

# Alaska Dispatch

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## Offshore critics ramp up opposition to Shell's Arctic plans

By Jill Burke

As crude continues to leak into the Gulf of Mexico, so do the political plays the spill has triggered nationwide, including in Alaska.

With offshore oil and gas riches in the Alaska Arctic predicted to be worth \$3 trillion, according to a newly published economic analysis, the stage is set for a high stakes standoff between the industry, environmentalists, and the people and local governments looking to cash in along the way.

From congressional inquiries to cries to halt offshore oil exploration in federal waters in Alaska, the reaction has been swift the past few days. It will get more intense Thursday when conservation groups and some tribal organizations, including the Native Village of Point Hope, are slated to argue in a federal appeals court that 2010 drilling permits for Royal Dutch Shell's exploration plans in the Beaufort Sea were recklessly greenlighted. Environmental impacts and the true risk of oil spills were severely downplayed and underevaluated in violations of federal law, the groups argue.

At issue is an October 2009 decision by the Department of the Interior authorizing Shell's 2010 plans in the Beaufort Sea. The groups claim impacts to the ecosystem, subsistence lifestyles and wildlife, including polar bears, bowhead whales and walrus, were inadequately reviewed under federal guidelines mandated by the National Environmental Policy Act, the Outer Continental Shelf Lands Act and

the Endangered Species Act. Those concerns are dramatically reinforced by the oil spill in the Gulf of Mexico, and Wednesday the groups put the court on notice that they had joined the voices urging a "no drill" action from Interior Secretary Ken Salazar.

Drilling opponents believe the Gulf spill provides powerful new information about the risks of spills and the relative inability to swiftly contain them -- challenges they say will only be magnified in the cold, frozen conditions of the Arctic. If successful, the argument could provide new momentum to their efforts. Under federal law, "significant new information" triggers a requirement by the Minerals Management Service, the government agency tasked with overseeing offshore oil and gas activity, to take a second look at its analyses that formed the underlying basis for its permitting decisions. The Gulf spill meets that criteria and makes the spill relevant to plans in the Arctic, according to the plaintiffs.

In a notice filed Wednesday with the Ninth Circuit Court of Appeals, the groups called for a halt to Royal Dutch Shell's plans to explore for oil in the Alaska Arctic this summer.

Shell has no intention to delay its Arctic operations. Prompted by last month's massive spill in the Gulf, it has re-reviewed its safety and environmental plans with heightened intensity to ensure they are "the best possible," said Shell spokesman Curtis Smith in an e-mail Wednesday.

"Recent events in the Gulf of Mexico have given us reason to pause, double check and triple check what we already believe is a robust drilling program to see if it can be made even better," he said.

Industry believes the waters off northern and northwest Alaska represent a new and vast oil frontier. Oil and natural gas beneath the Chukchi and Beaufort sea could be worth an estimated \$3 trillion, according to an economic analysis released Wednesday by the U.S. Fish & Wildlife Service that looks at the impacts of a critical habitat designation for polar bears in the United States. But going after the oil is proving financially risky.

If drilling opponents were to successfully thwart Shell's plans this summer, the company would lose between \$70 million and \$300 million dollars, according to court documents filed in the Ninth Circuit case.

"We will continue planning to drill in 2010 unless we are told we should not," Smith said.

In a separate suit that makes similar arguments to those presented in the Beaufort Sea permitting case, Shell's 2010 exploration plans for the Chukchi Sea are also being questioned. And on Wednesday, the Center for Biological Diversity announced its plans to sue Salazar over his decision to allow Shell's exploration plans in both seas. In giving Shell the OK to proceed, the environmental group claims,

Salazar wrongly concluded that the risks of a large oil spill were so slim they didn't need to be considered when evaluating the impact of exploration activity on threatened and endangered species, including bowhead whales and polar bears.

Failing to connect the Gulf spill to the risks that come with hunting for oil in the Arctic is "playing Russian roulette with the polar bears, bowhead whales, and coastal communities in Alaska that would be devastated by a spill," Rebecca Noblin, the group's Alaska director, said in a statement.

Where dispersants are being used to help break up the gulf spill into smaller blobs of goo, the spill has unified the rallying cry of offshore oil opponents across the nation. Four additional conservation groups -- Audubon Alaska, Oceana, Ocean Conservancy and Pew Environment Group -- are also pushing a "no drill" decision. In a letter sent Wednesday to Salazar they urge suspension of operations on Shell's Chukchi and Beaufort Sea permits.

Meantime, U.S. Sen. Lisa Murkowski, Alaska's senior senator

and the ranking Republican on the Senate Energy and Natural Resources Committee, said her panel will hold a hearing on the Deepwater Horizon accident Tuesday.

Officials from BP and Transoceans will be called before the committee, not to seek blame, but to learn more about what's being done to get the spill and its consequences under control. The goal is to ensure "(we) are doing everything we can to contain the devastation," Murkowski said Wednesday.