

Oil and Missouri

In 2004, Missouri consumed 140.1 million barrels of oil (compared to 7.6 billion barrels per year of U.S. consumption). About 55% of Missouri's consumption went for gasoline/diesel, 24% went for fuel oil, and 9% went for LPG (butane & propane).ⁱ On a per capita basis, we consume about 23.3 barrels per person per year, ranking 22nd in the nation.ⁱⁱ Missouri has no oil refineries, although several pipelines pass through Missouri on their way to refineries in other states.ⁱⁱⁱ The petroleum consumed in Missouri arrives mostly via pipeline from the Gulf Coast and via barge on the Mississippi River. St. Louis and Kansas City require gasoline formulated to reduce ozone.

In 2003, Missouri produced 86,133 barrels of oil.^{iv} That is about .0006 of the oil consumed in the state, a tiny amount. Current production is focused in the counties of Cass (61%), Jackson (21%), Atchison (4%), and St. Louis (12%).

Missouri sits over untapped oil reserves, estimated by some to be as large as 2 billion barrels. Located in Vernon County and along the Oklahoma border, the oil is very viscous, and it is very shallow (as little as 160 feet). Thus, when you tap it with a well, it doesn't flow out unless you use sophisticated technology to recover it. However, only half of the oil in a field can be recovered, even using the most sophisticated methods.^v Thus, these reserves would represent about a 7-year supply for Missouri at 2004 usage levels. Through 2003, however, it had not proven economically feasible to develop the reserves. With rising oil prices, interest in these reserves has been growing.^{vi} It must be remembered, however, that the more you have to do to get the oil out of the ground, and the more it must be processed in order to yield desirable distillates like gasoline, the less your net energy yield.

Though the recoverable reserves represent about a 7-year supply for Missouri, the U.S. consumed 7.6 billion barrels in 2004. Thus, this seemingly large untapped reserve would supply the country for about 50 days. Based on these figures, it would seem that Missouri oil fields may represent an economic benefit to the state and the counties involved, and they can make a small contribution to forestalling the day of energy reckoning, but they are not a long-term energy solution.

Gasoline prices in Missouri tend to average slightly below the national average, and as of January, 2007, our gasoline tax was 17¢/gallon, some 20% less than the national average.^{vii}

Because Missouri does not have substantial oil reserves, our oil future depends on our ability to secure supplies from others. Unless we find substitutes, and in my estimation ethanol is not a viable one-for-one replacement for oil, we do not control those resources. We control only our oil demand, and as noted above, gasoline accounts for more than half. Gasoline equates to driving. Thus, in securing our energy future, the most important factor we have control over is our driving habits. Whether we are willing to alter how we drive is an interesting question. It will be the subject of the next white paper.

ⁱ Energy Information Administration, U.S. Department of Energy.

ⁱⁱ Statemaster:Energy Statistics:Statistics:Oil Consumption (per capita) (Latest available) by state, [Hhttp://www.statemaster.com/red/graph/ene_pet_con_percap-energy-oil-consumption-per-capita](http://www.statemaster.com/red/graph/ene_pet_con_percap-energy-oil-consumption-per-capita)H.

ⁱⁱⁱ Energy Information Administration, H<http://tonto.eia.doe.gov/state>H.

^{iv} Missouri Oil & Gas Council, Department of Natural Resources, July 30, 2004.

www.dnr.mo.gov/geology/geosrv/ogc/docs/2004-OGC-report.pdf

^v Nersesian, Roy. (2007) *Energy for the 21st Century*. Armonk, NY: M.E. Sharpe.

^{vi} Oil Research Could Bring Revenue to Missouri, *News@UMR*, UMR Public Relations, 1/29/03.
<http://news.umn.edu/research/2003/88.html>.

^{vii} Missouri State Energy Profile, Energy Information Administration,
http://tonto.eia.doe.gov/state/state_energy_profiles.cfm?sid=MO.