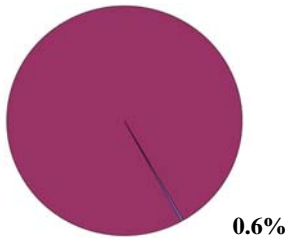


# Arctic Refuge Drilling and Gas Prices: Not a Solution, Now or Later

Proponents of drilling in 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.<sup>1</sup> Once in production, Arctic Refuge oil would amount to a drop in the bucket of the oil market. Recent (2007) U.S. Energy Information Administration (EIA) data indicates that in 2030, when oil discovered in the Arctic Refuge would be near peak production levels, the effect at the gas pump would be about two pennies per gallon.<sup>2</sup>



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 4/10 of 1 percent (0.4%) of world oil production.**
- **Even at or 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.**<sup>3</sup>

## *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 2004 the EIA reported that "the impact (of Arctic Refuge development) is not expected to be significant," noting that OPEC "could countermand any potential price impact of ANWR coastal plain production by reducing its exports by an equal amount."<sup>4</sup>

## *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.<sup>5</sup> 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*.<sup>6</sup> **In fact, this recent increase in conservation and use of alternative technologies has cut the projected need for imported oil between now and 2050 by more than 100 billion barrels. That's ten times more benefit than what 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.**<sup>7</sup>

<sup>1</sup> U.S. Energy Information Administration (EIA), *Impacts of Modeled Provisions of H.R. 6 EH: The Energy Policy Act of 2005*, July 2005, p. 8.

<sup>2</sup> EIA, "Petroleum Supply and Disposition, ANWR Drilling Case" (Results from Side Cases, Table D12), *Annual Energy Outlook 2007*, February 2007, p. 202. EIA estimated that in 2030 the Arctic Refuge would produce 650,000 bpd at an estimated price of about \$63.00 per barrel, which would reduce the price of a barrel of oil by approximately \$0.85. (This estimate converts EIA data to 2008 dollars using the GDP deflator and assumes a one-to-one impact on gasoline prices;  $\$0.85 / 42 = \$0.02$  per gallon.)

<sup>3</sup> EIA, *Annual Energy Outlook 2007*, "Liquid Fuels Supply and Disposition" (Reference Case, Table A11), p. 156; "International Petroleum Supply and Disposition Summary" (Reference Case, Table A20), p. 166; and "Petroleum Supply and Disposition, ANWR Drilling Case," p. 202.

<sup>4</sup> EIA, *Analysis of Oil and Gas Production in the Arctic National Wildlife Refuge*, March 2004, pp. 7-8.

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

<sup>6</sup> EIA, *Annual Energy Outlook 2008*, "Liquid Fuels Supply and Disposition" (Reference Case, Table A11), March 4, 2008 (Revised Early Release).

<sup>7</sup> [http://www.alaskawild.org/wp-content/files/potential\\_production.pdf](http://www.alaskawild.org/wp-content/files/potential_production.pdf)

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