Name _____ Date _____

Political and Geographic Briefing

Read and annotate the passage below.

Geographic Context

How Oil Forms

Oil is formed over millions of years from the fossil remains of marine plants and animals. The conditions are right for these remains to be transformed into oil when they are buried very quickly in places where there is little oxygen present to decompose the remains. This rapid burial is most common in river basins and in newly-forming ocean basins along plate boundaries. The long process that transforms once-living creatures into oil happens when layers of sediment build up over millions of years. This creates enough pressure on the lowest layers to increase the temperatures to such levels that chemical changes can occur, eventually resulting in the formation of oil. Oil reservoirs form in places where porous, permeable rock is topped by a layer of impermeable rock. This creates a "trap" where oil reservoirs form. Scientists can identify likely locations for oil reservoirs by looking for this specific formation of rocks.

Location of Oil around the World

Oil deposits can be found on every continent in the world, though not all are heavily produced. The location of large deposits of oil are generally concentrated in four main types of geographic areas: river deltas, off of coasts along continental margins, in deserts, and in arctic locations. The oil deposits at these locations are the result of the movement of tectonic plates from the mild climates where most organic deposits originated to the more extreme desert and arctic locations.

The Middle East region, including Iran, Iraq, Syria, Kuwait, Saudi Arabia, Bahrain, Qatar, United Arab Emirates (UAE), Oman, and Yemen, is estimated to contain 48% of the world's known oil reserves. The geologic conditions in this 5.1 million square kilometer area evolved over time to produce a region rich in concentrated oil deposits. Within the Middle East, as of 2016, Saudi Arabia is the largest producer of oil and is, in fact, the largest producer of oil in the world.

The other leading oil producers in the world are Russia, Iran, China, and the United States. Thirty-one of the fifty states in the United States produce oil. Texas, North Dakota, California, Alaska, and Oklahoma are the nation's largest producers of oil.

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Political Context

International Energy Politics

The Organization of Arab Petroleum Exporting Countries (OAPEC) was formed in 1968 by the countries of Saudi Arabia, Libya, and Kuwait. Later members of OAPEC include Algeria, Bahrain, Qatar, the United Arab Emirates, Iraq, Egypt, Syria and Tunisia. Collectively, these countries control more than half of the world's estimated petroleum supply. OPAEC's stated purpose is: to foster cooperation among members regarding economic activity related to petroleum; to develop close ties in the petroleum industry among member nations; to determine ways to safeguard members' interests in the petroleum industry; to coordinate efforts to get petroleum to markets on fair and reasonable terms; and to create a suitable environment for investment in the petroleum industry. In effect, OPAEC attempts to control the amount of petroleum available on the market to secure the best price for its member countries and to prevent extreme price fluctuations.

In the Middle East, where the majority of OAPEC countries are located, tensions between Israel and its Arab neighbors had been high since the formation of Israel following World War II. In 1947, the United Nations General Assembly passed resolution 181, which partitioned Palestine into two areas—one for the Jewish state of Israel and one for an Arab state. The Arabs in the region opposed this measure. In October of 1973, the tensions between Israel and its neighboring Arab states broke out into open war when Egypt and Syria attacked Israeli forces in disputed territories that had been occupied by the Israelis. When the Soviet Union began supplying weapons to Syria and Egypt, the United States chose to send weapons to Israel. This angered Arab countries in the region and led directly to the oil embargo instituted by members of OAPEC. With the embargo, the Arab states hoped to force the United States to cease military aid to Israel.

Domestic Energy Politics

The Arab oil embargo had caused oil shortages and increased prices in the United States, but by the time Gerald R. Ford took office, the visible crisis was over. However, Ford understood that the United States needed to take action to ensure that such a crisis could not occur again. Early in his administration, President Ford proposed a comprehensive energy plan designed to make the United States energy independent by 1985. His plan included measures to increase domestic production of oil, increase energy conservation, and develop new sources of energy domestically. Unfortunately most Americans, and their representatives in Congress, did not share the president's urgency to address the energy deficit. Though the American public had gotten a scare during the oil crisis in 1973, most Americans had already moved on from the emergency conservation efforts they took during the crisis and were back to more wasteful ways. Ford's plan required that Americans make sacrifices in the interest of conserving energy, but Americans saw no reason to. In fact, most Americans did not fully understand the energy

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picture in America. For example, a majority of Americans did not realize that the United States imported oil. Some even believed that the energy crisis had been made up by oil companies as an excuse to raise prices.

Ford was a strong believer in market forces. He felt that allowing the price of oil to rise would slow the demand for oil, helping to bring the United States energy supply and demand in line. However, this would mean higher gas prices and other energy costs for all Americans, which was not a popular idea, especially in the midst of a recession. Even among those in Congress who agreed that higher gas prices would help lower demand, most wanted to increase prices in a controlled way, while Ford favored decontrol and free market forces.

Like the American people, many members of Congress seemed not to fully understand the need for Ford's proposals. They preferred to focus on conservation efforts, which were an easier sell than increasing oil prices. Congress was also faced with lobbying by industries like airlines that benefited from lower fuel costs. When Congress was slow to act on a comprehensive energy bill, President Ford decided to apply pressure by imposing a fee on oil imports, which would serve to increase the price of oil products to United States consumers. He proposed to increase this fee in stages until Congress acted on an energy bill. Thus began a stalemate between Ford and Congress over energy policy. In an address on energy policy in May of 1975, Ford criticized Congress for inaction and laid out his case for the importance of a comprehensive energy bill. Eventually, Congress acted, and in December of 1975 President Ford signed a compromise bill—the Energy Policy and Conservation Act.

Historical Significance of the Energy Policy and Conservation Act

Though the Energy Policy and Conservation Act did not contain all the aggressive measures that Ford had advocated, it has proved to be an important piece of legislation. The nation's first comprehensive energy bill continues to influence energy policy today. Though the 1975 act has been replaced with new legislation over the years, the primary means by which the United States seeks to reach its energy goals remain remarkably similar—to increase domestic production, to conserve and use energy more efficiently, and to develop new sources of energy, such as renewables.