

## The National Petroleum Council's Biased and Flawed "Arctic Potential" Report Ignores Realities and Significant Harms Associated with Oil Drilling in America's Arctic

*NPC's report<sup>1</sup> exceeds the scope of study requested by the Department of Energy, contains flawed findings and recommendations based on information inconsistent with the leading analyses and studies on the Arctic Ocean and technologies, and portrays a false consensus because development of the report failed to include broad public input.*

The marine environments of America's portion of the Arctic Ocean – the Chukchi and Beaufort seas – are among the least understood in the world. This wide swath of sea ice-covered ocean waters, flowing counter-clockwise from Canada toward Russia, is home to one-fifth of the world's threatened polar bears, as well as seals, migratory birds, endangered bowhead whales, several other types of whales, Pacific walrus and much more. The Iñupiat people who live on Alaska's North Slope call the Arctic Ocean their "garden" and depend on ocean resources for their well-being and culture. Aggressive industry interest in these areas for oil and gas exploration and development threatens the sustainability of this ecosystem and the livelihood of Alaska Native communities.



### The NPC Report Exceeds the Scope Requested by the Department of Energy by Providing Policy Recommendations

- DOE asked the NPC to explore “research ... [to] pursue and ... technology constraints [to] address to ensure prudent development of Arctic oil and gas resources while advancing U.S. energy and economic security and ensuring environmental stewardship...”<sup>2</sup> Instead of focusing on research and technology recommendations to DOE only, as requested, the NPC report includes problematic *policy recommendations*. These policy recommendations are contrary to Department of the Interior requirements for safe oil and gas production in the Arctic Ocean, including asking for regulatory implementation of a longer drilling season<sup>3</sup> and using unproven technologies in lieu of same-season relief wells.<sup>4</sup> Though not requested by DOE, the report also recommends that policy decisions which protect highly sensitive areas in the Arctic National Wildlife Refuge and the National Petroleum Reserve-Alaska be revisited.

### Key Assumptions and Findings by the NPC are Flawed

- The NPC report wrongly assumes that many key species' populations, habitats, migration patterns, distribution, and ecosystem processes are “very well understood.”<sup>5</sup>
- The NPC report puts forward “solutions” to a non-existent oil crisis.<sup>6</sup> U.S. Energy Information Administration predictions show only a 0.3% increase in energy consumption per year through 2040, coinciding with the U.S. becoming a net exporter of natural gas and petroleum by 2017 and 2020, respectively, due to increased energy efficiencies and shale formation production.<sup>7</sup>
- If the NPC report recommendations are implemented, development of Arctic Ocean oil and gas will exacerbate climate change to unacceptable levels. International scientific consensus says the vast majority of known fossil fuel reserves must be left undeveloped if we are to avoid the worst effects of climate change.<sup>8</sup>
- The NPC report fails to directly discuss the full impacts of climate change in the Arctic. Notably, the rate of warming observed in the Arctic in recent decades has been approximately two times greater than the global mean.<sup>9</sup> Recent measurements of the current rate of loss of Arctic sea ice loss are faster than what was predicted by climate models<sup>10</sup> and projections suggest that the Arctic could be ice-free in summer by as early as 2040.<sup>11</sup>

- The NPC report wrongly concludes that industry has the technology and expertise to drill safely in the Arctic Ocean. Industry experience in the Arctic Ocean does not support this conclusion. Shell's long list of setbacks and failures in 2012 provides overwhelming evidence that the oil and gas industry is not prepared to operate safely in the Arctic Ocean. Oil companies bear a heavy burden to demonstrate to the American public that they can operate safely in the Arctic Ocean. The NPC report does nothing to quell those fears—in fact it only increases them as it recommends a longer drilling season in the Arctic Ocean.
- The NPC report, while admitting that “the risk of a spill can never be completely eliminated,”<sup>12</sup> downplays the significant impacts resulting from a spill and falsely claims there is adequate technology for oil spill cleanup. None of the three primary oil spill response methods – mechanical containment and recovery, *in situ* burning, or dispersants – have been proven effective in Arctic conditions.<sup>13</sup> Additionally, oil recovery from major spills has only been in the single digits percentage-wise, demonstrating that there is a need for improved technologies.<sup>14</sup> Infrastructure is also lacking in the Arctic to support offshore oil and gas operations, including emergency response.<sup>15</sup>

