

Arctic Drilling Creeps Forward Now & in Five Years

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ANCHORAGE, Alaska (AP) — In choppy water under blue sky off Bellingham, Wash., a Shell Oil crew on Monday lowered a "capping stack" 200 feet in the water and put it through maneuvers with underwater robots connected by cable to operators on the surface, a test that fulfilled one of the final steps required for permission to drill exploratory wells in Arctic waters.

The capping stack looks like a giant spark plug and is designed to kill an undersea

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oil well blowout by providing a metal-to-metal seal on a malfunctioning blowout preventer.

Shell is sending the capping stack, skimmers, boom and a containment dome on board a flotilla accompanying drill ships to Alaska's northern shores as part of a spill response plan that has the blessing of Interior Secretary Ken Salazar. Shell expects final approvals within weeks and drilling by late this month.

But environmental groups contend the government has it wrong. Despite reforms put in place after the Deepwater Horizon blowout in the Gulf of Mexico, their basic objections remain. Shell has vastly overstated its ability to respond to a worst-case scenario spill in open water, said attorney Holly Harris of Earthjustice, and no oil company has demonstrated it can clean up a spill that lingers into the Arctic's eight months of sea ice.

A spill will threaten whales, polar bears, ice seals and walrus plus the Alaska Native subsistence communities that depend on the ocean's bounty, according to environmental groups.

The federal government requires a spill response plan to show how the drilling company will clean up a worst-case discharge in adverse weather. Shell's worst case for drilling in the Chukchi and Beaufort seas is a spill of 25,000 barrels per day. Environmental groups have seized on the phrase that for planning the onshore response, "the worst case discharge scenario assumes that 10 percent of the 25,000 barrels per day discharge escapes the primary offshore recovery effort at the blowout."

Said Harris, "If you base a spill plan on the assumption that 90 percent of it is going to be recovered in the open water, and only, quote, 10 percent of the daily discharge is going to escape those cleanup efforts, then you don't have to have as many spill response assets near shore protecting things like coastlines, lagoons and the near-shore environment."

She said "there is no evidence before this agency or anywhere else" that the oil company has come close to having enough boats, enough oil-containing boom or enough people to control 90 per cent of the damage.

Shell Alaska spokesman Curtis Smith said opposition groups are purposely mischaracterizing Shell's oil spill response plan. The plan does not claim Shell can clean up 90 percent of an oil spill, he said.

"We say in our plan we expect to 'encounter' 90 percent of any discharge on site — very close to the drilling rig," he said. "We expect to encounter 5 percent near-shore between the drilling rig and the coast. And we expect to encounter another 5 percent on shore. We never make claims about the percent we could actually recover, because conditions vary, of course."

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The Bureau of Safety and Environmental Enforcement signed off on Shell's response plan in February. At a news teleconference Tuesday, when asked about the 90 percent claim included in Shell's response plan, Salazar did not answer directly but put his faith in federal on-site inspectors.

"I believe, first of all, that there is not going to be an oil spill, because frankly, the scrutiny that is going to be involved, including the prevention effort that we have, and the oversight effort that we have — the inspectors we have on 24/7, and all of the rest of the measures that have been taken, and the high risk, frankly, that Shell and the entire industry would have is something were to go wrong — I don't expect that there is going to be a problem," Salazar said.

"Now if there would be a problem, which one always has to anticipate, I believe that the response capabilities are there to be able to arrest the problem in a very quick fashion and avoid environmental damage," he said. "If we were not confident that that were to happen, I would not let the permits go forward."

Salazar commented as he announced more Alaska offshore real estate will be included in the 2012-2017 five-year oil and gas lease program — the Chukchi Sea in 2016 and the Beaufort in 2017. The Shell experience, he said, will develop critical science and information to guide future development.

Shell hopes to drill in both seas during the 2012 open water season. The Kulluk, a 266-foot ship with a hull reinforced for ice, and the Noble Discoverer left Seattle on Wednesday for Dutch Harbor in the Aleutians, where they will wait for open water

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this month for the last leg to the Beaufort and the Chukchi.

Shell estimates it has spent more than \$4 billion on Arctic offshore development. The target is the 26.6 billion barrels of recoverable oil and 130 trillion cubic feet of natural gas estimated by federal managers.

Throughout the permitting process, Shell has stressed the extreme measures it will take to make sure no oil ever hits the water.

Environmental groups say the lack of infrastructure on sparsely populated Arctic coast would make cleanup a nightmare.

"Where are we going to house all these people?" Harris said. "How are we going to feed all these people? How are we going to provide basic services — the sanitation and spill response infrastructure?"

There's also the problem of dealing with a spill when ice moves in, she said. The last spill exercise in U.S. waters with ice was conducted in 2000 and showed boom intended to corral oil was no match for broken, floating ice.

The rate of recovery for the Exxon Valdez was just 8 percent, Harris said, and likely would be less in the Arctic.

"The lack of attention paid to this decision was discouraging," Harris said.

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