

Appeals court further postpones exploratory drilling off Alaska

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ANCHORAGE, Alaska: A U.S. appeals court ruled Wednesday that Royal Dutch Shell PLC must further postpone plans for exploratory drilling off the northern coast of Alaska.

Shell has high hopes for oil resources in the area, which is not far from Prudhoe Bay, the United States' most productive oil field.

The 9th U.S. Circuit Court of Appeals also indicated that environmental and Alaska Native groups have a good chance of prevailing in their effort to keep the energy giant out of the Beaufort Sea.

Petitioners, including the Alaska Eskimo Whaling Commission and the Center for Biological Diversity, have "raised serious questions and demonstrated that the balance of hardships tips sharply in their favor," the ruling said.

The appeals court's decision bans Shell from exploration activities pending a review of anti-drilling petitions. It comes after the court ordered a monthlong halt to drilling in July.

At issue is whether the U.S. Minerals Management Service complied with

the National Environmental Policy Act in granting offshore leases to Shell.

"If we had a rational energy policy, this area would never have been offered for leasing in the first place," said Brendan Cummings, ocean program director for the Center for Biological Diversity. "We believe the government's environmental analysis was woefully inadequate."

Shell's drilling program includes sites not far from the edge of the Arctic National Wildlife Refuge in northeast Alaska. Polar bears, various bird species and endangered bowhead whales live in the refuge and surrounding territory.

Alaska Natives hunt the whales for food under federal subsistence rules and fear underwater seismic surveys could prompt the migratory animals to travel farther from shore. Environmental groups say large-scale industrial activities could jeopardize the health of Arctic wildlife.

Shell was the high bidder in two recent lease sales for offshore tracts in the Arctic. In 2005, Shell Exploration & Production Co., part of Royal Dutch Shell, spent more than \$44 million for offshore leases in the Beaufort Sea.

In April, the company intensified its program by bidding \$39 million (28.9 million) for offshore leases, including more than \$14 million (10.4 million) for Flaxman Island northwest of the Arctic National Wildlife Refuge.

Shell officials believe the company has "met or exceeded requirements for responsible Arctic exploration," according to a statement released Wednesday.

"Alaska is a long-term commitment for Shell," spokesman Curtis Smith said in the statement. "Despite today's court decision, we see a bright future for Shell in Alaska."

The next hearing is scheduled for early December.