



THE WILDERNESS SOCIETY

Arctic Refuge Drilling and Gas Prices: Drilling Nets About a Penny per Gallon, 20 Years From Now

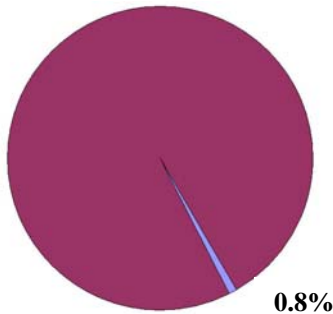
Proponents of drilling Arctic National Wildlife Refuge point to rising gasoline prices as a reason to drill one of America's last wild places. But in reality, Arctic Refuge oil would amount to a drop in the bucket of the oil market. The U.S. Department of Energy's own Energy Information Administration (EIA) estimates that even twenty years down the road, when Arctic Refuge oil is at or near peak production, gas prices would be affected by about a penny per gallon.¹



A Drop in the Bucket

A July 2005 report from EIA, which optimistically used USGS estimates of technically recoverable oil, found:²

- If oil were discovered in commercial quantities, it would take 10 years before a drop of Arctic Refuge oil could first be produced. In 2015, it would only make up 0.06% of world oil production.
- Even at or near peak production (in 2025), Arctic Refuge oil would make up only 8/10 of 1 percent (0.8%) of world oil production and only 3% of U.S. oil consumption.



Arctic Refuge Oil as Percentage of
World Oil Production, 2025

Oil Prices are Set on the World Market

Oil prices are set on a global oil market, and Arctic Refuge oil production would amount to a drop in the bucket. Historically, such small increases in U.S. production have had little or no impact on world oil prices. The latest EIA report predicts that when Arctic Refuge oil is at or near peak (2025), prices at the pump would only be affected by about a penny per gallon.³

Real Solutions: Efficiency and Renewable Technology

The United States consumes about 25% of the world's oil, but has less than 3% of the world's proven oil reserves (www.eia.doe.gov).⁴ We simply cannot drill our way to lower prices and energy independence. Energy experts agree that the best way to solve our energy problems is to use existing technology to make our cars and trucks more efficient and to invest in renewable energy.

¹ U.S. Dept. of Energy, Energy Information Administration, July 2005, "Impacts of Modeled Provisions of HR 6 EH: The Energy Policy Act of 2005" [http://www.eia.doe.gov/oiaf/servicerept/hr/pdf/sroiaf\(2005\)04.pdf](http://www.eia.doe.gov/oiaf/servicerept/hr/pdf/sroiaf(2005)04.pdf). EIA estimates reduction of \$0.57 per barrel of oil. Assuming a one-to-one impact on gasoline prices, $\$0.57/42 = \0.014 per gallon.

² EIA, "Impacts of Modeled Provisions of HR 6 EH" Table C2 (pg 9) and Table C20 (pg 50)

³ See citation #1 above

⁴ Energy Information Administration (www.eia.doe.gov), "Proven Oil Reserves" and "International Energy Outlook"