The Arctic National Wildlife Refuge

Efficiency Saves More Oil than the Refuge Would Yield

Drilling in the Arctic Refuge is a futile, shortsighted approach to reducing America's oil dependency.

The United States has only 5 percent of the world's population, but consumes nearly 25 percent of all the oil produced worldwide every year. And we have used up most of our domestic supply. Given that we now have only 3 percent of the world's proven oil reserves, we can't drill our way to oil independence.

Oil from the Arctic Refuge would not change this fact. The U.S. Geological Survey (USGS) estimates the amount of oil that might be recovered and profitably brought to market from the refuge's coastal plain is only 5.4 billion barrels, based on the U.S. Energy Information Administration's (EIA) average forecast price of $28 a barrel over the next 20 years. That's a lot less than what Americans use in a year, and it would take decades to extract.

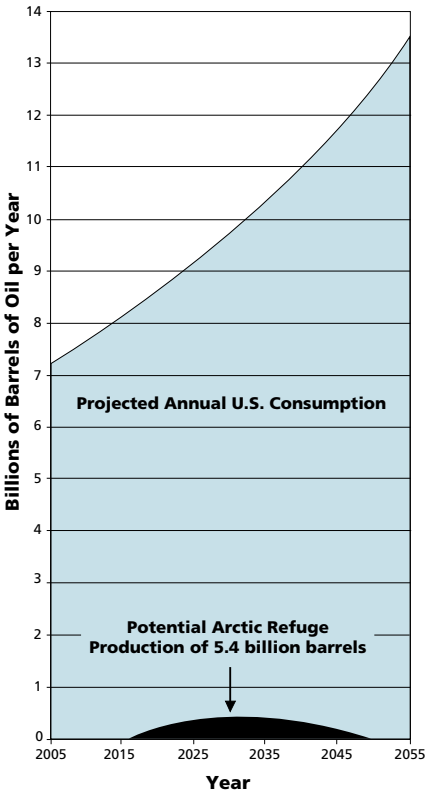
Arctic Refuge oil is not the answer to our energy problems. The solution will be found in American ingenuity, not more oil. Only by reducing our reliance on oil—both foreign and domestic—and investing in cleaner, renewable energy will the United States achieve true national security.

Oil from the Arctic Refuge would be a drop in the bucket

Even at $40 per barrel—-much higher than the EIA's average price scenario—USGS estimates there would be only 6.7 billion barrels that could be profitably brought to market, still less than the 7.3 billion barrels we consume every year. What's more, oil from the refuge would take as long as 10 years to begin reaching the market if development began today. And at EIA's average forecast price, it would provide only about 1.1 percent of projected U.S. consumption through 2050.

Drilling proponents claim that 16 billion barrels of oil could be recovered from the refuge coastal plain. But the USGS says there is less than a 5 percent possibility that the coastal plain and adjacent areas contain that much *technically* recoverable oil, and only a fraction of it could be *economically* produced and brought to market. Drilling proponents overstate their case by ignoring the fact that the costs of exploration, production and transportation in the Arctic are substantially higher than in many other regions of the world. Even if oil were discovered beneath the Arctic Refuge coastal plain (and there might be none at all) extreme weather conditions and long distances to market would make much of that oil too expensive to produce.

Projected Annual U.S. Consumption v. Potential Annual Arctic Refuge Oil Production (1002 Area)



Regardless of how much oil ultimately could be recovered from the refuge, it would not lower gas prices. Oil prices are set by the world market, and other nations have larger reserves and lower production costs, so any oil extracted from the refuge would not lower prices at the pump or enhance U.S. energy security. ▶

Oil is still a dirty business

Oil development—no matter how carefully done—would permanently damage the refuge's coastal plain, which provides a home for hundreds of thousands of birds, bears and caribou.

The idea that the oil in the refuge can be developed on only 2,000 acres is an industry fiction. According to the USGS, there is not one large Prudhoe-sized field on the coastal plain. Exploration and production would not be confined to a limited area; it would range across many separate fields, affecting wildlife habitat on hundreds of thousands acres interspersed between sprawling oil facilities and pipelines. Habitat would be further disrupted by industrial activity associated with airports, permanent production and support facilities, housing, and the gravel roads needed to connect drilling sites. All this industrial activity would fragment the coastal plain, disrupting critical birthing, denning and breeding areas.