### **The NPC Report Failed to Obtain and Utilize Broad Public Input**

- The NPC report was rushed. Typically, the NPC would require 2-3 years to publish a report of this magnitude. However, this report took less than one year to develop.
- The NPC report's Study Committee Chair and its three Subcommittee chairs were all headed by industry CEOs and managers. The subcommittees were helmed by executives from ExxonMobil, Chevron, and Shell.<sup>16</sup>

**The Bottom Line:** Despite well-known challenges facing any oil and gas development in the Arctic Ocean, NPC's non-consensus report ignores Arctic realities and irresponsibly promotes an undemonstrated urgency for oil and gas exploration and development in the Arctic's Chukchi and Beaufort seas. Before any oil and gas activities are allowed to take place in the challenging Arctic Ocean, it is imperative that DOE reassess and not endorse the findings of this flawed NPC report.

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April 2015

<sup>1</sup> National Petroleum Council, *Arctic Potential—Realizing the Promise of U.S. Arctic Oil and Gas Resources* (March 31, 2015) [hereinafter “NPC Report”], available at <http://www.npcarcticpotentialreport.org/>.

<sup>2</sup> NPC Report, Appendix A at A-2.

<sup>3</sup> NPC Report at ES-19.

<sup>4</sup> NPC Report at ES-29 to ES-30.

<sup>5</sup> NPC Report at ES-15.

<sup>6</sup> NPC Report at 1-4.

<sup>7</sup> U.S. Energy Information Administration, Annual Energy Outlook 2015, [http://www.eia.gov/forecasts/aeo/executive\\_summary.cfm](http://www.eia.gov/forecasts/aeo/executive_summary.cfm)

<sup>8</sup> Thomas Friedman, *Obama on Obama on Climate*, New York Times, June 7, 2014, available at <http://www.nytimes.com/2014/06/08/opinion/sunday/friedman-obama-on-obama-on-climate.html>.

<sup>9</sup> IPCC, *Climate Change 2013: The Physical Science Basis. Contribution of Working Group I to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change* (2013).

<sup>10</sup> Stroeve JC, Markus T, Boisvert L, Miller J, Barrett A. 2014. *Main point - Changes in Arctic melt season and implications for sea ice loss*. Geophysical Research Letters 41 DOI:10.1002/2013GL058951.

<sup>11</sup> Overland, J. E., and M. Wang, *When will the summer Arctic be nearly sea ice free?*, Geophysical Research Letters 40:2097-2101 (2013).

<sup>12</sup> NPC Report at ES-39.

<sup>13</sup> PEW ENV'T GRP., *Oil Spill Prevention and Response in the U.U. Arctic Ocean: Unexamined Risks, Unacceptable Consequences* (Nov. 2010), available at <http://www.pewtrusts.org/~media/legacy/uploadedfiles/peg/publications/report/Oil20Spill20Preventionpdf.pdf>.

<sup>14</sup> For example, oil spill recovery in the Deepwater Horizon incident was only 3% from skimming. JANE LUBCHENCO, NOAA & USGS, BP DEEPWATER HORIZON OIL BUDGET: WHAT HAPPENED TO THE OIL? (2010), available at [http://www.noaanews.noaa.gov/stories2010/PDFs/OilBudget\\_description\\_%2083final.pdf](http://www.noaanews.noaa.gov/stories2010/PDFs/OilBudget_description_%2083final.pdf).

<sup>15</sup> *Experts say U.S. needs to improve Arctic infrastructure*, THE ARCTIC SOUNDER (July 27, 2012, 4:38 PM), [http://www.thearcticsounder.com/article/1130experts\\_say\\_us\\_needs\\_to\\_improve\\_arctic](http://www.thearcticsounder.com/article/1130experts_say_us_needs_to_improve_arctic).

<sup>16</sup> NPC Report at ES-2, Table P-1.