

POLICY FOCUS

AUGUST 2022

The State of U.S. Energy— What's Driving Expensive Gas

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HIGHLIGHT

Most Americans' only interaction with the oil and gas industry is when filling up at the local gas station. With skyrocketing gas prices and the increasing financial strain, many Americans are wondering: what has gone wrong? President Biden has blamed others as well as international forces purportedly outside of his control. In reality, the driving force behind these high prices is misguided political promises the Biden administration made to radical environmental groups.

WHY CARS RUN ON GAS AND THE INDUSTRY BEHIND THEM

When it comes to transportation, **90 percent** of our energy comes from petroleum or oil, which, once refined, is commonly referred to as gasoline or gas. In the early 1900s, the invention of gas-powered engines changed American life forever. Once engineers were able to harness what they called "**bottled lightning**," gasoline became the preferred energy source for car drivers who were seeking portable energy and personal mobility. Gas-powered cars could go faster, were less

expensive, and could travel long distances when compared to other technologies at the time (which included electric and steam-powered vehicles). Most notably, refueling only took a matter of minutes.

The proliferation of gas-powered vehicles also spurred the expansion of the oil and gas industry. It is split up into three main categories: Upstream, Midstream, and Downstream.

Upstream includes the exploration and production of gas. It involves searching the world for reservoirs of oil and then drilling to extract that material. Oil is predominantly extracted by drilling wells and then pumping the crude out using “**pump jacks**.” More advanced processes include using water or compressed gas to flood oil out or using heat. This part of the process is the riskiest in terms of capital investment and can often take longer than expected. Finding the best locations for drilling as well as regulations and permits adds the most time.

Pipelines are the arteries of the oil and gas industry. Climate activists who want to shut the oil and gas industry down often target pipelines to achieve their goals. In reality, pipelines are the safest and most environmentally efficient way to move oil and refined products to consumers that need them. There are currently 2.7 million miles of pipelines in the U.S. that reliably deliver energy without incident.

Midstream encompasses the transport of extracted oil and delivery to refineries that process the raw material into a variety of usable products. Modes of transport include pipelines, ships, trucks, and trains. Midstream also covers specialized facilities built for storing raw materials, such as terminals.

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shut the oil and gas industry down often **target** pipelines to achieve their goals. In reality, pipelines are the **safest and most environmentally efficient way** to move oil and refined products to consumers that need them. There are currently 2.7 million miles of pipelines in the U.S. that reliably deliver energy without incident. Pipeline breaks or leaks are so rare, when they do happen, they make headlines. The alternatives to pipelines, such as trucks or trains, have utility but also have a greater environmental and safety impact.

Downstream involves the processing or refining of extracted oil into a variety of usable products like gasoline, jet fuel, and diesel as well as petrochemical ingredients that are used to make plastics, tires, make-up, and pharmaceuticals among many other products. One **barrel** of crude oil holds 42 gallons and produces about 45 gallons of usable products including roughly 21 gallons of gasoline.

Downstream also includes the process of marketing, distributing and selling the

finished fuel at gas stations. While many gas stations bear the name of large oil companies like Exxon or Chevron, the corporate name is indicative of the brand of gas the convenience store owner sells, not operational ownership. Most gas stations are owned and run by an independent operator. **Sixty percent** of the **116,641 American gas stations** are owned by an individual or family that owns a single store.

OPEC+ AND THE RELEVANCE OF THE GLOBAL OIL MARKET

Formed in the 1960s, the Organization of the Petroleum Exporting Countries (OPEC) has grown from its original five member countries—Iran, Iraq, Kuwait, Saudi Arabia, and Venezuela—to a total of 13. The purpose is to regulate the supply of crude oil in order to control price. This is why it's commonly referred to as a **cartel**. In recent years, Russia and a loose coalition of other oil-producing countries have informally joined OPEC creating OPEC+.

