Gas Prices / Energy Myths and Facts

Myth 1: Federal policies are driving down oil production, reducing supply and increasing prices at the pump.

Fact: Crude oil production is up substantially in the United States, and is expected to continue rising.

- In 2011, U.S. crude oil production averaged over 5.6 million barrels per day. This is the highest level of production since 2003.
- The number of oil drilling rigs operating in the U.S. is the highest on record. In fact, the United States has more rotary rigs—the rigs used to drill new oil and natural gas wells—in operation than the rest of the world combined.
- New wells will boost U.S. crude oil production, which is projected to rise to 6.7 million barrels per day in 2020, an increase of 20% from current production levels.

Myth 2: The federal government has blocked new offshore drilling.

Fact: Since new safeguards were put in place, following the BP oil spill in 2010, more than 400 permits for new shallow- and deepwater drilling operations have been issued.

- There were more offshore drilling rigs operating in U.S. waters at the end of 2011 (42) than the end of 2009 (37), before the BP oil spill.

Myth 3: The United States can't break its dependence on foreign oil.

Fact: Increasing production has reduced our dependence on foreign oil, a trend expected to continue.

- Since 2005, U.S. net petroleum imports (imports minus exports) have fallen by more than 4.5 million barrels per day, a decline of more than 36 percent. This is more than we currently import from Saudi Arabia, Venezuela and all other OPEC countries combined.
- In 2005, we relied on imports to meet 60 percent of our petroleum needs. By boosting production, we now produce more than half our fuel here at home, and, we are on pace to reduce imports to less than 40 percent of our needs by 2035.
- We can also reduce our reliance on oil from the Middle East and other potentially hostile countries by improving access to oil from allies like Canada. Claire supports the Keystone XL pipeline—a pipeline that will strengthen our energy security and create jobs—and is working to get that project back on track. Claire also supports construction of the Flanagan South Pipeline in Missouri.

Myth 4: The huge tax giveaways provided to the biggest oil companies, funded by American taxpayers, are necessary to keep up production levels and reduce gas prices.

Fact: Subsidies for U.S. oil companies boost profits, not production, and reward those companies that are squeezing Missouri families with higher fuel prices.

- Subsidies for oil companies are projected to cost the federal government more than $40 billion over the next 10 years.

- The 5 largest oil companies—ExxonMobil, ConocoPhillips, BP, Chevron, and Shell— earned a combined profit of $137 billion in 2011, despite producing 4 percent less oil in 2011 than in 2010. These companies earned more than $1 trillion in profits from 2001-2011.
- Last year, these 5 companies spent $38 billion boosting their share prices through stock buybacks that enrich their boards and senior executives. In other words, the five largest oil companies nearly spent in a single year, on stock buybacks alone, what they are claiming the oil industry needs in taxpayer funded subsidies over the next 10 years.
- Claire is leading the effort to end this huge tax giveaway to big oil companies. She has cosponsored a bipartisan jobs bill, the Jobs Creation Act, with Senator Susan Collins of Maine. This legislation would be paid for in part by rescinding these unnecessary and unaffordable tax subsidies.

Myth 5: Nothing can be done to bring down the price of fuel.

Fact: Claire is fighting for specific, commonsense actions, like releasing oil from the Strategic Petroleum Reserve.

- The recent actions by the Iranian government to cut off oil supply from some parts of the world are creating uncertainty that is driving up the price of oil.
- The Strategic Petroleum Reserve was established to respond precisely to situations such as the current one, when international supply disruptions drive up prices and threaten the U.S. economy.
- Historically, releases from the Strategic Petroleum Reserve have typically proven successful in quickly driving down prices at the pump.
    - 1991 – during Operation Desert Storm, which dropped prices by 33 percent;
    - 1996 – under Speaker Gingrich to reduce the budget deficit, which dropped prices by 10 percent;
    - 2005 – after Hurricane Katrina hit the Gulf Coast, which dropped prices by 9 percent; and
    - 2011 – in response to the instability in Libya, which reduced prices by 6 percent
- Claire is calling for President Obama to release oil from the Strategic Petroleum Reserve. With the Strategic Petroleum Reserve currently 96% full, holding 696 million barrels, we can release oil in an effort to drive down prices while still holding enough in reserve to respond in case of new supply disruptions.

Myth 6: Increased domestic drilling means that oil companies will have to bring down prices here at home.

Fact: Oil companies export more than 2.9 million barrels of U.S. petroleum each day.

- Despite being provided $4 billion in taxpayer subsidies each year, oil companies have ramped up exports to maximize their profits, instead of using increased production to bring down prices here at home.
- Since 2008, U.S. petroleum production has climbed by more than 800,000 barrels per day. However, exports of U.S. petroleum have climbed even faster. Since 2008, oil companies have increased their exports of U.S. petroleum by more than 1 million barrels per day.
- Between 2001 and 2011, the top 5 oil companies earned more than $1 trillion in profits. Over the same period, exports of U.S. petroleum climbed from less than 1 million barrels per day to more than 2.9 million barrels per day.

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