

Committee on Resources,

Full Committee

- - Rep. James V. Hansen, Chairman

U.S. House of Representatives, Washington, D.C. 20515-6201 - - (202) 225-2761

Witness Statement

Statement of Linda Lance Vice President, Public Policy
The Wilderness Society Before the U.S. House of Representatives
Committee on Resources
July 11, 2001

Mr. Chairman and Members of the Committee, thank you for the opportunity to testify on the H.R. ___, "Energy Security Act," on behalf of the Wilderness Society. The Wilderness Society is an organization of 200,000 members nationwide. Since its founding in 1935, it has been dedicated, to ensuring that future generations will enjoy the clean air and water, wildlife, beauty and opportunities for recreation and renewal that pristine forests, rivers, deserts and mountains provide.

We also understand clearly the vital importance to our country of a reliable, affordable energy supply. However, we believe that achievement of our energy goals without appropriate protection of the natural environment does the nation permanent, irreversible damage. We can meet our energy needs without sacrificing our most precious lands. Both goals should guide the formulation of an energy policy, and that policy should be balanced, well-informed, and carefully crafted.

We appreciate the Committee's expeditious attention to the energy issue through preparation of this draft legislation. We are concerned, however, that the draft bill takes too narrow a view of the energy issue and focuses only on maximizing energy resources from the public lands owned by all Americans. We believe the bill as currently drafted will sacrifice the lands Americans hold most dear - including the Arctic National Wildlife Refuge - and will do so without any appreciable effect on our energy supply. For that reason, we are strenuously opposed to this bill.

This statement will first set out some factual background that we believe provides important context for any consideration of this issue. It then will address specific concerns about the bill as drafted.

I. Background on Energy Supply and Production on Federal Lands

A. Most Public Lands Are Open to Production

Much of the discussion of energy production from federal lands appears to be driven by the perception that abundant resources have been "locked-up" or put off limits, to the detriment of the country's energy future. This is a myth that should not drive the energy policy debate. The facts show that the vast majority of federal lands are open to energy production. Significant efforts were made in the last few years to enhance, where appropriate, oil and gas production on these lands even in the face of falling prices. Important new areas were opened and are being leased.

Domestic oil production declining for several decades after peaking in 1970 at 9.6 million barrels per day. During the prior Bush Administration, domestic oil production decreased by an average of 250,000 barrels

per day each year. During 1992 alone domestic gas and oil drilling activity decreased by nearly 17% and was at its lowest level since 1942.

The causes for these declines were varied, but included plentiful global supplies and correspondingly depressed prices. Despite these price pressures, overall oil and gas production on federal lands and offshore have continued to increase throughout the past decade. According to Department of the Interior data, the contribution of oil and gas production from federal lands, as a percentage of overall domestic oil and gas production, increased from 13% in 1992 to 25% in 1999. See Attachment I.

From 1992 to 2000, 7091 new leases were issued on the Outer Continental shelf, covering approximately 38 million acres. Nearly four million acres of the National Petroleum Reserve in Alaska, adjacent to the existing Prudhoe Bay fields, were opened for oil and gas exploration and production in 1998. Exploration is underway following an initial lease sale that netted more than \$100 million for the U.S. treasury.

As of September 30, 2000, oil and gas leases were issued on more than 35 million acres of public lands. See, BLM, "Public Land Statistics 2000," Tables 3-13 and 3-14. There are nearly 60,000 producing oil and gas wells on the public lands. See BLM, "Public Rewards for Public Lands 2000," Attachment II. Thousands of new drilling permits have been issued during the past eight years - 3400 by the Bureau of Land Management in FY 2000 alone. See BLM, "Public Land Statistics 2000," Table 3-16. According to BLM data, over 95% of BLM lands in the Overthrust Belt states of Colorado, Montana, New Mexico, Utah and Wyoming (the areas believed to have the largest oil and gas resources) are available for oil and gas leasing. See Attachment III. Over one third of our nation's yearly coal production is derived from federal land. See Attachment II.

