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Shell receives air permits for Chukchi drilling

By DAN JOLING (AP) – 6 days ago



ANCHORAGE, Alaska — The Environmental Protection Agency has approved clean air permits for Shell Oil to drill exploratory wells in the Chukchi Sea off Alaska's northwest coast, U.S. Sen. Mark Begich announced Thursday.

Shell wants to drill three exploratory wells on the Arctic Ocean acreage leased offshore in a 2008 sale.

The permit clears a regulatory hurdle for Shell, but the company faces others before drilling ships head to the waters off Alaska's northwest coast.

The announcement came one day after President Barack Obama and Interior Secretary Ken Salazar announced a revised outer continental shelf leasing program that affects four areas off Alaska.

The revision was in part a response to a lawsuit by three environmental groups and an Inupiat Eskimo community. A federal appeals court in Washington, D.C., a year ago agreed that the Interior Department did not properly study the environmental impact of expanding oil and gas drilling off Alaska's coast before issuing its five-year leasing program.

Salazar on Wednesday announced the agency had considered nearly 50 studies for its revised leasing program.

For the Chukchi and Beaufort seas, Salazar said, lease sales would be suspended for at least two years so that additional scientific studies could be conducted and because the estimated benefit is outweighed by potential environmental damage.

However, he retained the 2008 Chukchi lease sale, in which Shell paid \$2.1 billion for leases. Information from lease holders' scientific studies, including whether an oil spill can be cleaned up in broken ice, would help him determine whether additional lease sales are needed in the 2012-2017 lease program, Salazar said.

Shell spokesman Curtis Smith said Thursday the delivery of the final Chukchi Sea air permit on the heels of Wednesday's news that the company would continue to have access to offshore acreage obtained in 2008 was excellent news.

He said it's the company's hope that a final Beaufort Sea air permit will soon follow so exploratory drilling could be conducted there.

The Chukchi permit will be listed for 30 days before it becomes usable, and it could be appealed, Smith said. Lawsuits also could interrupt Shell plans for drilling.

The Minerals Management Service has a court appearance next month in a lawsuit challenging its approval of Shell's Chukchi exploration plan. The 2008 lease sale also is being challenged in Alaska District Court.

Begich, D-Alaska, called the EPA's approval great news for the state.

"I'm hopeful we're poised for a renaissance in Alaska's oil patch, with this permit for Chukchi development and the Obama administration's support for OCS development," Begich said.

He said the Minerals Management Service estimates the Chukchi could hold recoverable reserves of 15 billion barrels of oil and 77 trillion cubic feet of natural gas.

Brendan Cummings, an attorney for the Center for Biological Diversity, called the air permit "highly problematic and likely illegal."

"While Shell's drilling operations would contribute significant amounts of conventional pollutants to the atmosphere, perhaps our biggest concern is that large amounts of black carbon, which directly contributes to Arctic warming, will be released, yet EPA failed to perform any real analysis of such impacts," he said.

The Clean Air Act requires EPA to impose conditions related to greenhouse gas emissions, he said, and Shell's drilling will likely contribute upward of 90,000 tons of carbon dioxide to the atmosphere.

"There was no analysis, much less attempt at regulation of this pollutant," he said.

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