



Home Page > BSEE Newsroom

BSEE APPROVES UPDATED PERMIT FOR EXPLORATION ACTIVITIES IN ARCTIC WATERS UNDER RIGOROUS SAFETY REQUIREMENTS

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WASHINGTON

WASHINGTON — After extensive review and under a robust array of safety requirements, Bureau of Safety and Environmental Enforcement (BSEE) Director Brian Salerno today announced that Shell has received approval of one Application for Permit to Modify (APM) to conduct exploratory drilling activities into potential oil-bearing zones offshore Alaska at one of the wells at the Burger Prospect, Burger J. The company remains limited to the top section of the Burger V well.

Shell submitted an APM on August 6 to modify the Burger J Application for Permit to Drill (APD), which previously restricted Shell from drilling into oil-bearing zones since a capping stack was not on hand and deployable within 24 hours, as required by BSEE. A capping stack is a critical piece of emergency response equipment designed to shut in a well in the unlikely event of a loss of well control. The capping stack, staged on the vessel M/V Fennica, is now in the region and capable of being deployed within 24 hours.

“Activities conducted offshore Alaska are being held to the highest safety, environmental protection, and emergency response standards,” said Salerno. “Now that the required well control system is in place and can be deployed, Shell will be allowed to explore into oil-bearing zones for Burger J. We will continue to monitor their work around the clock to ensure the utmost safety and environmental stewardship.”

Shell is still prohibited from simultaneous drilling at Burger J and V, in accordance with the approved APDs, which define limitations related to marine mammal protection consistent with requirements established by the U.S. Fish and Wildlife Service (USFWS). Consistent with regulatory requirements, a USFWS Letter of Authorization (LOA) issued on June 30 requires Shell to maintain a minimum spacing of 15 miles between active drill rigs during exploration activities to avoid significant effects on walrus in the region.

Under the LOA, Shell is also required to have trained wildlife observers on all drilling units and support vessels to minimize impacts to protected species. Shell must stay within explicitly outlined vessel operating speeds and report daily regarding all vessel transits.

To ensure compliance with this and other conditions, BSEE safety inspectors have been present on the drilling units Noble Discoverer and Transocean Polar Pioneer 24 hours a day, seven days a week to provide continuous oversight and monitoring of all approved activities. The inspectors are authorized to take immediate action to ensure compliance and safety, including cessation of all drilling activities, if necessary. BSEE experts have been engaged in thorough inspections of both drilling units and Shell's response equipment.

The Burger Prospect is located in about 140 feet of water, 70 miles northwest of the village of Wainwright.

BSEE's close oversight of drilling operations in the Chukchi Sea this year is consistent with its continuing efforts over the

past five years to upgrade safety standards to improve the safety of offshore oil and gas development. In addition, building on the lessons learned from Shell's 2012 drilling operations in the offshore Arctic and incorporating the recommendations of a Departmental review of those activities, the Bureau of Ocean Energy Management (BOEM) on May 11, 2015, provided conditional approval of Shell's Exploration Plan, which established numerous additional stringent safety requirements:

All phases of an offshore Arctic program – preparations, drilling, maritime and emergency response operations – must be integrated and subject to strong operator management and government oversight, as detailed in Shell's Integrated Operations Plan;

A shortened drilling season to allow time for open-water emergency response and relief rig operations late in the drilling season before projected ice encroachment;

Capping stack must be pre-staged and available for use within 24 hours;

A tested subsea containment system must be deployable within eight days;

The capability to drill a same season relief well;

A robust suite of measures to avoid and minimize adverse impacts to marine mammals and their habitat, impacts to Native subsistence activities, and other environmental impacts; and

Drilling units and their supporting vessels must depart the Chukchi Sea at the conclusion of each exploration drilling season.

The Department has also published proposed regulations to ensure that future exploratory drilling activities on the U.S. Arctic Outer Continental Shelf are done safely and responsibly, subject to strong and proven operational standards and Shell's Chukchi Sea operations are being held to many of standards in the proposed regulations.

The APM and decision letter can be found [here](#).