Some in industry have claimed that they lack access to these lands. Upon closer examination, these claims deal with two very different categories: lands that are entirely off limits to development; and lands that are open subject to "stipulations" or provisions in the leases requiring that the operations take particular precautions to protect the environment or other resources.

The former areas include, for example, designated wilderness areas, offshore moratorium areas, portions of national monuments, and areas where other mineral activities are taking place. These are places where oil and gas activities could pose extreme environmental or safety hazards, or be incompatible with other values. Currently, such areas comprise roughly five percent of BLM-managed land in the five states of the Overthrust Belt. See Attachment III.

Many of these areas have been off-limits to development for many years, in a shared public recognition that they are simply inappropriate for such use. For example, Congress placed the Arctic National Wildlife Refuge off-limits in 1980, following executive action in 1960. There have been longstanding moratoria on offshore oil and gas production off certain areas of the east, west and Gulf Coasts, and the House recently passed a moratorium on Lease Sale 181 off the Florida Coast. We have a long history of restricting oil and gas drilling in our national parks, thereby voluntarily losing the potential geothermal resources in Yellowstone National park or the hydropower in the Grand Canyon. Finally, national monuments generally prohibit new oil and gas drilling, and the House recently acted in the Interior Appropriations bill to reinforce that limitation for existing monuments.

The latter "stipulations" category is designed by agency land managers to protect multiple resources while allowing for oil and gas production. They protect such values as water quality, critical seasonal habitat for elk, antelope and other wildlife, archeological sites, and recreational sites. BLM may require that operations

only occur at certain times of the year, when such areas are not in use by wildlife species. In other cases, BLM imposes "No Surface Occupancy" requirements in which the lessee is required to access the oil and gas from off-site. This restriction is usually done to protect some other resource that may be in conflict with oil and gas production such as underground mining operations, archeological sites, campsites, or important wildlife habitat. These leases may be accessed from another location via directional drilling.

These stipulations do not put oil and gas off limits, but merely balance the need for oil and gas with the BLM's responsibility to manage other resources on these public lands. Industry often touts the benign nature of advanced exploration and development technology. However, many of their complaints about lack of access are over areas with "No Surface Occupancy" limitations that merely require the use of this advanced technology for directional drilling.

These stipulations are often misunderstood or used to overstate the extent to which oil and gas resources are off limits. An example is a report issued on June 6, 2001 by the Department of Energy, "Federal Lands Analysis , Natural Gas Assessment, Southern Wyoming and Northwestern Colorado." As pointed out in a review of this report by Dr. Peter Morton, Resource Economist for the Wilderness Society, (Attachment IV) this report uses flawed methodology to overstate the effect on the availability of oil and gas. It includes "No Surface Occupancy" stipulations in the category of those areas that are off limits; focuses only on "technically" as opposed to "economically" recoverable gas, vastly overstating the gas resources involved; and focuses only on undiscovered gas resources as opposed to the extensive development of known reserves already underway in the area.

B. Oil and Gas Resources in Protected Areas Are Not Significant

Those special places - such as national monuments or national forest roadless areas - that are off-limits contain at most very small amounts of oil or gas. The Arctic National Wildlife Refuge contains no more than six months' worth of U.S. oil consumption. Its destruction for oil production would have negligible impact on the country's energy security and no impact on the price of gasoline at the pump. The same is true for the other special areas now off limits.

All national forests currently supply only 0.4% of total U.S. oil and gas production, half of which occurs on Little Missouri Grasslands (Forest Service Roadless Area Conservation EIS, 2000, pages 3-312 and 3-316). The vast majority of national forest lands subject to roadless area protection have been open to leasing for decades, and there has been little interest in exploiting potential resources.

This is likely because there are only small amounts of undeveloped, resources in these areas. A recent Wilderness Society assessment of the energy potential of national forest roadless areas in six Rocky Mountain States shows that these areas contain only 0.4% of the total U.S. oil resources (on and off shore), and only 0.6% of total U.S. gas resources. See Attachment V.

