

AlaskaDispatch

News and voices from the Last Frontier

Shell's offshore air permit appeal rejected

By Patti Epler

The federal Environmental Appeals Board has refused to reconsider its earlier ruling invalidating an air quality permit Shell Alaska needed to drill for oil in the Beaufort Sea this summer.

The new ruling, issued Thursday, doesn't change things for the oil company, which earlier this month announced the lack of the air permit had made it impossible to get its drilling program together in time to sink exploratory wells this summer. But environmental activists, who along with Native organizations had challenged EPA's issuance of the permit, say Shell will now have to meet even stricter air quality standards that took effect at the beginning of this year.

Brendan Cummings, senior counsel for the Center for Biological Diversity, said any new permit Shell applies for will now include meeting greenhouse gas levels -- carbon dioxide and methane -- in addition to the nitrogen dioxide restrictions that the previous permit covered.

Shell Alaska officials couldn't be reached for comment late Thursday.

Shell had hoped to drill at least one well in Camden Bay near

Kaktovik this summer. It had been working with one federal agency -- the Bureau of Ocean Energy Management, Regulation and Enforcement -- on a drilling permit when it was caught up by the legal ruling from another federal agency -- the Environmental Protection Agency.

In late December, the appeals board, which is a part of the EPA, sided with the Alaska Eskimo Whaling Commission, the Inupiat Community of the Arctic Slope, Earthjustice and the Center for Biological Diversity, among other organizations that challenged the permit. The groups claimed the EPA had incorrectly determined when Shell's drillship would have to follow air quality restrictions, among other concerns.

Shell had been granted the air permit, which covered both the Beaufort and Chukchi seas last year. Since then, Cummings said, new greenhouse gas standards for carbon dioxide and methane have come into play.

"This permit will therefore likely become the first important test case as to what measures are required to reduce CO2 and methane emissions from offshore oil operations," Cummings said.

He said that may mean Shell will need to retrofit the drillship to be

in compliance with the new standards or change planned operating times to reduce emissions.

Cummings said it's possible for Shell to go through the permit process again and get a new permit in time for the 2012 drilling season. Still, he anticipates political pushback on the EPA from Congress and the oil industry that likely will include lobbying for less restrictive greenhouse gas standards or perhaps an exemption for the Arctic.

"That's where the battle's headed next," he predicted.

Shell said earlier this month not drilling in the Beaufort this summer cost Alaska about 800 jobs and millions of dollars in contract work, much of that to Native corporations. The company's decision not to drill sparked criticism of the EPA from Alaska's congressional delegation and Gov. Sean Parnell.

Shell has said it's spent more than \$4 million on the air permit process alone and more than \$3 billion on the Beaufort Sea and still isn't able to drill.

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