

# U.S. agency overseeing oil drilling ignored warnings of risks

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The federal agency responsible for regulating offshore oil drilling repeatedly ignored warnings from government scientists about environmental risks in its push to approve energy exploration activities quickly, according to numerous documents and interviews.

Minerals Management Service officials, who receive cash bonuses for meeting federal deadlines on leasing offshore oil and gas exploration, frequently altered their own documents and bypassed legal requirements aimed at ensuring drilling does not imperil the marine environment, the documents show.

This has dramatically weakened the scientific checks on offshore drilling that were established under landmark laws such as the Marine Mammal Protection Act and the National Environmental Policy Act, according to those who have worked with MMS, which is part of the Interior Department.

"It's a war between the biologists and the engineers," said Thomas A. Campbell, who served as the National Oceanic and Atmospheric Administration's general counsel under George H.W. Bush. "They just have a very different worldview, and sometimes the engineers simply don't listen to the biologists."

MMS officials in both Alaska and the Gulf of Mexico have instructed agency scientists to avoid triggering environmental reviews that would delay drilling.

When scientists elsewhere in the federal government, such as NOAA and the Marine Mammal Commission, have tried to raise red flags under both the Bush and Obama administration, their calls have gone largely unheeded.

Last year, for example, federal marine mammal experts warned the MMS that it had minimized the environmental risks of drilling when assessing the impact of auctioning leases in four areas in Alaska's Beaufort and Chukchi seas.

MMS officials did not respond, although they are required under law to either adopt the recommendations from the experts or explain within 120 days why they rejected them. Their draft analysis was not finalized before the administration postponed further action on lease sales in March.

MMS officials also ignored the advice of its staff experts. In 2006, then-MMS biologist Jeff Childs provided a detailed analysis of how the Exxon Valdez spill had harmed generations of fish in Prince William Sound, and how a future spill could do the same in the Beaufort Sea. But Childs's conclusion that "a large oil spill . . . is likely to result in significant adverse effects on

local [fish] populations requiring three or more generations to recover" would have forced MMS to conduct a full Environmental Impact Statement before auctioning off a lease there.

"I have concerns about Jeff's analysis and will not insert it into the [Environmental Assessment] being sent to HQ at this time," wrote Deborah Cranswick, chief of the environmental assessment section at MMS, in a June 23 e-mail to her Alaska colleagues. "I believe that Regional management needs to review it first because Jeff has concluded new significant impacts from oil spills. This will trigger an EIS -- and thus delay the lease for at least a year."

Six days later, Paul Stang, Alaska MMS regional supervisor for leasing and the environment, sent a hand-written note to Childs saying, "As you know, a conclusion of significance under NEPA means an EIS and delay in sale 202. That would, as you can imagine, not go over well with HQ and others."

When Childs balked at deleting the finding, another manager rewrote it so that the lease process could move ahead without delay. The government held the sale in April 2007, receiving \$42 million in bids from Shell, Conoco, BP, ENI Petroleum U.S., and Total E&P USA. Native American groups unsuccessfully challenged the sale in court, and part of Shell's Beaufort exploration plan for this summer includes lease blocks from sale 202.

MMS staff analysts encountered similar resistance after reviewing the exploration plan Shell submitted for the Beaufort Sea in 2007. One predicted "the proposed action has the potential to cause significant impacts to a variety of protected wildlife resources." Another wrote: "Shell's exploration plan lacks sufficient detail and makes unreasonable conclusions; the details it does provide are disturbing." The agency approved the plan.

"Both in the case of MMS and NOAA, there's this agency culture that their job is to protect oil and gas activity," said Layla Hughes, senior program officer for the World Wildlife Fund's Arctic policy.

MMS actions are shaped in part by the 2005 regulation it adopted that assumes oil and gas companies can best evaluate the environmental impact of their operations.

The rule governing what information MMS should receive and review before signing off on drilling plans states: "The lessee or operator is in the best position to determine the environmental effects of its proposed activity based on whether the operation is routine or non-routine."

MMS acknowledged in a May 2000 draft environmental analysis of deepwater drilling in the Gulf of Mexico, "The oil industry's experience base in deepwater well control is limited," and that a massive spill "could easily turn out to be a potential showstopper for the [Outer Continental Shelf] program if the industry and MMS do not come together as a whole to prevent such an incident." But when it finalized the document that same month, it jettisoned those two statements and concluded there was no need to prepare an Environmental Impact Analysis for deepwater drilling: "Most deepwater operations and activities are substantially the same as those associated with conventional operations and activities on the continental shelf."

In an interview Friday, Interior Deputy Secretary David Hayes acknowledged that MMS had made decisions that lacked scientific justification but said the administration had put Arctic leasing on hold and enlisted U.S. Geological Survey scientists to ensure future decisions had scientific integrity.

"There are certainly historical issues there that we're interested in addressing and reforming," Hayes said. "I think we're in the process of getting a cultural change in the scientific part of MMS. We're making sure the science is not a means to an end, but an independent input to the process."

When asked why MMS did not comply with the law, Interior spokeswoman Kendra Barkoff replied, "We are going to continue to be aggressive in our reform agenda to ensure that all laws are followed."

But this pattern of dismissing biologists' input has continued under the Obama administration. The National Oceanic and Atmospheric Administration must issue a permit to energy companies when their activities could affect marine mammals and judge whether companies have established adequate programs to monitor and minimize their impact on these species.

Last June, an NOAA review panel issued a scathing critique of Shell Exploration and Production Co.'s plan to conduct an open-water marine survey in Alaska's Chukchi Sea. There "are no clearly stated 'scientific objectives' " in Shell's proposal, wrote Sue Moore from NOAA's Office of Science and Technology. "The plan makes a number of misleading statements that should be brought to the attention of the authors," wrote Tim Ragen, the Marine Mammal Commission's executive director.

But NOAA's Office of Protected Resources gave Shell the permit, without demanding modifications. Ragen said MMS has consistently minimized the environmental risks of offshore energy exploration.

"Policymakers need to know we don't have perfect information on many aspects of oil and gas operations. In essence, we're playing a game of probabilities involving significant uncertainty," he said. But the commission gets no "feedback on our recommendations, so I don't know how much attention they get."