Similarly, in the fifteen recently created national monuments in the West managed by BLM there are only about 15 days worth of total U.S. consumption of oil, and about 7 days worth of the total U.S. consumption of gas. See Attachment VI. The U.S. Geological Survey recently confirmed that only five out of the 21 new national monuments had a moderate to high possibility for the occurrence of any oil and gas. As attachment VI shows, even those five taken together have a very small amount of potential energy. Four of the five currently allow for continued development under existing leases (Canyon of the Ancients, Carrizo Plain, Hanford Reach, Upper Missouri Breaks.) The fifth, California Coastal, is surrounded by waters covered by the existing moratorium against off-shore drilling.

II. Specific Concerns About Draft Legislation

The Federal Land Policy and Management Act (FLPMA) and the National Forest legislation provide a useful context for consideration of oil and gas production on public lands. According to FLPMA, in addition to providing for the development of minerals, the public lands under the jurisdiction of the Secretary of the Interior are to be managed:

"...in a manner that will protect the quality of scientific, scenic, historical, ecological, environmental, air and atmospheric, water resource, and archeological values; that, where appropriate, will preserve and protect certain public lands in their natural condition; that will provide food and habitat for fish and wildlife and domestic animals; and that will provide for outdoor recreation and human occupancy and use..." (43 U.S.C. 1701(a)(8))

See also Forest and Rangeland Renewable Resources Planning Act of 1974, 16 U.S.C. 1600.

Unfortunately, the "Energy Security Act" appears to be focused solely on "expediting" energy development proposals, surmounting "impediments" to energy development and "streamlining" environmental review procedures, while ignoring the other resources that exist on the public lands and national forests. This is an unprecedented and extremely narrow perspective on the values of our public lands that is not reflected in existing land management laws, and causes serious concern about the bill in its entirety. The following sections are of particular concern.

Title I -- Section 102 of the bill requires the Secretary to inventory all "federal public lands" except for national parks and designated wilderness areas for their potential to produce wind, solar, coal, and geothermal energy. All national monuments, national wildlife refuges, Bureau of Land Management Wilderness Study Areas, National Conservation Areas, national forest roadless areas, Wild and Scenic River corridors, National Recreation Areas, units of the National Trails System, and BLM Areas of Critical Environmental Concern apparently are eligible for future energy production sites. If so, this evidences a serious disregard for the special qualities of these areas, which also should be exempted from inventory proposals.

We do believe, however, that additional reporting and analysis in the area of the public lands and energy production would be useful and that this section should be revised to ensure such reporting. For example, a comprehensive report, regularly updated, could provide the acreage of public lands and national forests available for energy activities, with descriptions of any special safeguards imposed on such lands to protect other resources. In addition, the BLM currently reports on drilling activity long after it has taken place. It would be very useful to have a system that makes publicly available the status of applications for permits to drill (APDs) and drilling activities on the public lands on a periodic basis, perhaps monthly or quarterly.

Such information could directly address what we believe to be the myth discussed above - that vast areas of resources are off limits. In addition, a cumulative analysis of the overall impacts of energy production on the other values to be protected by the BLM and the Forest Service has never been done and is vital, certainly before consideration of any major expansion of energy production on these lands. As stated, there are now almost 60,000 producing oil and gas wells on the public lands; thousands of well sites have been abandoned, and not reclaimed; millions of acres of the public lands are now devoted to oil and gas activities; thousands of miles of rights-of-way are devoted to various energy development infrastructure requirements; and there are increasing demands for more of this. Analysis that describes the current situation

not only for the energy resources but for all of the resources on these public lands is clearly warranted.

In addition, Congress should review and upgrade the BLM's reclamation bonding program before it is allowed to lease millions more acres and permit thousands more wells. It is our understanding that the BLM has not increased the amount of its reclamation bonds since 1960. Moreover, the BLM has no program and no money to reclaim thousands of abandoned wells. Addressing this situation should take precedence over additional financial relief for the industry as provided in later titles of the bill.

