



The story behind rising gas prices

By: Chris Woodward

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[Sterling Burnett](#) of the [National Center for Policy Analysis](#) says it is more than just the raw forces of supply and demand.

"You have to get it delivered in time to refine it in advance," he tells OneNewsNow. "So, if you're not sure where it's going to come from -- if Iran is flaring up or [Venezuela](#) is having a problem, which is one of the problems now -- then you bid up the price of oil to lock it in."

Oil is sold on the world market in dollars. Since the dollar has been weak, it takes more to buy oil. [John Tamny](#) of [RealClearMarkets](#) and Forbes Opinions has cited this issue during various appearances on Crane Durham's "Nothing But Truth" on [American Family Radio](#).

"In addition, we've had the hurricane that came through the [Gulf of Mexico], and that shut down the platforms in the Gulf and the refineries on the Gulf Coast," Burnett explains. "Once you shut one of those things down, you don't just flip a switch and turn it back on when the storm has passed. It takes times to start them back up and make sure everything is working properly."

According to Burnett, that is all the more reason why the U.S. needs to expand drilling to areas off the Western and Eastern U.S. coasts, as well as public lands in the West, Alaska and the Arctic National Wildlife Refuge (ANWR). The additional two-three million barrels of oil a day would wind up on the world market like all of the world's oil, but the added supply would bring down prices "substantially."

"It also affects prices in a way that people don't understand," Burnett continues. "A barrel of oil from the U.S. is different than a barrel of oil from Iran or Nigeria or Venezuela. World markets can pretty much count on [U.S.] oil being brought to market. That reduces the risk premium, because it's a barrel that you can count on, as opposed to what may be coming from these other countries where there is a lot of political turmoil. Even with elections, we don't have anything facing up like they do in Nigeria and Iran and Venezuela."