



# Arctic Drilling Crisis, 2040

by Tyler Rector

*Old Dominion University Model United Nations Society*

## Introduction

The 2040 Arctic Council Session on Arctic oil and gas drilling aims to foster constructive dialogue and cooperation among member states, indigenous communities, and stakeholders. Over the past two decades, the effects of climate change have become increasingly evident, with rising sea levels, extreme weather events, and ecosystem disruptions. In this context, the Arctic, which is warming at nearly twice the global average rate, has experienced significant ice melt, opening new possibilities for resource extraction and maritime transportation, however, it also threatens the livelihood of millions, maybe billions.



On one hand, some countries argue that Arctic drilling is crucial for meeting the world's energy demands and reducing dependency on fossil fuels from politically unstable regions. They assert that with responsible technological advancements, oil

and gas extraction in the Arctic can be conducted safely and with minimal environmental impact.

On the other hand, environmentalists, indigenous communities, and concerned smaller nations express grave reservations about the potential consequences of Arctic drilling. They fear that oil spills, habitat destruction, and emissions from extraction activities could exacerbate climate change, irrevocably harm fragile Arctic ecosystems, and accelerate the effects of global warming. Additionally, indigenous communities are concerned about their cultural heritage and traditional ways of life being disrupted by increased industrial activity.

## The Arctic Council

The Arctic Ocean is about 5.4 million sq. miles—about 1.5 times as big as the US—but it is the world's smallest ocean. Governing the Arctic was not a major issue until the Cold War brought nuclear operations into the region. It was the possibility of fossil fuel exploitation that brought increasing engagement in the 2000s, and more recently the possibility of using the Arctic as a giant reservoir for storing excess carbon gas (carbon sequestration).

The Arctic Council is an international forum of Arctic nations to address the unique issues of the region. Eight Arctic states constitute the formal membership of the body with additional observer states and indigenous permanent participants, also as non-voting observers.

The body was established by the *Ottawa Declaration* of 1996, with the goal of increasing international cooperation within the region.<sup>1</sup>

<sup>1</sup> 'About the Arctic Council', *Arctic Council*

*Secretariat*, 2024, <https://arctic-council.org/about/>; and

Membership includes all countries with territory north of the Arctic Circle. One focus is involvement of indigenous communities within the forum. Environmental protection and preservation are another major goal of the forum.

The power of the body to enforce decisions, agreements, and resolutions passed is limited.<sup>2</sup> It has no authority over its members, sovereign states, and relies on their *voluntary participation* in the process and acceptance of its resolutions. If a Member State votes against a resolution, they are unlikely to uphold it. Any agreement or resolution from the body must keep this need for consensus in mind during the drafting process.



2040 Transpolar Sea Routes

Politics can affect Council meetings. For example, in 2022 Russia held the rotating chairmanship when it invaded Ukraine. All other Member States—Canada, Denmark, Finland, Iceland, Norway, Sweden, and the United States—declared they would not attend Arctic Council meetings under the Russian Chairmanship. Meets resumed normally after the Russian chairmanship ended in 2023.

<sup>1</sup> ‘The history of the Arctic Council’, *Arctic Council Secretariat*, 2024, <https://arctic-council.org/about/timeline/>

<sup>2</sup> Brett Simpson, 2023. ‘The Rise and Sudden Fall of the Arctic Council’, *Foreign Policy*, 11 May 2023, <https://foreignpolicy.com/2023/05/31/arctic-council-russia-norway/>

## Tension in the Arctic

The opening of the Arctic’s resources and waterways has made it an increasingly valuable asset to secure for many Arctic Nations. What were minor diplomatic debates a few decades ago have broken out into shows of force over arctic territory and resources.

