INSTITUTE FOR ENERGY RESEARCH

Alaska's Falling Oil Production and Its Threat to the Alaska Pipeline Are Hurting the West Coast

- Unless Alaska and/or California can increase their oil production soon, the West Coast will pay even higher prices for fuel, import the most OPEC oil of any U.S. region and have the most insecure oil supply in the country.
- This is a huge reversal of fortune for the region, which for decades benefitted from the most secure, most domestic and most affordable supplies of oil.
- Alaska is now producing only 30% of what it once produced and sent to the West Coast, and California is producing only 56% of its peak production. North Dakota will soon surpass both states in terms of oil production.
- In Alaska's case, particularly, federal policies have stopped oil and gas exploration of some of the most promising energy areas in the country. North Dakota's increasing oil production is because it is happening on state and private lands, while the federal government owns 2/3 of Alaska and won't allow energy production, onshore or offshore.
- The result is more imports and higher prices for consumers. For each barrel of oil not produced in Alaska or California, a barrel of foreign oil replaces it, and since each barrel now costs about $100, that is at least $200 million of value per day – or $73 billion per year -- that could be produced in America being transferred from the West Coast's ailing economy to OPEC. Our trade deficit would diminish by $73 billion per year if Alaska and California were allowed to produce what they once produced.
- The West Coast was once an *exporter* of oil to the rest of the US, but now imports *the largest portion of its oil from OPEC nations of any part of the country*.
- Oil produced in Alaska or California once took days to get to market, while shipments of Middle Eastern oil take months to arrive, meaning any short term disruptions will impact the West Coast more than other parts of the country because of extended supply lines.
- As California and Alaska produce less oil, and the Trans Alaskan Pipeline becomes jeopardized by lack of new supplies, the West Coast grows poorer….producing less, paying more, importing more and exporting more jobs.

US Oil Production Declines Make West Coast Most at Threat From Imports

Figure 1
Alaska Oil Production

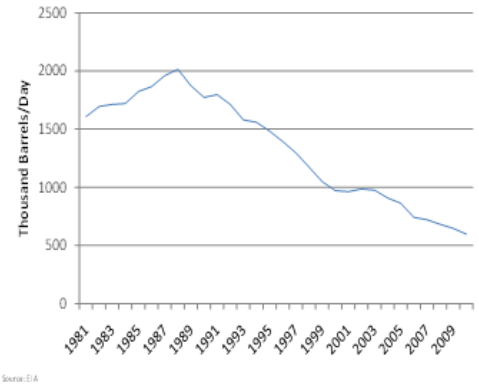


Figure 2
California Oil Production

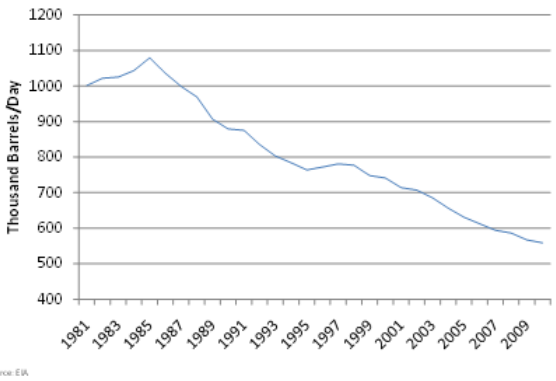
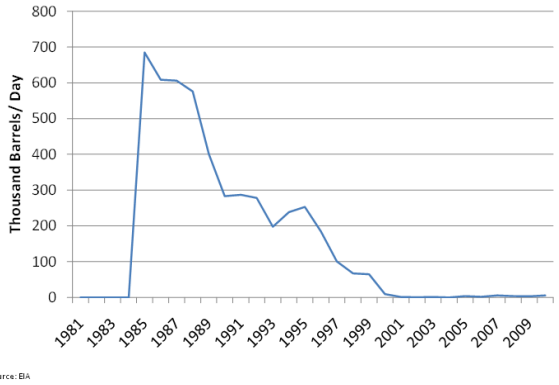
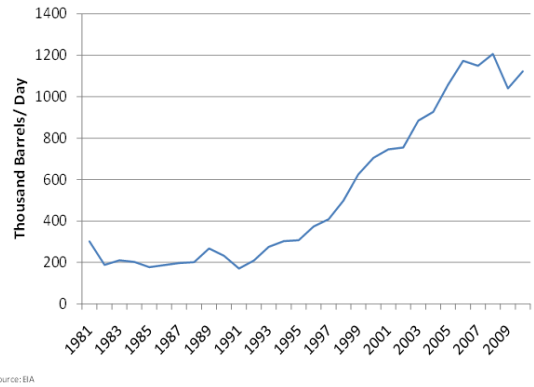


Figure 3
West Coast Oil Exports
to Rest of U.S.



