

Anything two people know is not a secret

# CHEYENNE HERALD

FREE - TAKE ONE

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## You are getting hosed at the pump

I'm sure you've noticed that when the price of a barrel of crude goes up a dollar, you immediately pay ten cents more a gallon at the pump. Yet, when the price drops a dollar a barrel, it is not reflected at the pump.

And every time two opposing factions in the Middle East glare at one another, our gas pump prices shoot up like there's a civil war in the country that is our largest oil source.

I've written here before about where our oil comes from. And it's not from our enemies in the Middle East and it's not from the countries now engaged in quasi-civil wars.

Yet, every time someone throws a rock or a tank takes to the street over there, our gas pump prices escalate. And the president is praised/chastised about even thinking about tapping into our own reserves.

We get less oil from Libya than we do Coca Cola from Somalia.

And, to reduce our "dependence on foreign oil" (which we don't have), Congress continues to subsidize the production of ethanol here while imposing a poisonous tariff on imported ethanol. If our government really believed we had a dangerous dependence on foreign oil, the first step to reduce that dependence would be to remove the tariff on Brazilian ethanol. They could flood our country with their product from sugar cane. And American-sold automobiles could be required to shift from 10% to 20%-25% ethanol mix gasoline.

I pointed out the oddity of owning a 2000 Ford Taurus with a flex-fuel engine (it could use 85% ethanol mix fuel) but that my 2007 Ford Taurus could not. Our government is not, never has been, and never will be, serious about reducing, let alone eliminating, our use of foreign oil.

Why? Because most of our imported oil comes from our allies and, if we reduced or eliminated all imports of oil, our friends would be affected and we would have to provide them with foreign aid that we now accomplish by buying their oil. We're better off buying their oil than to provide them

country welfare that would cost our citizens differently, but more.

When the price of a barrel of oil goes up, that oil doesn't magically and immediately appear in our underground storage tanks at the gas stations we patronize. Yet, the price per gallon goes up like that station had a direct pipeline to the refinery which had a direct pipeline to the oil fields from where our crude comes. That is not the case. The delay is significant. We are paying for a future price of oil - a price that might not materialize after we've paid for it at the pumps for weeks or months.

While the price of gas, compared to what it was three years ago or twenty years ago, has not gone up as much as it feels like, it is a product almost all of us use and use on a regular basis. If the price of wild rice or cranberries or apples or bananas goes up too high or too fast, we simply don't buy the product. Some may ride a bicycle more or buy a motorcycle to save money on gas, but most of us are locked into our vehicles and can't make many changes to conserve fuel. Fewer trips to Fort Collins to shop or Denver for a concert or ballgame? Right.

Here's some simple math: When my wife and I travel back to northern Wisconsin for a visit, it is 2,000 miles roundtrip. My BMW gets 25 miles per gallon so we burn 80 gallons of gas on the roundtrip. That doesn't count, of course, our multiple trips to the walleye restaurants, bars and lounges while in our home area.

If the price per gallon of gas were \$2.50, that expense of the trip for fuel would be \$200.00. If the price jumped to \$4.00 a gallon, the cost would be \$320.00. If you are traveling somewhere for a week, an extra \$120.00 should not be a deal breaker. In our case, in the summertime, we could drive straight through, saving \$60.00-\$75.00 a night for a motel room in Des Moines and Council Bluffs going and coming, cancelling the higher cost of gas.

Or, I could drive 75 mph instead of 80, probably increasing my fuel efficiency by 5%. That'll be a cold day

in Hades. Or, we could eat cheaper on the trip and eat out less often while in Minnesota and Wisconsin.

There are a lot of ways to offset an increase in fuel costs of as much as 60% like the example used.

I have a longtime friend who has a Ford dealership in Minnesota. He told me a couple days ago that the smaller cars are selling for much higher prices now. In other words, people won't do what they should do until they have to. Like our water restrictions. We may gripe about not being able to water our lawns during the heat of the day and during the strongest winds but we should never have been irrigating during the hottest and windiest hours anyway.

When I read that people are reducing their travel because of the cost of gasoline, I laugh. Of all the costs incurred on a vacation, fuel would rank near the bottom. People who come to Cheyenne for Frontier Days won't be gouged by the price of gas but always have been by local lodging establishments jacking up the price of a room - sometimes doubling the price during Frontier Days. If people stayed in Chugwater, Laramie, Greeley or Fort Collins and drove back and forth daily, they would more than save the increase in gas prices. And, if a party of four took their own bottles of water into the Park each day, that would save them nearly the increase cost in gas to travel 600 miles round-trip.

Back to the main point of this story: Why do the pump prices go up so quickly after the price of crude goes up? Why do those responsible gouge motorists before the higher oil prices could affect the refined product at the pumps? It isn't because the place you buy your fuel is gouging you. They make little on a gallon of gas. The manipulation is well before that point in the chain. And those people do it because they can. The American people will drive. They will use gasoline or diesel fuel at whatever price it is. We will.

To offset those higher costs, I will stop smoking. Oh, I don't smoke. Well, I'll stop drinking. That's right,



I don't drink either. No fishing. Don't do that. No bowling. Don't do that either. No hunting, those licenses are expensive. Don't hunt either. So, I can't save money by eliminating any of those things from my lifestyle. Many of my readers could. They won't. Prices won't go that high.

We accept the hosing at the hose with a cringe. As that dial spins past \$30.00, then past \$35.00, then beyond \$40.00, all the way to \$50.00 to fill a sedan's gas tank, we wince and hold the handle to keep pumping. For those who feel it is in defiance of the foreign despots who control the price of oil, think again. That might be the case in Japan. Or China. Or South Africa, France or the UK. But not here. We are not buying our oil from countries headed by dictators. Much. Emirs, yes. Sheikhs, yes. But, not dictators.

Libya is now the fall guy for our gas pump prices and the steadily and rapidly rising prices we're seeing.

Want to know how much oil we import from Libya? They are an Opec nation and they have long been an enemy. Remember when we bombed Tripoli? Operation *El Dorado Canyon*, we called it. April 15, 1986. Libya has not been our friend. Nor an important source of our oil imports.

America's top ten sources of crude oil imports account for about 88% of all U.S. crude oil imports. Ten countries, 7/8 of our imports. Canada is by far the largest, Mexico is second, with Saudi Arabia and Nigeria close behind. The other countries in the Top 10 are Venezuela, Iraq, Angola, Brazil, Algeria, and Colombia. The only Middle East countries among those ten are Iraq (which we own) and Saudi Arabia (which is our friend). Of our total crude oil imports, we get about 18% from the Persian Gulf - ONLY from our allies Saudi Arabia, UAE, Kuwait, Qatar and Iraq. Libya? .68% - less than 1%. About the same as Norway.

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