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Today OPEC+ represents just over **50 percent** of crude oil production and **80 percent** of the world's known reserves. This reality, and the proven willingness of OPEC to curb production to change global oil supply and manipulate the price, is not new. The energy renaissance (further discussed in the next section) changed our susceptibility to their actions. Since then, American presidents have had a choice to either progress energy policies that insulate us from the global market or expose us to its predictable instabilities.

THE ENERGY RENAISSANCE

Starting in 2010, the U.S. oil and gas industry experienced an unexpected **renaissance** due to advancements in the extractive process. Horizontal drilling coupled with hydraulic fracturing opened up access to massive amounts of oil and gas resources that had previously been inaccessible. This growth made the U.S. a global energy powerhouse by reducing our reliance on foreign imports

and injecting the economy with new jobs and productivity.

Much of the growth occurred despite the Obama administration's **effort** to curb it. Many of the policies that are impeding the energy industry today started under the Obama administration. These include delaying pipelines, adding new red tape, and inhibiting access to oil and gas on federal lands. Fortuitously, a significant portion of the untapped oil and gas existed on private property so massive development and the resulting benefits persisted.

In 2017, when President Trump took office, he embraced a different approach aimed at achieving energy independence. Referred to as **Energy Dominance**, the Trump administration opened up access to federal lands and implemented a number of actions to encourage growth and innovation in the oil and gas industry. As a result, in 2018, the U.S. became a **net energy exporter** of oil and gas, breaking the almost 75-year trend of dependence on foreign oil to meet U.S. demand. Importantly, as this growth occurred, the U.S. continued to **lead the world** in overall environmental progress and emissions reductions. For our allies abroad, U.S. growth in exports meant access to **cleaner** energy and insulation from world leaders like Vladimir Putin that use energy access as a **geopolitical weapon**.

Today we produce an average of **16.4 million barrels** of oil every day. The oil and gas industry is a key source of employment and growth in all 50 states. One **report** found that

each job in the oil and gas sector supports 3.5 jobs across the economy. In all, the industry accounts for 11.3 million jobs and provides \$1.7 trillion in economic benefit to the economy each year.

ENVIRONMENTAL TRADEOFFS AND HOW BEST TO ADDRESS THEM

From the proliferation of gas-powered vehicles to the resulting growth of the oil and gas industry, the reality of pollution has been front and center. The process of extracting, developing, and using petroleum-based products releases emissions that

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impact the air, water, land, and climate. As we have gained a better understanding of these impacts, technological innovations alongside balanced regulatory requirements have worked to retain the benefits of petroleum-based energy while reducing the environmental impact.

Some of the most impactful technologies include the invention of the **catalytic converter** and new gasoline mixtures, such as unleaded or reformulated, that have significantly reduced emissions. Advanced extraction processes like horizontal drilling have reduced the overall footprint of production. Integrating more efficient processes and pollution control devices like “**scrubbers**” at refiners and drilling sites has curbed emissions and reduced the impact on water resources. The build-out of gathering lines and integrating extracted products into advanced pipeline systems that are subject to regular monitoring and testing requirements

has also led to major environmental improvements. When it comes to greenhouse gasses, since 1990, the industry has **reduced** methane emissions by 17 percent as production has grown by 66 percent.

The inherent strive for efficiency—and a resulting competitive advantage—alongside balanced regulations **overseen** by four key federal agencies and numerous state agencies has significantly reduced the impact of oil and gas use on the environment. So long as this *balance* is maintained, these improvements for both the environment and economy will continue.

THE PROBLEM WITH POLITICS AND MARKET MANIPULATION

In 2020, then-candidate Joe Biden made a **promise** to an extreme, but growing faction of the Democrat party: “I guarantee you, I guarantee you we’re going to end fossil fuels”. Since the start of his administration, he has made good on that promise and taken over **100 actions** that make it harder to produce oil and gas in the U.S. Examples include shutting down pipelines, imposing federal drilling moratoriums, canceling offshore lease sales, and imposing new red tape on the industry. President Biden is not only using the power of the federal government to deter production but also using it to deter investment. His top financial regulators have issued rules making clear their expectation that capital allocators no longer invest their funds in U.S. oil and gas.

