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Arctic Drilling Will Begin This Year, Shell Official

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HOUSTON — Despite embarrassing delays and trouble with its equipment, Shell remains confident that it will get final approval from regulators and be able to begin drilling for oil in Arctic waters off the Alaskan coast this summer, the oil company's top Alaska executive said on Friday.

"We absolutely expect to drill this year," Peter E. Slaiby, Shell's vice president in charge of Alaskan operations, said in a telephone interview. "Our confidence continues to grow, and we are feeling good."

Mr. Slaiby said the company was so convinced that it would be able to move forward that it was preparing to send two drill ships next week to Arctic waters from Dutch Harbor in southern Alaska.

He acknowledged, though, that Shell had scaled back its original plans. He said the company would have time to drill only one or two exploratory oil wells before the Arctic seas began freezing and the short summer drilling season ended — a retreat from its goal of drilling as many as five wells this year.

Still, any drilling would be a big advance for the company, which has spent more than \$4 billion over six years in its effort to become the first oil company in decades to drill in the Chukchi and Beaufort Seas. Shell's ambitions have been repeatedly stymied by regulatory roadblocks and by lawsuits from environmentalists and Native groups.

Energy experts say the two seas could yield up to a million barrels of oil a day, equivalent to about 10 percent of current domestic production. Over the last year, Shell has won a series of federal regulatory approvals to begin drilling this summer, and it needs only a few more approvals before it can do so.

But Shell experienced a series of setbacks this summer that led some people, including company officials, to wonder if yet another year might pass without exploration.

First, heavy ice floes delayed drilling plans. Then, last month, a drill ship dragged anchor and went adrift, nearly colliding with the Alaskan shore. No damage occurred, but the accident raised questions about Shell's readiness to manage the challenging Arctic conditions, which include months of darkness, extreme winds and massive ice floes.

Shell has also asked the Environmental Protection Agency for revisions to its air emissions permits.

The biggest holdup has come from delays in revamping an oil containment barge called the Arctic Challenger, which is equipped with a dome that could be fitted over a leak to stop spillage in the event of an accident. The barge, which is a vital part of the spill response plan approved by the federal government, remains in the port of Bellingham, Wash., as workers make last-minute fixes.

The company had hoped to finish work on the barge by Aug. 15, but the refitting has been complicated by three small oil spills caused by leaky hydraulic systems.

The barge must pass a Coast Guard inspection and tests by federal safety regulators before it can set sail for the Arctic.

During a visit to Alaska on Monday, Interior Secretary Ken Salazar blamed Shell's slow work on the barge for the delays. "They have not been able to get it done," he said. "If they had got it done, they may already be up there today."

Mr. Slaiby said that Shell had sent 40 technicians to help contractors get the barge ready, and that the company was working closely with the Interior Department and the Coast Guard to address their concerns.

He said Interior officials had been “very, very accommodating in meeting the schedule that we have worked for,” and added, “They are really bending over backward to work with us and working through these inspections.”

The window for drilling, which is controlled by ice floes and agreements to protect wildlife, closes the third week of September in the Chukchi Sea and at the end of October in the Beaufort Sea. An exploratory well can take three weeks to drill.

Environmentalists are still considering ways to stop the drilling after years of mixed results in the courts.

“If the Coast Guard certifies a vessel that clearly does not meet maritime standards, then that would be unlawful and could be challenged,” said Brendan Cummings, senior counsel at the Center for Biological Diversity. Mr. Cummings also said environmentalists could challenge the E.P.A. if it granted an exception to Shell’s air permit.