Developing Alaska’s Oil and Gas Resources: How Should the U.S. Proceed?

By: Lauren Herwehe

For the past half century, lawmakers have disagreed over when and where to allow oil drilling in Alaska—a several hundred billion dollar question with no simple answer. In the wake of the largest oil spill in the history of the United States the debate has become hotter than ever. The BP oil spill stalled oil and gas development in Alaska, particularly in the offshore, and policymakers are grappling with how to advance development. On one hand, Alaska has one of the most fragile, unique, and diverse ecosystems in the country—a vulnerable environment that could easily be devastated by hasty development. On the other, further developing Alaska’s oil resources could reduce reliance on imports, reduce oil prices, spur economic growth and provide government revenues. Furthermore, experts say that slower flow in the Trans-Alaska Pipeline System (TAPS) in recent years is leading to more corrosion and poorly understood—compounding the devastation that a spill could cause. The Coast Guard, which is responsible for oil spills and controversy regarding the oil and gas industry will require greater communication between scientists and government. The NOP provides a framework for coordination and collaboration between government agencies, such as BOEMRE and NOAA, and a portal for greater communication between the geoscience community and the government.

As stated by the United Nations Environment Program director, “The world can no longer afford to delay restoring the health and wealth of the oceans. The half-billion people who depend on a healthy fishing industry, and the one billion who rely on fish as a primary source of protein, cannot wait another 20 years for the international community to act.” The immense value, whether economic, life sustaining or weather related, of the oceans, coasts, and Great Lakes cannot be ignored. The current administration is not the first to acknowledge the importance of our oceans, coasts, and Great Lakes, yet their importance in only growing. Research and observations show the oceans are changing, requiring a greater understanding of how these changes will affect our nation and its global economy. The tides are right for a more integrated approach on oceans, coasts, and the Great Lakes. If implemented effectively, the NOP can have a profound effect on the nation’s stewardship of these critical resources. Geoscientists will be important players in this team effort, as their expertise is needed to explore, extract and preserve the oceans, seafloor, coasts and Great Lakes.

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Intern Lauren Herwehe with Senator Bob Casey of Pennsylvania.
spill response, has only one vessel in the Alaska OCS region, making the U.S. highly unprepared for a spill.

The Oil Spill Pollution Act of 1990, which sets a cap on oil spill liability at $75 million and outlines response authority, should be amended to ensure faster and more comprehensive response to oil spills. This law, passed in response to the Exxon Valdez oil spill, largely governs oil spill response in the U.S. While BP has said that their payments will exceed the cap, it is uncertain whether liable parties will do the same in future oil spills. Additionally, the case against Exxon Mobil dragged on for over two decades before affected parties were compensated. In June 2008, the Supreme Court decreased the punitive damages award against Exxon Mobil from $5 billion to $500 million. In the spring of 2011, the case was opened yet again when a University of Alaska professor pressed for action on a compensation claim filed in 2006 by the government. The two decades that the case has lingered in the U.S. justice system has led many legislators to press for swifter action with the BP spill but as of the August congressional recess, no legislation regarding oil spills has been approved by Congress. As oil and gas development intensifies, it is essential that legislators amend the Oil Spill Pollution Act to make short-term response prompt and efficient and ensure appropriate compensation for losses.

Beyond spill response, legislation should ensure that the permitting process for drilling in Alaska is efficient. Those involved in granting permits should be cautious and deliberate; however, the process should not waste time and resources through inefficient bureaucracy. A particularly controversial permitting case has been that of Shell Oil Company. Shell purchased leases for drilling in the Chukchi Sea in 2008 and, after investing $3.5 billion into the area, the company has still not been granted all of the necessary permits to drill. Senator Lisa Murkowski (R-AK) and Representative Cory Gardner (R-CO) introduced companion bills in June of 2011 to modify the Clean Air Act to expedite the permitting process for Shell. The Obama administration took a step toward addressing permitting issues by assembling an interagency team to coordinate and expedite Arctic permitting in July of 2011. Demonstrating increased willingness to loosen regulations after the offshore moratorium, in August 2011 the Department of the Interior granted permits for Shell to drill four exploratory wells in the Beaufort Sea in the summer of 2012. It appears that the administration is serious about addressing the efficiency of the permitting process and slowly reversing the moratorium.

Finally, Congress should decide on the future of the 1002 area of ANWR. Senator Joe Lieberman (I-CT) and Representative Ed Markey (D-MA) have sponsored bills to ban drilling in the 1002 area of ANWR in every Congress since 1989 and 2001 respectively. On the other side of the political spectrum, Representative Don Young (R-AK) introduced a bill in January of 2011 that would open the 1002 area to drilling. With more compromise in mind, Senator David Vitter (R-LA) and Representative Rob Bishop (R-UT) introduced companion bills in March of 2011 that would allow drilling in the 1002 area with revenues placed in a trust fund for renewable energy development, provided that the federal budget is balanced. This program is similar to other proposals made by House Republicans. The controversy over the 1002 section of ANWR has been drawn out for over three decades and it is time for Congress to make a decision.

The expertise and opinions of geoscientists on the development of Alaska’s resources is critical. A comprehensive oil and gas policy requires understanding Earth’s processes from resource identification to environmental clean-up. Geoscientists are in a unique and essential position of understanding oil and gas development, natural resource management, and a changing climate. Petroleum development in Alaska should be supported, but only if such development occurs after deliberate and careful planning. Geoscientists should play an informative role in helping Congress consider legislation that promotes economical, sustainable, and environmentally sound oil and gas development in Alaska.