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GAO report finds problems with Alaska oil leases

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ANCHORAGE, Alaska - The federal Minerals Management Service in Alaska has been a target for lawsuits that claim it hasn't properly considered the environmental effects of offshore petroleum lease sales. A report by the Government Accountability Office concludes there's a reason why.

The investigative arm of Congress said MMS did not provide consistent policy to guide staff members in environmental reviews of petroleum drilling, leaving it vulnerable to litigation and allegations of scientific misconduct.

The report released Wednesday said information within the Alaska region was selectively shared. Reports submitted by industry that contained both proprietary and nonproprietary information, and that should have been available to environmental analysts, were withheld. Managers told the GAO that circulating reports on a "need-to-know" basis allowed them to protect proprietary information.

In its official response, the agency promised to do better, but environmental groups long frustrated with the MMS seized on the report as proof that the agency has made poor decisions in conducting lease sales in sensitive Arctic waters.

"The report highlights the inconsistencies with the way the Minerals Management Service in Alaska has conducted its environmental analysis," said Mike LeVine, an attorney for Oceana, which has challenged the validity of leases sold in the Beaufort and Chukchi seas.

Decisions on offshore lease sales are guided by the National Environmental

Policy Act, a 1969 law that requires agencies to consider the environmental impacts of their proposed actions.

Interior Department policy directs agencies to prepare handbooks on how to implement the law. MMS did not develop a handbook, citing in part the agency's small size.

"Managers in the Alaska OCS Region told us that they rely on institutional knowledge of experienced staff to help new staff learn the process," the report said. The GAO found gaps in that institutional knowledge: Only two of 11 Alaska environmental assessment staff members interviewed in May 2009 had been in the office more than 3 1/2 years.

Without strong guidelines, MMS regions varied in what constituted significant environmental effect. Alaska officials told auditors that they would not use explicit "significance criteria" because criteria are hard to develop.

A basic tenet of Oceana and other environmental groups is that too little is known about Alaska wildlife to allow drilling to begin. There are endangered whales that swim far off the coast, ice seals that spend much of their lives in snow lairs or below ice, and walrus spread over international boundaries and thousands of square miles.

The agency approved lease sales anyway, said Brendan Cummings of the Center for Biological Diversity, which sued to halt an MMS five-year leasing plan.

"The report reaffirms what we have been saying all along: The Arctic is a very sensitive and understudied area, and there is no rational basis for concluding that impacts from oil development will not be significant."

Levine said MMS has not fulfilled its

basic obligation under NEPA.

"They're saying that given the little we know about the ocean, it's difficult to figure out whether what we're doing is having a significant effect or not," LeVine said.

MMS Alaska spokesman John Callahan said Thursday that the agency is taking steps to put the GAO recommendations in place. The GAO report addressed Alaska's Bristol Bay, but Callahan said offshore frontier areas need additional exploration and analysis before other areas are offered for leasing.

President Barack Obama and Interior Secretary Ken Salazar announced last week that a planned 2011 lease sale in Bristol Bay would be canceled indefinitely and that no additional leases will be offered in the Chukchi and Beaufort seas until additional scientific data are collected.

MMS said it would issue comprehensive NEPA guidance by the end of 2010 and would take steps to ensure that Alaska officials make information, including proprietary information, available to environmental analysts as other regions do.

LeVine called that a good step but said a 2008 lease sale in the Chukchi Sea developed under the flawed environmental review should be revoked. Royal Dutch Shell PLC plans three exploratory wells on the leases if it obtains required permits.

Cummings said if MMS follows the recommendations, its environmental review will be less haphazard.

"But the never-say-no culture of the agency is unlikely to change, and they will continue to rubber-stamp industry exploration plans," Cummings said.