

Arctic Refuge Drilling and Gas Prices: Not a Solution, Now or Later

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Proponents of drilling the Arctic National Wildlife Refuge opportunistically and incorrectly point to rising gasoline prices as a reason to drill for oil in one of America's last wild places. If oil were discovered in commercial quantities, it would take 10 years before a single drop could be produced.¹ Once in production, Arctic Refuge oil would amount to a drop in the bucket of the oil market. Recently released U.S. Energy Information Administration (EIA) data indicates that between 2025 and 2030, when oil discovered in the Arctic Refuge would be near peak production levels, the effect at the gas pump would be less than four cents per gallon.²



Arctic Refuge Oil as percentage of
World Oil Production, 2030

A Drop in the Bucket

Using the U.S. Geological Survey's assessment of the Arctic Refuge Coastal Plain (a three-year study), EIA estimates that:

- In 2020, oil from the Arctic Refuge would only make up 2/10 of 1 percent (0.2%) of world oil production.
- Even near peak production in 2030, Arctic Refuge oil would make up only 6/10 of 1 percent (0.6%) of world oil production and only 2.4% of U.S. oil consumption.³

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. In its May 2008 report, the EIA that Arctic Refuge oil production "is not expected to have a large impact on world oil prices," noting that OPEC "could neutralize any potential price impact of ANWR coastal plain production by reducing its exports by an equal amount."⁴

Real Solutions: Efficiency and Renewable Technology

This nation consumes about 25% of the world's oil but has less than 3% of proven oil reserves.⁵ We simply cannot drill our way to lower oil prices. But in the last three years, new technology and price-induced reductions in consumption have dramatically lowered long-term import requirements. Reversing a long-standing trend, EIA now projects that during the next two decades U.S. imports, as a percentage of consumption, will *decrease*.⁶ **In fact, this recent increase in conservation and use of alternative technologies has cut this nation's projected need for imported oil between now and 2050 by more than 100 billion barrels. That's ten times more benefit than we might be able to get during the same period from the Arctic National Wildlife Refuge – without sacrificing one of our nation's most valued wilderness ecosystems.**⁷

¹ U.S. Energy Information Administration (EIA), *Analysis of Crude Oil Production in the Arctic National Wildlife Refuge*, May 2008 (Report No. SR/OIAF/2008-03), pp. 3-4.

² EIA estimates that in 2025 the Arctic Refuge would produce 740,000 bpd at an estimated price of about \$66.71 per barrel, which would reduce the price of gasoline at the gas pump by approximately \$0.033 / gallon. "Petroleum Product Prices," Table 12, "anwr2008" scenario (Mean Resource Case), *Analysis of Crude Oil Production in the Arctic National Wildlife Refuge*, May 2008 (accessed May 22, 2008 at <http://www.eia.doe.gov>).

³ EIA, "Liquid Fuels Supply and Disposition," Table 11, Reference Case and "anwr2008" scenario (Mean Resource Case); "International Petroleum Supply and Disposition Summary," Table 20, "anwr2008" scenario (Mean Resource Case) and "International Liquids Supply and Disposition Summary," Table 20, Reference Case, *Analysis of Crude Oil Production in the Arctic National Wildlife Refuge*, May 2008 (accessed May 22, 2008 at <http://www.eia.doe.gov>).

⁴ EIA, *Analysis of Crude Oil Production in the Arctic National Wildlife Refuge*, May 2008, p. 11.

⁵ British Petroleum, *Statistical Review of World Energy 2007*, June 2007, pp.6, 11.

⁶ Guy Caruso, "Statement of Guy Caruso, Administrator, Energy Information Administration, U.S. Department of Energy, before the Committee on Energy and Natural Resources, United States Senate," March 4, 2008, p. 7 and Figure 9.

⁷ http://www.alaskawild.org/wp-content/files/potential_production.pdf.

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