There is enough oil in the North Slope without drilling the refuge

Proponents of drilling in the refuge maintain that new oil sources will be needed to keep crude flowing through the Trans-Alaska Pipeline. But there are still significant oil reserves in existing developed areas west of the Arctic Refuge.

The state of Alaska projects that from 2005 to 2035, Prudhoe Bay and more than 20 other North Slope oil fields likely will produce another 7.3 billion barrels of oil. About a billion barrels of that oil will come from the West Sak field, which overlays currently producing reservoirs and contains 15 billion to 20 billion barrels of heavy oil. Improved technology increases the likelihood that more of that vast heavy oil deposit will become economically viable in coming years.

In sum, even conservative projections predict 40 more years of production from the North Slope without drilling the refuge.

A smarter energy policy is the answer

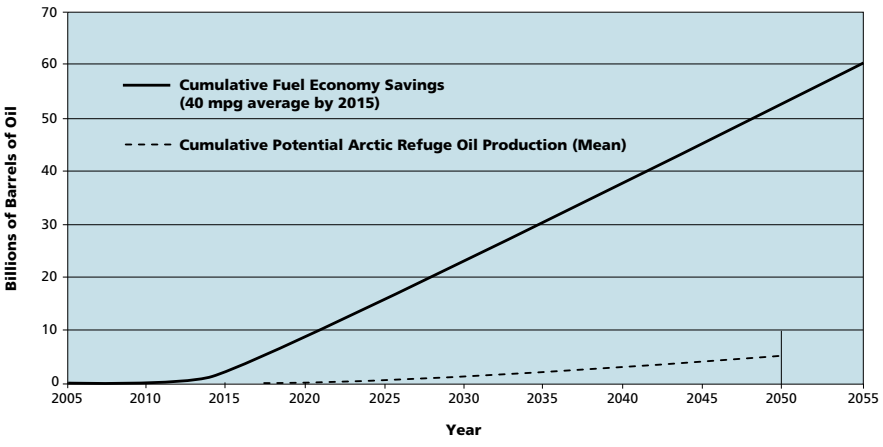
Oil production from the coastal plain likely would peak at 0.26 billion barrels a year in 2027, when Americans are projected to consume about 10.2 billion barrels of oil annually, according to U.S. Energy Information Administration estimates. In other words, the year refuge oil production peaks, it would provide only 2.55 percent of U.S. oil needs. Meanwhile, if the United States does nothing to curb its oil habit, by 2027 we will be importing approximately 70 percent of our oil.

Addiction to oil literally has the United States over a barrel. Refuge oil or no, we cannot drill our way to oil independence. Fortunately, we have the technology to wean ourselves off oil.

Some of the solutions are simple. For example, upgrading the quality of replacement tires to match that of tires that come as standard equipment on new cars would save 7.3 billion barrels of oil over the next 50 years. That's more than the total amount of oil likely to be recovered from the Arctic Refuge over the same period.

Updating fuel efficiency standards to reflect the capabilities of modern technology would produce even greater savings. Increasing fuel efficiency standards for new passenger vehicles and trucks to an average of 40 miles per gallon over the next decade would save 60 billion barrels of oil over the next 50 years—11 times the likely yield from the Arctic Refuge.

Fuel Economy Savings v. Potential Arctic Refuge Production (Cumulative Data)



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NRDC
THE EARTH'S BEST DEFENSE
1200 NEW YORK AVENUE, NW, SUITE 400
Washington, DC 20005
202-289-6868 Fax 202-289-1060
www.nrdc.org

ALASKA WILDERNESS LEAGUE
122 C Street, NW, Suite 240
Washington, DC 20001
202 544-5205 Fax 202 544-5197
www.alaskawild.org

Alaska Coalition
122 C Street, NW, Suite 240
Washington, DC 20001
202 628-1843 Fax 202 544-5197
www.alaskcoalition.org