

# AlaskaDispatch

News and voices from the Last Frontier

## Is Obama dismantling the trans-Alaska pipeline?

By Amanda Coyne

The popular conservative website The Daily Caller ran with the sensational headline on Thursday entitled “Pipe Down,” followed with a photo of the trans-Alaska pipeline snaking its way right toward the reader. The story lead with the following paraphrase of U.S. Rep. Doc Hastings, the feisty Republican who chairs the House Resource Committee.

“The Obama administration is setting the stage for the dismantling of the Trans-Alaska Pipeline and poses the greatest threat to its existence today,” so the lead goes.

The pipeline is indeed in danger of running dry. Once it carried more than two million barrels a day. Now its throughput is at about 600,000 barrels a day, and declining about five percent a year. If nothing is done to put more oil in the line, that amount is expected to be around 350,000 in 10 years.



Alyeska Pipeline Service Co., the consortium that runs the pipeline, doesn’t yet know at what point the pipeline itself would have to shut. But with such low levels of oil running through it, water, ice and wax builds could result in extended shut-downs of the pipeline.

Needless to say, President Obama does not have the power -- neither legally nor politically -- to dismantle much at all these days, to say nothing of an 800-mile tube of steel running through some of Alaska’s most inhospitable lands.

But Obama does have some say over oil and gas development on federal lands, and federal waters, oil that would eventually run down the TAPS.

And in this matter, the article says, the president has been more on the side of “far-left environmentalists’ than in preserving a pipeline that carries approximately 10 percent of the nation’s daily oil output ...”

Surprised? Some are, especially the coalition of environmentalists who have been fighting offshore oil and gas development in Arctic Alaska.

“Anyone who claims that the Obama administration is on the same page as environmental groups is reality-impaired,” said Brendan Cummings, senior counsel for the Center for Biological Diversity, the environmental group that’s been on the forefront of fighting Arctic and oil and gas developments.

“The Obama administration,” Cummings continued, “is largely indistinguishable from the Bush administration,” on policies related to offshore and onshore federal lands in Alaska.

Indeed, the administration just days ago signaled its support of oil and gas development spread over millions of acres in the Chukchi Sea. The administration has issued permits to Shell Oil Co. to advance drilling and is expediting oil lease sales in the National Petroleum Reserve-Alaska. All of these actions continually disappoint environmentalists. Cummings went as far as to say Obama’s energy policies in Alaska are tantamount to adopting “Karl Rove’s talking points whole cloth.”

Even oil and gas booster Dan Sullivan, the state commissioner of natural

resources who has long been critical of Obama’s resource development policies, said that there have been some recent, encouraging signs from Team Obama concerning federal drilling regulations.

“Has there been recent changes in the rhetoric? Yes,” Commissioner Sullivan said in an interview Thursday. “Have they been focused on correcting past mistakes? It appears that way.”

Sullivan added, however, that for every step forward, the administration takes a step back.

In the end, the onus of developing Alaska’s resources and keeping TAPS open has as much if not more to do with the state’s actions than what the Feds do or don’t do. If you ask Gov. Sean Parnell or Sullivan, it’s all about changing the state’s oil tax structure -- expect more on this in the months to come.

Alaska’s tax structure -- controversial to some and “clear and equitable” to others -- was enacted by former Gov. Sarah Palin. The ACES tax overhaul was the highest tax ever enacted on Alaska’s oil companies and is one of her touchstone pieces of legislation.

Parnell, who took the reins from Palin after she quit, now wants

to change that tax structure. He believes doing so will increase TAPS throughput to one million barrels per day within a decade. Lowering the tax rate would, in his words, “boost production at existing fields and provide greater incentives for new companies looking to explore for oil and gas in Alaska.”

Indeed, during congressional testimony, Sullivan called Parnell’s plan “the cornerstone” of the effort to get to one million barrels a day.

In any case, fear not. Sen. Mark Begich was the only member of Alaska’s congressional delegation who bothered to comment on the Daily Caller story. He said that he’s keeping a watch on the situation.

“I’m glad Chairman Hastings recognizes the importance of the trans-Alaska Pipeline to Alaska and the country,” Begich wrote in an email. “I think we are all focused on finding more oil to keep our economic lifeline viable, and I will continue to keep pressure on the administration to remove any roadblocks to Alaska’s oil and gas development.”