Titles II and III - Section 202 requires suspension of royalties for certain sales in federal waters in the Outer Continental Shelf. As we understand it, the rationale for the existing law, which gives the Secretary of the Interior the discretion to suspend these royalties, was unusually low world oil prices. With oil prices more robust, and deepwater drilling increased, it is unclear why this royalty relief must now be mandated. The taxpayers deserve to receive fair market value for the commodities extracted from the public lands. As stated, the Secretary currently has the authority to suspend these royalties if necessary (43 U.S.C.1337 (3)). Under the provisions of this section oil and gas companies could produce quantities of oil worth \$1.4 billion before paying any royalties to the taxpayer -- a loss of hundreds of millions of dollars to the taxpayer.

Section 222 requires the Department of the Interior and the Department of Agriculture to perform a study of "impediments to efficient oil and gas leasing and operations on Federal onshore lands in order to identify means by which unnecessary impediments to the expeditious exploration and production of oil and natural gas on such lands can be removed." Moreover, Section 223 limits the ability of the BLM and Forest Service to require environmental safeguards for oil and gas activities on the public lands and national forests that are more stringent than those imposed by state oil and gas conservation commissions. The obvious intent is to discourage the federal land managers from providing the environmental safeguards and balanced management they believe to be necessary in a particular area. This is a totally unwarranted bias toward energy production above all other resource values.

Sections 225 and 303 remove the requirement in existing law that the Secretary of Agriculture must consent to any oil, gas or geothermal leasing on the national forests. This is an apparent reaction to decisions advanced in recent years by the Forest Service through its land use planning program and with vast public support, to restrict certain areas of the national forests from oil and gas development. It is completely inappropriate to remove the decision making authority of the agency with the greatest expertise on, and responsibility for, protection of all the resources of our national forests.

Title V -- Title V of the bill would mandate opening the coastal plain of the Arctic National Wildlife Refuge to oil and gas drilling. It is hard to imagine a more inappropriate and unnecessary action. Any legislation directed to this purpose should be summarily rejected. Protecting this special place has been the unyielding commitment of many thousands of conservationists, scientists, sportsmen and women, religious and human rights leaders, and countless other Americans throughout the 50 states.

At The Wilderness Society, we say that the Arctic Refuge is in our blood. The Wilderness Society founder, Bob Marshall traveled extensively in the Brooks Range. He was among the first to suggest that large tracts of Alaska be preserved. Longtime Wilderness Society leaders Olaus and Mardie Murie are described by the U.S. Fish and Wildlife Service as "founders" of the Arctic Refuge. They and others waged a campaign to protect the area that led to the establishment of the Arctic National Wildlife Range in 1960 by executive authority under President Eisenhower.

Resource Values in the Refuge

The 19.6 million-acre Arctic National Wildlife Refuge is a spectacular wilderness of boreal forests, rugged mountains, undulating tundra, coastal lagoons, and barrier islands. Located in the northeastern corner of Alaska, the Arctic Refuge is the only conservation area in America that protects a complete range of arctic and sub-arctic ecosystems.

The refuge has been called "America's last great wilderness" since the 1950s when a concerted effort was made to protect the area as a wildlife refuge. In fact, the Arctic Refuge is unique to the National Wildlife Refuge System in that it was established specifically to preserve wilderness. Public Land Order 2214, issued by President Eisenhower's Interior Secretary Fred Seaton in 1960, created the refuge "for the purpose of preserving unique wildlife, wilderness, and recreational values." Seaton explained that the refuge was "the only economically feasible opportunity for maintaining a wilderness frontier large enough for the preservation of the caribou, the grizzly, the Dall sheep, the wolverine, and the polar bear, all of which require a sizeable unrestricted range."

At the heart of the Arctic Refuge stands the 1.5 million acre coastal plain--the very portion of the refuge that the legislation before the committee would open to oil and gas drilling. The U.S. Fish and Wildlife Service has called the coastal plain "the center for wildlife activity" for the entire refuge.

