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Alaska's Ebbing Oil

As production slows, the North Slope pipeline could shut down.

Perhaps you've heard politicians call for "independence" from foreign oil, however unrealistic the goal. What you probably haven't heard about is the determined environmental campaign, abetted by the Obama Administration, to shut down the 38-year-old Trans-Alaska Pipeline.

In its 1980s heyday, the 800-mile pipeline pushed some 2.2 million barrels of oil a day from Alaska's North Slope to the port of Valdez. Yet as the rich fields of Prudhoe Bay and Kuparuk River have declined, oil flow has dropped to one-third of that volume. The drop-off is now causing serious technical problems, as slow-flowing oil drops in temperature and clogs and corrodes the pipe. Failing a technological fix, or more oil, the pipe's near-term viability is at risk.

Environmentalists know that if the pipeline is shut down, by law it must be dismantled. If they can starve the pipeline of supply, they can kill Alaskan drilling.

Even with the potential of shale natural gas and offshore deepwater drilling, Alaska remains a great American energy resource. Prudhoe Bay and the Kuparuk are the two largest U.S. oil fields and have sent some 16.2 billion barrels of oil southward. Yet these state lands are dwarfed by the oil-heavy federal lands and waters that surround them.

To the west is the 23-million-acre National Petroleum Reserve Alaska, created in 1923 by Warren Harding and by some estimates holding up to 15 billion barrels of oil. To the east is the 19-million-acre Arctic National Wildlife Refuge (ANWR), including its smaller permafrost plain specifically set aside for development. This area—only 2,000 acres of which is necessary for oil drilling—holds up to 16 billion barrels. To the north are the vast Chukchi and Beaufort Seas, estimated to hold 30 billion barrels of oil equivalent—a reserve even bigger than Prudhoe.

Yet little or no commercial oil has flowed from these federal lands. Environmentalists have lobbied Congress to block drilling in ANWR for decades, and their strategy elsewhere has been to flood commercial leases with litigation. The Bush Administration in 2008 held the first lease sale in the Chukchi Sea since 1991, successfully auctioning 2.7 million acres. Environmental groups immediately sued, and last July a judge halted exploration.

Greens have also gamed the regulatory system, which can require companies to obtain an average of 35 permits to drill an exploratory well. Shell earlier this year canceled plans to drill in the Beaufort Sea, after five years of struggling to get a federal air-emission permit. The Environmental Protection Agency initially granted that permit only to have greens appeal to an internal EPA review board—which denied it earlier this year.

In response to \$4-a-gallon gasoline, the Obama Administration recently proposed lease sales in the National Petroleum Reserve Alaska. Yet the Administration has also used the Gulf of Mexico spill as an excuse to sit on most permits out of Alaska and the Gulf. The Army Corps of Engineers as recently as February denied ConocoPhillips a permit it had been working on for five years to access a lease it owns in the National Petroleum Reserve. The Corps is also sitting on a North Slope permit for Exxon Mobil.

Thanks to these roadblocks, the Alaska pipeline has about 1.5 million barrels of unused capacity a day, and environmental attorneys like Brendan Cummings of the Center for Biological Diversity can boast that the pipeline is "past its expiration date." Americans who want to import less oil from abroad should understand how close Washington is to closing off Alaskan oil drilling.

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