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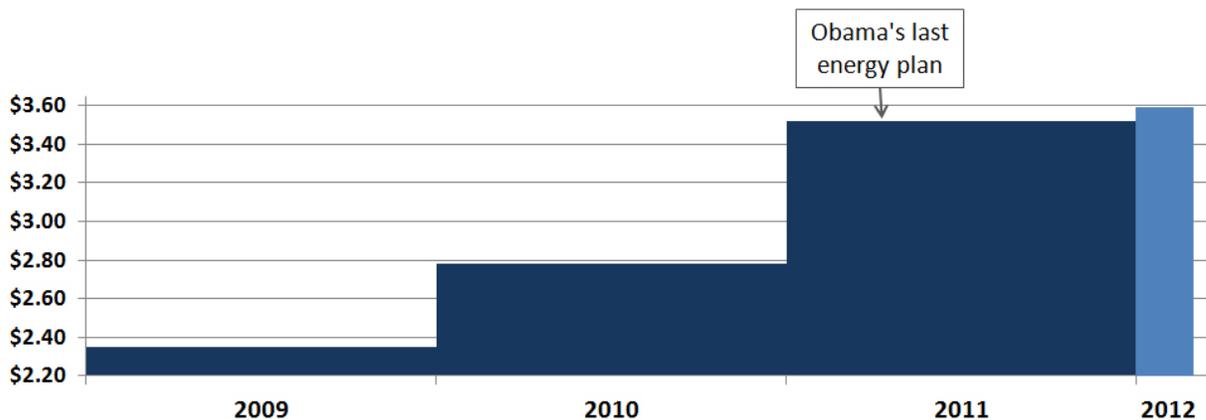
February 23, 2012

## Obama Reaches Energy Goal: “Gradual Adjustment” of Gas Prices

### *Gas Prices Go Up 94% in First 3 Years of Obama Presidency*

On June 19, 2008, then-Senator Obama said he “would have preferred a gradual adjustment” of gas prices. On January 19, 2009, the day before President Obama was inaugurated, Americans paid \$1.85 per gallon of regular gasoline. Today, families and small businesses pay \$3.59 per gallon of regular gasoline. According to the President’s plan, gas prices have undergone a “gradual adjustment” since he took office. There has been a 94 percent increase in the price of gasoline over the first three years of the Obama presidency.

“I think that I would have preferred a gradual adjustment.”  
– President Obama (6/10/2008)



2012 has been the most expensive start to a year ever for gas prices. Gas has already surged 29 cents a gallon, or 9 percent, this year, setting new records for the most expensive January and February ever at the pump. Energy analysts [agree](#) that gas prices will only continue to rise across the nation over the coming months. Some Florida motorists already pay nearly \$6 a gallon for regular gasoline, while others in Alaska shell out even more. Most observers estimate the national average gas price will exceed \$4 per gallon, which translates to about \$300 more per car for the year.

- The U.S. Energy Information Administration's Short-Term Energy Outlook (from February 7, 2012) says, "there is about a one-in-four chance that the U.S. average pump price of regular gasoline could exceed \$4 in June of this year."
- Tom Kloza with the Oil Price Information Service projects gas prices to average \$4 to \$4.25 per gallon by April.
- Gulf Oil CEO Joe Petrowski suggested the combination of Middle East tensions and refinery closings, especially those serving East Coast markets, could inflate gas prices to the \$4 mark.
- Brian Milne with business information service Telvent DTN is quoted: "I definitely think the U.S. average will go over \$4...If somebody told me gas would hit \$5, I'd say, 'Yeah, that's possible.'"
- Patrick DeHaan of price tracker Gasbuddy.com expects gas prices to rise to \$4 by Memorial Day weekend, with prices possibly exceeding \$4.60 in Chicago, Los Angeles, New York, Washington, and other metropolitan areas this summer.
- Kent Moors with the Energy Policy Research Group has said: "Gasoline could be about \$4 by Memorial Day...There could be places in the United States where gasoline will exceed \$5 by the beginning of the summer, around the Fourth of July."

