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Shell promises to stay in Alaska despite Arctic drilling delay

DRILL: Postponement of arctic exploration draws mixed reaction.

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WASHINGTON -- Shell Oil said it has no plans to leave Alaska, despite the Obama administration's decision Thursday to postpone until at least next year the company's exploratory drilling in the Beaufort and Chukchi seas.

As President Barack Obama announced a slowdown of nearly all deepwater exploration and canceled offshore leases planned in some parts of the United States, Shell officials said they understand the decision and welcome the additional scrutiny the delay brings.

The company will "work closely with the government and other experts during this suspension in drilling activities," said Pete Slaiby, the Dutch oil giant's head of Alaska operations.

"We respect and understand today's decision in the context of the tragic spill in the Gulf of Mexico, but we remain confident in our drilling expertise, which is built upon a foundation of redundant safety systems and company global standards," he said. Since spending more than \$2 billion in 2008 to acquire federal oil and gas leases in the Chukchi, "our drilling plans have undergone an unprecedented level of review, including scrutiny from the courts, regulators and stakeholders," he said.

But environmentalists who'd fought the exploratory drilling for three years were positively giddy at the decision, which they deemed a victory in their campaign to keep Shell out of Arctic waters. In recent weeks they'd campaigned against the Arctic plan with the fervor akin to the No. 1 conservation fight in the country: their battle to keep the Arctic National Wildlife Refuge free from oil and gas development.

"The decision to halt drilling is a victory for the Arctic Ocean, for coastal ecosystems, and for the Native communities and wildlife that depend on them," said Bill Meadows of the Wilderness Society, who later sent out an e-mail solicitation asking members for money to fight "the continued threats to Arctic Alaska."

"We need to know what happened in the Gulf to cause the disaster," he said, "so that a similar catastrophe doesn't befall our Arctic waters."

U.S. Interior Secretary Ken Salazar said Thursday the White House stalled offshore Arctic plans for a year to ensure that if companies eventually can move forward there, they'll have the benefit of the findings from a presidential commission. That commission has been asked to examine the weaknesses in the national offshore plan that led to the Deepwater Horizon explosion last month, and to recommend ways to keep such an event from happening again.

DISAPPOINTMENT IN CONGRESS

Sen. Mark Begich, D-Alaska, said he was disappointed with the president's move and called Shell's plans for the Arctic "a casualty" of the April 20 tragedy in the Gulf of Mexico. Begich said his staff had worked closely with Shell, including meeting in recent days with Salazar's deputy, Tom Strickland.

"We have worked with them to meet the standards that the agencies have required of them. They have moved through litigation, and most recently at the request of the administration, increased their safety efforts in order to reassure the administration that they were going far beyond what was required of them," Begich said.

As far as he understands the administration's move, though, it's a "pause," Begich said, not an outright halt in exploration.

Alaska Sen. Lisa Murkowski, the top Republican on the Senate Energy and Natural Resources Committee, said she feared the administration's move was a "backhanded way to kill offshore development in Alaska" and that she thought Shell could have drilled safely this summer.

"We must learn all we can from this tragedy to limit the risk of anything like it ever happening again, but we can't simply halt all oil and gas production offshore. Our standard of living and the nation's security depend on domestic oil and gas production," she said.

Rep. Don Young, R-Alaska, blamed the decision as being a knee-jerk reaction to "the hysteria of interest groups that want to cripple our country."

"The kind of event that happened in the Gulf, while tragic, is so uncommon. It is akin to an American jetliner crashing," he said. "If a plane goes down, we don't stop flying. We figure out what went wrong and correct the problem."

RELIEF ON THE NORTH SLOPE

Alaska Gov. Sean Parnell complained the federal move was "based on fear, not sound science."

"Alaskans have experienced firsthand the ravages of an oil spill with the Exxon Valdez in 1989," he said. "We never want to repeat that experience, and our hearts go out to Gulf Coast residents suffering from the effects of the Deepwater Horizon tragedy. On the other hand, Shell's proposed exploration plan in the Chukchi and Beaufort seas has been reviewed extensively."

But environmental groups reveled in their victory and vowed to press for a permanent ban.

"Secretary Salazar's suspension of Shell's Arctic drilling plan is a tentative first step in the right direction," said Rebecca Noblin, Alaska director for the Center for Biological Diversity. "What polar bears need now is a permanent ban on the dirty, dangerous offshore drilling in the Arctic that threatens their very survival."

Many Alaska Natives did not want to see Shell proceed, said North Slope Borough Mayor Edward Itta. His borough has fought the offshore plan because of concerns that drilling could harm the migration patterns of bowhead whale population that many people in communities on the Beaufort and Chukchi seas rely on for food.

"The president did what he had to do," Itta said. "The spill has confirmed the many questions we have about safe practices and federal oversight. Everyone benefits from a delay at this point."