



Vessels operate in the area of the Deepwater Horizon disaster on the <u>Gulf of Mexico</u>, Tuesday, July 13, 2010. <u>BP</u> officials have placed a containment cap over the leak in hopes that the flow of oil will be diminished. (AP Photo/Dave Martin) (AP)

Gov't hopes new drilling moratorium can survive

By FREDERIC J. FROMMER (AP)

WASHINGTON — Rebuffed twice by the courts, the Obama administration is taking another crack at a moratorium on deep-water drilling, stressing new evidence of safety concerns and no longer basing the moratorium on water depth. But those who challenge the latest ban question whether it complies with a judge's ruling tossing out the first one.

The new order does not appear to deviate much from the original moratorium, as it still targets deep-water drilling operators but defines them in a different way.

Last week, a federal appeals court rejected the government's effort to restore its initial offshore deepwater drilling moratorium, which was issued following the catastrophic Gulf oil spill in April. The moratorium was first blocked last month by U.S. District Judge Martin Feldman.

The Justice Department said Monday it will file a motion with the U.S. District Court seeking a dismissal of that case, because the old moratorium is no longer operative, making the challenge moot. The department also will ask the appeals court to set aside Feldman's order of last month.

Carl Rosenblum, a lawyer for the plaintiffs who sued to block the moratorium, said they are reviewing the new moratorium and "we have substantial concerns about its consistency with Judge Feldman's order." He wouldn't elaborate or say if they planned to challenge it in court.

Interior Secretary Ken Salazar said he decided to put in place a new moratorium because of "evidence that grows every day of the industry's inability in the deep water to contain a catastrophic blowout, respond to an oil spill and to operate safely."

The new moratorium was panned by industry groups and generally supported by environmentalists.

The Interior Department said that like the original ban, this one applied to most deep-water drilling activities. But the department said the suspensions in the new moratorium "are the product of a new decision by the secretary and new evidence regarding safety concerns, blowout containment shortcomings within the industry, and spill response capabilities that are strained by the BP oil spill."

The new moratorium also establishes a process to gather and analyze new information on safety and response issues, which could allow for identifying conditions to resume certain deep-water drilling activities. And unlike the last moratorium, which applied to waters of more than 500 feet, the new one applies to any deep-water floating facility with blowout preventers.

The National Ocean Industries Association, an industry trade group for offshore production, said that while the new moratorium doesn't apply to anchored facilities using surface blowout preventers, "such facilities are generally used in shallow water, which makes the new suspension glaringly similar, if not even more restrictive than the original moratorium. It is not immediately clear how many facilities will be impacted."

In a Q&A document, the Interior Department said any count represents a snapshot in time. The document said that at the time of the BP spill, there were 36 floating drilling rigs that would have been affected by the new ban. It's unclear whether the new moratorium would be more or less restrictive than the original one.

The offshore industry also complained that while the new moratorium opens the door to lifting the restrictions if industry provides assurance for adequate containment and response, "the problem for industry is that it is unclear what exactly it will take to convince the administration that such capability exists."

In a memo to Michael Bromwich, the new head of the department's agency that oversees offshore drilling, Salazar said the moratorium will give industry time to come up with more effective blowout containment strategies and capabilities for deep-water operations.

"I cannot conclude at this time that deep-water drilling can move forward in a safe and environmentally sound manner," he wrote.

The secretary said the time will also allow the department to develop interim rules to address safety issues in offshore drilling.

He said an additional factor in having the moratorium go through Nov. 30 is that hurricane season runs through that date.

"During this time of year, as we have already seen this year, the ability to contain and respond to a spill is often compromised by weather conditions," Salazar wrote.

Other industry groups and pro-drilling lawmakers also criticized the new moratorium.

"It is unnecessary and shortsighted to shut down a major part of the nation's energy lifeline while working to enhance offshore safety," said Jack Gerard, president and CEO of the American Petroleum Institute. "The new moratorium threatens enormous harm to the nation and to the Gulf region."

Sen. Mary Landrieu, a Louisiana Democrat, said in testimony to the presidential oil spill panel that she was "alarmed" at the Interior Department's statement that its decision is supported "by an extensive record of existing and new information indicating that allowing new deep-water drilling to commence would pose a threat of serious, irreparable or immediate harm or damage to the marine, coastal and human environment." Landrieu said that statement "contradicts testimony given by drilling experts and ignores the history of oil and gas operations in the Gulf."

Todd Hornbeck, CEO of Hornbeck Offshore Services, one of the plaintiff companies, said he didn't know how the new moratorium would affect deep-water drilling projects.

"I've got to review it first," he said.

Meanwhile, environmental groups expressed support, but not all of it was unqualified.

Catherine Wannamaker, a lawyer for several environmental groups that support the moratorium, said the new one doesn't appear to be any less restrictive than the first one.

"We continue to believe it's a necessary safety precaution," she said. "The first moratorium was a rational decision made by (Salazar) and should have withstood judicial scrutiny. The new moratorium makes (his) reasoning more explicit and is a step in the right direction."

Jacqueline Savitz, senior campaign director for Oceana, an international ocean conservation group, said the administration had no other choice.

"We commend the president for putting more drilling on hold," she said.

Kieran Suckling, executive director of the Center for Biological Diversity, said that while she supported the moratorium on deepwater drilling, "we're deeply disappointed that the secretary is still ignoring the very real dangers of shallow water drilling."

Associated Press writers Michael Kunzelman in New Orleans and Pete Yost in Washington contributed to this report.

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