

Submitted to the Fairbanks Daily News Miner

4 February 2001

Dear Editor;

I read with much interest the article in Feb. 4 Sunday FDNM by Dermot Cole, regarding the multifarious ways Alaskans (Nic Jans) and former Alaskans (Joe LaRocca) beat each other up over the ANWR oil drilling controversy.

While I doubt I can bring us all together on this very divisive issue, I'd like to ask readers a few questions which I feel are enlightening and helpful toward understanding the situation better.

First Question : How many of you Alaskans know that right next to the Prudhoe Bay field there is an oil reservoir, the West Sak/Kuparuk formation, which has a known content of 20 billion (about half the recoverable reserves from the original Prudhoe bay discovery) barrels of crude, as tar sands? This is important information and it was mentioned very clearly by outgoing Secretary of the Interior Bruce Babbitt as an alternative to opening ANWR to drilling. This formation is closer to the pipeline than is any prospective oil in ANWR, yet it is never mentioned as a very large and accessible oil resource to be exploited. It is in an area unprotected from wilderness status, and not even as deep in the earth as the main Prudhoe Bay reservoir. There are NO MAJOR impediments to drilling it, and the amount of oil is probably enough for ten more years of million-barrel-a-day production.

Next question: Why haven't we gone ahead and produced this, since there is more accessible oil here with less restrictions and political warring than with ANWR?

As with many things in life, the answer is complex, but I'll try an answer from my knowledge, which is not as complete as that of the oil companies. Basically we beat each other up over ANWR exploitation because that's where oil companies want to drill. Why, when they could go to the West Sak without much ado? My pretty good guess is simply: PROFIT! ANWR oil differs from West Sak oil in one crucial way: it is likely very good crude and highly profitable to produce, maybe the last such deposit in North America, whereas the West Sak is heavy oil (in tar sands) and therefore not nearly as profitable to produce.

Another good question: If this isn't a major factor in the decision and political battling going on about ANWR, please, oil companies, set me straight. The fact of the much greater profitability of ANWR is just never mentioned among the patriotic calls for squeezing the last American oil out of ANWR. Why is this?

I can understand the difference in profitability for the oil companies. They are for-profit companies, and have to answer to stockholders. But this is a very important insight for the public dialog. As Alaskans, we can have it both ways. We can keep ANWR protected and supply a considerable amount of crude from West Sak, and 25% of the royalty goes to the Permanent Fund and the oil goes down the TAPS pipeline. And perhaps more positive for Alaska, to develop and produce the West Sak heavy oils, it is necessary to develop gas production, to ENHANCE the oil recovery from West Sak. So using West Sak is a three-way win for Alaska. We DON'T waste ANWR, we get a mandate for a gasline and we produce oil for another 10-15 years at a good rate. It is just not cheap oil. And most important of all, there is a mutual dependence between the oil and gas developments which strengthens both and gives economic value to both which is not just market driven. Developing the gas production makes the oil recovery easier and more economical than doing either development by itself.

This confirms my belief that a gasline is a way for Alaskans to come together on future development of our resources, and there are even more future-oriented reasons why this is good, and which I don't have the space to elaborate here. But we can stop beating each other up over ANWR if another option looks better in many ways. I welcome answers to my questions. They'd help us all. (see www.sustainalaska.org--Gasline Futures.)

Rich Seifert