Shell Ship Grounding Fuels Arctic Drilling Debate

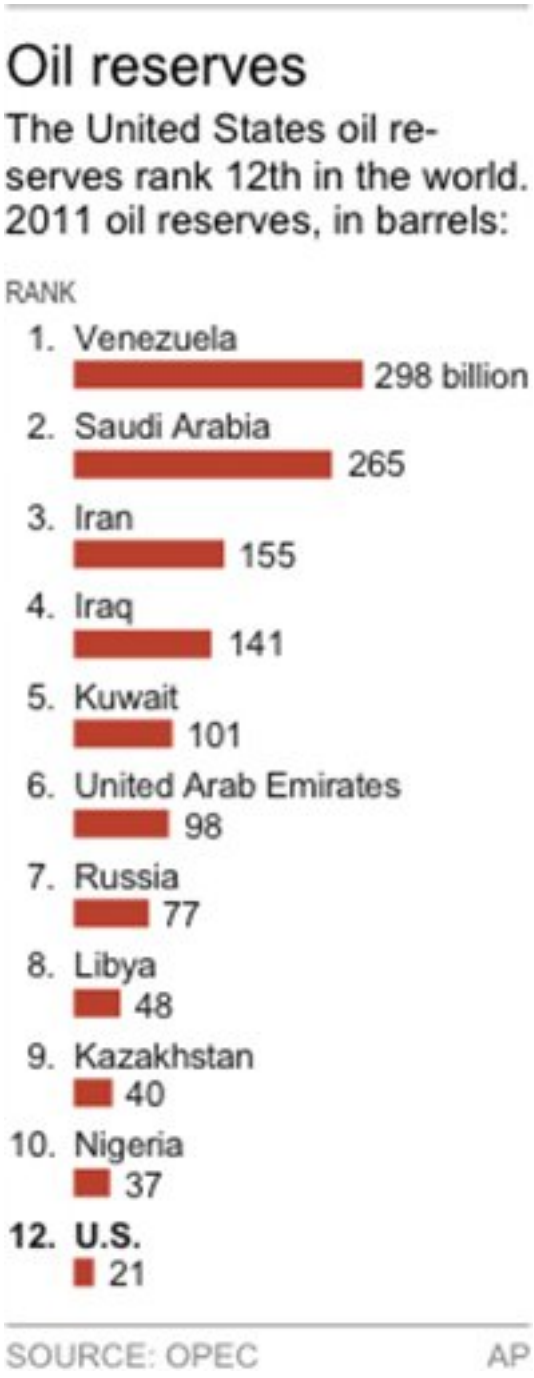
DAN JOLING,Associated Press

ANCHORAGE, Alaska (AP) — There's no indication of a fuel leak from a petroleum drilling ship that ran aground on a remote Alaska island, the Coast Guard says of a maritime accident that has refueled debate over oil exploration in the U.S. Arctic Ocean.

The Royal Dutch Shell PLC ship was being towed to a Pacific Northwest shipyard for maintenance when it went aground during a vicious storm New Year's Eve.

"There are still no signs of any sheen or environmental impact and the Kulluk appears to be stable," Coast Guard Capt. Paul Mehler said Wednesday night, after flying over the rig with a Shell representative and an Alaska Environmental Conservation Department official.

He said he saw four life boats on the shoreline but there was no indication that other debris had been ripped from the ship.



The overflight in rain and 35 mph winds showed a few birds but no marine mammals near the rig, said Steve Russell of the Environmental Conservation Department.

Calmer weather conditions on Wednesday allowed a team of five salvage experts to be lowered by helicopter to the Royal Dutch Shell PLC ship to conduct a three-hour structural assessment.

After the grounding, critics quickly asserted that it has foreshadowed what will happen north of the Bering Strait if drilling is allowed.

Environmentalists for years have said conditions are too harsh and the stakes too high to allow industrial development in the Arctic, where drilling sites are 1,000

miles or more from the closest Coast Guard base.

For oil giant Shell, which leads the way in drilling in the frontier waters of the U.S Arctic, a spokesman said the grounding will be a learning experience in the company's yearslong effort to draw oil from beneath the ocean floor, which it maintains it can do safely. Though no wells exist there yet, Shell says it has invested billions of dollars gearing up for drilling in the Beaufort and the Chukchi seas, off Alaska's north and northwest coast.

The potential bounty is high: The U.S. Geological Survey estimates 26.6 billion barrels of recoverable oil and 130 trillion cubic feet of natural gas exist below Arctic waters.

