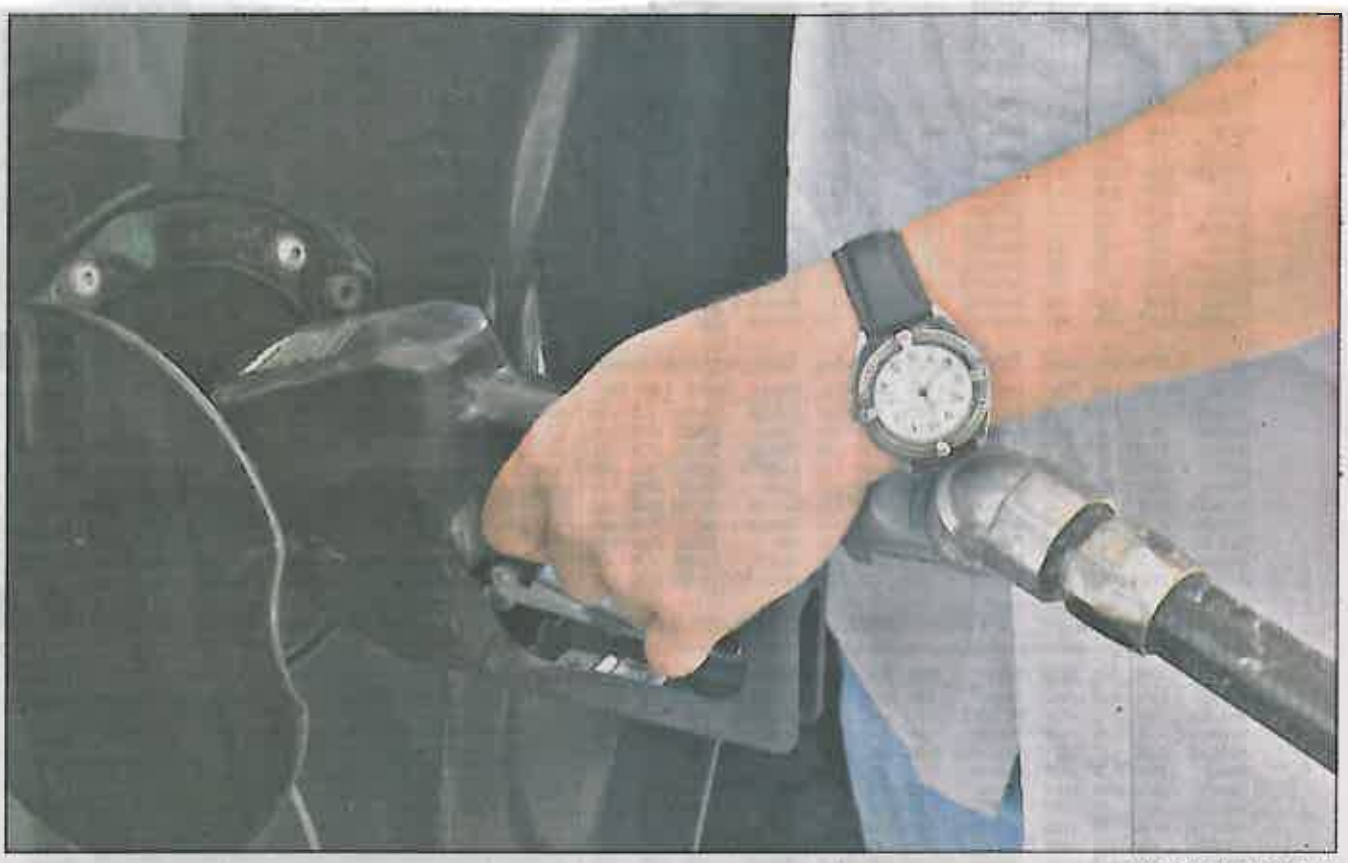


JESSICA NELNS | THE JOURNAL

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Prices spike

US gas prices spike; refinery problems cited

BY JONATHAN FAHEY
ASSOCIATED PRESS

NEW YORK — A surprise surge in gasoline prices is taking some of the fun out of summer.

The national average for a gallon of gas at the pump has climbed to $3.67, a rise of 34 cents since July 1. An increase in crude oil prices and problems with refineries and pipelines in the West Coast and Midwest, including a fire in California, are mostly to blame.

Analysts don't expect gas prices to get as high as they did in April, when 10 states passed $4 a gallon and the U.S. average topped out at $3.94. But this is still unwelcome news in this sluggish economy, since any extra money that goes to fill gas tanks doesn't get spent on movies and dinners out.

The rising prices could also put pressure on President Barack Obama in the heat of his re-election campaign.

When Phil Van Schepen recently went to fill up his dry-cleaning delivery van in Coon Rapids, Minn., he found a Post-it note a driver before him had placed on the pump faulting Obama for high gasoline prices.

"It's a reminder of his energy policies overall, which I don't agree with," said Van Schepen, who buys about 100 gallons a week and finds he is spending about $40 more than he did in early July. Still, he said the Post-it "was a bit much" because the president isn't responsible for gasoline prices.

Analysts and economists agree, saying prices for crude oil and wholesale gasoline are set on financial exchanges around the world based on supply and demand and expectations about how those factors may change.

The price at the pump in the U.S. fell more than 60 cents per gallon during the spring as the global economy slowed and turmoil in the Middle East seemed to subside.

But crude oil is climbing again, rising to $94 a barrel from a low of $78 in late June. Production outages in South Sudan and the North Sea, Western sanctions that have cut the flow of Iranian oil, Iran's threat to block tankers passing through the vital Strait of Hormuz, and fears that the violence in Syria could escalate into a wider regional conflict have driven up oil prices.

Seasonal factors are also sending pump prices higher. Gas usually costs more in the late spring and summer because refiners have to make more expensive blends of gasoline to meet clean air rules and because the summer driving season boosts demand.