Polar and grizzly bears, wolves, and muskoxen, are just a few of the more than 200 animal species that use the coastal plain of the refuge. Millions of birds, representing some 125 species, migrate from as far away as the Southeastern United States, South America, and Asia to nest, rear their young, molt, and feed on the Coastal Plain--preparing themselves for their long return migrations. Many of these birds grace local parks and refuges across the coterminous U.S. during their migrations and during the winter months. According to the Fish and Wildlife Service, the coastal plain is also the most significant on-shore polar bear denning habitat in the U.S.

The Arctic Refuge is perhaps most famous for the 129,000-member Porcupine River Caribou herd that has used the coastal plain as a calving area for millennia, traveling hundreds of miles from wintering grounds in Canada and the U.S. There is no alternative to this sensitive habitat for the caribou herd. The gathering of the herd following calving is a spectacle reminiscent of Africa's Serengeti and of the enormous herds of buffalo that once thundered across the Great Plains.

The Gwich'in (Athabaskan) people depend on the Porcupine Caribou Herd for their subsistence and culture, a relationship that has existed for thousands of years. The close association of the Gwich'in people and the Porcupine caribou herd have prompted opposition to oil drilling schemes in the refuge from a diverse array of organizations: the Canadian government, National Congress of American Indians, National Council of Churches, Native American Rights Fund, Episcopal Church, United Methodist Church among many others.

Oil drilling on the coastal plain would irrevocably destroy the unparalleled wilderness character of the area, pollute air and water, and threaten fish and wildlife populations and subsistence hunting that relies on them. And for what? In 1998, the U.S. Geological Survey has estimated that the most likely amount of oil that could be recovered economically would be 3.2 billion barrels--less than what the U.S. consumes in six months. At no time would oil from the refuge be expected to supply more than two percent of America's demand. The U.S. Geological Survey's mean estimate for technically recoverable natural gas from the refuge is 7 trillion cubic feet--about what the U.S. consumes in four months (none of this gas was projected to be economically recoverable at the time of the report). Using updated projections for future oil prices, the Congressional Budget Office estimated this February that the mean estimate for economically recoverable

oil from the refuge would be 2.4 billion barrels-about what the U.S. consumes in four months.

Effects of Drilling

The oil industry claims it can develop the Arctic Refuge in an "environmentally sensitive" manner and points to its history in Prudhoe Bay. Nothing could be further from the truth. Oil drilling in the Arctic Refuge would introduce a major industrial facility in the heart of this magnificent wilderness. This activity is fundamentally incompatible with the purposes for which the Arctic National Wildlife Refuge was established. Development would bring the following to this pristine area:

- * Hundreds of miles of roads and pipelines leading to dozens of oil fields;
- * Chronic spills of oil and other toxic substances onto the fragile tundra;
- * Rivers and streambeds - key habitat for wildlife - stripped of millions of cubic yards of gravel for road, airstrip, and drillpad construction;
- * Enormous water diversions to support drilling at the expense of pristine rivers and wetlands;
- * Living quarters, sewage treatment, and other infrastructure for several thousand workers;
- * Helicopters, cargo planes, dump trucks and bulldozers; the sights and sounds of heavy equipment would be almost constant for long periods. See also, "Oil in America's Arctic," prepared by Trustees for Alaska, Attachment VII.

Spills

Spills of oil and various other toxic substances are a chronic problem on the North Slope and the Trans-Alaska Pipeline. According to the Alaska Department of Environmental Conservation, oil companies emit more than a spill and day of oil and other toxic substances-over 1.3 million gallons between 1996 and 1999.

One would think that, with their desire to gain access to the Arctic Refuge in the public eye, oil companies would be particularly careful this year. But on April 15, Phillips Petroleum spilled more than 92,000 gallons of saltwater and crude oil on Alaska's North Slope. Between January 16 and March 3 of this year, BP had three spills of oil and drilling fluids on the North Slope of between 3,000 and 18,000 gallons. In 2000, BP Amoco and its subcontractor pled guilty to illegally dumping hazardous waste at the supposedly benign Endicott oil field near Prudhoe Bay and were fined \$22 million.