Russia started by claiming arctic territory beyond previously agreed international borders, the 12 nautical mile (22 km) territorial sea border and 200 mile (370 km) *Exclusive Economic Zone* (EEZ), as established in the *Law of the Sea Convention* (LoS).<sup>3</sup>

The Canadian and United States militaries responded with joint *freedom of navigation operations* to contest the Russian claims. This led to the grounding of an American submarine within Russia’s newly claimed territory. The Russians actively blocked rescue efforts leading the United States Congress to retaliate to the Russian claims with an extension to its claim into the U.S. Arctic Sea Exclusive Economic Zone off Alaska. European Union followed by condemning US actions, dividing Arctic European nations and the United States. Canada soon followed the United States and left the United Nations Convention on the Law of the Sea to also extend its EEZ beyond its original claim.<sup>4</sup>

## Climate Change in 2040

After decades of inaction the world is suffering the consequences of Climate Change. What were rare droughts are happening more and more frequently with the global food aid system in constant crisis.

<sup>3</sup> ‘Exclusive economic zone’, *Wikipedia*, n.d., [https://en.wikipedia.org/wiki/Exclusive\\_economic\\_zone](https://en.wikipedia.org/wiki/Exclusive_economic_zone)

<sup>4</sup> ‘United Nations Convention on the Law of the Sea’, *Wikipedia*, n.d., [https://en.wikipedia.org/wiki/United\\_Nations\\_Convention\\_on\\_the\\_Law\\_of\\_the\\_Sea](https://en.wikipedia.org/wiki/United_Nations_Convention_on_the_Law_of_the_Sea)

As a consequence of these droughts many regions around the world are experiencing intense bouts of fires across old and new growth forests. Hurricanes, typhoons, and cyclones have become both more intense and frequent with many subtropical regions left devastated. These disasters are causing global instability and have left many people no choice but to flee. The global refugee crisis has accelerated with 5 percent of the world's population being a refugee up from 2.3 percent in 2023.<sup>5</sup> This has led to many European Nations to close their borders and openly flaunt the abandonment of UN refugee conventions.

The Arctic Council in session



All is not lost. The cost competitiveness of solar and wind technologies has made the expansion of oil and gas power unfeasible for all but the least developed countries. In addition, the nuclear power plants built out in multiple ongoing expansion programs are starting to come online. This has driven a crash in the carbon emissions of western and Asian nations. If these technologies are spread to less developed nations a path toward a stable climate future is possible.

As oil and gas has become less competitive as a power source in the west and east many oil and

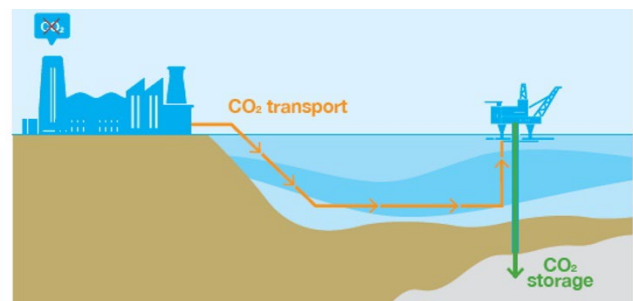
<sup>5</sup> *World Development Report 2023: Migrants, Refugees, and Societies*. Washington, DC: World Bank Group, 2023,  
<https://www.worldbank.org/en/publication/wdr2023>

<sup>6</sup> 'What is Carbon Sequestration and How Does it Work?' Clear center, University of California, Davis,

gas companies seek to expand in new markets in Africa. Many oil and gas companies are sponsoring development programs that develop petrochemical, automobile, and power generation industries in remote regions. If these programs are successful, they can endanger the progress toward a carbon neutral future. But many of these programs are contingent on the expansion of oil and gas production from the Arctic. Can Arctic nations put aside their differences to prevent this expansion of drilling in the Arctic?

## Carbon Sequestration: Possible Path Forward?

Carbon sequestration is the capture and long-term storage of carbon emissions into the ground.<sup>6</sup> This technology uses the same techniques developed for offshore drilling. While the technology has developed quickly it is still expensive to use this technology to store carbon.



