

Shell Gets Go Ahead for Drilling in Chukchi -With Restrictions

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ANCHORAGE, Alaska — The Chukchi and Beaufort Seas are believed to contain more recoverable oil than Alaska's Prudhoe Bay - and Prudhoe Bay, you'll recall, is the greatest oil find in North American history.

So it was no small news today (Thursday) when -- for the first time in a generation -- a company was given permission to drill offshore in Alaska's arctic waters. The announcement was made by Interior Secretary Ken Salazar in a teleconference from Washington, D.C.

By mid-afternoon, Shell was holding a press conference to say the decision was good for Alaska's economy and good for the nation's energy needs.

"Ladies and gentlemen," said Pete Slaiby, Vice President of Shell, Alaska, "there's no other way to couch this. Today's announcement is extremely exciting."

Then Slaiby continued, "We've been waiting 6 years in our goal of fulfilling to be able to drill in the Chukchi -- (and) it's about to take place."

Less thrilled were environmentalists.

"Even drilling a shallow hole -- to put in a Blowout Preventer -- has its risks", says Rebecca Noblin, Executive Director of 'The Center for Biological Diversity in Alaska'. "We're not happy that Secretary Salazar is allowing Shell to move forward," Noblin continued, "without having the oil spill containment barge 'Arctic Challenger' in place."

Indeed, tonight that barge remains docked in Bellingham, Washington -- awaiting final certification from the U.S. Coast Guard. It's possible that that certification could come sometime in the next 5 days.

Until the containment vessel can travel to the arctic, Salazar has placed restrictions on Shell's drilling. He's only given permission for the company to drill to a depth of 1300 feet. That's 4,000 feet short of the actual oil reservoir.

In his opening statement today, Salazar assured the public, "Any exploratory activities will be conducted under the closest oversight -- and the most rigorous safety standards -- ever implemented in the history of the United States."

Such was the diversity of opinions about what everyone agrees is an historic move in the long story of oil exploration in North America -- the move into Alaska's arctic waters.

Shell predicts that if the Chukchi and Beaufort seas contain as much oil as the U.S. Geological Survey estimates they do -- 25 billion barrels -- then it will be possible to re-fill the Trans Alaska Pipeline with black gold.

25 years ago, TAPS was transporting 2 million barrels a day to the port of Valdez. These days it's transporting only about one quarter as much -- 560,000 barrels.

But even if Alaska's arctic waters prove to be as rich as the U.S.G.S says, it will be a decade or more before TAPS gets re-filled. If large amounts of oil are found in the Chukchi Sea, a 400-mile-pipeline will have to be built --across the 23-million-acre National Petroleum Reserve-Alaska. And despite its industrial-sounding name, the NPR-A is, in fact, the biggest unprotected wilderness anywhere in the United States.

So environmentalists worry about construction of the proposed pipeline -- which compounds their fears about drilling in arctic waters. They say that -- to this day -- there is no proven technology for containing an oil-spill in ice-choked waters. In fact, they point out, oil spill recovery -- even in waters that have no ice whatsoever -- leaves much to be desired. "The Center for Biological Diversity" contends that only 3 percent of the oil was recovered in the Gulf of Mexico oil spill of 2010 -- the largest spill in U.S. History.

But Shell insists there is no danger of a blowout in the Chukchi -- at least under the drilling permit issued today.

For one thing, the company will not be allowed to drill any deeper than 1300 feet. It must wait for its containment barge to arrive before it can get a new permit -- to drill any further.

Nevertheless, environmentalists are still concerned. They point out that last February, on the North Slope, a company called Repsol was drilling an exploratory well -- and suffered an unexpected methane gas overpressurization. That gas pocket forced tens of thousands of gallons of drilling muds to spill out onto the tundra. Critics contend that if Shell is wrong -- if it encounters unexpected hydrocarbons while drilling shallow wells -- it could experience a similar blowout.

