McCLATCHY
» Truth to Power®
May 7, 2010

Since spill, feds have given 27 waivers to oil companies in gulf

By Marisa Taylor
McClatchy Washington Bureau

WASHINGTON — Since the Deepwater Horizon oil drilling rig exploded on April 20, the Obama administration has granted oil and gas companies at least 27 exemptions from doing in-depth environmental studies of oil exploration and production in the Gulf of Mexico.

The waivers were granted despite President Barack Obama's vow that his administration would launch a "relentless response effort" to stop the leak and prevent more damage to the gulf. One of them was dated Friday — the day after Interior Secretary Ken Salazar said he was temporarily halting offshore drilling

The exemptions, known as "categorical exclusions," were granted by the Interior Department's Minerals Management Service (MMS) and included waiving detailed environmental studies for a BP exploration plan to be conducted at a depth of more than 4,000 feet and an Anadarko Petroleum Corp. exploration plan at more 9,000 feet.

"Is there a moratorium on off shore drilling or not?" asked Peter Galvin, conservation director with the Center for Biological Diversity, the environmental group that discovered the administration's continued approval of the exemptions. "Possibly the worst environmental disaster in U.S. history has occurred and nothing appears to have changed."

MMS officials said the exemptions are continuing to be issued because they do not represent final drilling approval.

To drill, a company has to file a separate application under a process that is now suspended because of Salazar's order Thursday.

However, officials could not say whether the exemptions would stand once the moratorium is lifted.

MMS' approvals are expected to spark new criticism of the troubled agency and the administration's response to the spill.

Salazar announced Thursday that there'd be no new offshore drilling until the Interior Department completes the safety review process requested by Obama. The department is required to deliver the report to the president by May 28.

Given the MMS approvals, however, Galvin said the administration's pledge appears disingenuous.

"It looks to me like they're misleading the public," he said.

MMS spokesman David Smith said his agency conducts a thorough review before it determines whether to grant such exemptions.

"It's not a rubber stamp," he said.

BP did not return calls for comment.

MMS set out rules that allow for the exemptions from some environmental requirements under the National Environmental Policy Act (NEPA) as long as the sites in question are not relying on new or unusual technology, or within high seismic risk areas, or within the boundaries of marine sanctuaries or in regions with hazardous bottom conditions. MMS also assesses the impact on biological and archeological resources.

In the gulf, Smith said, MMS has a "wealth of environmental data" from studies of the region that it can rely on when reviewing the requests from the energy firms.

That's why oil and gas companies that were given the exemptions said the approvals were routine and shouldn't have raised any environmental concerns.

Apache Corp. said it was granted four exemptions for updating production equipment and drilling wells on existing sites and for drilling in the vicinity of an existing site. Appropriate environmental studies were conducted before the purchase of the leases for those sites, said Bill Mintz, a spokesman with Apache.

"We followed the procedures and the government didn't change the procedures," said Mintz. "The decisions are made according to rules in a framework that has been established."

Anadarko also cited a previous environmental assessment of a site where it applied for a waiver.

"Protecting the environment and the safety of our personnel are our highest priorities," said John Christiansen, a Anadarko spokesman, Walter Oil & Gas also received one for a survey of an existing site off the coast of Louisiana.

Environmentalists, however, say that MMS' checklist for determining whether to grant such exemptions are far too broad and relies on sweeping environmental impact studies that are undertaken before the purchase of leases.

Holly Doremus, a professor of law at Boalt Hall, University of California at Berkeley, said MMS has had a culture of minimizing environmental reviews of oil and gas development dating back to its inception in 1982.

"That's related to the fact that oil companies have a great deal of power over MMS and there hasn't been much oversight," she said. "My guess is that these things are routinely being signed off on as categorical exclusions even though they deserve a closer look."

Other companies that received the waivers include: Shell, Kerr-McGee Oil & Gas Corporation, Royal Exploration Company, Inc., MCX Gulf of Mexico, Tana Exploration Company, Tarpon Operating & Development, Rooster Petroleum, Phoenix Exploration Company, and Hall-Houston Exploration III.

Tracy L. Austin, spokeswoman for Mitsubishi International Corporation, which owns MCX Gulf of Mexico, said she could not comment on MMS' handling of the exemptions overall.

"While we understand that the MMS has come under criticism for failing to adequately regulate the industry, with respect to our operations, we believe the MMS has acted responsibly," she said.

Lawmakers from both sides of the aisle have already called for reform of MMS after news that BP was granted on exemption for the Deepwater Horizon site. That waiver was first reported by the Washington Post.

"If the conclusion is we need new regulation to prevent something like this from happening again, we'd welcome that because we believe we operate in a safe and environmentally responsible manner," said Mintz with Apache. "But right now, the current rules say certain activities can proceed based on the studies that have been done."

In 2008, a series of government watchdog reports implicated a dozen current and former employees of the MMS in inappropriate or unethical relationships with industry officials.

The reports described "a culture of substance abuse and promiscuity'' in the Royalty in Kind program, in which the government forgoes royalties and takes a share of the oil and gas for resale instead. From 2002 to 2006, nearly a third of the RIK staff socialized with and received gifts and gratuities from oil and gas companies.