



Interior Allows Some Oil Drilling to Resume

By BRYAN WALSH

January 03, 2011

(WASHINGTON) — The Obama administration it will allow 13 companies to resume deepwater drilling without any additional environmental scrutiny, just months after saying it would require strict reviews for new drilling in the wake of the BP oil spill.

The government said it was not breaking its promise to require environmental reviews because the 13 companies — which include Chevron USA Inc. and Shell Offshore Inc. — had already started drilling the wells without detailed environmental studies.

Drilling was suspended last year when the administration imposed a months-long moratorium following the BP spill. The ban was lifted in October, but drilling has not yet resumed in waters deeper than 500 feet in the Gulf of Mexico.

U.S. officials said the 13 companies must comply with new policies and rules before resuming activity at 16 Gulf of Mexico wells. All but three are exploratory wells — the same type BP was drilling when the blowout of the Deepwater Horizon rig occurred. The April 20 explosion killed 11 workers and set off the worst offshore oil spill in U.S. history.

“For those companies that were in the midst of operations at the time of the deepwater suspensions (last spring), today’s notification is a significant step toward resuming their permitted activity,” said Michael Bromwich, director of the Bureau

of Ocean Energy Management, Regulation and Enforcement.

The decision is a victory for the drilling companies, which in the past had routinely won broad waivers from rules requiring detailed environmental studies. After the BP disaster, the Obama administration pledged it would require companies to complete environmental reviews before being allowed to drill for oil.

The administration has been under heavy pressure from the oil industry,

Gulf state leaders and congressional Republicans to speed up drilling in the Gulf of Mexico, which has come to a near halt since the moratorium on deepwater drilling was imposed last spring.

The delay is hurting big oil companies such as Chevron Corp. and Royal Dutch Shell PLC, which have billions of dollars in investments tied up in Gulf projects that are on hold. Smaller operators such as ATP Oil & Gas Corp., Murphy Exploration & Production Co.-USA, and Noble Energy Inc., also have been affected.

A federal report said the moratorium probably caused a temporary loss of 8,000 to 12,000 jobs in the Gulf region.

Bromwich and other officials stressed that the policy announced Monday was not a reversal of its previous plans not to grant waivers known as

categorical exclusions for deepwater projects. Instead officials characterized the action as a sort of grandfather clause that applies only to companies that had already begun drilling before the BP blowout.

In August, Bromwich instructed his staff not to grant categorical exclusions for drilling plans that involve use of a blowout preventer similar to the one that failed to stop the BP spill. But the August directive did not specify that any companies would be exempted under a grandfather provision.

“This decision was based on our ongoing review of environmental analyses in the Gulf and was in no way impacted by a singular company,” said Melissa Schwartz, a spokeswoman for Bromwich.

Bromwich said in a statement that the new policy will accommodate companies whose operations were interrupted by the five-month moratorium on deepwater drilling, while ensuring that the companies can resume previously approved activities.

William Snape, senior counsel for the Center for Biological Diversity, an environmental group, called the announcement “another sad chapter in agency denial that anything is wrong.”

Snape said Bromwich and his boss, Interior Secretary Ken Salazar, seem to want dangerous oil and gas drilling to go on in the Gulf and Alaska “without any meaningful public scientific review of the risks learned from the BP disaster.”

But Randall Luthi, president of the National Ocean Industries Association, called the announcement “a positive development for an industry that has been anxiously waiting to get back to work.”

Marathon Oil Co. said it was seeking to obtain permits for deepwater drilling, including one project that was suspended by the moratorium. In an e-mailed statement, Marathon said it is working with the ocean energy bureau on the permits and is optimistic the company will receive approval.

The firms will not be required to complete a detailed review under the National Environmental Policy Act, but they must comply with new policies and regulations set up in the wake of the BP spill, Bromwich said.

The 13 companies won’t be required to revise their exploration plans if an updated estimate of the most oil that would be released in an uncontrolled spill is less than the amount included in spill-response plans on file with the bureau. If the worst-case discharge estimate is higher, “further reviews will be conducted,” according to the statement.

The 13 companies that received the notice are: ATP Oil & Gas Corp.; BHP Billiton Petroleum (GOM) Inc.; Chevron USA Inc.; Cobalt International

Energy; ENI U.S. Operating Co. Inc.; Hess Corp.; Kerr-McGee Oil & Gas

Corp.; Marathon Oil Co.; Murphy Exploration & Production Co.-USA; Noble

Energy Inc.; Shell Offshore Inc.; Statoil USA E & P Inc.; and Walter Oil & Gas Corp.

Associated Press writers Dina Cappiello in Washington and Harry R. Weber in New Orleans contributed to this story.