

On February 27, Shell Oil Company announced that it will not drill in the Arctic in 2013. After six years of preparation, Shell's 2012 drilling program started off with a series of problems that eventually rendered it unable to complete oil drilling from exploration wells during the summer drilling season. Shell gained approval to conduct only "tophole" exploratory drilling, yet even despite a severely scaled down development program, the international oil giant continued to be plagued with substantial problems throughout and after 2012, which ended with two damaged drilling rigs.



Shell's Kulluk drilling rig grounded near Kodiak, AK. Photo Credit: U.S. Coast Guard

The bottom line is that despite almost unlimited resources and government agencies bending over backwards for them, Shell was derailed by its lack of preparedness and inability to operate in the unforgiving conditions offshore of Alaska. Shell's experiences should be a cautionary tale as decisions are made about whether to authorize these activities in the future. An oil spill in the remote Arctic ecosystem would be devastating – currently, there is no effective way to clean up an oil spill in Arctic conditions, and there is a lack of infrastructure in the region to support an adequately safe drilling or cleanup effort.

Shell's Failed Track Record

Shell's 2012 drilling season was one of mistakes, missteps and broken promises, highlighting the fact that the Obama administration should not be moving forward with a massive drilling program in this pristine and remote region. Within the last year, Shell:

- * [Lost control](#) of its 546-foot drillship *Noble Discoverer*, in Dutch Harbor in July, hundreds of miles to the south of the Arctic Ocean on its way to start the summer's drilling.
- * [Was cited](#) by the Coast Guard for 16 safety and environmental violations for the *Noble Discoverer*. The Coast Guard found a lack of preventive maintenance and "systematic failure" that led to the *Noble Discoverer* experiencing a loss of its propulsion system and an explosion in its exhaust system. The 16 violations are detailed in [a letter from Rep. Markey](#).
- * [Investigated again by the Coast Guard](#). On March 27, the Coast Guard announced the *Kulluk* was also under investigation for possible violations for international marine environmental rules. The Coast Guard has asked federal prosecutors to take action on these possible violations.
- * [Argued with the Coast Guard](#) about the safety standards required for its oil spill response barge, the *Arctic Challenger*. The *Challenger* was built in 1976 and, prior to Shell's use, had been dormant since the late 1990s. It made headlines in 2007 when it had been stationary so long that a colony of endangered Caspian terns colonized it and raised hatchlings. The barge was never renovated because its owner decided to invest in barges with more modern, fuel-efficient hull designs. The Coast Guard ultimately allowed for the lesser safety standards, and yet Shell was still unable to get the *Challenger* certified to assist with their drilling season.
- * [Damaged its oil spill containment dome](#) during a failed sea trial which occurred off the comparatively mild coast of Washington and not in the extreme, icy conditions of the Arctic. According to Bureau of Safety and Environment Enforcement (BSEE) emails, the containment dome test was intended to take a single day. After five days of struggle to get the containment

dome certified, it “breached like a whale” then sunk more than 120 feet. About 12 hours later, the crew of the *Challenger* managed to get the dome back to the surface and a BSEE official noted that, “basically the top half is crushed like a beer can.”

- * [Abandoned its drilling operation temporarily within 24 hours](#) of receiving a preliminary permit because a huge ice sheet (at 30 miles by 12 miles, larger than the combined five boroughs of New York City) barreled down on its drilling site.
- * Had [the Discoverer catch on fire](#). After it departed the Arctic, the *Discoverer* had an engine fire which created a huge explosion and black smoke. The extent of the damage is still unclear.
- * [Lost control](#), on New Year’s Eve, of its other drillship, the *Kulluk*, in the Gulf Alaska after it broke free from two tow ships in rough seas. The massive oil rig eventually grounded in ecologically and culturally sensitive habitat off an island near Kodiak, Alaska until it was able to be towed, days later, to a safer harbor.
- * Saw the *Discoverer* put under [investigation by the Coast Guard’s criminal division](#) due to serious issues with the ship’s safety management and pollution discharge equipment.
- * [Violated the Clean Air Act](#), according to the Environmental Protection Agency (EPA) which issued fines of 1.1 million to Shell Oil Company on September 5, 2013, for its Clean Air Act permits for the *Kulluk* drill unit and *Discoverer* drillship. Based on EPA’s inspections and Shell’s excess emission reports, EPA documented numerous air permit violations for Shell’s Discoverer and Kulluk drill ship fleets during the approximately two months the vessels operated during the 2012 drilling season. These violations came after Shell successfully lobbied EPA to lower the applicable standards; Shell could not comply with even the new, lower standards.
- * [Backtracked](#) on the outrageous assumption included in its Arctic oil spill response plans that it could clean up 95 percent of a major spill in the Arctic. Recovery rates after the *Deepwater Horizon* and Exxon *Valdez* spills were closer to 10 percent. When asked specifically, Shell backtracked, asserting that it intended only to “encounter” spilled oil, not recover or clean it up. One Shell spokesman went so far as to say that when it comes to potential Arctic oil spill cleanup, “it would be rather ridiculous of us to make any kind of performance guarantee.”
- * [Contracted for helicopters that weren’t ready for ice conditions](#). According to *Popular Mechanics*, “Shell had contracted with PHI, Inc., a helicopter services company that is ubiquitous in the Gulf of Mexico. But the company’s Sikorsky S-92 helicopters had not been prepared with de-icing equipment, and the pilots I spoke with lacked experience flying on the North Slope.”
- * Failed to depart the Arctic at the end of the drilling on schedule due to technical difficulties. [Popular Mechanics reported](#), as of November 6, the company’s *Kulluk* rig was still moored in the Beaufort Sea where temperatures have dropped below zero resulting in a logistical nightmare for Shell. On November 8, the ship was able to break free and head to Dutch Harbor.

These disturbing experiences have led oil companies like Total and Statoil, and even the U.K. Parliament, to rethink the prudence of the current risky rush to drill the Arctic. Further, insurance companies, like Lloyd’s of London, are warning about the risks inherent in these activities. The United States should heed these warnings and the lessons from Shell’s failed drilling season.

The Bottom Line:

President Obama cannot allow drilling in the Arctic Ocean. Shell’s long list of setbacks and failures – coupled with the extreme risk for oil spills and further climate destruction in an already fragile ecosystem – provides overwhelming evidence that the oil and gas industry is not prepared to operate safely in the Arctic Ocean. President Obama should prioritize protecting the Arctic as part of his climate legacy and not approve any further offshore drilling in the region.

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