While he often justifies these actions as necessary to save the planet and humanity

from climate change, this is simply **not true**. Those statements are the words of activists, not scientists, and our changing climate should not be a cause for alarm. The more we learn about the climate the more we understand that the changes have already been, and will continue to be, mild and manageable.

Nonetheless, the Biden administration continues to advance extreme energy policies in line with stated “net zero” goals that are driving up energy prices. The purpose of pursuing “net zero” goals is not really about lowering emissions—the U.S. already leads the world in lowering **traditional pollutants** and **greenhouse gasses**. The purpose truly is to increase the price of oil and gas so the Democrats’ politically preferred energy technologies like renewable energy and electric vehicles can “compete.” This also has the benefit of enriching the pockets of top Democrat donors while activating a highly misled but extremely emotional political base.

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THE SHIFT FROM ENERGY DOMINANCE TO VULNERABILITY IS WHOLLY UNJUSTIFIED

The imposition of Biden’s energy policies could not have come at a worse time. At the start of 2021, the economy and related energy demand were on the upswing after recovering from the COVID-19 fall-out. As producers were gearing up to increase supply, President Biden imposed his anti-fossil energy **policies** and, to date, domestic supply has never caught up.

While this outcome makes President Biden’s political allies very happy, the expensive gas is causing severe financial harm to American families and exacerbating inflation. Purposefully constraining domestic supply has also made us more vulnerable to the global oil markets of which Biden has attempted to blame. Since Biden’s first day in office, U.S. gas prices had already **increased 50 percent** before Russia invaded Ukraine.

Despite failed efforts to shift blame and **project** insincere sympathy, President Biden continues to double down on his extreme energy agenda. He’s so committed to destroying the U.S. oil and gas industry that he’s literally begged the dictators and despots of OPEC for more oil.

We do not have to sacrifice our oil and gas industry or fossil-fueled economy to ensure we have a healthy future for both people and the planet. Finding the right balance

between energy development, economic growth, and environmental protection is best addressed through markets and innovation, not politics.

Americans will need more energy, not less, and must reject policies aimed at constraining supply by prematurely shutting down certain facilities or deterring the growth of any technology. High-cost energy can be avoided by setting realistic goals that leverage the problem-solving potential of the private sector.

WHAT YOU CAN DO

Get Informed

Learn more about the U.S. energy industry. Visit:

- [American Energy Alliance](#)
- [The Future of Environmentalism: True Conservation](#)
- [Republican Climate Plan Will Stop Biden's Assault on American Energy and American Pocketbooks](#)

Talk to Your Friends

Help your friends and family understand these important issues. Share this information, tell them about what's going on and encourage them to join you in getting involved.

Become a Leader in the Community

Start an Independent Women's Network chapter group so you can get together with friends each month to talk about a political/policy issue (it will be fun!). Write a letter to the editor. Show up at local government meetings and make your opinions known. Go to rallies. Better yet, organize rallies! A few motivated people can change the world.

Remain Engaged Politically

Too many good citizens see election time as the only time they need to pay attention to politics. We need everyone to pay attention and hold elected officials accountable. Let your Representatives know your opinions. After all, they are supposed to work for you!

Connect with IWF! Follow us on:

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Please visit us on our website iwf.org to get more information and consider making a donation to IWF.

ABOUT INDEPENDENT WOMEN'S FORUM

Independent Women's Forum (IWF) is dedicated to building support for free markets, limited government, and individual responsibility. IWF, a non-partisan, 501(c)(3) research and educational institution, seeks to combat the too-common presumption that women want and benefit from big government, and build awareness of the ways that women are better served by greater economic freedom. By aggressively seeking earned media, providing easy-to-read, timely publications and commentary, and reaching out to the public, we seek to cultivate support for these important principles and encourage women to join us in working to return the country to limited, Constitutional government.