United States Is Now World's Largest Oil and Gas Producer

The United States exported more crude oil than it imported last week, for the first time since 1943. The crossing over the threshold to energy independence was inevitable thanks to the fracking revolution and the fading influence of the OPEC cartel that has dictated world oil prices for 60 years. Michael Lynch, president of Strategic Energy & Economic Research, said, "We are becoming the dominant energy power in the world."

Just last month, U.S. Interior Secretary Ryan Zinke announced that "we are the largest oil and gas producer on the face of the planet, rolling through 11 million [barrels of oil a day] … on our way to 14 [mbd]."

And, along the way, reducing OPEC's influence. Seniors remember the two "oil shocks" in the 1970s resulting in long gas lines, alternate days to buy gas, and the "double nickel" speed limits imposed by the federal government as the Saudi-controlled cartel punished Americans for its support of Israel during the Yom Kippur war. From the start of the embargo in October 1972 through March 1973, the price of crude oil quadrupled, thanks to OPEC's embargo.

So successful was the "first oil shock" that OPEC created a similar crisis, the "second oil shock" in 1979, causing similar pain and disruption for American citizens. Thanks to the fracking revolution, those days are over. OPEC's influence continues to wane even as it continues its attempts to influence world oil prices.

Prior to that revolution, the United States was unable to meet the demand from its citizens for energy and so it imported oil from around the world. By 2005 the United States was importing 12 million barrels of oil every day. Today, the United States imports about three million barrels per day, which refiners then turn into gasoline and other derivatives for export. On a net basis, as reported by Bloomberg, as of last week the United States exported 200,000 more barrels per day than it imported. This, by definition, makes the United States "energy independent."

And that gap will only increase over time, partly thanks to OPEC's efforts to raise world oil prices (in Vienna yesterday it announced a reduction in output of 1.2 million barrels per day, but only with the assistance of non-member Russia) and partly by the discovery of still more reserves in the Permian Basin remaining to be developed.

Add to that the improved and improving efficiency of U.S. export facilities such as the Louisiana Offshore Oil Port (LOOP) which, starting last February, is now able to load Very Large Crude Carriers (VLCCs) capable of carrying six million barrels of crude oil to foreign ports. Three of those VLCCs will leave LOOP this week, with more to be loaded and shipped before the end of the month.

As further evidence of OPEC's decreasing influence, the meeting in Vienna wasn't attended by Qatar, which made a noisy exit from the cartel last week. Said Qatar's former Prime Minister Sheikh Hamad bin Jassim Al Thani: "This organization has become useless and adds nothing to us. They are used only for purposes that are detrimental to our national interest."

In response to OPEC's announcement, the price for the January delivery of crude jumped two dollars a barrel to $53.50 on Friday, giving American oil producers even more incentive to explore, develop, and expand their output to fill in the shortfall announced by OPEC. With breakeven points for U.S. producers well below $50 and dropping, every attempt by the cartel to raise world oil prices is met with increasing production by the Americans. As *The New American* noted earlier this week, it's a game OPEC must play but cannot win. And that game is only going to continue to favor American energy producers over time, as noted by Petromatrix oil analyst Olivier Jakob in a note to clients on Friday: "The rise of U.S. energy dominance is only starting."

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