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After Spill, Shell Tries to Calm Fears on Drilling in Alaska

- Clifford Ktrauss

SAVOONGA, Alaska — Shell Oil will present an ambitious proposal to the federal government this week, seeking permission to drill up to 10 exploratory oil wells beneath Alaska's frigid Arctic waters.

The forbidding ice-clogged region is believed to hold vast reserves of oil, potentially enough to fuel 25 million cars for 35 years. And with production in Alaska's North Slope in steep decline, the oil industry is eager to tap new offshore wells.

Shell has led the way, working for five years to convince regulators, environmentalists, Native Alaskans and several courts that it could manage the process safely, protect polar bears and other wildlife, safeguard air quality for residents and respond quickly to any spill in the region. But BP's Deepwater Horizon disaster a year ago put a chill on new offshore drilling.

Shell's renewed application will pose a test for President Obama, who promised to put safety first after the BP spill. But he has also reiterated his support for offshore drilling amid voter worries about rising gasoline prices.

Environmental groups say a spill in the Arctic's inaccessible waters could be even more catastrophic than the Gulf of Mexico accident. Republicans, meanwhile, are threatening to excoriate the president for turning his back on energy security if he says no to Shell.

"Americans are reeling from staggering prices at the pump," said Representative Cory Gardner, a Colorado Republican on the House Energy and Commerce Committee. "So the president has to justify to the American people why we are not replacing Saudi Arabian oil imports with U.S.-produced oil."

Whatever the administration decides, it will anger somebody. "If the Obama administration approves



Children play on empty fuel containers outside of Savoonga, Alaska, where Shell executives have met with local residents to address their concerns

drilling in the Arctic, it will demonstrate that they have learned nothing from the gulf spill," said Brendan Cummings, senior counsel at the Center for Biological Diversity, which is suing to stop Shell.

Administration officials say only that they will thoroughly review Shell's new proposal. "We need to continue to take a cautious approach in the Arctic that is guided by science and the voices of North Slope communities," said Kendra Barkoff, a spokeswoman for the Interior Department, which oversees most of the process.

The politics extend as far as Alaska's remotest villages, where support from Native Alaskans, or at least their acquiescence, is essential to win several permits. With that in mind, Pete Slaiby, Shell's top executive in Alaska, was glad-handing last week in Savoonga, a village on an island in the Bering Sea. He passed out raffle tickets, bought a trinket and congratulated the Yupik hunters for harpooning two bowhead whales.

One hunter waved a copy of the movie "An Inconvenient Truth," and launched into an attack on oil as a cause for the warming temperatures that are melting the Arctic

ice. Other hunters pressed Mr. Slaiby on concerns that the migrating walrus they depend on for food would suffer from the noise if drilling operations began north of here.

Mr. Slaiby said Shell was concerned about climate change too, and promised that the company would take painstaking precautions to protect wildlife. “We won’t be successful here if we deprive people of their subsistence,” he said. “If the oil companies are doing well and the people living around them are not, it’s a recipe for disaster.”

Shell has already spent \$3.7 billion on the 10-year offshore leases and preparations for exploration, although the company has yet to drill a single hole. Shell will formally present its new proposal — to drill up to 10 wells over the next two years in remote waters north of Alaska, in the Chukchi and Beaufort seas — in the next few days. If the plan is approved within nine months or so, exploration could begin next year.

Just as in the past, executives realize they need to fight the battle on multiple regulatory and legal fronts. “It’s like holding a bunch of pins in your hand, and trying to make sure not one drops,” said Brian Malnak, Shell’s vice president of government affairs.

Perhaps the toughest hurdle this year will be convincing the government that Shell could protect the Arctic from a devastating spill. An Interior Department agency recently estimated that a “hypothetical” blowout of an oil well in the Chukchi Sea could release 1.4 million barrels of crude over a 39-day period before a relief well could be drilled. A leak of that magnitude would severely test the capacity of the boats, barges, skimmers and a spill containment tanker that Shell plans to deploy around its rigs, although the company promises to add whatever equipment regulators find necessary.

Shell is proposing to use two drill ships, each capable of drilling a relief well for the other in case of the kind of blowout that destroyed the Deepwater Horizon rig. The company is also promising to add more testing and an extra set of shears to its blowout preventers and to keep emergency capping systems near drilling sites to capture any potential leaks.

Alaska once accounted for a third of the nation’s oil production, but its fields are now in steep decline. The decrease in production threatens the continued safe

use of the Trans-Alaska Pipeline System, also known as TAPS, which requires a steady flow of oil to avert corrosion and spills.

The Alaskan Arctic potentially holds 27 billion barrels of oil. “If we could open the Arctic to oil exploration,” said Alaska’s governor, Sean Parnell, “we can fill that TAPS line in a way to preserve it for another 50 to 100 years.” Major production from the Arctic would probably be a decade away, however.

Environmentalists contend that the risks of drilling are too great. They warn that hurricane-force winds, high seas, and frigid cold and ice would make cleaning up a spill far more difficult than in the gulf, and they say that oil operations could disturb migration and reproduction of marine mammals.

“We believe there need to be more spill drills, more testing, more inspections of the drill rig and blowout preventer before they begin,” said Marilyn Heiman, director of the United States Arctic Program of the Pew Environment Group.

In his presentation in Savoonga, Mr. Slaiby said Shell and other companies had safely drilled in Alaska’s Arctic waters in the 1980s and 1990s, without a spill or major damage to wildlife. And he noted that the wells Shell intended to drill here were far shallower than BP’s ill-fated Macondo well, making the possibility of a blowout more remote.

“We’ve never told people that what we do doesn’t entail risk,” Mr. Slaiby said, “but the risks are different from the Gulf of Mexico.”