

Gasoline Myths...and Facts

Any time consumers face higher gasoline prices, conspiracy theories and urban legends are sure to follow and proliferate, especially via e-mail. Here are a few of the more common myths – and the actual facts -- about gasoline – with the debunking courtesy of the popular site that examines urban legends, Snopes.com.

Myth: Boycotting a couple of gasoline brands will bring overall gas prices down

Sample copy: "GAS WAR! Join the resistance!!!! I hear we are going to hit close to \$3.00 a gallon by the summer. Want gasoline prices to come down? We need to take some intelligent, united action..." It then urges: "Here! 's the idea: For the rest of this year, DON'T purchase ANY gasoline from the two biggest companies ... If they are not selling any gas, they will be inclined to reduce their prices. If they reduce their prices, the other companies will have to follow suit."

Facts:

- Companies can't alter the basics of supply and demand: prices go up when people buy more of a product, and they go down when people buy less of a product.
- A boycott of specific brands wouldn't result in lower overall prices: Prices at all the non-boycotted outlets would probably rise due to the temporarily limited supply and increased demand, and would actually make the original prices look cheap by comparison.
- The only practical way for consumers to help bring about a decrease in gasoline prices is by decreasing demand by buying less gasoline, not just shifting where it's bought.

Details at <http://www.snopes.com/inboxer/petition/gasout.htm>.

Myth: Participating in a one-day 'gas out' will help bring the retail price of gasoline down

Sample copy: "It has been calculated that if everyone in the United States did not purchase a drop of gasoline for one day and all at the same time, the oil companies would choke on their stockpiles.

At the same time it would hit the entire industry with a net loss of over 4.6 billion dollars, which affects the bottom lines of the oil companies.

Therefore May 19th has been formally declared 'stick it up their behinds day' and the people of this nation should not buy a single drop of gasoline that day."

Facts:

- By definition, a boycott involves the doing without of something. What the "gas out" calls for isn't consumers swearing off using or buying gasoline, even for a short time, but for them to simply shift their purchases by one day.
- Gasoline is a fungible, global commodity, its price subject to the ordinary forces of supply and demand. No amount of consumer gimmickry and showmanship will

lower its price in the long run; only a significant, continuous reduction in demand will accomplish that goal.

- Moreover, the primary effect of the type of boycott proposed in the "gas out" messages is to hurt those at the very end of the oil-to-gasoline chain, service station operators — the people who have the least influence in setting gasoline prices and survive on the thinnest of profit margins. As such, the "gas out" is a punch on the nose delivered to the wrong person.

Details at <http://www.snopes.com/politics/business/nogas.asp>

Myth: Spurning gasoline from certain major oil companies will cut off the funding of terrorists

Sample copy: "Nothing is more frustrating to me than the feeling that every time I fill-up the tank, I am sending my money to people who are trying to kill me, my family, and my friends. It turns out that some oil companies import a lot of Middle Eastern oil and others do not import any. I thought it might be interesting for Americans to know which oil companies are the best to buy their gas from."

Facts:

- The idea that oil companies sell gasoline only through their branded service stations is wrong. Oil companies sell their output through a variety of outlets other than their branded stations; as well, by the time crude oil gets from the ground into our gasoline tanks, there's no telling exactly where it came from.
- Complex problems rarely lend themselves to simple, painless answers. Simply shifting where we gasoline is purchased isn't nearly as good a solution as curtailing the amount of gasoline bought.

Details at: <http://www.snopes.com/inboxer/outrage/nogas.htm>

Myth: Cellular phones have touched off explosions at gas stations

Sample copy: "In case you do not know, there was an incident where a driver suffered burns and his car severely damaged when gasoline vapors ignited an explosion while he was talking on his mobile phone standing near the attendant who was pumping the gas. All the electronic devices in gas stations are protected with explosive containment devices, (intrinsically safe) while cell phones are not. READ YOUR HANDBOOK!"

Facts:

- The Cellular Telecommunications Industry Association has said, "There is no evidence whatsoever that a wireless phone has ever caused ignition or explosion at a station anywhere in the world. Wireless phones don't cause gas stations to blow up."
- The American Petroleum Institute notes, "We can find no evidence of someone using a cell phone causing any kind of accident, no matter how small, at a gas station anywhere in the world."
- In fact, creating an fire from a cell has not been demonstrated experimentally that it's even possible – which a 2004 broadcast of The Discovery Channel's Mythbusters program confirmed.
- It is unlikely that cell phone batteries could ignite gasoline fumes, given that they are the same voltage as automobile batteries (12V D.C.) but deliver far less current. Likewise, cellular phone "ringers" do not produce electricity -- they

produce audio tones that simulate the sound of a ringing telephone.

