American Energy Production
Myth vs. Fact

MYTH: Gasoline prices are based on the world market. Increasing U.S. production will not help lower prices here at home.

FACT:

- The price of gasoline is based on supply and demand. That's why we need to increase the supply of American energy.
- Increasing domestic oil production is also the best way to make the U.S. less susceptible to price spikes caused by international conflicts in unstable foreign countries.
- According to the Wall Street Journal, recent increases in U.S. energy production are already helping the U.S. avoid price spikes and are "putting slack into the global oil market."
- Patrick DeHaan, senior petroleum analyst at GasBuddy.com, noted regarding the recent conflict in Iraq: "If this were 2005, we would have seen a 20-to-30 cent jump in gas prices. But it's lower today because our domestic production is so much higher."
- The U.S. still imports more than 7 million barrels a day of crude oil. That's why we must continue to focus on increasing U.S. energy production and adding to the global supply.
- It's better to produce our own American energy here at home– and create American jobs – rather than continue to be held hostage to unstable, hostile foreign countries.

MYTH: Under the Obama Administration, U.S. oil and natural gas production is at an all-time high, we don't need to produce more.

FACT:

- This increase in oil and natural gas production is happening IN SPITE of Obama Administration policies, not because of them.
- ALL of the increase in U.S. energy production is happening on state and private lands – areas largely out of the Obama Administration's regulatory reach.
- Energy production on federal lands, which the Obama Administration has direct control over, has declined. Since President Obama took office (2009), total federal oil production has dropped 6% and total federal natural gas production has dropped 28%.
- President Obama has placed some of the most promising areas of American energy production off-limits. H.R.4899 would remove these Obama Administration roadblocks and increase access to our energy resources here at home.

MYTH: Increasing domestic oil and natural gas production will not immediately decrease the price of gasoline; it takes ten years for new production to come online.

FACT:

- The same people have been saying this year after year, decade after decade as an excuse not to act. We can no longer delay and prevent access to our own American resources.
- Expectations about future production do affect today's prices. Even if it takes several years for new American oil and natural gas development to be producing at full capacity, beginning the projects today will calm market questions about the future.

MYTH: The Obama Administration has opened millions of new acres for oil and natural gas exploration.

FACT:

- The Obama Administration has closed millions of areas offshore and onshore to energy production.
- President Obama effectively reinstated an offshore drilling ban off the Atlantic and Pacific coasts, closed off parts of the Arctic to offshore drilling, canceled offshore lease sales, closed over half of the National Petroleum Reserve-Alaska (NPR-A) to energy production, withdrew oil and natural gas leases in Utah and across the West, and is imposing mandatory ocean zoning that could limit all types of energy production.
- The Obama Administration has had the four lowest years of federal acres leased for onshore energy production going back to 1988.
- President Obama's offshore leasing plan for 2012-2017 offers no new areas for lease and offers the lowest number of lease sales in history.

MYTH: The Obama Administration's offshore drilling plan opens 75% of our potential offshore oil and natural resources.

FACT:

- The Obama Administration's offshore leasing plan for 2012-2017 puts over 87% of our offshore areas off limits to oil and natural gas production. It only allows lease sales in the Gulf of Mexico and the Arctic – leaving portions of Alaska and the entire Atlantic and Pacific Coasts off-limits to new energy production and job creation.
- There is LESS offshore acreage open for energy production now than there was when President Obama took office - when nearly 100% of the Outer Continental Shelf was open for production.
- Since President Obama took office (2009), total federal offshore oil production is down 13% and federal offshore natural gas production is down 47%.

MYTH: Companies are sitting on millions of acres oil and natural gas leases that they are failing to produce.

FACT:

- "Use it or lose it" is already law – and the clock starts ticking to develop the leases the moment they are issued. The Secretary can cancel a lease at any time if a company fails to comply with the law.
- The existence of "non-producing" leases reflects the long-lead time required to explore and develop prospects. In fact, Obama Administration red-tape and regulations are one of the biggest hurdles to developing leases.
- Additionally, not all federally leased acres are equal when it comes to resource production. More than a majority of leases never result in production simply because they do not contain commercial hydrocarbons.
- Under current federal law, if the company does not develop the lease within the allotted time, it must return it to the federal government, forfeiting all of its costs.
- Regardless of whether or not oil and natural gas is found, the taxpayers still get paid. Every year a company holds a lease, they pay the federal government.

MYTH: The high price of gasoline is because big oil companies are making big profits; we should cut their tax subsidies.

FACT:

- Almost 68 percent of the price of a gallon of gasoline is derived directly from the price of oil. About 17 percent of the price of a gallon of gasoline is federal and state taxes and the rest pays for refining and distribution of gasoline, as well as investments to find new supplies and provide new jobs.
- Failure to produce domestic energy supplies – along with global turmoil and competition for supplies with developing nations – has driven up the price of oil.
- Taxing U.S. energy producers will only make the price of gasoline higher for families and job creators because companies must pass taxes on to customers in order to stay in business.