POLITICAL NEWS

Release of oil from reserve could take weeks to lower local gas prices

Tags: gas prices, inflation

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By Matt Talhelm, WRAL reporter & the Associated Press

WASHINGTON — President Joe Biden on Tuesday ordered 50 million barrels of oil released from America's strategic reserve to help bring...
down energy costs, in coordination with other major energy-consuming nations, including India, the United Kingdom and China.

The U.S. action is aimed at global energy markets, but also at helping Americans coping with higher inflation and rising prices ahead of Thanksgiving and winter holiday travel. Gasoline prices are at about $3.40 a gallon, more than 50% higher than a year ago, according to the American Automobile Association.

In North Carolina, the average for a gallon of regular gas is down 4 cents from just a month ago, but Gary Harris, director of the North Carolina Petroleum and Convenience Marketers, told WRAL News there won't be any dramatic drop in prices.

"It's hard to say what releases will do," he said.

"While our combined actions will not solve the problems of high gas prices overnight, it will make a difference," Biden promised in remarks. "It will take time, but before long you should see the price of gas drop where you fill up your tank."

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Steven Allen, North Carolina State University professor of economics, said that time could be as long as the end of the year. "If we're talking about the time, say between now and the end of the year, it’s unrealistic to think there’s really going to be any impact on prices at the pump."

It will take weeks for newly released oil to be refined into gas, pumped through the pipeline and delivered to the pump.

The government will begin to move barrels into the market in mid- to late-December. Gasoline usually responds at a lag to changes in oil prices, and administration officials suggested this is one of several steps toward ultimately bringing down costs.

The Strategic Petroleum Reserve is an emergency stockpile to preserve access to oil in case of natural disasters, national security issues and other events. Maintained by the Energy Department, the reserves are
stored in caverns created in salt domes along the Texas and Louisiana Gulf Coasts. There are roughly 605 million barrels of petroleum in the reserve.

The Biden administration argues that the reserve is the right tool to help ease the supply problem. Americans used an average of 20.7 million barrels a day during September, according to the Energy Information Administration. That means that the release nearly equals about two-and-a-half days of additional supply.

"Right now, I will do what needs to be done to reduce the price you pay at the pump," Biden said. "From the middle class, and working families that are spending much too much and it's a strain ... you're the reason I was sent here to look out for you."

One hundred drivers in Cary saw immediate relief Tuesday, the product of a stunt sponsored by a candidate for Congress. Nathan Click rolled back the price per gallon at Bunkey's Car Wash and BP station to $1.99 – the cost of a gallon one year ago. He's calling for Congress to investigate oil company profits.

"Big oil is profiting mightily on the backs of working families who struggle to fill their gas tanks to get to work and get their kids to school," Click said.
"I thought maybe someone was doing it as a joke or something because I can't remember the last time it was under two bucks," said Georgia Brumfield. "Sometimes I feel like my whole paycheck is going to it."

Neither the short-term attention-getter at a single Cary station nor the release from the strategic reserve is likely to make a big difference to the average driver, Duke finance professor Campbell Harvey said.

"This is largely symbolic," he said of Biden's move. "If you tap the reserve, more supply comes into the market and more supply leads the price to eventually go down."

"This is something that may score some political points, but I don't think is really going to make any difference to the consumer," Allen said.
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