Oil Companies Unveil Spill Containment System

NEW YORK (AP) - A group of oil companies led by Exxon said Thursday it has built a system that can stop an undersea oil spill within weeks, a critical step towards resuming drilling in the deepest parts of the Gulf of Mexico.

The group said its combination of equipment and support vessels can contain a spill similar to BP's massive gusher, which took almost three months to plug. Some of the equipment was used by BP in containing its well blowout last year.

Regulators have demanded that oil companies demonstrate the capability to contain the blowout of an underwater well before granting permits to drill again in Gulf waters deeper than 500 feet.

In this screen shot provided by the Marine Well Containment Co., a new capping stack is displayed. (AP Photo/Marine Well Containment Co.)

Exxon said this system meets that demand and should have no trouble gaining government approval. The group's engineers consulted with regulators during development, Exxon said.

"They've been looking at the system all along," said Clay Vaughn, an Exxon Mobil Corp. vice president who is supervising the response network. In an interview with The Associated Press, Vaughn said regulators observed tests of the equipment Wednesday.

The system is designed to be fully assembled in two to three weeks after a blowout. It can work at depths up to 8,000 feet and capture as much as 60,000 barrels of liquid and 120 million cubic feet of gas per day. BP's Macondo well blew out at about 5,000 feet below sea level and spilled an average of 52,400 barrels per day. At its peak, BP's well spewed 61,900 barrels per day.

Drilling in the Gulf was suspended last year when the Obama administration imposed a monthslong moratorium following the BP spill. The ban was lifted in October, but deepwater drilling has not yet resumed.

Michael Bromwich, director of the Bureau of Ocean Energy Management, Regulation and Enforcement, said earlier this month that companies must show they have "access to and the ability to deploy" equipment that can contain another large spill. Government engineers are still reviewing the new system.

A bureau spokeswoman wouldn't say how long the review would take.

Shell Offshore Inc. is first in line to get a permit for a new well in a previously unexplored part of the Gulf. The government will decide whether to approve Shell's Garden Banks project, about 137 miles from off the Louisiana coast by the end of the month. With approval, Shell could apply for a drilling permit.

Another six permits are held up because the applicants haven't shown the ability to contain a spill. Those companies can pay to join the Exxon group and, assuming its system is approved, include the containment system as part of their permit application.

Another company, Helix Energy Solutions Group, has been working on a competing system.

David Pettit, a lawyer for the National Resources Defense Council, said the new system looked promising. "If industry can make this work, and really contain one huge spill, I'd be satisfied. We're not totally opposed to drilling in the Gulf."

Exxon, Chevron Corp., Shell and ConocoPhillips agreed in July to pool $1 billion and form the Marine Well Containment Co. to respond to criticism that the industry was ill-prepared to handle a deepwater disaster. BP has since joined the group.

The system looks like the network BP eventually cobbled together last summer to staunch its spill. Only this time the industry has had months to perfect it.

"Everything BP did was on the fly," Exxon spokesman Alan Jeffers said. "Our engineers have had a lot of time to think about how to get this right."

The system relies on a variety of well-plugging equipment scattered throughout the Gulf.

If a driller alerts the containment company's Houston headquarters to an uncontrolled blowout, equipment and will start deploying within 24 hours.

In Houston, crews will dispatch a 100-ton stack of steel valves known as the containment assembly. This can either plug the well at the sea floor or funnel oil and gas to the surface through manifolds, risers and flow lines donated by BP from last year's operation. Drill ships on loan from Chevron and BP will arrive to gather and dispose of the liquid from the well.

The group said an expanded network capable of plugging a well more than 10,000 feet below the surface and collect 100,000 barrels of liquid and 200 million cubic feet of gas per day will be ready in early 2012.

The system can tackle only one spill at a time, leaving open the question of how to combat simultaneous disasters. There were about three dozen deepwater drilling projects underway last year before the government shut them down.

Shares of Exxon rose 19 cents to $83.88, while Chevron shares rose 51 cents to $97.17. ConocoPhillips added $1.23 to $75.52. Oil futures on the Nymex rose 1.6 percent.

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