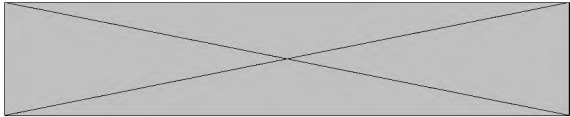


To: leila_getto@ios.doi.gov[leila_getto@ios.doi.gov]
From: Jack Gerard, API
Sent: 2018-05-23T09:27:18-04:00
Importance: Normal
Subject: [EXTERNAL] Fuel Prices and The Summer Driving Season
Received: 2018-05-23T09:27:22-04:00

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May 23, 2018

Dear Leila,

Americans will hit the road in “near-record” numbers this weekend, according to [AAA](#), which forecasts 41.5 million will travel by plane, train or automobile for Memorial Day.

The 88 percent of travelers who will be driving may notice gasoline prices have ticked up slightly in the past few weeks. With misinformation floating around about gasoline costs, it may be helpful to explain a few of the [factors that influence prices](#) at the pump.

Supply and demand:Crude oil prices account for about 57 percent of the consumer’s price for gasoline. U.S. crude oil demand has remained strong and increased by more than 750,000 barrels per day in April, compared with the same month last year. This is a positive indicator of economic activity, but it’s also contributed to a tightened global oil supply/demand balance that has put upward pressure on prices.

Geopolitical factors:From instability in Venezuela to continuing concerns over the Syrian conflict, uncertainty related to reinstating sanctions on Iranian production and [a deflected coup attempt in Saudi Arabia](#), *The Wall Street Journal* highlights that a “geopolitical premium” is evident. And, as the Journal puts it, such “events have become more important in determining prices as the oil glut has dwindled, reducing the cushion that insulated the market from the impact of surprise disruptions.”

Seasonal variations:Memorial Day marks the traditional start of summer. Schools start dismissing and more families take road trips, which in the past has led to increased fuel demand that, combined with the higher costs of mandated summer-specific fuel blends, impacted prices. Notably, strong U.S. oil production has helped mute these impacts. Prior to the American energy renaissance, gasoline prices rose by 22 cents per gallon on average during the [summer driving season](#), compared to an increase of just 13 cents per gallon over the past three years.

The stabilizing impact of U.S. production merits emphasis. Our position as the world’s top producer of natural gas and oil has unquestionably helped keep energy more affordable for families and businesses and shielded U.S. consumers from the more frequent and dramatic market fluctuations that were once routine. In April, U.S. consumers enjoyed domestic (West Texas Intermediate) oil prices that continued to run at a discount of more than \$5 per barrel below international (Brent) crude oil.

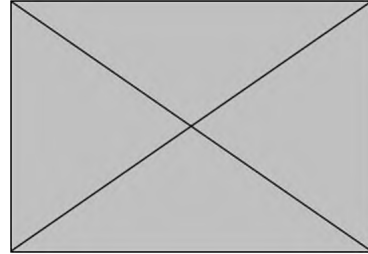
It goes to show that policy – solidly backed by American ingenuity and productivity – matters. U.S. consumers benefit from policies that increase access to onshore and offshore resources; avoid measures that impair free trade, like tariffs and quotas, or otherwise jeopardize energy development; and, maintain investment protections in NAFTA that foster strong energy trade with our continental neighbors. Any policy that encourages U.S. energy production is a policy that can ultimately help cushion the market, put downward pressure on domestic prices and benefit consumers.

Sincerely,

Jack N. Gerard
President & CEO
API

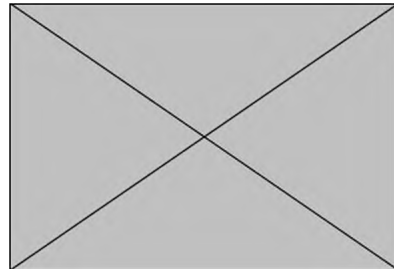
Energy and Military Compatibility in the Eastern Gulf

The U.S. offshore has vast oil and natural gas potential that should be harnessed for our country's long-term needs and security – and offshore development is compatible not only with industries like fishing and tourism but also with military activity. [Learn more about the collaboration between the Defense and Interior departments that enables the successful coexistence of military training and expanded American oil production.](#)



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About API:

API is the only national trade association representing all facets of the oil and natural gas industry, which supports 10.3 million U.S. jobs and nearly 8 percent of the U.S. economy. API's more than 625 members include large integrated companies, as well as exploration and production, refining, marketing, pipeline, and marine businesses, and service and supply firms. They provide most of the nation's energy and are backed by a growing grassroots movement of more than 40 million Americans.

To learn more about API and the value of oil and natural gas, please visit API.org.

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