The number of spills and the high proportion with unknown causes suggest faulty spill prevention systems, sloppy practices, and inadequate government oversight and enforcement. Between 10 and 30 percent of safety shut-off valves in BP Amoco's drilling operations on Alaska's Prudhoe Bay failed to pass state safety tests during the first quarter of 2001. The failures were reported by the Wall Street Journal in April, 2001 which described the safety shut-off valves as "the main line of defense against pipeline ruptures that could spew thousands of barrels of hot underground crude oil across the Arctic tundra." The Journal also reported that "secondary valves, which connect the platforms with nearby processing plants, often fail to close properly as well, according to employees of BP Amoco PLC's Prudhoe Bay operations. In other words, they say, the valves can't be relied upon to shut in an emergency, creating the potential for a natural catastrophe."

Air Pollution

Prudhoe Bay oilfields emit large quantities of nitrogen oxides, carbon monoxide, sulfur dioxide, volatile organic compounds, particulate matter, and other pollutants. The quantity of emissions is so great that it may endanger the health of the workers and contribute to global warming.

Water Diversions

Over 400 pollution control and discharge permits issued by both state and federal governments govern wastewater discharges from oil field operations at Prudhoe Bay. From 1991 through 1997, approximately 25 billion gallons of contaminants were discharged into surface waters under such permits. Permitted wastes include discharges from water flood and sewage treatment plants, drilling muds and cuttings, and gravel pit de-watering discharges.

Industrial "Footprint"

Arctic drilling proponents claim that this activity can be done with a minimal "footprint," which may impact as little as a few thousand acres. These same people have made the same arguments about Prudhoe Bay-that oil field development has only impacted some 10,000 acres. In reality, oil field development in America's Arctic includes a vast network of seismic exploration trails, gravel mines, roads, drill pads, pipelines, processing facilities, operating and housing facilities, and waste and sewer treatment plants that stretches across 1,000 square miles of tundra and has changed forever the Arctic ecosystem. It is one of the largest industrial complexes in the world.

Besides the huge volume of industrial wastes produced by any other large industrial complex, oil drilling operations also generate tens of thousands of cubic yards per day of drilling muds and cuttings, oil contaminated wastes and sludges, and produced water from drill sites. Drilling wastes typically contain a variety of toxic metals as well as petroleum hydrocarbons and other harmful substances. Over 325 million gallons of wastes have been injected into Class I waste disposal injection wells and 40 billion gallons have been injected into Class II wells. Between 2 and 6 billion gallons of drilling wastes were dumped into 450 reserve pits before this practice was banned.

In addition, the oil industry on the North Slope uses immense amounts of water for drilling activities. Twenty-seven billion gallons of water are used per year for oil exploration and development on the North Slope. Removing water and building drilling facilities have severely damaged the Arctic ecosystem.

Finally, a layer of gravel at least five feet thick is needed as an insulating foundation under production wells, permanent roads, causeways, offshore man-made islands, airstrips, pump stations, and all other oil field facilities. ARCO needed over 1.3 million cubic yards of gravel to fill 115 acres of wetlands tundra at its supposedly environmentally benign Alpine oil development.

Some have suggested that work in the Refuge can be done solely on "ice roads" that have no permanent impact and disappear in the summers. Again, this is a myth. First, ice roads require enormous amounts of water to produce. Unlike Prudhoe Bay, for example, the Refuge has a relatively limited water supply that could not support such roads without damage to the ecosystem. Also, this argument ignores the infrastructure necessary to support construction of the ice roads and the serious impact these roads would have on polar bear denning activity. Finally, this argument focuses only on exploratory drilling and has no application to production, which would require significantly more permanent infrastructure.

Oil Industry Exemptions From Environmental Regulations

Congress and the Alaska legislature already have granted the oil industry lowered standards and exemptions from basic environmental regulations, resulting in high profits for oil companies at the expense of a healthy, sustainable environment. This bill would grant the industry even more special treatment under environmental laws. Existing exemptions include:

- * Clean Air Act. Sulfur content in motor vehicle fuels is strictly regulated under the Clean Air Act. However, Alaska is exempt from this regulation.