Western oil and gas corporations say it has the potential to completely offset the additional greenhouse gas emissions of arctic drilling. Russia's dominant fossil fuel player, Gazprom, remains skeptical. Many environmental groups have accused carbon sequestration proponents of greenwashing, the act of misleading to appear

20 September 2019,  
<https://clear.ucdavis.edu/explainers/what-carbon-sequestration> ; and 'Carbon Sequestration', *Encyclopedia of Energy*, 2004,  
<https://www.sciencedirect.com/topics/earth-and-planetary-sciences/carbon-sequestration>



more environmentally friendly, and propose more radical interventions to prevent carbon emissions. A strong movement has developed around demanding an end to oil and gas drilling in the west and the Arctic is a key priority.

Despite this many western nations have gone forward with investments in carbon sequestration technologies. In Europe a proposal was implemented in the 2030s that was inspired by the American “Green New Deal” proposal. This proposal directly funded the creation of the joint Norwegian & European Union Carbon Sequestration rig which was a series of reused pipelines and offshore rigs for the purpose of carbon sequestration. China has been a major funder of this project and is collaborating with the Norwegians on a technology transfer.

## Navies on the Move



Ships of the Russian Northern Fleet, during a transition from Severomorsk to Kronstadt, to participate in the Main Naval Parade in 2018.

With tensions in the arctic at an all-time high, many navies now have a permanent presence in the Arctic. The United States and NATO allies like Canada and the United Kingdom have completed multiple *freedom of navigation* exercises in the Arctic. The Russian Navy has been harassing commercial vessels that go through its extended claimed territorial waters. The Chinese navy has been accompanying commercial vessels in the Arctic and has made multiple small exercises into the extended Arctic claims of the United States and Canada.

Other NATO nations have been expanding their Navies to keep up with the increasing turmoil in the Arctic. The Finish Navy has undergone a rapid expansion since 2030 to meet its goal of being more strategically independent. While the Swedish navy seeks to integrate further with NATO. Iceland as the host of the 2040 Arctic Council plans to increase the Icelandic Coast Guard presence along the coast of Reykjavík.

## Explosion on the Arctic Carbon Sequestration Rig?

On 14 July 2040 the Norwegian Arctic Carbon Sequestration Rig experienced a massive explosion. The explosion footage was analyzed by Norwegian authorities and it was suspected to be an autonomous explosive weapon due to the amount of damage caused to the structure. The next week a portion of a submersible’s front cone was discovered and was suspected to be a portion of the weapon. The materials of the cone are being analyzed for their origin but accusations are already flying.



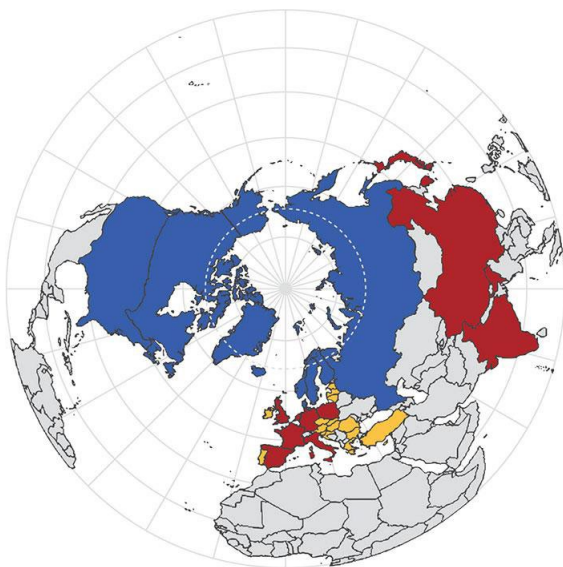
Arctic Sequestration Rig Explosion 2040

The United States released intelligence that placed the blame on a Russian mercenary group. A Russian diplomat has accused fossil fuel companies based in the United States of blowing up the rig. The Chinese state media suspected that the rig, built with the financial support of the Chinese Ministry of Finance, was an accidental

explosion caused by back gas flow condensing and causing the explosion on the rig.

