

Court blocks Bush-era Alaska offshore drilling

Interior Department is ordered to conduct environmental review

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WASHINGTON - A federal appeals court ruled Friday that the Bush administration did not properly study the environmental impact of expanding oil and gas drilling off the Alaska coast and shelved a program to find new reserves.

A three-judge panel in Washington found that the Bush-era Interior Department failed to consider the effect on the environment and marine life before it began the process in August 2005 to expand an oil and gas leasing program in the Beaufort, Bering, and Chukchi seas.

The appeals court ordered the department, now run by President Barack Obama's appointee Ken Salazar, to analyze the areas to determine environmental risks and potential damage before moving ahead with the program.

The seas are home to wildlife including polar bears, whales, seals, walruses and seabirds. The lawsuit was brought by three environmental groups that want to protect the ecosystem and the Native Village of Point Hope, Alaska, a tribe that lives off the wildlife on the Chukchi Sea coast.

The decision comes at a time when oil and gas producers are finding it increasingly difficult to find new reserves and boost production at home and abroad. Output from the biggest U.S. oil

companies has largely been in decline in the past few years.

Industry, activist reaction

The American Petroleum Institute, the industry's trade association which joined the lawsuit to defend the program, said Friday it's reviewing the implications of the court's decision.

"It would be a disservice to all Americans — and a devastating blow to the economy — if this decision were to delay further the development of vital oil and natural gas resources," the organization said in a statement. "Development in federal waters off the nation's coast provides thousands of well-paying jobs, government revenues and the fuel needed to run America's cars and factories, heat our homes and the feedstock needed to make the materials we use every day."

The Interior Department did not comment other than to say it was reviewing the decision. The department had already delayed the leasing program by five years to complete environmental studies.

Attorney William Snape, who argued the case for the environmentalists before the appeals court, said the species in the area are already under significant environmental threat because of global warming. He said Interior Secretary Salazar has sent mixed signals on how he'll handle drilling in the outer continental shelf, but the ruling is a chance for the new administration to protect the sensitive areas.

"We're seeing a whole ecosystem potentially collapse," Snape said. "This really is a great opportunity for Salazar to do the right thing."

So far, the Interior Department has only approved one lease sale in the disputed areas, which involved more than 29 million acres in the Chukchi Sea, extending from about 50 miles to 200 miles offshore. The sale in February 2008 attracted 667 bids totaling almost \$3.4 billion, the most in any offshore lease sale in Alaska history. The high bids totaled more than \$2.6 billion.

Lower court ruled against Bush

Environmental groups had sued the Bush administration over the program.

After a lower court ruled against the Bush administration last November, the Interior Department's Minerals Management Service, which oversees drilling in federal areas, said it had done the required work.

MMS spokesman David Smith said the agency produced a nearly 1,600-page environmental impact statement and other reviews to conclude that there was no significant threat to wildlife.

"These extensively analyzed potential impacts to wildlife, including the bowhead whale and subsistence activities," he said. "We believe that MMS did conduct the required 'hard look' to see if an environmental impact statement was necessary."

But the lower court judges said MMS did not provide convincing reasons as to why exploratory drilling plans at specific sites would have an insignificant effect on bowhead whales and their migratory routes.

Studies relied on by the agency did not actually assess potential significance of underwater noise from drilling, the judges noted.

The agency's attempt to rely on a monitoring program as a mitigation measure was "similarly ill-founded," the judges wrote.

The judges said MMS also acknowledged gaps in data on fish populations but concluded anyway that potential effects would be insignificant or unsubstantiated.

"We are unpersuaded that MMS took the requisite 'hard look' at the environmental impact of this project," the judges concluded.