

Addressing High Gas Prices



HIGH GAS PRICES: WE NEED REAL SOLUTIONS, NOT MORE DRILLING

Everyone is affected by the recent rise in gas prices. Unfortunately, some in Congress are more interested in winning political points – and lining the pockets of Big Oil companies – than in finding and implementing solutions that will address both current and long-term challenges to our energy needs. In fact, some members of Congress, and of course Big Oil companies, would have us believe that the only solution is more drilling. They want to open the Arctic National Wildlife Refuge and drill even more in the waters along our nation's shores, despite the fact that more drilling has done nothing to reduce prices in the past.



Following are three facts the oil industry does not want you to know.

1. Increased drilling may help Big Oil but it will not lower gas prices.

FACT: Eight years of increased oil production has done nothing to reduce gas prices. Instead we are faced with high gas prices for consumers and fat profits for the Big Oil companies. Since taking office the Bush administration has issued leases on over 26 million acres of onshore public lands, and the number of drilling permits issued rose from 3,802 per year in 2002 to 7,561 per year in 2007 (almost twice as many per year). The Administration has sold leases from the polar bear seas of Alaska to the Rocky Mountains of the west.

All the new access was great for Big Oil. In 2007, the oil industry recorded revenues of approximately \$1.9 trillion, and profits totaled over \$155 billion. Exxon Mobile alone made a profit of \$40 billion last year. They did spend \$10 billion on alternative energy but that is quickly dwarfed by huge stock buyback (\$32 billion); a multi-billion dollar payment of dividends to shareholders (\$7.6 billion), and the annual salaries of its top five executives (\$76 million). While the oil companies made huge profits, gas prices only soared.

Since President Bush and the drill-more policy came to office, there has been a 250% increase in gas prices.

CONCLUSION: Despite the unprecedented access the oil industry has been given to drill in America, we have the highest gas prices in history. Since the Bush Administration took office and implemented its “drill here, drill there, drill everywhere” platform, the price of gas has more than doubled. The “drill more” plan gives corporate welfare to Big Oil but does nothing for the prices we all pay at the pump.

2. The oil industry is sitting on unused permits while they tell you, they need more.

FACT: The oil industry has many leases they have not even started to develop. The fact is the industry has thousands of permits to drill – on 68 million acres of land or coastline – that they are not using to increase domestic production.

CONCLUSION: Big oil companies have more access for drilling than they apparently care to – or can – use, and yet they still want more.

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3. The U.S. does not contain enough oil to impact the world oil market.

FACT: The U.S. has less than 3% of the world's oil reserves. No matter how much we drill in the U.S. that number is not expected to change. No matter how much we drill here, we will never have enough to significantly impact prices on the world market. The U.S. Energy Information Administration (EIA) has concluded that at its peak in 2030, oil from the Arctic refuge would only lower gas prices by a few pennies per gallon. The EIA also estimated that peak production in 2025 new access along our coasts would produce a meager 220,000 barrels per day and only for a limited time. By contrast increasing fuel efficiency to 35 mpg by 2020 we would decrease

demand by 1 million barrels of oils per day indefinitely.

Another problem is that the Organization of the Petroleum Exporting Countries (OPEC) controls a significant portion of the world's oil supply and benefits from high oil prices. It can cut back its own production in response to any additional oil we contribute to the market. Such an action could ensure that the global oil supply and the global price remain the same.

CONCLUSION: America simply cannot drill itself out of this oil crisis – not even in the short term. There are faster, cleaner, better solutions right at our fingertips.

America needs REAL SOLUTIONS that will help families, not just Big Oil

It is past time for our nation's leaders to provide the leadership we need to guide us to energy independence. There are also several small things we can do to immediately lessen the impact of high gas prices by helping our cars go further on a gallon of gas.

Congress should:

- **Offer assistance programs to American families** by providing rebates, tune-up vouchers, and efficiency incentives.
- **Give Americans more commuting options** by expanding and updating our public transportation system.
- **Invest in developing more fuel efficient vehicles and new technologies** like electric or hydro-cell cars.
- **Promote work from home/telecommute options for the workforce** by providing workplaces with tax incentives to allow workers to telecommute reducing the number of miles driven and demand on fuel and alleviating pressure on existing public transportation.
- **Pass comprehensive global warming legislation** to create real, long-term change in our energy policy.

All Americans can take the following small but significant steps to save cash at the pump:

- **Keep your car tuned up** - Properly inflate tires, change air filters, and tune up cars, which could reduce gasoline use by up to 17 percent.
- **Increase use of public transportation** and ride sharing where available, this can reduce the demand while also lowering costs for those in areas where this is not an option.
- **Drive the speed limit** - this can increase highway mileage by 7 to 23 percent!