Environmentalists note the Beaufort and Chukchi seas are some of the wildest and most remote ecosystems on the planet. They also are among the most fragile, supporting polar bears, the ice seals they feed on, walrus, endangered whales and other marine mammals that Alaska Natives depend on for their subsistence culture.

"The Arctic is just far different than the Gulf of Alaska or even other places on earth," said Marilyn Heiman, U.S. Arctic director for the Pew Environment Group.

Royal Dutch Shell PLC in 2008 spent $2.1 billion on Chukchi Sea leases and estimates it has spent a total of nearly $5 billion on drilling efforts there and in the Beaufort. Shell Alaska spokesman Curtis Smith said the company has a long, successful history of working offshore in Alaska and it is confident it can build another multidecade business in the Arctic.

"Our success here is not by accident," Smith said. "We know how to work in regions like this. Having said that, when flawless execution does not happen, you learn from it, and we will."

The drill ship that operated in the Beaufort Sea, the Kulluk, a circular barge with a funnel-shape hull and no propulsion system, ran ashore Monday on Sitkalidak Island, which is near the larger Kodiak Island in the gulf.

The ship had left Dutch Harbor in the Aleutian Island under tow behind the 360-foot anchor handler Aiviq on Dec. 22. It was making its way to a Pacific Northwest shipyard when it ran into a powerful storm — a fairly routine winter event for Alaska waters.

The tow line snapped Dec. 27. Shell vessels and the Coast Guard reattached tow lines at least four times. High wind and seas that approached 50 feet frustrated efforts to control the rig, and it ran aground on a sand and gravel beach.

Shell, the drill ship operators and transit experts, and the Coast Guard are planning the salvage operation.

The state of Alaska has been an enthusiastic supporter of Arctic offshore drilling. More than 90 percent of its general fund revenue comes from oil earnings. However, the trans-Alaska pipeline has been running at less than one-third capacity as reserves diminish in North Slope fields. State officials see Arctic offshore drilling as a way to replenish the trans-Alaska pipeline while keeping the state economy vital.

In September, two Shell ships sent drill bits into the U.S. Arctic Ocean floor for the first time in more than two decades. They created top holes and initial drilling for two exploratory wells. Drilling ended on the last day of October.

The grounding in the North Pacific is not a wellhead blowout in the Arctic, and not a drop of oil has been detected in the water. But environmental groups say it's a bad sign.

Drill rigs in Arctic waters could be affected by ice any time during the four-month

open water season, said Heiman, of the Pew Environment Group. The other threats — near hurricane-force winds compounded by cold and darkness — were seen in the grounding, she said.

"We know that in the Arctic and in the gulf it's not uncommon to have pretty high seas, and you have to take precautions," she said. "If you're going to dill in those types of conditions, or even move vessels in those conditions, you have to have strong, Arctic-specific gear and equipment and safety training. It has to be very vigorous, and I don't think we're there yet."

Shell was fortunate in some ways, she said, that the Kulluk experienced problems near Kodiak.

"Up in the Arctic, you are 1,000 miles away from any Coast Guard station and the kind of response they were able to deploy in Kodiak," she said. The Coast Guard the last few summers has staged equipment and personnel in the Arctic. That has meant a couple of helicopters and possibly a cutter, Heiman said. It in no way can be compared to the Gulf of Mexico and the resources available for BP's Deepwater Horizon disaster.

"It's remote. There are no roads. There's no real, true spill response capability like you would have in the gulf, where you have ports and harbors and boats and fishing boats and vessels everywhere," she said.

Shell has said its preparations will allow it to operate safely far from the Coast Guard base. Like a backcountry camper, Shell has promised to carry all the response equipment needed to the isolated drilling sites: a fleet of more than 20 response vessels that could respond in either the Beaufort of the Chukchi.

Shell spokesman Smith said the company remains confident in its ability to operate safely.

"We encountered severe weather basically all summer long in the Arctic," he said. "While it was challenging, the personnel and the assets and the rigs performed very well."

When a massive ice flow moved toward the drill ship operating in the Chukchi after less than a day of drilling, Shell released the vessel from anchors and moved out of the way.

"As disappointing as that was, given how long we had waited to start drilling — we were only a day in — we had the time and made the decision to disconnect from anchors and safely move off," Smith said. "That's how responsible operators work in the Arctic, or anywhere, really."

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