- * Resource Conservation and Recovery Act (RCRA). Disposal of hazardous and "general" solid waste is regulated under the Resources Conservation and Recovery Act. However, certain oil and gas extraction wastes are exempted from regulation as hazardous wastes. Exempted materials include drilling muds and cuttings, rig wastes, produced water, tank bottoms, pit sludges and workover wastes produced during oil industry operations.

- * Emergency Planning and Community Right to Know Act. This law requires polluters to report their toxic releases annually to the public. The oil industry was granted an exemption from this Act for most of their exploration and production facilities in 1996. No North Slope facilities are required to report their toxic releases.

Proponents of oil drilling in the Arctic Refuge have claimed that such activity could be done in an environmentally benign way. If so, one would expect that the oil companies would have no trouble complying with U.S. environmental laws. But the "Energy Security Act" provides the following new exemptions:

- * National Wildlife Refuge System Administration Act. Under this act, activities can only be permitted on a national wildlife refuge if the Fish and Wildlife Service can demonstrate that such uses are "compatible" with the wildlife conservation purposes of the refuge and the mission of the National Wildlife Refuge System. The draft energy legislation just simply declares that oil drilling in the refuge is a compatible activity when it clearly was not.

- * National Environmental Policy Act. Under this Act, federal agencies are required to analyze the environmental consequence of their proposed actions and a range of alternative actions prior to proceeding. That Act requires that the analysis use up-to-date information. The draft energy legislation declares that an Environmental Impact Statement prepared by the Reagan Administration in 1987 is sufficient.

- * Alaska National Interest Lands Conservation Act (ANILCA). Title XI of ANILCA established a process and strict standards for sighting roads, pipelines, and powerlines through national wildlife refuges and other federal conservation areas in Alaska. The draft energy legislation exempts any pipelines necessary to transport oil and gas across the refuge from this provision.

Arctic Refuge Jobs Myth

Proponents of oil drilling in the Arctic Refuge have suggested that hundreds of thousands of jobs would be created from opening the refuge to drilling. What they don't tell you is that their job figures are based on a highly criticized 1990 report done for the American Petroleum Institute (API).

Among its inaccuracies, the API report assumed that the price of crude oil would be nearly \$58 per barrel in 2000 (\$42.84 a barrel in 1988 dollars). Oil prices, of course, are hovering in the middle to high twenties. The U.S. Geological Survey concluded that the mean estimate for oil that could be economically recovered from the refuge is 3.2 billion barrels -- about a third of the API assumption and less than what the U.S. consumes in six months.

Most of the jobs estimated in the API report were not directly related to drilling but were jobs assumed to occur if refuge drilling reduced oil prices and that such reductions would stimulate additional economic growth.

Other reports have reached dramatically different conclusions than API's. A 1994 report by the Economic Policy Institute (EPI) concluded that the most realistic number of jobs that could be created from drilling the refuge would be less than 8 percent of the jobs projected by the American Petroleum Institute. The EPI report stated that the API study assumes a "hypothetical oil strike deemed highly unlikely by government scientists" in creating their employment projection.

A report by the Congressional Research Service (1992) on the economic impact of refuge development concluded that, "only a magnitude of oil production that would be associated with a very large discovery (in terms of present assessments) could produce conditions that could lead to readily apparent benefits to the economy."

A 1993 study by the Tellus Institute, prepared for The Wilderness Society, concluded that initiatives to increase vehicle and non-transport energy efficiency would result in nearly ten times as many jobs as drilling in the refuge.

Conclusion

This bill is inappropriately focused only on increasing energy production from federal lands. It contains no recognition of the importance of protecting other resources on federal land, or of viewing the issue in a balanced, comprehensive manner. We urge the Committee to reject this legislation and approach the issue in a way that protects both the energy supply and our most precious natural areas.

Thank you for the opportunity to testify on this important issue.

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