Shell says the environmentalists are misinformed. Spokesman Curtis Smith says that the Repsol exploratory well was a deep well -- being drilled in relatively unknown geological formation. Smith says that Shell has conducted extensive 3-D seismic surveys in the Chukchi and that it understands its geology thoroughly. He says there

will be no significant unexpected hydrocarbons stumbled upon at shallow depths. He also points out that the known hydrocarbon reservoir -- located a mile beneath the floor of the Chukchi Sea -- is at a relatively low pressure.

The big nightmare, of course, would be a blowout like the one at the B.P's Macondo Well in the Gulf of Mexico. that disaster killed 11 people -- and spilled an estimated 210 million gallons of oil in the spring of 2010.

But Shell says such a blowout in the Chukchi is impossible. For one thing Macondo well was a high-pressure well. Shell's lease is for a low-pressure well.

In addition, Macondo was in 5000 feet of water -- where the oil can spread far and wide before it reaches the surface -- a mile overhead. The Chukchi well will be in water that is only approximately 100 feet deep.

Shell engineers say that drilling muds, aboard its platform the Noble Discoverer, will be enough to weigh down any blowout -- and prevent it from leaking into the sea.

Furthermore Shell claims, even if the company is wrong -- even if a blowout works its way all the way up to the ocean floor -- it will have a state-of-the-art Blowout Preventer in place. That Blowout Preventer will meet higher standards than the one that failed 2 years ago at the Macondo Well. For one thing it will have a "Double Shearing Ram". That is, TWO heavy-duty devices that can be rammed into place to stop a spill.

However, that is not enough to counter the concerns of environmentalists. They say that even if the well is drilled without incident, even the considerable noise generated by routine drilling operations will be enough to harm marine mammals like the Bowhead Whales and Walruses. They say it will also affect Polar Bears -- who are already stressed by declining sea ice.

In addition, Greenpeace says its scientific submarines have found delicate coral reefs in the drilling area. The organization contends that those

reefs will be damaged by sea anchors and by other heavy machinery at the drilling site -- even under routine, normal operations.

Shell says that any issues with those reefs in its Environmental Impact Statement -- while Greenpeace insists the reefs were NOT addressed in the E.I.S at all!

Meanwhile, on another front, the timing of Salazar's announcement today had some people suspecting that it was politically motivated.

During the press conference, Salazar was asked by a reporter if it was an attempt to upstage Mitt Romney on the night he was to accept the Republican Nomination for the Presidency. Four years ago, Republicans held a convention famous for the slogan "drill baby drill". But Salazar denied any political motivation in the timing of his drilling permits.

Whoever is right in this cross-current of arguments -- and counter-arguments -- one thing is clear. The drilling platform "Noble Discoverer" will arrive on the scene in the arctic this weekend. It could start drilling as early as Sunday -- although it's more likely that drilling operations will begin sometime later in the week.

No one knows what it will find there, but if the U.S.G.S is right, it could be one of the more significant oil discoveries in recent history.

However, if the environmentalists are right, the industrialization of the Arctic Ocean could be the beginning of the chronic degradation of a pristine environment.

The oil companies contend they've done it right in Prudhoe Bay -- and they intend to drill safely in the Arctic Ocean.

But the fact is that there is no plan for dismantling Prudhoe Bay, and there will be environmental marks from that development long after drilling there has ceased.

In the end, the motivation for all this drilling comes down to you and I -- and our insatiable demand to fill our cars and our pick-up trucks with gasoline.

The question of what the long-term effects of all this drilling for -- and burning of -- hydrocarbons will do to us is still not fully resolved.

But if the climate scientists of the United Nations' Intergovernmental Panel on Climate Change are right, the results of carbon combustion could be extremely serious -- and those impacts could, within the next few decades, become irreversible.

Meanwhile the world continues to consumer 88 million barrels of oil per day -- that's more than 40-thousand gallons of oil each and every second!