



JANUARY 28, 2011

OFFSHORE DRILLING: Interior accepts first application for deepwater exploration

By Phil Taylor,
E&E Reporter

The Interior Department today accepted the first application for deepwater exploration since the April 20, 2010, blowout of BP PLC's Macondo well in the Gulf of Mexico, triggering a 30-day window during which regulators must approve or return the plan. Once the plan is approved, the operator can begin applying for permits.

The proposal by Shell Offshore Inc. to drill three new wells more than 100 miles off Louisiana will be reviewed using an environmental assessment and will allow 10 days of public comment, the agency said.

The assessment and public comment are a break from earlier protocol at the former Minerals Management Service, which typically approved deepwater exploration plans using categorical exclusions. Such abbreviated reviews were temporarily discontinued last fall by Interior's new Bureau of Ocean Energy Management, Regulation and Enforcement.

"As we continue exploration in the deepwater Gulf of Mexico, we will conduct thorough site-specific reviews to ensure that the proposed activities are carried out safely, responsibly and in accordance with our regulations," said BOEMRE Director Michael Bromwich in a statement.

"Our reliance on environmental assessments as part of our review of exploratory drilling plans in deepwater underscores our commitment to ensuring that deepwater drilling goes forward with adequate regard and protection for the environment."

Shell's supplemental exploration plan -- which proposes drilling in waters nearly 3,000 feet deep -- seeks to develop a lease that was approved in 1985 and is already producing oil and gas.

An e-mail to the company this morning indicates the application was originally received on Oct. 28 but has been revised seven times before today's acceptance.

A Wednesday e-mail to the agency from Shell indicates the company would need 109 days to mobilize, transit and drill a relief well for the Cardamom well.

Miyoko Sakashita, oceans director for the Center for Biological Diversity, said the decision to conduct an environmental assessment and allow public comment indicates BOEMRE is making drilling oversight more transparent.

“In the past, it’s been pretty rare for these things to be easily reviewed by the public,” Sakashita said. “It’s a good step forward in transparency and looking at the environmental impacts of drilling.”

Sakashita said it is important that BOEMRE conduct a meaningful review and agency employees are able to fully consider the potential environmental impacts.

“What’s going to be important to see is whether the sort of culture of the former Minerals Management Service has changed and that they actually feel like they can impose the mitigation or say ‘no’ to drilling because it is particularly risky.”

“This appears to be a positive step forward toward getting back to work in the deepwater Gulf,” said Nicolette Nye, spokeswoman for the National Ocean Industries Association. “It proves that companies can and will meet new

regulatory requirements. Now we wait to see whether or not the application passes BOEMRE’s environmental assessment, the exploration plan is approved, and subsequent drilling permits are issued. That is the real test.”