



# DEPARTMENT of the INTERIOR

## news release

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### SECRETARY HODEL STRESSES ROLE OF ORDERLY ENERGY DEVELOPMENT OFFSHORE AND IN ALASKA TO MEET FUTURE NATIONAL AND CALIFORNIA ECONOMIC NEEDS

Secretary of the Interior Don Hodel said today that by the turn of the century Californians will face a critical need for oil from both offshore and from Alaska.

Addressing the Town Hall of California in Los Angeles as he began an 8-day visit in the state, Hodel said there could be drastic repercussions on the economy and on the lifestyle of Californians if additional energy resources are not located and developed in the closing decade of this century.

"With 19 million cars, trucks and buses, California uses some 580 million barrels of liquid petroleum products every year, 10 percent of U.S. consumption," Hodel said. "In fact, California is the world's third largest consumer of gasoline, right after the remainder of the U.S. and the Soviet Union. Although California certainly is a major oil producing state, it still comes up more than 30 percent short in meeting its own demand."

Earlier this week, Hodel sent Congress a new 5-year plan for federal offshore oil and gas leasing.

Citing last year's sharp decline in U.S. domestic production, increasing demand and soaring imports, Hodel warned "OPEC (Organization of Petroleum Exporting Countries) is on the verge of getting back into the driver's seat."

"In my judgment, OPEC may have a more serious impact today than it had in the 1970s when it used an embargo successfully to escalate prices and in an attempt to blackmail us on foreign policy issues," Hodel said. "Now, whether by accident or design, they have a potentially more powerful weapon -- the whipsawing of prices to demoralize competition in non-OPEC nations.

"Lower oil prices have dulled memories of the 1970s gas lines, and lulled Americans into a euphoric state of believing our energy troubles are over," Hodel added.

He said it is vital that the United States "produce enough oil domestically to keep OPEC and others from perceiving that they have a stranglehold on this lifeblood of our economy and national security."

The Secretary said the Nation must move forward on offshore leasing and with an environmentally sound energy program for the coastal plain of the Arctic National Wildlife Refuge (ANWR) in Alaska.

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"We can develop these energy resources and protect the environment," he said. "We do not have to choose between the two. We can do both."

"If we fail to move to develop resources available to us, it will be like putting a sign on America saying: 'Take advantage of us because we lack the will to help ourselves.'"

In addition to the 5-year offshore plan, Hodel recently released a congressionally-required report and recommendation for management of the 1.5 million acre coastal plain of ANWR, 65 miles east of Prudhoe Bay.

"The two most immediate promising prospects for adding significantly to America's oil and gas reserves are offshore California and the coastal plain of ANWR," Hodel said. "During the coming decade, we need to find more than 30 billion barrels of proven reserves just to hold our own."

Hodel said that if it were not for oil production from Prudhoe Bay, the United States would be importing over half of its oil. Prudhoe Bay now produces about 20 percent of U.S. domestic production. Experts predict that production will fall off drastically by the turn of the century.

"If we can't replace Prudhoe Bay production, California could stand to lose a significant percentage of its oil supply -- far more than in the 1979 crisis," Hodel said. If Congress moves expeditiously to approve leasing at ANWR and oil is found, Hodel said that could cushion impacts on California and the Nation.

As for impacts of offshore development on California, Hodel suggested that production platforms on the horizon are far less a threat to tourism and recreation than potential impacts from future oil shocks if the resources are not developed.

"The record of consultations and the extensive provisions in the new 5-year offshore oil and gas leasing plan demonstrate amply that the Department of the Interior has gone the extra mile to address California concerns," Hodel said, pointing out that the 5-year plan he has sent Congress contains unprecedented sub-area deferrals and specific levels of environmental protection for lease sales offshore California. Neither of two previous 5-year plans (in 1980 and 1982) contained such provisions.

"It is in California's best interest to have an orderly, measured leasing program, such as the one we have proposed," Hodel said. "Additional moratoria on offshore drilling, such as those imposed by Congress in 1981 through 1984, will only increase the risk of a time when, because as a Nation we are suffering from wholly inadequate domestic oil supplies, there is overwhelming pressure for oil development under less stringent environmental controls."

To delay the search offshore or in Alaska, Hodel said, also would be to risk the permanent loss of oil industry technology, expertise and jobs, and to squander the time needed to assure care in the development process.

"We have the technology, we have the knowledge, we have effective and proven programs, and we have the commitment to explore, develop and produce these resources while protecting people, oceans, land, wildlife and the environmental values we all cherish," Hodel said. "The sooner we start, the easier the task, the more certain the victory."

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