

Interior considers first deepwater drilling permits since BP spill

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The Interior Department is reviewing its first request to conduct deepwater drilling in the Gulf of Mexico since it lifted the ban on such activities last week, officials said Friday.

The move to review applications for new exploration in the gulf came as an environmental advocacy group filed a suit challenging the decision to end the drilling moratorium and industry groups lobbied for more accelerated permitting.

The Center for Biological Diversity filed suit in U.S. District Court for the District of Columbia Friday, charging that Interior Secretary Ken Salazar violated the National Environmental Policy Act by failing to prepare an environmental impact statement and "provide the public with relevant environmental information on the effects of commencing drilling."

A group of oil and gas company representatives met with top Interior officials a day earlier to lobby for faster offshore drilling permitting along with the creation of a new Ocean Safety Institute under the Interior Department that would be a public and private partnership and focus on rig safety, spill containment and spill cleanup.

The American Petroleum Institute, Chevron, Transocean, Exxon Mobil, Conoco Phillips, BP, Shell Oil, Diamond

Offshore and Hercules were represented.

Interior spokeswoman Kendra Barkoff said they met "to discuss strategies for further developing and making available blowout containment capabilities moving forward," but did not elaborate beyond that.

James W. Noe, senior vice president and general counsel of Hercules, a leading shallow-water drilling company, said he and his colleagues were concerned that without adequate industry input, government officials would create drilling rules that would pick "winners and losers. That's not a model that works."

Noe added that despite Salazar's decision Oct. 12 to end the moratorium on deepwater drilling in the gulf, federal officials were not approving permits fast enough. The Bureau of Ocean Energy Management, Regulation and Enforcement has issued half a dozen permits for drilling new shallow-water wells in the past couple of weeks, bringing the total number of new well permits to 13 since the April 20 Macondo blowout, which is only one more than had been issued in April alone prior to accident.

"The industry's not dead. That's good. But there's only so much fiddling around you can do on existing wells," Noe said, adding, "We've seen several hundred layoffs, but not the massive layoffs we feared."

Faced with complaints, Noe said BOEMRE Director Michael Bromwich had said there were only 10 new well permits pending. But Noe said that's because of a backlog of exploration and development plans that have not been approved. The number of those awaiting action was 69 as of Aug. 17, he said, and since then BOEMRE has stopped releasing figures. Each of those plans includes about three to five wells.

At the same time, Interior is facing a legal challenge from the Center for Biological Diversity, which questions whether Salazar adequately evaluated the environmental risks involved in deepwater drilling when he lifted the moratorium last week. At the time of the announcement, Salazar declared that the new well permitting and workplace safety rules the government had adopted recently had "significantly reduced those risks" associated with deepwater energy exploration.

The brief seeking an injunction of the policy challenges those assumptions, saying, "the secretary has not cured serious underlying problems that contributed to the April 20, 2010 blowout of the Deepwater Horizon drill rig, and massive oil spill, namely, excluding drilling plans from environmental review. Therefore, the Secretary is repeating the same errors in allowing risky drilling to proceed without analyzing the significant environmental effects."