

United States House of Representative Committee on Natural Resources
Full Committee Oversight Hearing
"ANWR: Jobs, Energy and Deficit Reduction"

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Testimony of Gene Karpinski
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Thank you for the opportunity to submit testimony to the U.S. House of Representatives Natural Resources Committee on the topic of drilling for oil in America's Arctic National Wildlife Refuge. My name is Gene Karpinski, and I am the president of the League of Conservation Voters, a national non-profit organization that works to turn environmental values into national priorities. I am glad to be here to talk about a place that, even nearly ten years after standing on the vast expanse of rolling tundra that makes up the Arctic Refuge's Coastal Plain, still remains clear and alive in my mind. I have spent much of my career fighting to protect this sacred place and I will not stop fighting until it is permanently protected.

Although this hearing is billed as one that aims to address some of the most pressing issues of our time - "jobs, energy and deficit reduction" - I am disappointed to say that today we are engaged in nothing more than political theater. Drilling in the Arctic Refuge is and always will be a political hot potato that has been voted on 20 times in the past 30 years, in the House of Representatives alone. Over and over again, pro-drilling members of Congress have trotted out our nation's last great wilderness place as a panacea for everything from the budget deficit and high unemployment to providing heat for the poor, relief to hurricane ravaged states, support for our troops and health benefits to coal workers.

Through it all, every attempt to drill the Arctic Refuge has ultimately failed because of the continued strong support of the American people who see this never-ending political spectacle for what it is - a kowtow to the wealthiest corporations in the world, the only ones who will actually benefit from opening the Arctic Refuge to drilling.

Today's theater might well be a comedy if it weren't for the fact that our country is facing real problems that deserve real solutions. Drilling in the Arctic Refuge is not a real solution for jobs, energy or deficit reduction. Instead the projections highlighted by Chairman Hastings and American Petroleum Institute's recent Wood MacKenzie report are wildly speculative and borderline baseless. Numbers like \$150 to \$300 billion make good sound bites until they collapse under the microscope. In fact, Wood MacKenzie included this disclaimer in the footnotes of its study based on these numbers: "We do not guarantee [the] fairness, completeness or accuracy of the opinions in this report."

To begin with, no one actually knows how much oil might be found in the Arctic Refuge but the federal government's Energy Information Administration has estimated that there is a 95 percent probability that 5.7 billion barrels of oil are technically recoverable from small pools spread out throughout the 1.5 million acre Coastal Plain - to peak at a level of 510,000 barrels per day in 2028. That's far from the 1.45 million barrels a day that Chairman Hastings and others have

trumpeted. What's more, factor in variables such as economic viability with production costs on land that has absolutely no existing infrastructure and sits above the Arctic Circle and those numbers continue to fall.

From there, revenue estimates are based on assumptions such as \$125 per barrel oil prices throughout the entire life of the oil field, a 50/50 state/federal revenue split even though the 1959 Alaska Statehood Act explicitly locked in a 90/10 state/federal revenue split, and a 33 percent tax rate that in reality is closer to 18 percent.

Jobs are the first word on everyone's lips these days in Washington, and not surprisingly, drilling in the Arctic Refuge has been held up as the answer to this problem as well. Yet the number of jobs attributed to drilling in the Arctic Refuge by that same Wood MacKenzie report are just as overblown and exaggerated as their revenue estimates.

The fact is that across the country, the top five largest oil companies have been cutting thousands of jobs while raking in record profits. And the big five oil companies have reported profits—not revenues, profits—of \$952 billion dollars over the past decade. They're reaping in these profits while receiving billions of dollars in taxpayer subsidies every year. That's ludicrous. So instead of contemplating yet another giveaway to Big Oil as we're doing in this hearing, what we should be talking about is cutting these special tax breaks and subsidies that go to the world's most profitable companies. Ending Big Oil's unfair tax breaks would cut the deficit by more than \$36 billion over the next decade. And repealing the provision that allows Big Oil to drill offshore without paying any royalties would save taxpayers \$53 billion over the next 25 years. That's real money.

It also makes no sense to open up a pristine area like the Arctic National Wildlife Refuge when the oil companies are choosing not to drill on millions of acres they're already leasing. In fact, they're not exploring for or producing oil on 22 million acres out of the 38 million acres of federal land they're currently leasing. That means that nearly 60 percent of land the oil companies control is just sitting idle. So instead of opening up and irreversibly damaging the Arctic Refuge, we should encourage oil companies either to drill on the leases they already hold or return that land to the American people—and we can encourage them to do that by assessing a fee on non-producing leases, as President Obama has proposed.

We should be focusing on solutions that provide long-term sustainability for our nation. Now is the time to transition our nation's energy policy away from capital-intensive, risky, and often highly polluting energy sources. Moving toward a clean energy future will bring new jobs across a diverse group of industries that will make our nation more competitive and our economy more secure and sustainable. The clean energy economy offers more opportunities and better pay for low- and middle-skilled workers than the national economy as a whole. And, unlike oil drilling, these jobs do not undermine other successful industries, such as the active outdoor recreation economy, which alone generates \$730 billion in total economic activity, \$88 billion in annual state and federal tax revenue, and supports 6.5 million U.S. jobs.

There are real solutions out there if Congress has the guts to put aside this partisan charade and get down to the business of creating jobs, building a smart energy future and finding ways to cut

spending and raise revenues that make sense for real Americans not corporations. When the Joint Select Committee on Deficit Reduction was first announced in August, I had high hopes that this was the beginning of a new era of coming together to work toward real solutions. As you, Chairman Hastings, wrote in a September 6th op-ed in Fox Nation: “Reducing our debt will require creative thinking and new approaches that include both spending cuts and raising new revenue.” Mr. Chairman, opening the Arctic Refuge to drilling is neither new nor creative – nor an actual solution.

I am pleased to be sitting here today alongside David Jenkins of Republicans for Environmental Protection. I will never forget one of the most essential and historic votes we have seen in defense of the Arctic Refuge. It wasn't that long ago – six years in fact – and more than 20 Republican members of Congress stood up together with their Democratic colleagues to say that Arctic Refuge drilling had no place in the federal budget. This is not a Democratic issue or a Republican issue – it is an issue of legacy and common sense.

I believe that this bipartisan agreement still stands true today. We can all agree that no matter how bad our problems may seem to be, there are some places that define what it means to be American and the Arctic Refuge is one of those places. Fifty years ago, the Arctic Refuge was set aside for “its unique wildlife, wilderness, and recreational values,” to be passed onto future generations as it has been for generations before.

As U.S. Supreme Court Justice William O. Douglas wrote: “The Arctic has a call that is compelling. The distant mountains make one want to go on and on over the next ridge and over the one beyond. The call is that of a wilderness known only to a few. This is not a place to possess like the plateaus of Wyoming or the valleys of Arizona; it is one to behold with wonderment. It is a domain for any restless soul who yearns to discover the startling beauties of creation in a place of quiet and solitude where life exists without molestation by man.”

The Gwich'in people, who call the Arctic Refuge's Coastal Plain the “sacred place where life begins,” rely on this place for their culture and their livelihood. As Americans, we must all look toward the northeast corner of Alaska and remember that if we are to teach our children and our grandchildren what it means to be American – we must first teach ourselves how to preserve those parts of us that define who we are. The Arctic National Wildlife Refuge stands as a symbol of the soul of a nation that refuses to give up on itself.