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U.S. MMS approves Shell's 2010 Beaufort Sea plan

Mon Oct 19, 2009 5:09pm EDT

By Yereth Rosen

ANCHORAGE, Alaska, Oct 19 (Reuters) - Royal Dutch Shell's ([RDSA.L](#)) plan to drill two wells on leases in Alaska's Beaufort Sea next year won approval on Monday from the U.S. Minerals Management Service.

The exploration plan calls for Shell to drill two wells on leases located 16 and 23 miles offshore from Point Thomson and would replace an earlier, never-executed program in which Shell was proposing to drill a dozen or more wells over three years at Sivulliq and elsewhere in the Beaufort.

Shell withdrew its 2007-2009 plan after the 9th Circuit Court of Appeals struck it down as inadequately reviewed.

The new plan calls for drilling during open-water seasons, from July to October, with a mid-season break to accommodate traditional whale hunts by local Inupiat Eskimo residents.

Shell still must win approval for its drilling program under the state's coastal management plan and must obtain various federal permits from the Environmental Protection Agency, the Fish and Wildlife Service and the National Marine Fisheries Service, MMS said.

Environmentalists were unhappy with the approval, and a legal challenge is likely, said Brendan Cummings, an attorney with the Center for Biological Diversity.

Shell said this drilling plan addresses concerns of local communities.

"This is another positive step towards the goal of drilling in 2010," Shell Alaska vice president, Pete Slaiby, said in a statement. "There is still work to be done before we reach that goal, including obtaining all required permits and continued engagement with stakeholders.

One planned well would target the Sivulliq prospect, known to contain oil and once called the Hammerhead prospect. The other well would be called Torpedo.

"The Minerals Management Service is committed to responsibly developing offshore energy resources," MMS Director Liz Birnbaum said in a statement.

"Now that we have approved Shell's plan and reached this important milestone, we will continue to work with Shell to ensure that all activities are conducted in a safe and environmentally responsible manner."

Alaska's two U.S. senators issued statements hailing the MMS action as a pro-development signal from the Obama administration and Interior Secretary Ken Salazar. Salazar is reviewing national policy on offshore oil and gas development.

Cummings, the attorney with the Center for Biological Diversity, said MMS failed to address one of the main problems with oil development in Arctic waters.

"There's no technology to clean up an oil spill in icy conditions, and oil spills are inevitable with oil development," he said. "It's completely bad policy to be approving oil development in the Arctic."