

PETROLEUM IN USA 2003

1. THE ARCTIC NATIONAL WILDLIFE REFUGE / ALASKA

The Arctic National Wildlife Refuge is a 19 million-acre Refuge harbors an unparalleled diversity of wildlife. Encompassing an entire mountain range cross-section, it is the last place in North America where the full spectrum of arctic life is protected in one seamless expanse.

Nestled between the Brooks Mountain Range and the shores of the Beaufort Sea in remote northeast Alaska, the narrow 1.5 million-acre coastal plain of the Refuge is the biological heart of this untamed wilderness.

Unfortunately, it has also been targeted for drilling and industrial development by the oil industry and its allies in Congress. The fragile Northern Slope is also highly sought-after by industry. But, there is a growing citizen action campaign to protect the coastal plain and permanently shield it from the relentless attacks of the multinational oil companies.

The House Resources Committee just passed a bill that broadens financial incentives for natural gas, oil and coal producers and opens the Arctic National Wildlife Refuge to oil drilling.

Republicans on the committee contend that the measures are a vital part of a strategy to revive the American economy, but Democrats say the bill fleeces the nation's taxpayers and its natural resources.

The Committee Chairman Richard Pombo, a Republican from California said that United States is in desperate need of additional domestic sources of energy and would be foolish not to use natural resources found on federal public lands. He added that energy is the foundation of the U.S. economy "With troops in Iraq, it makes sense to boost our energy security" Pombo said the committee approved the "House Energy Security Act of 2003" by a vote of 32 to 14.

A 2002 Congressional Budget Office (CBO) estimate on the existing deep water royalty holiday alone would offset royalty receipts by some \$91 million between 2002 and 2011. And CBO estimates that royalty relief for marginal properties would reduce royalties by some \$491 million over the next 10 years.

Republicans say the industry would not attempt further offshore oil and gas development without these incentives and argue that the nation's economic slump

will be sustained without increased domestic energy. "We have to offset the risk involved in extremely costly ventures," said Representative Billy Tauzin, a Louisiana Republican. There is additional financial relief for oil and gas companies within the bill.

One provision would require the federal government to reimburse oil companies that reclaim orphaned gas and oil wells. Another requires the government to reimburse oil and gas lease holders for the costs of completing required studies mandated by the National Environmental Policy Act.

The bill limits the timeframe for states to appeal federal decisions on offshore oil and gas leasing development under the Coastal Zone Management Act. Oil drilling in the Arctic National Wildlife Refuge (ANWR) is a key provision within the bill. ANWR has become one of the nation's keystone environmental issues, as many contend drilling in the refuge would shatter its pristine and fragile ecosystem.

"Not to drill is wrong for this nation," said Alaska Representative Don Young, a Republican. "We need that oil." Drilling in ANWR will "cause some environmental damage," said Pombo. "But there has to be a balance between today's needs, today's technology and tomorrow's technology and ANWR is part of that."

Other measures in the bill would lift limits on how many acres oil and coal companies can lease, a move that Democrats contend will further monopolize these industries and could increase energy prices for some consumers.

The bill would also streamline approval of hydroelectric dams and some \$500 million in grants to the biomass industry over the next 10 years are tucked into the bill. It mandates the use of the byproducts of federal efforts to thin forests on public lands.

Republicans said that the nation's economy is closely tied to the availability of cheap energy and they believe fossil fuels must be the key component of the energy plan.

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