

First deep-water drilling permit issued for gulf since BP oil spill

The new well will track one plugged after a moratorium. Obama administration officials say pressure from courts and Congress did not affect the decision, but that the firm met new safety rules.

Neela Banerjee, Los Angeles Times, 3-1-11

WASHINGTON -- The Obama administration issued the first new deep-water drilling permit for the Gulf of Mexico since the BP oil spill, stoking cautious optimism Monday among some industry executives and Gulf Coast politicians about local oil and gas exploration.

The federal Bureau of Ocean Energy Management, Regulation and Enforcement approved a permit for the Houston-based company Noble Energy to drill a so-called bypass well in 6,500 feet of water about 70 miles southeast of Venice, La.

The new well would track one started in April 2010 but plugged two months later, when the government established a moratorium on deep-water drilling in response to BP's well blowout. Noble's new drilling would go around the plugs to reach the oil.

The administration's announcement comes as Interior Department officials face growing pressure from the courts and Congress to speed up the approval process. Not a single new well has been drilled in deep water since the April 20 BP oil spill, which killed 11 workers and spewed more than 200 million gallons of crude into the gulf.

After the worst offshore oil disaster in American history, the Interior Department revamped lax permitting procedures, and regulators and industry struggled to master them.

In mid-February, U.S. District Judge Martin Feldman ruled in Louisiana that the Interior Department had to act on drilling applications "within a reasonable time" and that delays had grown "increasingly inexcusable." The Republican-led House has promised to grill Interior Department officials about the delays at several hearings over the next few weeks.

On Monday, the director of the ocean energy bureau brushed aside suggestions that his agency was responding to pressure in issuing the permit. Instead, Michael Bromwich emphasized that Noble met the new, more stringent safety requirements.

"This permit was issued for one simple reason: The operator successfully demonstrated that it can drill its deep-water well safely and that it is capable of containing a sub-sea blowout if it were to occur," Bromwich said. "We expect further deep-water permits to be approved in coming weeks and months based on the same process that led to the approval of this permit."

Oil industry officials said the Noble well was not a new well in the typical sense: It tracks an existing well into geology that is already known, reducing the risks that the company and regulators must evaluate as part of the permitting process.

The American Petroleum Institute criticized the continuing backlog of applications. But other industry executives and politicians welcomed the news, while urging the administration to issue more permits soon.

"This is a good first step," Louisiana Gov. Bobby Jindal said. "But we must quickly get to a level of issuing permits that represents a critical mass so thousands of oil and gas industry workers can get back to work fueling America again."