

# HIGH GAS PRICES:

## Can oil subsidies and offshore drilling make gas cheaper?



Gas is hitting \$4.00 per gallon nationwide and everybody's talking about how to make gas cheaper. Lots of politicians are talking about trying to lower gas prices with oil subsidies and offshore drilling. Are these good ideas?

### Offshore Drilling

Lots of politicians are proposing that we open up more area for offshore drilling as a way to lower gas prices.

### Oil Subsidies

The oil industry gets about **41 billion dollars per year**† in government subsidies and tax breaks.

How much would this lower gas prices?

By the year **2030**, increasing offshore drilling will only lower gas prices by:

# 5.2¢

 per gallon<sup>1</sup>

No

Do oil companies need that taxpayer money to keep gas prices down?

Why?

### Oil companies are making record-breaking profits.

Here's what the top U.S. oil companies made in 2010, in billions:

|  |                |
|--|----------------|
|  | <b>\$52.9B</b> |
|  | <b>\$30.2B</b> |
|  | <b>\$19.7B</b> |

2010 operating profits in billions of dollars<sup>2</sup>

### The U.S. has a very, very small amount of offshore oil.

How much offshore oil do we have?

Why?

### It takes a long time to start pumping oil.

Offshore drilling is complicated and expensive. It can take anywhere from 2-4 years to build an offshore oil rig, and several years after that to reach maximum oil production.<sup>5</sup> But even once you start drilling... [see next]

### The U.S. Treasury says we don't need oil subsidies.

"...even in the unlikely case that the costs of removing the subsidies were passed on directly to consumers, the increase in prices would certainly be trivial compared to normal fluctuations."

U.S. Department of the Treasury on the effects of cutting oil subsidies, in an official report.<sup>3</sup>

Who else is against subsidies?

"...with high oil prices, such subsidies are not necessary."

Ex-CEO of Shell Oil John Hofmeister, February 10<sup>th</sup> 2011.<sup>7</sup>

ExxonMobil just posted their second highest quarterly profit ever, **\$14.1 billion**.<sup>2</sup> But regardless of how much profit they make... [see next]

"If you're already paying them at the pump, we don't need to pay them through a tax code."

President Barack Obama, in speech on May 6<sup>th</sup> 2011.<sup>8</sup>

"[Oil companies] ought to be paying their fair share."

House Speaker John Boehner (R), April 25<sup>th</sup> 2011.<sup>9</sup> He later retracted the statement under pressure from fellow Republicans.

What's the worst that could happen, though?

On top of all this...



The Deepwater Horizon oil spill is estimated to cost more than **\$40 billion** in cleanup costs and damages to the regional economy.<sup>10</sup>

Federal programs and services are being cut drastically due to budget shortages. With an extra 41 billion dollars per year, America could...

|  |  |                              |
|--|--|------------------------------|
|  |  |                              |
| build 11,700 wind turbines, doubling the amount of wind power the U.S. generates <sup>11</sup> | pay salaries for 732,273 new high school teachers. <sup>12</sup> | Fund 783 NPRs. <sup>13</sup> |

...instead of padding oil company profits.

## Offshore drilling and oil subsidies won't lower gas prices.

Also, burning more oil [which heats our planet's climate and pollutes our air] is a really bad idea.

### How do we get affordable energy for the long term?

# RENEWABLE ENERGY

Renewable energy is clean, abundant, and can make the U.S. 100% energy independent. Yet we aren't investing in renewable energy like we need to. Why? Because the oil industry is flooding politics with hundreds of millions of dollars of dirty money. Let's do something about that.

## Take action at [350.org/gas](http://350.org/gas)

### Sources:

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