



Cost Benefit Analysis - Results

According to this model, the total societal benefit from the extracted hydrocarbon resources in the undeformed region of 1002 has a mean value of \$594 billion \pm 7.4%. This value takes into consideration the possible variations in extractable oil and then assumes a relatively uniform oil demand and supply over the interval of production and a multiplier of roughly 2.44. The cost of the environmental damage, treating the affected region as natural capital whose annual yield will be decreased by the extraction process over the interval of human involvement and taking the higher end of estimates at all juncture in the hope of compensating for what has not been considered, has been calculated to be \$123 billion with an unknown and uncalculated error.

From these data two conclusions may be drawn. The first would be that based solely on this model, it would be in the long term interests of American society to implement the proposed drilling plan as the societal economic benefits appear to outweigh the societal environmental costs by more than a factor of 5:1. The second, and far more important conclusion, is that a great deal of research remains to be done about this problem, especially in the area of gauging the value the American people place on the environment and methods for quantifying that value and therefore the cost of environmental degradation. Only with this research will such a significant decision as oil development in the 1002 region be able to be made.