Details at <http://www.snopes.com/autos/hazards/gasvapor.asp>

Myth: Static electricity is the cause of an increase in gas station refueling fires

Sample copy: "Bob Renkes of Petroleum Equipment Institute is working on a campaign to try and make people aware of fires as a result of "static" at gas pumps. His company has researched 150 cases of these fires. His results were very surprising..."

Facts:

While the complete e-mail has numerous errors, many parts of this are accurate.

- The Petroleum Equipment Institute did study the issue and released a report that noted: "Americans pump gasoline into their cars between 16 and 18 billion times a year generally without incident," but fires related to refueling at gas stations seem to be on the rise, and many of these fires are apparently not the result of the usual causes: open flames (mostly from cigarette smokers), sparks from the engine compartments of automobiles (primarily from drivers refueling cars with their motors running), or a lack of electrical continuity between nozzles and grounded dispensers."
- The PEI states that they "don't have any definitive answers" about the reasons for this increase, but notes that the refueler became charged prior to or during the refueling process through friction between clothing and the car seat to such an extent that electrostatic discharges to the vehicle body, fuel cap or dispensing nozzle occurred, and this often happens in cool, dry weather.
- Another potential causes for the increase in fires is improper handling and filling gas cans.

Here are generally recommended tips for safe refueling:

- Stay near your vehicle's fueling point when using a self-serve station.
- Do not go back into your vehicle when refueling, regardless of whether you use the nozzle's hold-open latch.
- If you must re-enter your vehicle while refueling, discharge the static electricity by touching a metal part of the outside of your car away from the filling point before touching and removing the gas nozzle.
- Always turn your engine off before refueling.
- Never smoke, light matches or use a lighter while refueling.
- To avoid spills, do not overfill or top off your gas tank.
- Let the fuel dispenser shut off automatically and leave the nozzle in the tank opening for six to eight seconds so the gasoline in the tank neck can settle down and any remaining gas in the nozzle can drip out of it into the tank.
- When filling a portable container always place it on the ground, and don't move away from it until you're through and the cap is back in place.

Details at <http://www.pei.org/static/> and <http://www.snopes.com/autos/hazards/static.asp>

Myth: Infected needles are being placed on the underside of gas pump handles.

Sample copy: "My name is Captain Abraham Sands of the Jacksonville, Florida Police Department. I have been asked by state and local authorities to write this email in order

to get the word out to car drivers of a very dangerous prank that is occurring in numerous states.... Some person or persons have been affixing hypodermic needles to the underside of gas pump handles. These needles appear to be infected with HIV positive blood. In the Jacksonville area alone there have been 17 cases of people being stuck by these needles over the past five months. We have verified reports of at least 12 others in various states around the country..."

Facts:

- There is no Capt. Sands, for starters.
- The hoax, which has been around since 2000, does not contain any truth to it.
Details at: <http://www.snopes.com/horrors/mayhem/gaspump.asp>

Online Resources on Gasoline Prices

U.S. Energy Information Administration

Basic Petroleum Statistics

<http://www.eia.doe.gov/neic/quickfacts/quickoil.html>

Top-line statistics for industry data, as well as links for detailed information.

Petroleum Information at a Glance

http://www.eia.doe.gov/oil_gas/petroleum/info_glance/petroleum.html

A starting point to access information including EIA data from as far back as 1949 and reports looking as far forward as 2025.

Gasoline and Diesel Fuel Update

<http://tonto.eia.doe.gov/oog/info/gdu/gasdiesel.asp>

EIA's weekly report on gasoline and diesel fuel prices provides current weekly prices by region, as well as compared to the week and year prior. The site also includes a percentage breakdown of "What We Pay for in a Gallon of Regular Gasoline," using the agency's latest monthly data.

This Week in Petroleum

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Typically released every Wednesday afternoon, this report analyzes the week's supply and demand numbers and factors that could impact them.

Forecasts & Analyses

<http://www.eia.doe.gov/oiaf/forecasting.html>

Analyses and projections of energy information, including EIA's Short-Term Energy Outlook and Annual Energy Outlook.

State Energy Page

<http://www.eia.doe.gov/emeu/states/states.html>

Overviews of each state's energy resources, and detailed information on state-specific supply and demand, fuel requirements and petroleum infrastructure.

