

White House conditionally approves Arctic Drilling

May 11, 2015

The Bureau of Ocean Energy Management (BOEM) issued a statement on May 11 granting Royal Dutch Shell PLC (Shell) conditional drilling rights in the Chukchi Sea off Alaska's northwest coast. Shell will begin drilling six wells in early July 2015, provided they secure additional permits regarding drilling and wildlife.

The Chukchi reserve may hold an estimated 15.4 billion barrels of recoverable oil and is expected to yield over 4.3 billion barrels in the coming decades. This yield would require eight Arctic-class platforms with 589 wells for exploration, delineation, production, and service.

Before drilling can begin, Shell must receive additional drilling permits from the Bureau of Safety and Environmental Enforcement (BSEE), as well as permits regarding environmental protection from the U.S. Fish and Wildlife Service and the Environmental Protection Agency. Shell must also demonstrate their oil spill response plan for a worst case scenario—a blowout releasing 669,000 barrels of oil over 38 days.

Environmental groups have criticized the Administration's decision in light of Shell's failed 2012 mission to drill in the Chukchi Sea, after which the Kulluk oil rig ran aground while being towed to port. Furthermore, the Port of Seattle Commission is threatening to oppose Shell's plans to use Seattle as a home base for Arctic operations.

The oil industry has praised the Administration's move toward expanded drilling operations in an area considered to be the nation's largest untapped oil resource. Senator Lisa Murkowski (R-AK) also commended the move by the Administration saying it was another "important step toward the United States assuming a leadership role in the Arctic."

Sources: E&E News

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