

Arctic Melt Will Prompt Energy Rush

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This week, the area of Arctic sea ice reached a record minimum for the 33-year period satellite records have been kept, according to the U.S. National Snow and Ice Data Center. We could see an ice-free North Pole in summer within a decade or two. That throws a spotlight on Arctic oil and gas as explorers gain access, and on the global sector as melting ice highlights the impact of carbon emissions through global warming.

The U.S. Geological Survey estimated four years ago that the Arctic region "may constitute the geographically largest unexplored prospective area for petroleum remaining on Earth," in the only publicly available estimate of the fossil-fuel resource.

It calculated that the area north of the Arctic Circle contained about 13 percent of the world's undiscovered oil, 30 percent of the undiscovered natural gas and 20 percent of undiscovered natural gas liquids, excluding unconventional resources such as gas hydrate and shale gas and oil.

But it would take palpable impacts to jolt an international energy response to melting Arctic

ice.

UN-backed talks are the international forum for cutting global carbon emissions and curbing fossil fuels, and they have been a victim of consensus voting, where decisions must be unanimous among the 194 participating countries. Their ranks include oil exporters, which stand to lose from CO2 cuts.

Meanwhile, attempts to drive local action, such as Greenpeace's "Save the Arctic" campaign, appear optimistic despite a worthy aim to prevent spills in a unique place. Greenpeace is campaigning for a moratorium along the lines of the 1991 Antarctic Protocol on Environmental Protection.

Some of the world's biggest energy producers, including the United States, Norway and Russia, ratified the Antarctic agreement, whose Article 7 states that "any activity relating to mineral resources, other than scientific research, shall be prohibited."

But none of these countries borders Antarctica, so a better signal may be their approach to the Brussels-based Energy Charter, the world's most internationally ratified energy treaty, which 51 countries have signed. EU countries have ratified the treaty, along with Central Asian producers and consuming nations like Japan, but the United States, Canada, Russia and Norway have not.

The biggest Arctic natural gas resource is off the north coast of Russia, while the largest Arctic crude oil resource is off the northern coasts of Alaska and Canada. Under the UN Convention on the Law of the Sea, these countries have exclusive rights to much of these resources, up to 350 nautical miles out, and it may require an unlikely, unilateral restraint not to exploit them.

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