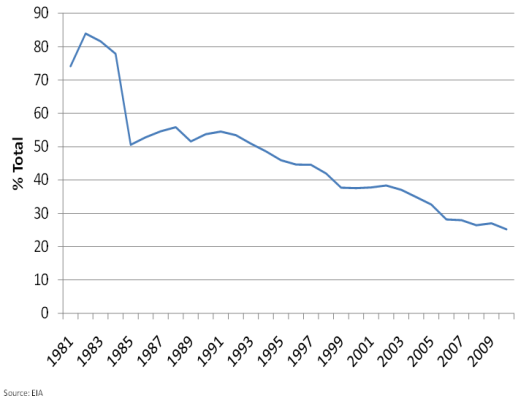
Source: EIA

Figure 4
West Coast Oil Imports



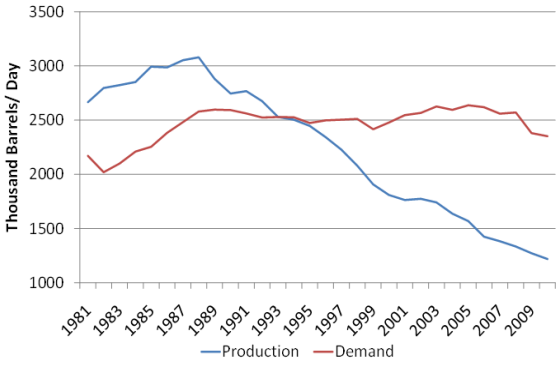
Source: EIA

Figure 5
Alaska Oil as % of West Coast Refinery Output



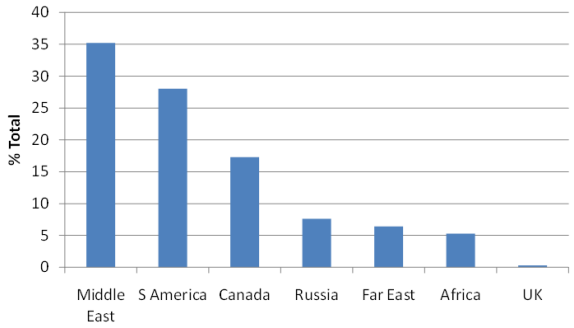
Source: EIA

Figure 6
West Coast Oil Production/Demand



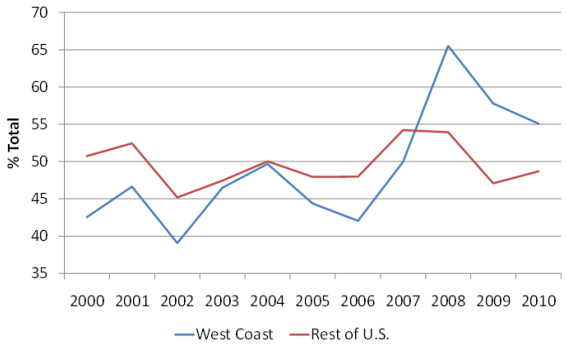
Source: EIA

Figure 7
West Coast 2010 Oil Imports



Source: EIA

Figure 8
OPEC Oil Imports



Source: EIA

Figure 9
West Coast OPEC Oil Imports

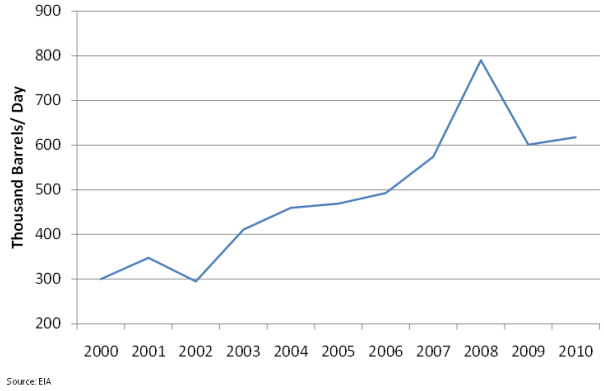


Figure 10
Alaska Oil vs WTI Oil Price*

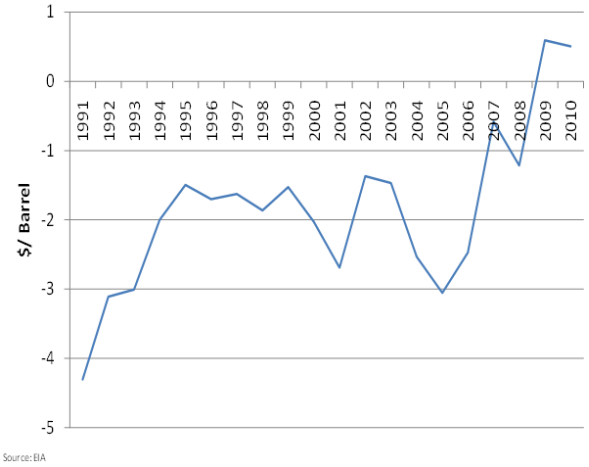
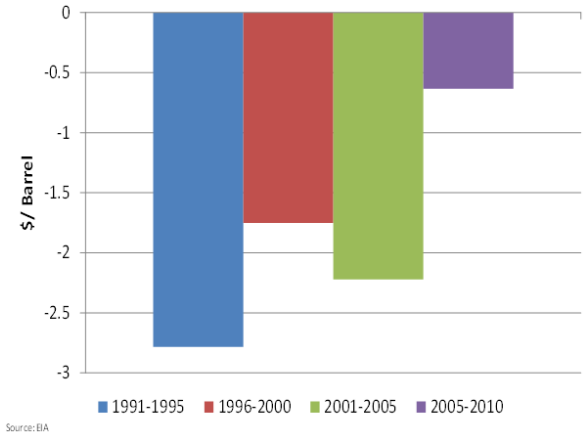


Figure 11
Alaska vs WTI Oil Price



Charts from Testimony of Lynn D. Westfall, U.S. House Committee on Energy & Commerce, May 13, 2011

* WTI = West Texas Intermediate