

Prudhoe Bay Production

Background: Prudhoe Bay Oil and Gas Discovery and Development The U.S. Geological Survey first surveyed Alaska's Arctic in the 1920s, then during and after World War II to identify petroleum reserves for the U.S. Navy. While promising structures were found, the harsh, isolated northern frontier was deemed too costly to explore, especially compared to more accessible areas.

It was the early 1960s before private companies ventured north with teams of experts to interpret existing data and conduct their own surveys. With minus 65-degree temperatures stressing instruments, and permafrost reaching 2,000 feet deep, analyzing seismic data was an inexact science. Many dry holes were drilled at huge expense, then abandoned. An Anchorage Times July 18, 1968 story confirmed the rampant rumors of preceding months were true: "Arctic Oil Find is Huge." ARCO and Humble Oil's exploration activity the previous year paid off, when others had given up, with a gigantic strike at Prudhoe Bay. In March 1969, British Petroleum announced the discovery of oil from its Put River #1 well, an extension of the ARCO/Humble discovery. These events attracted worldwide attention. Headlines hailed estimates of 9.6 billion barrels of oil and 26 trillion cubic feet of natural gas, the largest deposits ever found in North America. The significance of a Middle East-sized oilfield in the remote Arctic began to be grasped throughout the U.S. and, particularly, in Washington, D. C. The area lacked roads, communications, housing, utilities-any of civilization's basic trappings-and was further isolated by three towering mountain ranges. How to get the oil to market became a topic of compelling national interest, fascination and intense controversy. The environmentalists' favored route crossed the coastal plain of the Arctic National Wildlife Range (later renamed "Refuge") into Northern Canada. Their reasoning was, they said, that the coastal plain of ANWR "had no redeeming qualities whatsoever." Concurrent with oil development, and spurred to a large extent by it, was the advancement of federal environmental legislation. Beginning with NEPA in 1969, the National Environmental Policy Act, seven major federal environmental laws were enacted during the next four years: The Clean Air and Clean Water Acts, Coastal Zone Management Act, Endangered Species Act, Marine Mammal Protection Act and Outer Continental Shelf Lands Act. Each had jurisdiction over some aspect of the project. Prudhoe Bay and its 800-mile pipeline to southern Alaska became the most studied, watched, regulated, and sued-against project in history. The U.S. Senate, in a tie vote broken by then-Vice President Spiro Agnew, finally legislated an end to further lawsuits, and authorized construction. Ten years after discovery, and after issuance of 515 federal permits and 832 state permits, oil flowed through the Trans-Alaska Pipeline to the tidewater port in Valdez. More than 13 billion barrels of oil have been shipped from Alaska's North Slope, greatly exceeding original estimates of the area's capacity. For 2-1/2 decades, Alaska oil has supplied 20% of America's domestic production, a \$260 billion offset to the trade deficit. As production declines, the search continues for new supplies to keep the pipeline operating. The nation's best opportunity for a Prudhoe Bay-sized field is the non-park coastal plain of the Arctic National Wildlife Refuge. Because ANWR is on federal land, all Americans have a right to benefit from what is hoped to be another of Alaska's many shared "national treasures." Arctic Power, 4/16/01