CIPA
California Independent Petroleum Association

IN CASE YOU MISSED IT:

California's Foreign-Oil Problem

Why the Golden State is dependent on the Saudis, unlike most of America

The Wall Street Journal, Sept. 30, 2019

The Wall Street Journal editorial board recently wrote:

Following the attacks on Saudi Arabia's oil facilities last month, many forecasters warned that gas prices would spike. Yet prices have hardly budged—except in California, where they are surging due to policies that have made the state more reliant on foreign oil.

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A big reason gas prices didn't spike after the Saudi attack is growing U.S. shale oil production, which has doubled since 2012 to about 12.5 million barrels a day and added about six million barrels to global supply. This has more than offset the 5.7 million barrels that were temporarily knocked out of Saudi production.

Yet oil production in California has declined about 18% since 2012 as older wells are exhausted and regulatory costs make it less profitable to drill new ones. California has made up for its declining domestic production by importing more foreign oil by tanker, especially from, you guessed it, Saudi Arabia—which emits more CO_2.

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Add California's 61-cent-a-gallon gas tax—the highest in the country—and this is why its gas prices are now nearly $1.40 higher than the U.S. average and $1.70 more than in Texas.

Gov. Gavin Newsom recently remarked that "Saudi Arabia is showing us how dependent we are on foreign oil."

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To read this editorial in its entirety, visit:
https://www.wsj.com/articles/californias-foreign-oil-problem-11569884224