Historically, consumers drive [less](#) and reduce their spending when faced with \$4 per gallon gasoline. Last summer, when gas prices hovered 10 to 20 cents above current prices, a [study](#) revealed that "57 percent of consumers are feeling increased financial strain when gas prices increase, and more than four in ten say high gas prices make it difficult to meet monthly expenses." Of those consumers surveyed, 49 percent planned to reduce grocery spending if gas prices climbed another 50 cents.

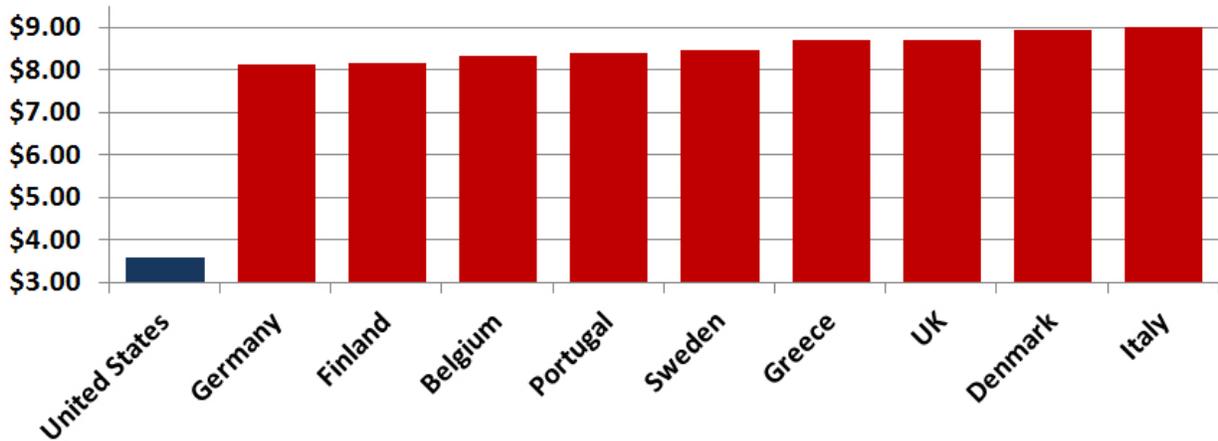
Americans should not be surprised that they continue to feel pain at the pump as the summer spike in gas prices approaches. The linchpin of President Obama's energy plan is to increase, not decrease, energy costs. Just ask the President and the energy team he hired:

- When plugging his cap-and-trade energy plan in 2008, which was rejected by Congress a year later, President Obama himself stated that electricity rates would "necessarily skyrocket," which would "cost money" – costs that understandably would be passed on to consumers.
- Energy Secretary Steven Chu told the Wall Street Journal in 2008: "Somehow we have to figure out how to boost the price of gasoline to the levels in Europe." Europeans pay more than \$8 per gallon of gasoline, twice as much as Americans. The newspaper noted Secretary Chu's history of calls for ramping up gasoline prices over 15 years to persuade consumers to buy more-efficient cars and live closer to work.
- Interior Secretary Ken Salazar, then a U.S. Senator, objected on the Senate floor to increased offshore oil and gas drilling even if the price of gasoline exceeded \$10.

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## **“Somehow We Have To Figure Out How To Boost The Price Of Gasoline To The Levels In Europe.”**

*- Energy Secretary Chu (12/12/08)*



Over the past three years, President Obama has implemented his vision of higher energy prices as a means to create demand for an idyllic, “green” economy that consists of renewable fuels, negligible emissions, and energy efficiency. To force Americans into this economy, he continues to pursue policies that disadvantage time-tested, low-cost, reliable energy products derived from our abundant, domestic resources of oil and other fossil fuels. This strategy has not only resulted in a steady rise in gas prices since the President’s inauguration, but it has brought us some spectacular failures in “clean” energy investments, like the \$535 million taxpayers lost to solar company Solyndra.

