U.S., as wilderness, which are off limits to all human activity except hiking, canoeing, and some hunting and fishing. Commercial enterprises, roads, and structures and installations are explicitly forbidden, preventing access to the resources locked within those lands. (CRS)

- Environmental groups used the language contained in the Interior Secretary's order inventing "Wild Lands" to challenge a major oil and natural gas exploration project approved by the Interior Department. The groups argued the approval was contradictory to the direction within the "Wild Lands" order to place a high priority on preserving the wilderness characteristics of the land. (Greenwire)

- The Interior Department has effectively reinstated the ban on offshore drilling, placing the entire Pacific Coast, the entire Atlantic Coast, the Eastern Gulf and parts of Alaska off limits to future energy production until 2017 at the earliest. Even those extremely limited areas that will potentially open before 2017 are closed for study until at least 2012. The moratorium is estimated by API to cost 75,000 jobs, $91 billion in cumulative government revenues, and potential production of 900,000 barrels of oil per day.

- According to ERM, an environmental consulting firm, 75% of the cost and schedule overruns for major oil and gas projects result from issues unrelated to actual production, including environmental and stakeholder issues. One of ERM's clients lost over $3 billion in one year due to environmental and social issues. (ERM)

***RSC Staff Contacts:***
***Cyrus Artz, Cyrus.Artz@mail.house.gov & Bruce F. Miller, bruce.miller@mail.house.gov.***