

U.S. Announces Arctic Drill Vessel Reviews

DAN JOLING, Associated Press

ANCHORAGE, Alaska (AP) — A day after Royal Dutch Shell PLC towed a damaged floating drill rig to shelter from a remote Alaska island, Interior Secretary Ken Salazar announced the department will perform an "expedited, high-level assessment" of the 2012 Arctic offshore drilling season.

Salazar said the review will pay special attention to challenges that Shell encountered with the drill barge Kulluk, which ran aground New Year's Eve, the drill ship Noble Discoverer, which last month was found with safety deficiencies, and Shell's oil spill response vessel barge, which could not obtain certification in time for year's drilling season.

The administration is committed to exploring potential energy resources in frontier areas such as the Arctic, Salazar said in his announcement.

"But we also recognize that the unique challenges posed by the Arctic environment demand an even higher level of scrutiny," he said.

Salazar announced the 60-day review shortly after the Coast Guard commander overseeing the Alaska district said he had ordered a formal marine casualty investigation of the Kulluk.

Rear Adm. Thomas Ostebo said the investigation will look at every aspect of the incident, from possible failure of materials to evidence of misconduct, inattention or negligence.

Democratic Sen. Mark Begich, chairman of the Senate Subcommittee on Oceans, Atmosphere, Fisheries and the Coast Guard, also announced he would conduct a hearing on the grounding.

Shell Alaska spokesman Curtis Smith said the company welcomes the Interior Department review and that it would help strengthen the Alaska program. Shell has already been in dialogue with the department, Smith said.

"While we completed our drilling operations off the North Slope safely, and in accordance with robust regulatory standards, we nevertheless experienced challenges in supporting the program, especially in moving our rigs to and from the theater of operations," he said.

The Kulluk, a circular barge 266 feet (81 meters) in diameter with a 160-foot derrick rising from its center, drilled last year in the Beaufort Sea. It was being towed to Seattle on Dec. 27 when it lost its tow line to the Aiviq, a 360-foot (100-meter) anchor handler. The Aiviq a few hours later lost power to all of its engines.

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Lines to the drill vessel were reattached four times but broke and the barge ran aground New Year's Eve on tiny Sitkalidak Island near Kodiak Island. The Aiviq on Sunday night pulled the drill rig to deeper water and towed it Monday to a sheltered bay on Kodiak Island.

Shell's second Arctic drill ship, the Noble Discoverer, owned by Noble Corp., experienced a separate set of problems, starting with a vibration its propulsion system after leaving the Chukchi Sea in early November. The vessel was inspected in the Aleutian Islands port of Dutch Harbor and the vibration problem got worse after the ship sailed for Seward.

Coast Guard inspectors in Seward found what the agency describes as several major issues regarding crew safety and pollution prevention equipment. Investigators ordered the vessel to remain in Seward more than two weeks while deficiencies were addressed.

Drilling in Arctic waters last year was limited to top holes and other preliminary work. Neither vessel was allowed to drill into petroleum-bearing rock because Shell's oil spill response barge was unable to achieve certification in time for the short open-water season. Shell's spill response plan calls for the barge to carry a containment dome that could hover over a compromised well and funnel oil and gas to the surface. The dome was damaged during testing Sept. 15.

Shell Alaska vice president Pete Slaiby said in October a faulty electrical connection associated with one of the valves caused the valve to open and the device descended rapidly, seriously damaging buoyancy chambers.

Salazar said Bureau of Ocean Energy Management Director Tommy Beaudreau will lead the Shell review. It will look at safety management systems, oversight of contractors and the company's ability to meet the strict Arctic standards, he said.

Ostebo said the Coast Guard investigation of the Kulluk will review the cause of the accident looking at the full scope of all towing vessels, towing equipment, procedures and personnel involved. The investigation likely will take several months, he said.

No date for the Begich hearing has been set. The Senate will reconvene in late January.

Environmental groups strongly oppose Arctic drilling.

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