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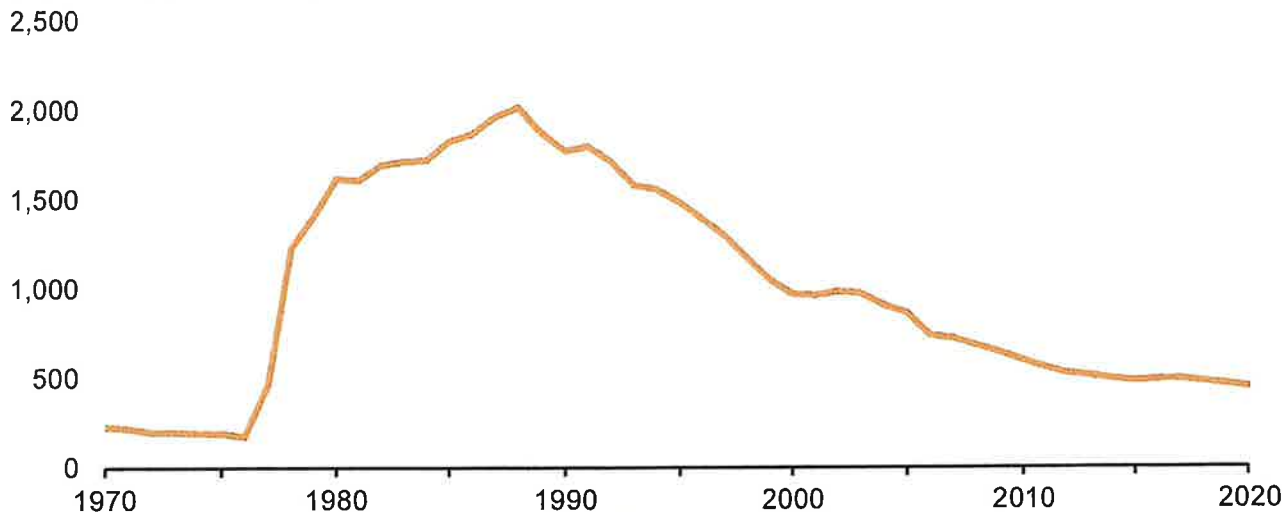
## Today in Energy

April 26, 2021

### Oil production in Alaska reaches lowest level in more than 40 years

#### Alaska crude oil production (1970–2020)

thousand barrels per day



**Source:** U.S. Energy Information Administration, [Petroleum Supply Monthly](#)

Crude oil production in Alaska averaged 448,000 barrels per day (b/d) in 2020, the lowest level of production since 1976. Last year's production was over 75% less than the state's peak production of more than 2 million b/d in 1988. Production declined in 28 of the 32 years since Alaska's oil production peak as the state's oil fields have matured. The 4% decrease in annual oil production in Alaska in 2020 was [part of a larger decline in U.S. oil production](#).

The Trans-Alaska Pipeline System transports crude oil from the North Slope of Alaska to Valdez on Alaska's southern coast. Pipeline deliveries have decreased because of less production. Lower oil volumes cause oil to move more slowly in the pipeline, and the travel time for oil from the North Shore to Valdez has increased [from 4.5 days in 1988 to 18 days in 2020](#).

Many areas of the state have not been explored for oil, including the Arctic National Wildlife Refuge (ANWR). Located in the northeastern part of the state, the ANWR likely holds 10.4 billion barrels of crude oil, according to U.S. Geological Survey estimates. In January 2021, the Biden administration, in an [executive order](#), imposed a temporary moratorium on federal oil and natural gas leasing in the ANWR.

The oil industry is the largest contributor to Alaska's economy despite the decline in production. Alaska has no state income or sales tax but relies instead on revenues from the oil and natural gas industry. Oil revenues supplied [more than two-thirds of the state's budget in 2020](#). Although Alaska relies on the oil and natural gas industry for its revenue base, production in the state makes up only 4% of all oil production in the United States. Since 1982, every eligible state resident has received an annual dividend from the [Alaska Permanent Fund](#), which manages royalties the state receives from its mineral rights, primarily oil.

Alaska has the third-highest petroleum demand per capita of any state. In 2020, Alaska consumed [more petroleum for electricity](#)

generation than any state except Hawaii. Petroleum accounted for 16% of the state's utility-scale generation, the third most of any generation source behind natural gas (38%) and hydroelectric power (31%). One-third of the state's households rely on petroleum products such as fuel oil, kerosene, or propane for heating.

Additional state-level analysis for all types of energy is available in our [State Energy Portal](#).

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<https://www.wsj.com/articles/u-s-expected-to-approve-big-oil-drilling-project-in-alaska-d61b9ae0>

## POLITICS

### U.S. Expected to Approve ConocoPhillips Oil-Drilling Project in Alaska Willow project in the Arctic is opposed by environmentalists and many Democrats



An exploratory drilling camp at the proposed site of the Willow oil project in Alaska in 2019.