In the name of “clean” energy, President Obama’s policies systematically inflate U.S. gas prices and lighten American wallets and pocketbooks:

### **Restricting Production**

- The President’s proposed offshore oil and gas leasing plan for 2012 to 2017 eliminates 50 percent of lease sales provided for in the previous plan, opens less than three percent of offshore areas to energy production, and imposes a moratorium on developing energy from 14 billion barrels of oil and 55 trillion cubic feet of natural gas in the Atlantic and Pacific oceans.
- The President’s six-month moratorium and continuing “permitiorium” on offshore energy exploration in the Gulf of Mexico in response to the Deepwater Horizon oil spill could result in a 19 percent decrease in production in 2012 compared to 2010, according to an Energy Information Administration projection. Even with the President’s recent announcement of the first lease sale in the Central Gulf of Mexico since March 2010, more than 85 percent of all offshore areas will remain off limits, restricting development of new energy resources that could lower gas prices and strengthen our energy security.
- The President’s onshore oil and gas leasing program significantly lowers the number of wells on federal lands when compared with the previous administration, further demonstrating the Obama administration’s unwillingness to combat high gas prices by introducing new supply to the global marketplace.

- Truly opening up U.S. federal lands to energy exploration can lower crude oil, and thus gas, prices. When President George W. Bush and Speaker Nancy Pelosi lifted moratoriums on domestic oil and gas drilling in 2008, the price of crude oil dropped.
- By keeping our domestic energy sources under lock and key, President Obama forces us to import oil from unreliable, often adversarial foreign countries, strengthens the connection of our gas prices to the erratic tensions in the Middle East, and drives the amount we pay at the pump to higher levels.

## Regulating Refiners

- Next month, the Environmental Protection Agency (EPA) plans to propose its “Tier 3” rule to cut air emissions from fuels and light-duty vehicles, including requiring refiners to drastically cut sulfur in gasoline. A recent [study](#) concluded the rule could increase the cost of a car by \$150 and the cost of manufacturing gasoline by 12 to 25 cents per gallon. It could raise the refining industry’s operating costs by \$5 billion to \$13 billion annually, lead to a 7 to 14 percent reduction in gasoline supplies from U.S. refiners, and force as many as seven U.S. refineries to shut down.
- Two Pennsylvania refineries recently closed, and when a third refinery serving the East Coast gasoline market announced its intention to shut-down last month, gasoline futures rose two percent to a four-month high.
- EPA’s forthcoming Tier 3 rule, combined with proposed greenhouse gas emissions rules, new source performance standards, and the boiler “maximum achievable control technology” rule, could put more U.S. refiners out of business, leading to even higher gas prices at the pump.

## Raising Taxes

- The President’s FY 2013 budget and corporate tax reform proposals recommend raising taxes on American energy developers, including domestic oil and gas producers, by approximately \$40 billion – a policy rejected by the last two Congresses on a bipartisan basis. This would substantially raise the cost of domestic energy production, and could lead to higher gas prices for American consumers.
- The non-partisan Congressional Research Service says of the President’s tax on American energy: “These changes, if enacted by Congress, also would reduce the tax advantage enjoyed by independent oil and natural gas companies over the major oil companies. On what would likely be a small scale, the proposals also would make oil and natural gas more expensive for U.S. consumers and likely increase foreign dependence.

## Rejecting Keystone

- When the President rejected the Keystone XL pipeline, he refused more than 700,000 barrels per day in additional Canadian crude oil. Canada is a reliable and geographically secure trading partner. Its oil exports are insulated from potential supply disruptions threatened by geopolitical turmoil found in the Middle East and the impulses of OPEC, including Iran, Libya, and Venezuela.

- Canadian crude oil transported by the pipeline would reduce East Coast, Gulf Coast, and Midwest gas prices and would replace dwindling crude oil imports from Mexico and Venezuela, according to an [analysis](#) by the President's own Energy Department.

Taken in combination, these policies are constricting the oil we produce domestically, while doing nothing to reduce overall demand. As a result, the United States is actually increasing its reliance on oil from the Middle East and elsewhere, and is facilitating a net transfer of wealth and job opportunities from U.S. soil to energy basins overseas.

This would constitute poor public policy at any time, but in the context of the highly fragile economic recovery and the unrest abroad, these moves are reckless. Like it or not, oil is the lifeblood of the economy. By cutting off our own supplies, we are essentially acting against our own national interest.

The U.S. government can change its policies, take back the reins and enable production from our own sources of oil. We can deliver a message to the U.S. economy and the world: We will not continue to act against our own self-interest. We will produce our own energy resources and control our own destiny.