

Arctic oil drillers face tighter US rules to stop spills

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Royal Dutch Shell Plc and any oil drilling company that prospects in the Arctic Ocean must boost safety practices to prevent spills in the frigid and often hostile waters or mitigate the impact, U.S. regulators proposed Friday.

The Interior Department's first Arctic-specific [drilling](#) rules respond to mishaps that plagued Shell's efforts three years ago, by shortening the drilling season and requiring companies to have a backup rig nearby. Shell had already agreed to do much of what's in the proposal as part of its 2012 exploration plan, which was suspended after the stumbles.

"Until now these requirements were applied as part of Shell's exploration plan," Abigail Ross Hopper, director of the Bureau of Ocean and Energy Management, said Friday during a conference call with reporters. "The proposed regulation takes those requirements and codifies them."

The plan from Interior marks the latest in a series of measures from President Barack Obama's administration to regulate offshore or Alaskan oil production. Obama declared Alaska's Bristol Bay and the Arctic National Wildlife Refuge as off limits for oil drilling last month, and issued an offshore drilling plan that reduced areas for exploration in the Arctic.

Those plans were denounced by oil industry lobbyists and Republican lawmakers from Alaska. Still, Shell neither complained nor praised the proposed rule.

"Of paramount concern in all of our operations is safety and environmental protection," Curtis Smith, a Shell spokesman, said in an email. "We support regulations that further these imperatives in the Arctic, provided they are clear, consistent and well-reasoned."

Shell has said it wants to resume exploration when the weather gets warmer this year after halting operations in 2012 when a [drilling rig](#) ran aground and it was fined for air pollution. Environmental groups, citing harsh conditions and a fragile ecosystem, say it's a mistake to drill in the region.

"The new rules clearly are needed and are an improvement, but they do not ensure safe and responsible operations in the Arctic Ocean," said Susan Murray, deputy vice president of Washington-based Oceana. "There is no proven way to respond to a spill in icy Arctic waters."

Oil exploration and production companies in the past decade stepped up plans to drill in the Arctic, using technology that may let them reach reserves trapped in the sea floor beneath ice. The Chukchi and Beaufort seas may contain 24 billion barrels of oil, according to the U.S. Geological Survey.

The Interior Department said the proposal builds on the requirements Shell has accepted. The rules require companies to use equipment designed specifically to perform in the extreme cold and high seas; have a relief rig and containment dome ready and nearby; and halt drilling 45 days before the short season ends to provide enough time to drill a relief well, if needed.

Operators can request approval of alternatives to a relief rig "if they can demonstrate provides same or better level of protection," the Interior rule said. The proposal is subject to 60 days of public comment.

When it visited the White House to lobby on this rule last year, Shell argued that requiring a second rig and cutting short oil production would cost billions of dollars with little or no safety benefit.

"We have and will continue to take unprecedented steps to ensure we can operate safely and responsibly in the Arctic," Smith said in an email.

Shell, the only company with current plans to explore off the Alaska coast, drilled two preparatory wells after spending about \$6 billion over almost a decade in preparation. While the drilling itself had few glitches, Shell had difficulty deploying and then moving out its drilling rigs, Interior said in its proposal.

Shell's conical drilling barge, the Kulluk, was damaged when it ran aground in southern Alaska Dec. 31, 2012, while being towed during a storm. The Noble Discoverer drill ship was temporarily detained by the U.S. Coast Guard a month earlier after it lost propulsion while docking at Seward, Alaska.

In 2013, the Environmental Protection Agency said that Shell's operation of the Kulluk violated "numerous conditions in the permit" under the Clean Air Act.

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