Trans Alaska Pipeline System: More Drilling in our Nation's Special Places Is Not Needed to Keep TAPS Running

Background: The Trans-Alaska Pipeline System

The Trans Alaska Pipeline System (TAPS) was finished in 1977 by the Alyeska Pipeline Service Company. The 48-inch diameter steel pipeline runs for 800 miles, crosses three mountain ranges and over 500 rivers and streams. TAPS moves oil from the North Slope of the Brooks Range to the port of Valdez, Alaska. The maximum amount of oil TAPS can carry is roughly 2.1 million barrels per day. Today it carries about 620,000 barrels per day. **Some claim that drilling of special places in the Arctic is is needed to keep TAPS operating. The facts demonstrate this is not the case.**

The future of TAPS: not dependent upon controversial drilling of special places

Regulatory and judicial findings demonstrate TAPS can remain operational for decades to come. In December 2011, Superior Court Judge Sharon Gleason of Anchorage issued a decision in a TAPS valuation tax case finding that TAPS is worth about nine times as much as the industry contends and has enough proven oil reserves on the North Slope to keep TAPS operating until 2065. As the Court discovered, BP hired an expert to determine if the pipeline could operate below 135,000 barrels per day, the threshold identified in a 2004 study that was not released to the public – and he said that "it looks surprisingly good for ultra low flow below 100,000" barrels per day because heaters and water separation facilities would solve the major problems."[1]

TAPS inactivity would strand active leases. The oil industry holds roughly 2.7 million acres in active leases on Alaska's North Slope, much of which hold the promise of oil but have not been developed. And, what's more, a Natural Resources Defense Council (NRDC) analysis in 2011[2] concluded that the oil industry would never shut TAPS down because it would lose access to up to $49 billion from additional oil reserves on the North Slope. NRDC's analysis revealed that it would not be difficult to extend the life of TAPS for the next 30 years without opening up new areas for exploration or reducing the production tax in Alaska. **Increases in conventional oil production of billions of barrels of known reserves on state lands, including heavy oil, can supply oil through TAPS for decades to come.**

Only 'modest investments,' no exploration needed to keep TAPS Flowing

As originally designed, the Trans Alaska Pipeline System was capable of re-starting successfully after a 21-day shutdown at -40°F. Re-starting a dormant TAPS can be challenging due to the colder crude that remains in the pipeline when it is shut down. Starting in 1998, the pipeline company officials acknowledged that Alyeska routinely failed to meet deadlines to resolve cold re-start challenges. Yet Alyeska still continued to operate with a business as usual approach. NRDC's analysis also found that "modest investments" such as adding pigging stations and heaters to the pipeline would raise the oil temperature and keep TAPS running with only an investment of between $539 and $721 million which would be paid off in less than one month due to the benefits of keeping TAPS operational, and which could result in nearly $50 billion in additional revenue **through production of roughly 2.5 billion additional barrels of oil. NRDC's report found that TAPS owners would lose money if they did not invest in reducing the minimum throughput.**

The Bottom Line:

The facts show that there is no need to open our nation's most special lands and waters to drilling to keep oil moving through the Trans Alaska Pipeline System.

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[1] Fairbanks Daily News-Miner, http://www.newsminer.com/pages/full_story/push?blog-entry-Judge+says+Alaska+pipeline+has+reserves+to+operate+until+2065-+puts+value+at+more+than+-9+billion%20&id=16946661&instance=blogs_editors_desk

[2] Natural Resources Defense Council report, "Is the Trans Alaska Pipeline System in Danger of Being Shut Down?," http://docs.nrdc.org/energy/files/ene_11092001a.pdf