The Arctic Council session starts off with a bang! Will drilling and extractive industries continue to expand in the Arctic? Will the council members be able to focus on the unique issues facing the Arctic today and come to a diplomatic resolution? Or will it devolve to infighting and a continuation of a decade of Arctic diplomatic stagnation?

## Arctic Council Crisis Characters *in alphabetical order*



**ARCTIC COUNCIL  
MEMBERS AND  
OBSERVERS**

- Member States
- Permanent Observers
- Ad Hoc Observers

**Alaska Slope Regional Corp:** A private corporation established under the Alaska Native Claims Settlement Act that represents 11,000 Alaska native shareholders. With a large focus on petroleum production and export, the *ASRC* seeks to diversify its holdings in the Arctic region. The

*ASRC's* main goal is to further its control over international Arctic holdings while ensuring they are controlled for and by native Alaskans. They plan to advocate on behalf of their shareholders through public campaigning and lobbyists. With some strings pulled one of their lobbyists will have the honor of attending a Arctic Council working group and be a guest speaker during the Council. The company seeks to partner with willing nations to begin exploratory drilling for new oil and gas sights.

**Canada** is an Arctic Council Member who has recently left the *United Nations* Convention on the Law of the Sea. This is driven by a new government that seeks to bolster Canada's national image as one that takes what it rightfully deserves. This shift in policy has led to multiple protests in the territories and cities of Canada. Many of these protests have been led by young indigenous leaders who believe this shift is because of oil & gas companies looking to expand beyond Albertan tar sands into indigenous regions and communities. Canada is a NATO member with a growing Arctic capable naval fleet. Canada has angered European allies which have maintained their membership in the *United Nations* Convention on the Law of the Sea.



Canadian Coast Guard ice breaker. 'Canadian Coast Guard ships set out for Arctic season', *Nunatsiaq News*, 23 July 2023, <https://nunatsiaq.com/stories/article/canadian-coast-guard-ships-set-out-for-arctic-season/>



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**China** is an Arctic Council Observer State that has significant commercial interests in the Arctic region. The Transpolar Arctic route has significantly decreased shipping costs for Chinese industries giving them a significant competitive advantage. This is important because the nation's working age population is aging out of the workforce. The deficit in the workforce has led to a long term recession crisis that has driven China to significantly invest in workforce Automation and the development of Arctic resources. In addition, many Chinese state pensions have become reliant on the income generated from Arctic investments to stay afloat.

China has significantly ramped up its construction of naval vessels and has amassed a sizable fleet. Recently it has pursued a policy of having naval vessels accompany commercial vessels through the Arctic Ocean. This has included passing through the extended claims of the United States and Canada.

Is an Arctic Council Member with a focus on maintaining its relationship with its Greenland territory. This involves representing the interests of the indigenous people of Greenland. But the interests of the indigenous people of Greenland have significantly diverged from the Danish mainland. While this was initiated by Greenlandic independence movements the conflicts around the territory have accelerated this divide. Most recently the sinking of a fishing vessel in international waters by the Russian navy has led to calls by Greenlandic nationalists for leaving the *United Nations* Convention on the Law of the Sea. Denmark is a member of the European Union and NATO.

**Finland** is an Arctic Council Member that seeks an end to diplomatic tensions in the Arctic. It has collaborated with the Russian coast guard and diplomats to establish a free fishing zone between the two. Finland has not recognized any extended claims over arctic territory but believes these conflicts can be resolved with diplomacy and joint

agreements. Finland has significantly increased its military patrols in the Arctic since the Arctic Sequestration Rig explosion. And the Finnish public opinion of Russia has quickly soured on this deal with the Russians. But the popular prime minister argues that it is in the best interest of the nation to continue negotiations with the Russian government. Finland is a member of the European Union and NATO. However it is pursuing a goal to be militarily and strategically independent from NATO allies. Part of this policy has included a strong build up in its Arctic naval capabilities.