Oil Market Basics

http://www.eia.doe.gov/pub/oil_gas/petroleum/analysis_publications/oil_market_basics/default.htm

From the wellhead to the gas tank, this primer explains how oil markets operate, from with hotlinks to oil price and volume data.

A Primer on Gasoline Prices

http://www.eia.doe.gov/pub/oil_gas/petroleum/analysis_publications/primer_on_gasoline_prices/html/petbro.html

EIA's MVP (most valuable publication) explains the components of the cost of gasoline, why gasoline markets fluctuate and why gasoline prices differ regionally.

Gasoline Price Pass-Through

http://www.eia.doe.gov/pub/oil_gas/petroleum/feature_articles/2003/gasolinepass/gasolinepass.htm

Why do retail prices seemingly jump suddenly? EIA examined the movement of gasoline prices over time and found that most of the movement in retail prices (on a national and regional basis) is predetermined by previous movements in spot prices.

Eliminating MTBE in Gasoline in 2006

http://www.eia.doe.gov/pub/oil_gas/petroleum/feature_articles/2006/mtbe2006/mtbe2006.pdf

A primer on the petroleum industry's rapid transition away from MTBE as a fuel additive.

Hurricane Impacts on the U.S. Oil and Natural Gas Markets

http://tonto.eia.doe.gov/oog/special/eia1_katrina.html

EIA's final report on the impacts of Hurricanes Katrina and Rita.
(last updated Dec. 27, 2005)

NACS

2008 NACS Gas Price Kit: Consumer Reactions to High Gas Prices

http://www.nacsonline.com/NACS/News/Campaigns/GasPrices_2008/Pages/default.aspx

(published February 2, 2008)

Gasoline Prices and the Consumer: Perceptions and Realities (PDF)

http://www.nacsonline.com/NACS/News/Campaigns/GasPrices_2009/Documents/GasPriceKit2007.pdf

(published February 2, 2007)

Gasoline Prices 2006: Oh No, Not You Again (PDF)

http://www.nacsonline.com/NACS/News/Campaigns/GasPrices_2009/Documents/GasPriceKit2006.pdf

(published February 2, 2006)

Gasoline Price Volatility in 2004: What's Going On? (PDF)

http://www.nacsonline.com/NACS/News/Campaigns/GasPrices_2009/Documents/GasPriceKit2004.pdf

(published February 2004)

OPIS

Speaking of Oil

<http://blogs.opisnet.com/>

Tom Kloza's lively blog dissecting trends in the petroleum industry.

American Petroleum Institute

State Motor Fuel Excise Tax Rates

<http://www.api.org/policy/tax/stateexcise/index.cfm>

Motor fuel tax information for all 50 states.

Industry Statistics

<http://www.api.org/statistics/>

A collection of facts, figures and other energy-related material.

Energy Tomorrow

<http://www.energytomorrow.com/>

Multi-media information about the petroleum industry.

Facts on Fuel

<http://www.factsonfuel.org/gasoline/index.html>

A primer on how gas gets from the wellhead to your car.

U.S. Environmental Protection Agency

Boutique Fuels: State and Local Clean Fuels Programs

<http://www.epa.gov/otaq/boutique.htm>

A listing of the eight low-emission "boutique fuels" that states will be allowed to use to comply with the Clean Air Act.

Department of Energy

Energy Price & Trends

<http://www.energy.gov/pricetrends/index.htm>

Provides information and historical data for energy sectors.

Strategic Petroleum Reserve

<http://www.fe.doe.gov/programs/reserves/spr/spr-facts.html>

Information about the U.S. Government complex of four sites created in deep underground salt caverns that hold emergency supplies of crude oil.

Association of Oil Pipe Lines

<http://www.aopl.org/>

Pipelines move nearly two-thirds of the ton-miles of oil transported annually.

Pipeline 101

<http://www.pipeline101.com/Introduction/>

Basic information compiled from industry, government and research experts and published materials.

How Pipelines Make the Market Work

http://www.aopl.org/posted/888/Notes_How_Pipelines_Make_the_Market_Work.57635.pdf

Detailed information on operations and regulations

Clean Diesel Fuel Alliance

<http://www.clean-diesel.org>

Provides the basics on Ultra Low Sulfur Diesel fuel.

AAA

Daily Fuel Gauge Report

<http://www.fuelgagereport.com/sbsavg.asp>

Provides daily averages for fuel by grade for each state.

Merchants Payments Coalition

<http://www.unfaircreditcardfees.com/>

The Merchants Payments Coalition is fighting for a more competitive and transparent credit card fee system that better serves American consumers and merchants, including convenience stores and gas stations.