

# Gas prices soar as Russian invasion in Ukraine continues

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LA GRANDE — Gas prices are soaring to record highs amidst the Russian invasion of Ukraine, sparked by fears that NATO countries may begin enacting additional sanctions against Russian crude oil.

In the United States, President Joe Biden announced a ban on Russian oil on March 8.

Crude oil prices briefly skyrocketed to more than \$130 on March 8, the highest it's been since 2008, and nearly doubling since December.

Oregon has seen gas prices rise to more than \$4.50 a gallon, while some areas of Portland have sold gas as high as \$6. Diesel prices have risen above \$5 a gallon.

"I just came from Arizona, I'm on my way home to Washington, and this is the



Alex Wittwer/EO Media Group

**A personal vehicle fills up at the Chevron gas station, Island City, on Thursday, March 10, 2022. Gas and diesel prices have risen to record highs following the Russian invasion of Ukraine.**

highest price I've seen for diesel," said Diane Miller, a competitive barrel racer who was traveling home to Moses Lake, Washington, after a three-week trip to Arizona. Miller paid more than

\$140 to fill up half a tank of diesel at the Chevron station in Island City on Thursday, March 10. She said that she's lucky to be able to afford the increased costs at the pump, but knew several people who

would not be able to afford the increased gas and diesel prices. Miller said she will have to pay for more expensive diesel prices all summer as she competes in barrel racing competitions.

"It's definitely hard on America," Miller said. "It's a bad deal, and I don't think it would be this way if Trump would have stayed in."

According to the U.S. Energy Information Agency, the geopolitical risk related to Russia's invasion of Ukraine has contributed to higher and more volatile crude oil prices. But Russia's oil footprint on the U.S. market is minimal; only 8% of the U.S. demand for oil is filled by Russian suppliers, or approximately 600,000-800,000 barrels per day, according to J.P. Morgan. In comparison, the U.S. produces nearly 12 million barrels per day domestically, according to the American Fuel and Petrochemical Manufacturers trade association. Still, the U.S. is a net importer of oil.

It has left many at the pump wondering why exactly gas prices have risen so dramatically.

"The U.S. does not get a lot of oil from Russia," said Marie Dodds, direc-

tor of government and public affairs at AAA Oregon/Idaho. "Only about 8% of our imported oil last year came from Russia, but Europe gets a lot of oil from Russia, roughly 25%, so any time you take a big chunk of supplies away, it sends prices higher. It's basically supply and demand, as we learned back in Economics 101. When you have a major global producer of oil, Russia, and its product is taken off the global markets, all of the sudden you have to look around and figure out where that oil is going to come from."

tion is not back where it was pre-pandemic. Production hasn't kept up, so that's the main driver."

As prices increase, manufacturing businesses are faced with the tough choice of having to increase prices to offset transportation costs. Patrick Raimondo, plant manager for Behlen Country, Baker City, said the company is waiting for a few weeks to decide how they want to handle the cost increases. For now, he said the company has not raised prices in light of the gas price increase.

"As of right now we're holding off on doing any surcharges for our customers," Raimondo said. "As these prices increase, it is going to affect us down the road, just from the additional costs. We're just trying to see how it goes over the next couple of weeks and having conversations and open communications with our customers just to make sure we're all on the same page."

The U.S. has continued to bring oil rigs back online. By January 2021, 374 rotary rigs were operating in the United States, according to the EIA. By December 31, 2021, in response to rising prices, the number of rigs operating in the United States rose to 586 rigs.

Ongoing sanctions against Russia have locked the country out of foreign banks, goods and has caused the Russian ruble to plummet to nearly half its value at the beginning of February 2022.

According to the J.P. Morgan, almost 70% of Russian oil is struggling to find buyers even as Russian oil is being offered at a record \$20-per-barrel discount to international benchmark, with no bids.

"What happens half-way around the world can also have an impact on oil prices," Dodds said. "There's much more at play here than just what's happening in the U.S."

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