



## **DON'T BE FOOLED BY BIG OIL**

### **More Drilling Does Nothing for Prices at the Pump— Clean Energy Saves Four Times More Oil**

**July 7, 2008**

Don't be fooled by oil companies who want you to believe that America can drill its way out of higher gasoline prices and the administration's failed energy policy.

Don't be fooled—more drilling hasn't helped the price at the pump, and it won't help in the future. More drilling will only add to the record profits of the oil industry. In the last eight years, oil and gas drilling on America's public lands has increased by 260 percent while the price of gas has more than doubled. Since the beginning of the year, average gasoline prices have shot up 98 cents a gallon—that's more than 16 cents a month. More drilling has not lowered gas prices—it's that simple.

Don't be fooled – at a time when the average Big Oil CEO is making more than \$20 million in compensation and oil companies are breaking every corporate profit record in history, American Automobile Association (AAA) recorded an average pump price in mid June that set an all-time record of \$4.086.

#### ***Did You Know...***

- 1. Even under the most optimistic scenarios, drilling in *all* of our wilderness areas desired by Big Oil *combined* would only mean a 4-5 cent reduction in the price of a gallon of gasoline by 2025.**
- 2. Global warming legislation like the Climate Security Act would save Americans \$180 billion through 2030 in foreign oil costs—*four times* more effective at reducing oil imports than drilling.**
- 3. The U.S. must lead the clean energy revolution and make sure that the world's solutions to global warming carry the "Made in America" label.**

#### ***The Real Deal on Drilling***

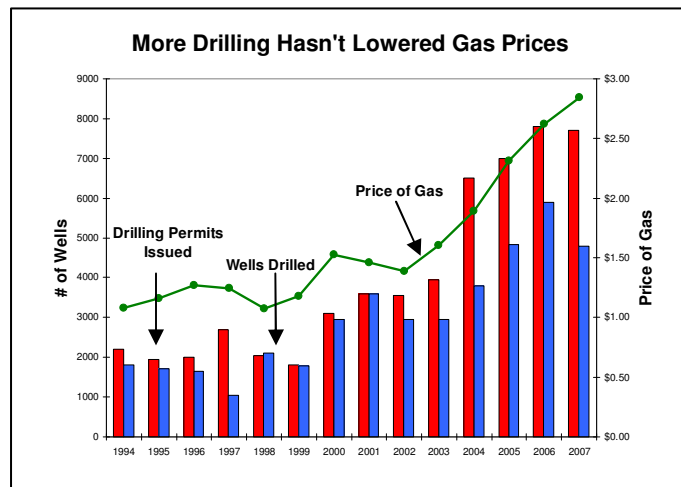
According to the U.S. Department of Energy, the total additional oil that could be brought into production from drilling in the Arctic National Wildlife Refuge, the Outer Continental Shelf, and the Rocky Mountain states is likely to be only about 1.2 million barrels of oil a day at peak production. This only adds up to a \$1.20 reduction in the price of a *barrel* of oil, which is currently well over \$140.<sup>1 2 3</sup> If this drop were to reduce pump prices at all, the savings would be mere pennies (only about 3 cents a gallon according to Department of Energy figures) and would not be seen by Americans for at least another 10 years.

Even in the most optimistic case, drilling in those sensitive areas *combined* would possibly garner a savings at the pump of only 4-5 cents a gallon in 2025. Even the Department of Energy admits that: "Because oil prices are determined on the international market, however, any impact on average... prices is expected to be insignificant."<sup>4</sup> Any oil pumped here would go right into

that international market, where we'd have to bid for it right alongside India, China and other nations.

Despite the fact that drilling will not help consumers at the pump, the oil industry continues the push to open more of America's iconic Western public lands to development. This ploy is little more than an attempt to control more land and reap bigger and bigger profits. Today, 32 million acres of public lands in the West, an area larger than Ohio, are already controlled by oil and gas companies. In addition, these same companies have stockpiled more than 10,000 *unused* drilling permits over the past four years alone. The Western Governors

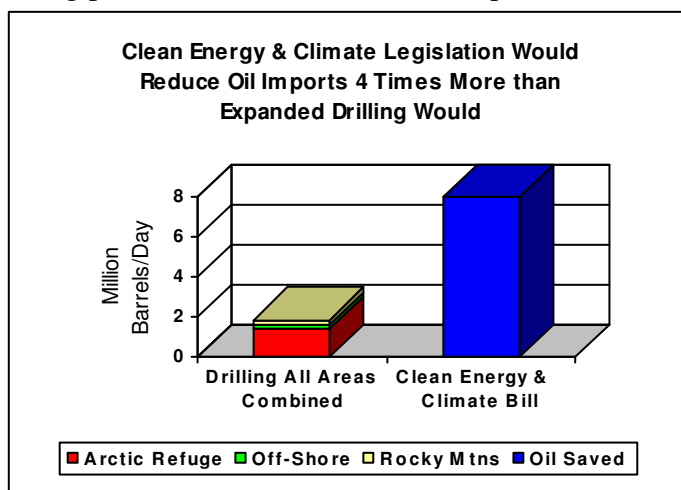
Association, Fish and Game agencies, and sportsmen's groups all have expressed concern about the pace of this land-grab and the overall impact of widespread energy development.



Americans deserve better choices. Instead of being held hostage by the oil industry, we need to break the strangle hold it has on our wallets, our communities, and our beleaguered natural resources.

