



Written by [Raven Clabough](#) on December 29, 2010

## Gas Prices Predicted to Soar

[Fox News](#) reports: "The dire prediction comes as energy analysts toss out a string of frightening predictions about the rising price of oil in the short term. Oil has topped \$90 a barrel, and JP Morgan Chase & Co. earlier this month predicted oil could hit \$120 a barrel by the end of 2012. At the same time, the national average gasoline price is about \$3 a gallon for the holiday season."



Hofmeister, now head of Citizens for Affordable Energy, believes that sometime between 2018 and 2020, the demand will be far greater than the supply, causing gas stations to run out in some regions. "I think it's going to be a cumulative problem that won't happen suddenly," he observed.

Fox News explains:

He predicted the problem would start with "stockouts" at select gas stations during the summer and during bad weather and then spread. He said those states farthest from refineries would get hit the worst and that in order to maintain some consistency, local and state governments might resort to the kind of rationing they employed in the early '70s — when drivers with even-numbered license plates would buy gas on even days, and vice-versa."

Similarly, [Truckinginfo.com](#) reports, "Investment banks including J.P. Morgan and Morgan Stanley are predicting a return to \$100-per-barrel oil in 2011."

Likewise, Tom Kloza, publisher and chief oil analyst at Oil Price Information Service, indicates, "The market is really getting limber for a sprint come January."

In consideration of these predictions, Hofmeister has staunchly criticized the Obama administration for its extreme stance on domestic oil drilling. Earlier this month, the Interior Department declared that it will not permit offshore drilling at the East Coast or in the eastern Gulf of Mexico for the next seven years. Even lease sales will not begin until 2012.

The Obama administration has pointed to the British Petroleum oil spill to justify its decisions regarding offshore drilling. Interior Secretary Ken Salazar declared:

As a result of the Deepwater Horizon oil spill we learned a number of lessons, most importantly that we need to proceed with caution and focus on creating a more stringent regulatory regime.

Hofmesiter remains unconvinced. "It is pure politics that keeps us from drilling more of our own resources," he stressed.

Again, Fox News:



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While clamping down on domestic energy production, the Obama administration has invested billions in renewable energy sources via last year's stimulus bill and has pushed improved energy efficiency for a range of products in a bid to at least keep demand a bit lower in the long term. Now emissions standards for cars and trucks will soon mandate an average fuel economy of just over 35 miles per gallon for new vehicles by 2016.

In addition, the Interior Department is continuing to honor leases for oil drilling in the Arctic.

Hofmeister contends that the federal government should continue to address its short-and medium-term energy needs by allowing drilling at existing sites and opening up new sites for drilling purposes, as alternative energy involves a great deal of time to research and produce, especially since the United States currently produces 5 million fewer barrels a day today than it did just decades ago.

Similar to Hofmeister's claims, a number of oil industry organizations declared that the new regulations imposed by the federal government will continue to have detrimental effects on the economy while increasing dependence on foreign oil.

The president of the American Petroleum Institute has scheduled a speech in Washington, D.C. next week to address the benefits of domestic oil and gas production.

Similarly, Texas oil magnate T. Boone Pickens is a leading advocate of U.S. production of oil and gas and believes the country should be less dependent on foreign oil. However, his Pickens Plan organization asserts that the United States does not possess enough oil in its deposits to make up the 12 million barrels it currently imports every day.

Meanwhile, the world's demand for oil is expected to go up next year as well, and OPEC ministers have indicated that they would not be increasing output quotas to meet the demand. [Truckinginfo.com](#) explains:

Many expected OPEC to increase production to ease price increases, but Arab OPEC members said at a meeting in Cairo over the weekend that they wouldn't even meet until June.

Unfortunately, when the cost of gas increases, so does the cost of virtually everything else. Americans should prepare themselves for escalating prices in 2011.



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