

TIME IS RUNNING OUT FOR CONGRESS TO CUT U.S. RELIANCE ON ARAB OIL

(Updating *Backgrounder* No. 596, "The Alaskan Key to U.S. Energy Security," July 30, 1987.)

The death of 290 passengers aboard Iran Air Flight 655, as with the loss last year of 37 sailors on the USS Stark, is a powerful reminder of the dangers of American reliance on oil from the Persian Gulf. Currently the United States imports about 1.7 million barrels of oil per day — about 10 percent of U.S. daily consumption — from the Arab members of the Organization of Petroleum Exporting Countries (OPEC). And the rate is increasing. Yet Congress continues to delay exploration of potential U.S. oil reserves in the Arctic National Wildlife Refuge (ANWR), which could yield as much as 1.5 million barrels per day. This delay is caused mainly by Washington-based representatives of environmental organizations, who continue to lobby against responsible legislation, knowing that blocking a decision this year will force the process of considering exploration to start over again in the 101st Congress. Their aim: stopping all exploration and development in the region.

Delaying Tactics. Given the delicate political and military situation in the Persian Gulf, it is in the interest of all Americans for the exploration and development of domestic sources of oil and gas to begin as soon as possible. Congress thus should ignore the delaying tactics of the environmentalist leadership and allow the huge potential of ANWR to be tapped.

The 1980 Alaska National Interest Lands Conservation Act (ANILCA) set aside 19 million acres of land (an area the size of Connecticut, Delaware, Massachusetts, New Jersey, and Rhode Island combined) as permanent wilderness, to be known as the Arctic National Wildlife Refuge (ANWR). This designation would prohibit oil and gas exploration permanently. Yet at the time this legislation was passed, part of the tract, known as section 1002, was believed to hold great promise for oil production. Recognizing this, Congress directed the Department of the Interior to study the section 1002 area and recommend whether oil and gas exploration should be permitted there.

Greatest Potential Oil Production. This study, released in April 1987, indicates that the 1002 area holds the greatest potential for major oil production of any onshore region in the U.S. The study estimates that production from the area could replace as much as 1.5 million barrels per day of imports — approximately the amount of oil currently imported from the Arab members

of OPEC. Most environmental lobbyists do not dispute the potential of ANWR's oil reserves. The National Wildlife Federation even claims that the Department of the Interior has understated the potential commercial reserves of oil and gas in the 1002 area. Yet the lobbyists want all of ANWR closed to exploration. They call, moreover, for additional wilderness designations for part of the 1002 area and further study and delay on the rest.

The cost of not exploring and developing this area quickly could be enormous in economic and national security terms. Estimates of the net value to the economy of potential oil resources in the 1002 area range from \$79 billion to \$325 billion. This could create as many as one million new jobs for Americans, spread across the country. In the 1990s, moreover, the oil output of Alaska's Prudhoe Bay will begin declining, as the field becomes exhausted. Thus ANWR holds the key to maintaining Alaska's 20 percent share of U.S. oil production. Without it, America's current precarious energy security position will become critical.

Wrong Then, Wrong Now. The environmental lobby claims that ANWR should be ruled off limits because exploring and developing the 1002 area would threaten the region's wildlife. In the early 1970s, these same lobbyists predicted that the Central Arctic caribou herd would be decimated by developing the Prudhoe Bay oil fields. Then, as now, they were wrong. The caribou herd is flourishing; indeed it has quadrupled since exploration began at Prudhoe Bay. The professional environmentalists curiously dismiss this evidence and continue to assert that the Arctic caribou will be threatened by any exploration of the 1002 area.

Even if the environmental lobby's claims were true, most Americans — including members of environmental groups represented in the nation's capital — would prefer the economic benefits and the enhanced security that would flow from oil wells in the 1002 area. Few would rank questionable environmental damage above the lives of American sailors in the Persian Gulf. Congress thus should open the 1002 area to exploratory efforts this year and concern itself in the future with how much of the earnings from the field should be set aside to restore any potential damage to Arctic wildlife habitat.

Energy Insurance Policy. Several bills before Congress would give a green light to exploration in ANWR, while insuring that environmental damage is kept minimal. These include a proposal by Representative Don Young, the Alaska Republican, which would lease all of the 1002 area for exploration, and a bill by Representative Walter Jones, the North Carolina Democrat, which would allow leasing under stringent environmental restrictions. By contrast, the environmentalist lobby supports a bill by Representative Morris Udall, an Arizona Democrat, to lock up the entire region as wilderness, preventing all exploration and development. All these bills are stalled in committee. Neither the House nor the Senate has taken a bill to the floor for a vote.

An issue of such urgency should not be left for a new Congress, where further delays are certain. If the government were to permit leasing and exploration in the 1002 area immediately, America would have an energy "insurance policy," reducing import dependency and increasing U.S. political options in the Persian Gulf. But if Congress fails to act, under pressure from the environmentalist lobby, Congress will enable OPEC to reassert its control of world oil markets.

Kent Jeffreys
Policy Analyst