### The Real Solution

What Americans need is a new energy future, beginning with federal legislation that helps break our addiction to fossil fuels while reducing global warming. Federal legislation that promotes clean, alternative energy and cuts global warming pollution will reduce our oil imports four times more than drilling in the pristine wildlife habitat of the Arctic National Wildlife Refuge, off our beaches, and in the Rocky Mountains *combined*. A study by the Massachusetts Institute of Technology (MIT) found that under the Climate Security Act, U.S. petroleum consumption would drop by more than one third by 2030<sup>5</sup> — saving far in excess of the amount of oil we could ever pull from Alaska or the coasts. That's why we need federal legislation that firmly puts us on the path to a new energy future.



Legislation to promote clean energy and reduce global warming pollution would reduce our oil imports by more than eight million barrels a day by 2025. **If the Climate Security Act had passed the Senate in June, Americans would have saved \$180 billion through the year 2030 on foreign oil according to the Department of Energy.**

We need a new direction toward alternative energy sources and better cars to break our dependency on oil. Investing in a clean energy future will create millions of new jobs, safeguard American families, and protect our natural resources. Investing in a clean energy future is the only way to break our addiction to fossil fuels and protect us from the consequences of global warming.

Without climate change legislation, oil prices will be unpredictable and will likely continue to climb even higher. Climate change legislation will help stabilize prices by diversifying our fuel sources with next generation biofuels, speeding the availability of high mileage cars, expanding mass transit, and using existing technologies to increase domestic oil production from existing wells while we make the transition to a clean energy future.

Climate change legislation will give Americans more choices.

### **Investing in the Future**

How much will it cost to diversify our transportation fuels and dramatically reduce our dependency on oil? According to the Bush Administration's own Department of Energy, recent comprehensive climate change legislation considered in the Senate would cost less than 2 cents per gallon of gasoline per year. Regarding stimulating economic growth, the Department of Energy predicts that America's economy will grow by 74 percent by the year 2030 if the legislation were enacted.

So the choice is between a little more than one million barrels a day (at most less than two million) from increased drilling, which will impact millions of acres of America's natural areas, or, eight million barrels a day saved from clean energy and climate change legislation, for only a few pennies a year. That's a big difference.

With only 3 percent of the world's oil, the United States could drill every national park, wildlife refuge, and coastline and still be importing 60 percent of the oil we use. As long as we are dependent on oil, we are susceptible to global supply and demand factors—and the OPEC cartel. OPEC can increase or decrease production to affect prices and easily adjust to any new production we might bring on-line, matching our moves and maintaining OPEC's profits.

Our future is not in fossil fuels. Our future has to be about breaking our addiction to fossil fuels and building a clean energy future.

### **Made-In-America Solutions**

Technological change has always been the engine that has propelled America's economy forward. Today, bold changes in our energy economy can put America back on the path to progress. Investing in clean energy alternatives can recharge America's economy and lay the foundation for a stronger economic future.

Imagine where American consumers and workers could be if we embraced this opportunity like the previous generation embraced landing on the moon. This is our chance to create a man-on-

the-moon moment, right here on Earth. America should be leading this energy revolution, creating Made-in-America technology that can be exported all over the world.

Ten years ago, when the Japanese were busy rolling out hybrid vehicles and other high mileage cars to prepare for a global market in clean technologies, special interests in America said it couldn't be done here at home. They said abundant oil supplies and low prices will last for decades to come. They blocked efforts to use U.S. taxpayer-funded research to help American companies make revolutionary high-mileage designs like hybrids and other concepts. Unfortunately, we now know the rest of the story....

Today, the top four selling vehicles in America are no longer made in the U.S.A. Hybrid and high-mileage Japanese vehicles have replaced models made in Detroit in the top four sales spots. U.S. manufacturers recently closed four large-vehicle factories. While they added shifts at two car plants, it's not enough to make up for the loss of these middle-class manufacturing jobs.

America must lead the clean energy revolution. We cannot afford to take a back seat. No nation in the world can out-compete America's industry and entrepreneurs when we are determined to lead. We must reinvigorate our efforts to make sure that the world's solutions to global warming carry the "Made in America" label.

A Made in America clean energy revolution will create and protect jobs here at home, save families and businesses money, and give Americans better choices. Clean energy also will provide a healthier, safer future for our children because it is the most effective solution to global warming.

*For more information:*

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<sup>1</sup> U.S. Department of Energy, Energy Information Agency, "Analysis of Crude Oil Production in the Arctic National Wildlife Refuge" May 2008 [http://www.eia.doe.gov/oiaf/servicerpt/anwr/pdf/sroiaf\(2008\)03.pdf](http://www.eia.doe.gov/oiaf/servicerpt/anwr/pdf/sroiaf(2008)03.pdf)

<sup>2</sup> U.S. Department of Energy, Energy Information Agency, "Impacts of Increased Access to Oil and Natural Gas Resources in the Lower 48 Federal Outer Continental Shelf" 2007. [http://www.eia.doe.gov/oiaf/servicerpt/anwr/pdf/sroiaf\(2008\)03.pdf](http://www.eia.doe.gov/oiaf/servicerpt/anwr/pdf/sroiaf(2008)03.pdf)

<sup>3</sup> U.S. Department of Energy, Energy Information Agency, "State Energy Profiles" <http://tonto.eia.doe.gov/state/>

<sup>4</sup> U.S. Department of Energy, Energy Information Agency, "Impacts of Increased Access to Oil and Natural Gas Resources in the Lower 48 Federal Outer Continental Shelf" 2007. <http://www.eia.doe.gov/oiaf/aeo/otheranalysis/ongr.html>

<sup>5</sup> Paltsev, et al, Massachusetts Institute of Technology, "Appendix D: Analysis of the Cap and Trade Features of the Lieberman-Warner Climate Security Act (S. 2191)" 2008.

[http://web.mit.edu/globalchange/www/MITJPSPGC\\_Rpt146\\_AppendixD.pdf](http://web.mit.edu/globalchange/www/MITJPSPGC_Rpt146_AppendixD.pdf)