

Roth: Presidential politics and the price of gas

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Let's get real. There's a lot of misinformation from politicians about why the price of gasoline is so high. It's a global market, with elasticity driven by supply and demand more than presidential politics.

I'm feeling the pain at the pump and know many others who are, too. Unfortunately, the only real choice we have in price is deciding which retailers charge a few less cents per gallon. For those of us shopping for a vehicle, you do have a choice in models. Some consume lots more gasoline than others.

The cost of gasoline is tied directly to the price of oil controlled by a global marketplace. This global market is susceptible to emerging events beyond anyone's control.

About 72 percent of gasoline cost pays for crude oil, about \$2.50 to \$2.85 per gallon of today's average costs, depending on the type of crude purchased.

Both local and federal taxes account for 12 percent of the cost. Nationally, we pay on average about 49 cents in taxes per gallon of gasoline. In Oklahoma, we average just about 35.4 cents per gallon, with 18.4 cents going to Uncle Sam. The rest heads to the state treasury and mostly ends up committed to road and bridge funding at the state or local level. Compared with our friends in New York who pay about 67.4 cents per gallon, we are well below the national average, which might explain the condition of our deteriorating surface infrastructure.

The rest of the cost, 12 percent, is left to refining and

retailers.

What you hear is that we need to increase production. I'm the first to agree that we can be doing more with our own natural resources, of all forms of domestic energy. But let's remember that production in the United States is at an all-time high. We can be thankful for that growing self-reliance.

Comparatively, in 2005, oil imports accounted for almost 60 percent of America's daily consumption. In 2010, imports from foreign sources were less than half of consumption. Last year imports were only 45 percent. That trend is good for our economy and our national security.

This shift is because domestic production is up, and overall consumption (mainly because of increased fuel efficiency in vehicles) is way down. This is great. Under President Barack Obama, production of crude oil and other liquid fuels, offshore and onshore, reached about 10.3 million barrels daily last year. That's the highest level since the 1980s.

We will hear much in the presidential campaign year about increased production, access to drilling and environmental risks, but production is up and so is access to drilling. There are close to 7,000 approved onshore drilling permits sitting unused by companies that have them. While offshore drilling is still temporarily halted, there are literally millions of acres of offshore-leased land that remains unexplored.

So while temperatures and rhetoric heat up this summer and prices rise for the driving season, be mindful of the breakdown that drives the price of gasoline. Remember the choices you make in what you drive, how far and how often you drive, commute or carpool have more potential effect on your out-of-pocket expenses than any pandering politician promising to lower the price of gasoline.

Next week, I'll talk about alternatives fuels.

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