



## OFFSHORE DRILLING: Enviro groups mull legal challenge of Shell's Arctic plan

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Environmental groups yesterday expressed unified opposition to the Interior Department's conditional approval of Shell Offshore Inc.'s plan to drill four wells in Alaska's Beaufort Sea beginning next summer and said they are considering their legal options.

The groups said they believe Shell is unprepared to respond to a potential oil spill in Alaska's frigid waters and that drilling activity could divert endangered bowhead whales from critical feeding grounds.

The conditional approval yesterday by Interior's Bureau of Ocean Energy Management, Regulation and Enforcement is a major step in Shell's plan to tap an area believed to contain roughly 26 billion barrels of oil. Proponents say the project is crucial for the nation's energy security and the future viability of the Trans-Alaska oil pipeline.

Shell acquired the leases as early as 2005 and has poured billions of dollars into the project but has been stifled by environmental appeals and a lawsuit in the adjacent Chukchi Sea. The company says it has taken "extraordinary steps" to prevent a spill and has the industry's "most robust" oil spill response plan.

But environmental groups said the exploration plan does not go far enough to avoid significant impacts to bowheads and other ocean mammals and that it allows Shell to drill until the end of October, dangerously close to when waters freeze over.

Erik Grafe, a staff attorney in Earthjustice's Alaska office, said the Outer Continental Shelf Lands Act gives groups a 60-day window to challenge the plan in court.

"We're reviewing the agency's analysis, to the extent that it exists, and we're making decisions based on that analysis," he said.

Grafe helped lead a successful lawsuit challenging the George W. Bush administration's 2008 decision to offer 30 million acres of oil and gas leases in the Chukchi Sea. The U.S. District Court for the District of Alaska last August said Interior had failed to consider the importance of missing information and the impacts of natural gas drilling.

The court's remand led to a lengthy supplemental environmental impact statement that is scheduled to conclude

by Oct. 3, when Interior is expected to act on Shell's exploration plan for the Chukchi.

But environmental groups argue that Arctic waters are a unique and fragile frontier that is not ready to be responsibly drilled.

Bill Snape, senior attorney for Center for Biological Diversity, which was among 15 groups to join the Chukchi lawsuit, said earlier this summer that he expects a dogged fight from environmentalists to stop Arctic drilling.

"I have totally stopped trying to understand the White House's political calculus on this," Snape said. "I cannot think of a more devastating and shortsighted environmental decision than that, and we're going to fight them tooth and nail."

CBD in May 2010 mounted a successful challenge of Shell's Clean Air Act permits for the Beaufort and Chukchi seas with U.S. EPA's Environmental Appeals Board.

Shell in February blamed the board's remand of the permits for its decision to cancel planned drilling in the Arctic this summer (Greenwire, Feb. 3).

BOEMRE conditioned its approval of Shell's new exploration plan on the company's ability to obtain required permits from EPA, the Fish and Wildlife Service and the National Marine Fisheries Service. EPA has issued draft air permits for both of Shell's drill ships.

In addition, Shell must also obtain individual drilling permits for each well, which require the company to demonstrate the capacity to respond to a potential blowout and worst-case discharge.

"We base our decisions regarding energy exploration and development in the Arctic on the best scientific information available," BOEMRE Director Michael Bromwich said in a statement. "We will closely review and monitor Shell's proposed activities to ensure that any activities that take place under this plan will be conducted in a safe and environmentally responsible manner."

But environmental groups yesterday indicated that they believe Interior already broke the law by conducting an environmental assessment that found Shell's project will bring "no significant impacts" to the environment or North Slope communities.

"It looks like BOEMRE did not take a 'hard look' at all at the impacts to Camden Bay," Grafe said. "They need an [environmental impact statement]."

### **'We stand ready'**

For its part, Shell said its oil spill response capacity exceeds its calculated worst-case discharge volume for the wells being proposed.

Shell Alaska Vice President Pete Slaiby last week told a Senate committee that

his company plans to use two shearing rams on its blowout preventer and will be capable of mechanically removing 25,000 barrels of oil a day (E&E Daily, July 28).

“We stand ready to deploy the most robust Arctic oil spill response system known to industry,” Shell spokesman Curtis Smith said yesterday in a statement. “Additionally, Shell remains committed to fabricating an oil spill capping system, which is designed to capture hydrocarbons at the source in the extremely unlikely event of a shallow water blow-out.”

BOEMRE said it will also require Shell to deploy and “function-test” the system prior to beginning drilling activities.

The agency’s 10-page finding of no significant impacts also notes that 30 wells have been safely drilled in the Beaufort since 1980 and that BP PLC’s Deepwater Horizon spill was the only major spill out of 38,000 wells drilled in U.S. waters.

In addition, the agency’s environmental assessment notes that BP’s Macondo well was drilled in roughly 5,000 feet of water into a deposit with 12,000 pounds of pressure per square inch. Shell’s wells will be drilled in less than 124 feet of water into deposits believed to contain less than one-third of the pressure.

BOEMRE would have inspection personnel on-site throughout the drilling process, the agency said.

But if a blowout were to occur, Shell would be on its own in cleaning it up, Adm. Robert Papp, commandant of the Coast Guard, told the Senate Commerce, Science and Transportation subcommittee last week.

“If the company fails, if the response plan fails, the federal government must in some way be able to back it up with some resources,” he said. “We had plenty of resources, from bases to communication systems to helicopters, in the Gulf of Mexico. And if this were to happen off the North Slope of Alaska, we’d have nothing.”