

# Web Memo



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## Congress Should Let ANWR's Oil Flow to U.S. Customers

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Congress should open a small part of Alaska's Arctic National Wildlife Refuge (ANWR) to oil exploration and drilling. H.R. 5429, the "American-Made Energy and Good Jobs Act," provides Congress with the opportunity to take this important and overdue pro-energy step.

### **The Great Frustration**

Both the House and the Senate have supported opening ANWR many times before but have repeatedly failed to do so in the same bill. The House tried several times to include ANWR in the energy bill that finally passed last year, but the Senate could not overcome a filibuster against it. In the end, ANWR drilling was left out of the final version of the Energy Policy Act of 2005. Then the Senate managed to include ANWR in the recent budget reconciliation bill (which is not subject to a filibuster), but the House was unable to include a similar provision in its version of the bill.

The frustrating bottom line is that ANWR, America's single most promising untapped source of domestic oil, remains off-limits, though opening it enjoys majority support in both Houses of Congress and among the American people.

H.R. 5429 is ANWR's next big chance, and given the proximity to the November elections, it may be its best chance for a long while. Proponents hope that this time things will be different. For one thing, the prices of oil and gasoline are even higher now than during the previous times ANWR came up for a vote. And government estimates of the economic benefits from drilling for the estimated 10 billion barrels there have also risen.

For the first time, polling shows that a majority of Americans support drilling. The public has been able to see past critics' exaggerations of the environmental risks of Alaskan drilling, as well as the claims of those who say that ANWR contains too little oil to make any difference. Alaskan residents, who know first-hand that oil-drilling causes little environmental harm, continue to support ANWR by wide margins. This includes the native Inupiat Eskimos, some

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of whom live close to the area where the drilling is likely to occur.

### Lessons from Prudhoe

Alaskan oil drilling has been a success story, both economically and environmentally. The 800-mile trans-Alaska pipeline built in the 1970s recently sent its 15 billionth barrel of oil to the lower 48 states. Most of this oil came from Prudhoe Bay, about 80 miles west of ANWR in northern Alaska.

The Prudhoe Bay experience presents strong evidence that drilling can be done with only a small impact on the environment. Decades of drilling on a scale larger than that envisioned in ANWR has not harmed the porcupine caribou herds near the drilling sites or caused any of the other predicted environmental problems. Furthermore, ANWR drilling would be done with technology and environmental safeguards far more advanced than those available decades ago when Prudhoe Bay was developed. ANWR drilling would also be far less sprawling than in Prudhoe Bay. The surface disturbance would be limited to a few thousand acres of the 1.5 million acre coastal plain, leaving the vast majority of the 19 million acre refuge untouched.

The Prudhoe Bay experience should allay environmental fears, and it provides other lessons as well. The amount of oil found in Prudhoe Bay turned out to be several billion barrels above even the most optimistic early estimates. ANWR's estimated 10 billion barrels is more than enough to make this a worthwhile project, but it could prove to contain more oil, possibly much more.

It is difficult to say how much ANWR could affect the market price of oil. However, the experience of the past two years shows that, in a tight market with limited spare capacity, just a little additional production can make a noticeable difference in price. And ANWR's estimated one

million barrels per day is more than a little—that's two-thirds of the amount of oil taken offline by Hurricane Katrina, which caused a significant price spike.

At this point, opening ANWR is both good politics and good policy, especially given the public frustration over a Congress that has failed to do anything useful about stubbornly high oil and gasoline prices. Granted, the oil would take years to come online, and so ANWR is not a short-term solution. Nonetheless, it would represent the first truly useful step Congress has taken on the issue and a real indication that Washington is ready to do more than just grandstand.

If past is prologue, H.R. 5429 will likely pass the House and then run into difficulties overcoming a filibuster in the Senate. But close votes on Alaskan oil are nothing new. The Alaska pipeline, though in retrospect a great success for domestic oil production, barely passed during the Nixon Administration. Americans are fortunate it did. One day, the same thing could be said of ANWR.

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