**Greenpeace:** an activist organization founded in 1971. The organization's focus is on global environmental justice issues such as climate change and overfishing. Greenpeace has been leading the movement to call for an end to oil and gas drilling in the west. Consequently, a key priority in their organization's 2040 agenda was oil and gas free Arctic by 2050. With a wide reach to many younger voters, this campaign has the potential to go viral. Greenpeace intends to put their full resources toward achieving this goal by the end of the decade. Small in comparison to government organizations Greenpeace still has outsized reach in the region and has a history of successful environmental accomplishments.

**Iceland** is an Arctic Council Member that currently holds the Chairmanship of the Arctic Council. Their main goals are acquiring development funds for the Arctic region while protecting strategic resources like its vast fishing reserves.

Iceland is a member of the European Union and NATO but currently has no formal standing army. In light of the explosion the Icelandic Coast Guard has increased its presence along the coast of Reykjavik. This diplomatic conflict over the Carbon Sequestration Rig threatens the implementation of these goals. While small, it plays a pivotal role in the development of the Arctic region.

**Inuit Circumpolar Council Representative:** a multinational non-governmental organization



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representing the interests of 180,000 Inuit, Yupik, and Chukchi. The *ICC* is one of six permanent participants of the Arctic Council. Indigenous communities make up a large part of the Arctic region population, but the region has a history of leaving them out of its governance. Many local languages and traditions have been lost because of this history. In addition, many of these communities lack financial, medical, and educational resources. Are these communities entitled to exploit Arctic oil and gas to provide these resources? Or does that risk breaking local communities and threaten the local environment? Will you be able to represent the interests of these communities?

**Norway** is an Arctic Council Member who has suffered the explosion of its flagship Arctic Carbon Sequestration Rig. The culmination of decades of research and negotiations in the European Union, the Arctic Carbon Sequestration was the first mass scale carbon sequestration system in the world. The rig had become a symbol of Norway's transition away from North Sea oil into a cleaner climate friendly future. The explosion was traumatic for the people of Norway not only because of hundreds of family members lost but also because of the symbol it represented. The Norwegian government is seeking retribution for this crime against its people and the international order. Norway is a member of NATO and has committed to protecting its coastal waters.

**Russia** is an Arctic Council Member who was the first to begin claiming territory beyond its EEZ. With the largest Arctic Ocean presence of any country, Russia is the dominant actor in these deliberations. It has the most military investment and capabilities within the region. Murmansk is the largest city along the Arctic Ocean, with a population of 300,000.

Russia is enabled by the increase in the deployment of nuclear icebreakers and floating reactors within the region. It officially denies any involvement in the Arctic Sequestration rig explosion and places the blame on American oil & gas companies. It has made efforts to sink foreign

fishing vessels within its claim which has caused strife, especially with Denmark. Russia has the largest Arctic capable fleet in the world. In addition, it has invested the most in expanding its Arctic resources to enforce the extended claims over the Arctic.

**Sweden:** Is an Arctic Council member with a focus on international diplomacy and peace within the Arctic region. The nation's policy objectives are to ensure the preservation of the Arctic region, build a region capable of moving past climate emissions, and support indigenous communities, especially the local Sami. Sweden is a member of the European Union and currently in the process of approval for NATO membership. For the purposes of this body, Sweden has successfully joined NATO by the time of this crisis simulation.

**United States:** Is an Arctic Council Member with a focus on maintaining freedom of navigation through the Arctic passage. Ironically, the United States has enforced a significantly extended EEZ in the Alaskan North. This irony has put it into diplomatic conflict with its European allies which have maintained their membership in the *United Nations* Convention on the Law of the Sea. North America has been insulated from the growing climate refugee issue at the moment but as more nations destabilize this may change. The United States is also the most significant investor in Arctic resources with China a close second. The United States is always looking to support its local arctic industries such as oil and gas production and fishing.

The United States is the principal member of NATO and has significant sway over member nations. The United States has a particularly strong military and diplomatic relationship with its northern neighbor Canada. The United States maintains the largest military and navy in the world but lags behind on Arctic capable fleets.





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