

# OKLAHOMA

# ROCKS!

## Oil & Gas: Political Impact

Oil is a global commodity, and the U.S. competes with the rest of the world for this limited resource. Along with the logistics involved in finding oil and gas, getting it out of the ground and making it available to consumers, political issues also affect fuel production and pricing.

The two most significant global price increases historically were in 1973 during the Middle East turmoil triggered by the Yom Kippur War, when the price of crude oil went from \$5.40 to \$16 a barrel, and in 1979, when the shah of Iran fell and the price rose to more than \$30 a barrel.

The U.S. imports about 60 percent of the crude oil it uses – and it consumes more oil than China, Japan, Russia, Germany and India, all the next highest oil consumers, combined. The need to import more than half the crude oil consumed in the country means that prices here are especially vulnerable to changes caused by world events.

The major world suppliers of crude oil are Canada, Mexico, Saudi Arabia, Venezuela and Nigeria, in that order. Other major sources of oil are Iraq, Angola and Ecuador. However, Saudi Arabia has by far the most in reserves. Qatar, a small country in the Middle East that is about the size of Connecticut, has 60 percent more oil reserves than the entire U.S., and three times the quantity of U.S. gas reserves.

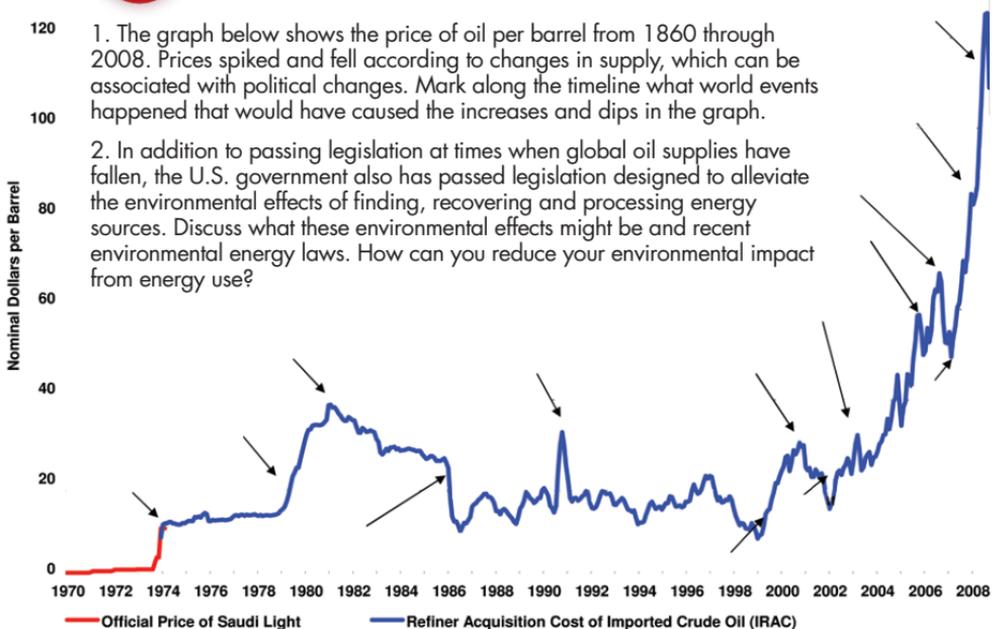
There is a lot of oil still in the ground, and the problem isn't running out of oil. But the price of oil is tied not only to how much is in the ground and how much we use it, but also to political instability throughout the world that can disrupt production, pricing and supply routes.



### Activities:

1. The graph below shows the price of oil per barrel from 1860 through 2008. Prices spiked and fell according to changes in supply, which can be associated with political changes. Mark along the timeline what world events happened that would have caused the increases and dips in the graph.

2. In addition to passing legislation at times when global oil supplies have fallen, the U.S. government also has passed legislation designed to alleviate the environmental effects of finding, recovering and processing energy sources. Discuss what these environmental effects might be and recent environmental energy laws. How can you reduce your environmental impact from energy use?



Source: U.S. Energy Information Administration

Newspapers for this educational program provided by:

