

July 24, 2008

Oil Survey Says Arctic Has Riches

By [JAD MOUAWAD](#)

The Arctic may contain as much as a fifth of the world's yet to-be-discovered oil and natural gas reserves, the [United States Geological Survey](#) said Wednesday as it unveiled the largest-ever survey of petroleum resources north of the Arctic Circle.

Oil companies have long suspected that the Arctic contained substantial energy resources, and have been spending billions recently to get their hands on tracts for exploration. As melting ice caps have opened up prospects that were once considered too harsh to explore, a race has begun among Arctic nations, including the United States, Russia, and Canada, for control of these resources.

The [geological agency's survey](#) largely vindicates the rising interest. It suggests that most of the yet-to-be found resources are not under the North Pole but much closer to shore, in regions that are not subject to territorial dispute.

"For a variety of reasons, the possibility of oil and gas exploration in the Arctic has become much less hypothetical than it once was," Donald L. Gautier, the chief geologist for the survey, said during a news conference Wednesday. "Most of the resources are on the continental shelf in areas already under territorial claims."

The assessment, which took four years, found that the Arctic may hold as much as 90 billion barrels of undiscovered oil reserves, and 1,670 trillion cubic feet of natural gas. This would amount to 13 percent of the world's total undiscovered oil and about 30 percent of the undiscovered natural gas.

At today's consumption rate of 86 million barrels a day, the potential oil in the Arctic could meet global demand for almost three years. The Arctic's potential natural gas resources are three times bigger. That equals Russia's proven gas reserves, which is the world's largest.

The agency called the Arctic region "the largest unexplored prospective area for petroleum remaining on earth."

The world currently holds 1.24 trillion barrels of proven oil reserves and 6,263 trillion cubic feet of proven natural gas reserves.

The survey looked at "undiscovered technically recoverable resources," defined as resources that can be produced using current technology.

While the findings contain some uncertainty, they confirm a widely held industry belief that the Arctic may be the next frontier for global oil exploration.

Two regions stand out. A third of the yet-to-be discovered oil, or about 30 billion barrels, is off the coast of Alaska. The findings also confirmed the pivotal role of Russia. Nearly two-thirds of the yet-to-be found natural gas

resources are in two Russian provinces, the West Siberian Basin and the East Barents Basin, which straddles the territorial waters of Russia and Norway.

Speaking of Alaska, Mr. Gautier said: "It is the most obvious place to look for oil in the North Arctic right now. It is virtually certain that petroleum will be found there."

Unlike much of the continental shelf off the lower 48 states, the Alaskan coast is generally open to oil exploration. This year, oil companies spent \$2.6 billion to acquire leases on government-controlled offshore tracts.

Even as production declines on Alaska's North Slope, many people believe Alaska could see a revival as oil companies move offshore. Native and environmental groups are fighting some [offshore drilling](#), however.

The geological survey compiled estimates from a variety of sources, including government and privately held data, from Denmark, Greenland, Norway, Russia, the United States and Canada.

[Copyright 2008 The New York Times Company](#)

[Privacy Policy](#) | [Search](#) | [Corrections](#) | [RSS](#) | [First Look](#) | [Help](#) | [Contact Us](#) | [Work for Us](#) | [Site Map](#)
