

Shell Oil Arctic drilling rig runs aground

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One of Shell Oil's two Arctic oil drilling rigs—carrying approximately 140,000 gallons of diesel and 12,000 gallons of lubrication oil and hydraulic fluid—beached Monday night on Sitkalidak Island, an island in the Gulf of Alaska about 250 miles south of Anchorage. The 18-man crew was successfully evacuated Saturday evening, after the rig first went adrift. So far, no fuel has been spilled.

The rig, the Kulluk, went adrift two days before it ran aground. The Shell-chartered Aiviq lost its

tow line to the rig and then all four of its engines malfunctioned, leaving only the tugboat, the Alert, to attempt to pull the rig. Instead, the high winds and waves, described as “near hurricane” conditions, dragged the tugboat more than 10 miles. All the Alert was able to do was to guide the Kulluk to an area where it would have the least environmental impact. The decision was then made to cut the Alert's lines as well, to stop the vessel from being dragged any further by the oil rig.

Both boats were towing the rig from Dutch Harbor to Seattle for scheduled winter maintenance. Continued high winds and high waves, some of which reached 70 miles per hour and 40 feet respectively, prevented at least four attempts to re-secure the Kulluk before it beached.

The US Coast Guard reports that the rig is “upright and stable.” A five-man salvage team arrived by helicopter on Wednesday to assess how best to recover the rig. They confirmed during the course of their three-hour investigation that no oil was spilled and that it is highly unlikely that the steel containment for the oil would be breached as a result of this incident.

Shell has invested nearly \$300 million to repair and update the 29-year-old rig. Risks to the rig include structural damage caused by the constant pounding of the surf, as well as the danger that the high waves, some reportedly 50 feet tall, could break over the deck,

flooding the engines and other equipment. Ice flows are also a threat, especially in winter months. If a spill did occur, the diesel fuel potentially threatens populations of salmon, sea lions and sea otters.

Although the Coast Guard “positively reviewed” Shell Oil's three- to four-week plan to move the rig, based on a two-week forecast of clear weather, the decision has already been called into question. “You got notoriously big storms this time of year in the Gulf,” said Dan Magone, the president of the salvage company Magone Marine. “To tow it down (to Seattle) at this time of year, it was unwise,” he added. “They didn't realize what they were getting involved with, or overestimated their abilities to handle a tow like that.”

Historically, weather conditions in the Gulf of Alaska at this time of year have been similar to those that grounded the rig.

This is the latest in a series of accidents that has forced Shell Oil to postpone drilling in the Arctic. It will add to the growing investment put into Arctic drilling by the company, which has now surpassed \$5 billion with no profit to show for it. Other mishaps include Shell's other Arctic drilling platform, the Noble Discoverer, which caught fire in November of last year. Earlier in the year, Shell's newly developed containment barge, designed for Arctic conditions, was damaged during certification tests.

This latest incident may also delay Shell's plan to begin drilling by at least another year. The Kulluk has already drilled the first half of two wells, what would have been the company's first Arctic drilling sites. However, if the Kulluk is too damaged or unrecoverable, Shell will be unable to drill, despite having a second platform. The company's contract with the federal government requires it to have two platforms in the Arctic at all times, so that if a leak occurs and one platform is unable to shut it down the other can drill a relief well.

Such conditions are made necessary by the remote nature of the Beaufort Sea, the primary Arctic drilling site. It is north of Alaska and getting to the area requires passing through the Bering Strait. If a spill were to occur there, cleanup would be made extremely difficult, not simply due to the remote location and weather. The entire area of a spill could be cut off by ice if cleanup crews arrive in the fall or winter, allowing oil to deeply mesh itself with ecosystems, not only north of Alaska but of the entire Arctic.

The delay in any drilling by Shell is compounded by the short drilling season in the Arctic, where sea ice only gives way for the summer, allowing drilling platforms to drill and transport oil unheeded, although companies are betting on more Arctic ice melting as a result of global warming. (See “ Melting ice in the Arctic unleashes race for profits ”) Shell will also need to secure a federal permit for drilling, which it does not have at this point. Furthermore, if the Kulluk proves unrecoverable, it is unlikely that Shell could find a replacement in time for summer drilling.

Larger interests are involved with Shell Oil’s Arctic drilling plans. Shell is currently the prospector for Arctic oil, being the first to heavily invest in the resources to learn how to drill in the Arctic. Other conglomerates, such as BP, which paid only \$4.5 billion as a result of criminal charges for the 2010 Gulf of Mexico spill, are waiting in the wings to see if Shell can successfully drill in the Arctic for a profit. No doubt Shell will make even more money if it ever succeeds in Arctic drilling by selling the techniques to do so to these other companies.

Moreover, Shell’s plans are in line with the federal energy policy of the Obama administration, which wishes to meet the prediction of the International Energy Agency that as long as the US allows companies to expand offshore and Arctic drilling, among other endeavors, it will produce more oil than Saudi Arabia by 2020. According to the *Wall Street Journal*, this most recent accident will not affect the current energy policy established after the moratorium on offshore drilling, prompted by the 2010 BP spill, was ended.

Arctic drilling is also a point of contention between the US and Canada, as the US government has issued leases for companies to drill in areas that are in a disputed area of the US-Canadian border.



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