

US emphatic -- no deal to let BP resume drilling

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Interior Secretary Ken Salazar on Monday rejected media reports that BP was striking a deal to resume deepwater drilling in the Gulf of Mexico a year after the worst oil spill in U.S. history.

British media on Sunday said BP was in talks with the U.S. government to restart drilling at existing wells less than a year after a blast on the Deepwater Horizon rig ruptured BP's underwater Macondo well, unleashing millions of barrels of oil.

Salazar called that a "misconception" and a spokeswoman for the Bureau of Ocean Energy Management regulator said "there are no ongoing negotiations".

"There is absolutely no such agreement nor would there be such an agreement" with BP to resume drilling, Salazar said at a briefing while visiting the Mexican capital.

He added that the company would need to go through the same process to resume drilling as other companies.

Salazar also condemned rig operator Transocean for granting bonuses based on what it said last week was an "exemplary" safety record in 2010, notwithstanding the rig blast that killed 11 workers.

One of the leading members of a presidential panel on deepwater drilling said the firm "just doesn't get it".

U.S. legal probes into the accident are ongoing, but a presidential commission earlier this year released a report blaming the disaster on systemic safety lapses and a series of mistakes made by BP and its contractors.

Months after lifting a temporary ban on deepwater drilling, the bureau has begun approving permits for such activity, clearing more than a handful of projects in the past few weeks.

BP is a partner in a well operated by Noble Energy, which received the first permit since the end of the ban.

Last week, BP America CEO Lamar McKay said the company was "working constructively" with regulators to meet new rules.

"We are encouraged by both verbal and written messages we have gotten from regulators," McKay had said.

BP is the largest holder of deepwater acreage in the Gulf of Mexico and the region is key to the company's future growth.

"The Gulf of Mexico is by value about 15 percent of the company at the moment so it's important that they drill there to replace reserves," Investec analyst Stuart Joyner said.

"If you look at the company's reputational issues, it's important that they're seen resuming business in the Gulf of Mexico alongside other participants. It's very much a psychological issue," Joyner said.

BP Chief Executive Bob Dudley said in February that the company expected to see production growth from its Gulf of Mexico operations returning in 2012 but this would depend on the timing of a drilling restart.

Salazar was in Mexico with officials from the White House commission that investigated the BP oil spill to discuss offshore drilling in the Gulf.

They condemned the bonuses provided by Transocean, which said in a filing last week that 2010 was its best year for safety on record.

"In my own view, 2010 was probably the greatest year of pain in terms of oil and gas development in the deep water all across the world, especially in the Gulf of Mexico," Salazar said, telling reporters Transocean was "at some fault" for the spill.

William Reilly, co-chairman of the oil spill commission, called Transocean's comments "embarrassing".

"It's been said with respect to the disaster that some companies just don't get it -- I think Transocean just doesn't get it," Reilly said.

The U.S. offshore drilling regulator is holding a hearing this week on the spill, but it was unclear whether Transocean employees would participate.