PHOTO: CONOCOPHILLIPS/ASSOCIATED PRESS

By [Benoît Morenne](#) [Follow](#) and [Andrew Restuccia](#) [Follow](#)

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The Biden administration is preparing to approve the massive Willow oil-drilling project in the Alaskan Arctic over the objections of environmentalists and many Democrats who wanted the project scuttled, according to people familiar with the matter.

A compromise that is expected to be put forward by the Biden administration clears the way for ConocoPhillips to proceed with the development of three drilling sites, down from the five originally sought by the company.

The decision is likely to mollify the oil-and-gas industry, which contends that Willow answers Mr. Biden's demands that operators pump more oil to put a lid on energy prices. Advocates for Willow say the development meets Mr. Biden's goals of shoring up U.S. energy security, creating union jobs and fostering racial justice, as many Alaskan natives support ConocoPhillips' plans.

But the approval will anger environmentalists who for years have fought against a project they have described as a ticking carbon bomb.

White House press secretary Karine Jean-Pierre said Friday no final decision has been made and the Interior Department didn't immediately respond to a request for comment. A spokesperson for ConocoPhillips said no record of a decision about the Willow project has been shared with the company and declined to comment. The expected decision to approve the project was earlier reported by Bloomberg News.

The approval would come more than six years after ConocoPhillips announced the Willow discovery, and after the Biden administration debated whether to authorize the company to go ahead with a scaled-down version of the operator's initial plan, or further shrink the project's footprint.

After the Bureau of Land Management issued a final supplemental environmental-impact statement last month that recommended shrinking the project to three drilling sites, the Interior Department said BLM's proposal posed concerns, "including direct and indirect greenhouse gas emissions and impacts to wildlife and Alaska Native subsistence."

There were internal discussions in the administration of granting permission for just two sites, according to people familiar with the situation, which ConocoPhillips had said would have made the project unfeasible.

During a Tuesday panel at an energy-industry conference in Houston, ConocoPhillips chief executive Ryan Lance said Willow would allow his company to produce oil that has low greenhouse gas emissions intensity—emissions as a proportion of total energy produced—which is “exactly what the administration has been imploring our industry to do over the last couple of years.”

Mr. Lance told analysts last month that the producer would spend between \$100 million and \$400 million on Willow in 2023. “You’ll see Willow ramping up if we get an adequate project approval from the federal government,” he said.

The company, which is the largest crude producer in Alaska, sits on abundant reserves in the state. As of the end of 2021, it owned about 1.6 million net undeveloped acres in the state, according to ConocoPhillips.

The expected decision is likely to be condemned by environmentalists, who say oil and gas from the roughly \$7 billion project will only worsen greenhouse gas emissions and exacerbate climate change.

The Bureau of Land Management has estimated that oil and gas extracted from its recommended version of the Willow project would generate more than 270 million metric tons of CO<sub>2</sub> over the project’s lifetime.

A BLM analysis showed that if Willow wasn’t developed, substitute energy sources would replace it in the marketplace, and those sources would emit similar levels of CO<sub>2</sub> equivalent.

As a candidate, President Biden pledged to stop drilling on federal lands, but he retreated from that stance as oil prices soared following Russia’s invasion of Ukraine, triggering a sharp rise in gasoline prices at the pump last year.

With the approval of the project, ConocoPhillips will begin developing drill sites, pipelines and roads to extract oil in Alaska’s National Petroleum Reserve. The approval would pave the way for the company to build an airstrip, more than 430 miles of ice roads and nearly 270 miles of individual pipelines, among other infrastructure, according to the Bureau of Land Management’s environmental review of the project. The project is expected to disturb nearly 620 acres of polar bear habitat, according to the agency.

ConocoPhillips has said it expects the project will produce about 180,000 barrels of oil a day at its peak, and over the life of the project about 600 million barrels of so-called oil equivalent, a measure that includes both oil and gas.

Willow is the single largest oil-extraction project currently proposed on U.S. federal lands, according to environmental groups.

The company announced the Willow oil discovery in the northeast portion of Alaska’s National Petroleum Reserve in 2017 and laid out plans for a 30-year development. But in 2021, a federal judge dealt a setback to the company’s plans to develop the resources, determining that U.S. officials had failed to properly assess the project’s impact on climate change and its potential harm to polar bears.

BLM said it addressed the flaws identified by the U.S. District Court for the District of Alaska in a final supplemental environmental impact statement the agency released in February.

Local politicians supporting the project estimate Willow could create more than 2,000 construction jobs and 300 permanent jobs. BLM estimates that Willow could generate up to \$17 billion in federal, state and local revenue.

—Lindsay Wise contributed to this article.