



Auction Results Cast Doubt on ANWR Drilling Revenues

Congressional Republicans have a plan to fill part of the giant deficit hole created by their tax plan for the wealthy; open up the Arctic National Wildlife Refuge to commercial drilling. Their plan is a shortsighted tactic that arcane budget rules and will ultimately fail to live up to expectations. In fact, early estimates based on recent lease bids of neighboring plots of land underscore how selling these precious protected lands to commercial drilling could generate underwhelming revenues.

The Arctic National Wildlife Refuge is one of the nation's last great protected natural landscapes. From the muskox to the Arctic grayling with its sail-like dorsal fin, the 1.5 million acres of coastal plains along Alaska's northeast coast is [home](#) to a diverse group of mammals, birds, fish and sea life, and has breathtaking undisturbed lands that cover [five ecological regions](#).

Beyond environmental concerns, logistical and operational difficulties, particularly the need to build critical infrastructure and the harsh climate conditions, would delay drilling and likely lead to no royalty revenues during the 10-year window. After spending more than [\\$7 billion](#) on exploring the waters of coastal Alaska, Shell abandoned the [costly](#) project citing risky exploration and uncertainty on the potential amount of crude. Political and legal challenges to Arctic drilling from environmental groups and [Native American communities dependent](#) on the Porcupine caribou herd could complicate and delay drilling as well.

Recent leasing bids of neighboring acres should give us further pause. The most recent bids in the neighboring National Petroleum Reserve – Alaska (NPR-A) demonstrated little demand for drilling in Northern Alaska. Only seven plots out of 900 received bids in the first round, and the bids ranged from \$13.25 to \$14.99 per acre. If bids for the Arctic National Wildlife Refuge come in at similar prices, it would generate between \$9.9 to \$11.2 million in federal revenue.¹ This is far from the \$1 billion estimated. Even using the higher [2016 annual average](#) for NPR-A, we would only see \$30.8 million in federal revenue.² Again, this is far below earlier revenue projections and a drop in the bucket compared to the \$1 billion estimate Republicans continue to use to justify drilling.

Selling out our limited public lands in exchange for tax cuts for the most wealthy is a major mistake. The federal revenues may be minimal, but the damage to wildlife and the environment would be significant. Republicans should instead work towards a bipartisan solution that does not sell out one of America's greatest public landscapes for uncertain revenues.

Lease Bids for National Petroleum Reserve – Alaska			
	December 6, 2017 High End Bids	December 6, 2017 Low End Bids	2016 Average Bid
Bid Amount	\$ 14.99	\$ 13.25	\$ 41.11
Total Acreage	1,500,000	1,500,000	1,500,000
Total Revenue	\$ 22,485,000	\$ 19,875,000.00	\$ 61,665,000
Federal Share	\$ 11,242,500	\$ 9,937,500.00	\$ 30,832,500
Source: JEC staff calculations based on Department of Interior- Bureau of Land Management, Statement of the Sale for National Petroleum Reserve – Alaska.			
Note: Calculations assume bids on all 1.5 million acres of land at outlined rate above.			

¹ JEC staff calculation based on Department of Interior- Bureau of Land Management.
https://www.blm.gov/sites/blm.gov/files/uploads/OilandGas_Alaska_NPR-A_Lease_Sale_2017_Bid-Recap.pdf

² JEC staff calculations based on Department of Interior- Bureau of Land Management.
https://www.blm.gov/sites/blm.gov/files/uploads/Oil_Gas_Alaska_2016_NPR-A_LeaseSale_Statistics_1999toPresent.pdf