

“Stage Two” of the BP Gulf of Mexico Environmental Disaster

New Drilling Permits amid 28,000 Unmonitored Abandoned Wells

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Global Research, October 25, 2011

[Food Freedom](#) 25 October 2011

Region: [USA](#)

Theme: [Environment](#)

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24,486 permanent and 3,593 temporarily abandoned wells in the Gulf of Mexico [[Image](#)]

Since BP's catastrophic Macondo Blowout in the Gulf of Mexico last year, the Obama Administration has granted nearly 300 new drilling permits [1] and shirked plans to plug 3,600 of more than 28,000 abandoned wells, which pose significant threats to the severely damaged sea. Among those granted new permits for drilling in the Gulf, on Friday Obama granted BP permission to explore for oil in the Gulf, allowing it to bid on new leases that will be sold at auction in December.

Reports Dow Jones: “The upcoming lease sale, scheduled for Dec. 14 in New Orleans, involves leases in the western Gulf of Mexico. The leases cover about 21 million acres, in water depths of up to 11,000 feet. It will be the first lease auction since the Deepwater Horizon spill.” [2]

Massachusetts Rep. Ed Markey objected to BP's participation in the upcoming lease sale, pointing out that: “Comprehensive safety legislation hasn't passed Congress, and BP hasn't paid the fines they owe for their spill, yet BP is being given back the keys to drill in the Gulf.”

Environmental watchdog, Oceana, added its objection to the new permits, saying that none of the new rules implemented since April 2010 would have prevented the BP disaster. “Our analysis shows that while the new rules may increase safety to some degree, they likely would not have prevented the last major oil spill, and similarly do not adequately protect against future ones.” [3]

Detailing the failure of the Dept. of Interior’s safety management systems, Oceana summarizes:

- Regulation exemptions (“departures”) are often granted, including one that arguably led to the BP blowout;
- Economic incentives make violating rules lucrative because penalties are ridiculously small;
- Blowout preventers continue to have critical deficiencies; and
- Oversight and inspection levels are paltry relative to the scale of drilling operation.

Nor have any drilling permits been denied [4] since the BP catastrophe on April 20, 2010, which still spews oil today [5].

28,079 Abandoned Wells in Gulf of Mexico

In an explosive report at Sky Truth, John Amos reveals from government data that “there are currently 24,486 known permanently abandoned wells in the Gulf of Mexico, *and* 3,593 ‘temporarily’ abandoned wells, as of October 2011.” [6]

Over a year ago, the Dept. of Interior promised to plug the “temporarily abandoned” (TA) wells, and dismantle another 650 production platforms no longer in use. [7] At an estimated decommissioning cost of \$1-3 billion [8], none of this work has been started, though Feds have approved 912 permanent abandonment plans and 214 temporary abandonment plans submitted since its September 2010 rule. [9]

Leaking abandoned wells pose a significant environmental and economic threat. TA wells are those temporarily sealed so that future drilling can be re-started. Both TA wells and “permanently abandoned” (PA) wells endure no inspections.

Over 600 of those abandoned wells belong to BP, reported the Associated Press last year. “Experts say abandoned wells can repressurize, much like a dormant volcano can awaken. And years of exposure to sea water and underground pressure can cause cementing and piping to corrode and weaken.” [10]

The AP added that some of the permanently abandoned wells date back to the 1940s. And Amos advises that some of the “temporarily abandoned” wells date back to the 1950s.

A three-month EcoHearth investigation revealed that a minimum of 2.5 million abandoned wells in the US and 20-30 million worldwide receive no follow up inspections to ensure they are not leaking. Worse:

“There is no known technology for securely sealing these tens of millions of abandoned wells. Many—likely hundreds of thousands—are already hemorrhaging oil, brine and greenhouse gases into the environment. Habitats

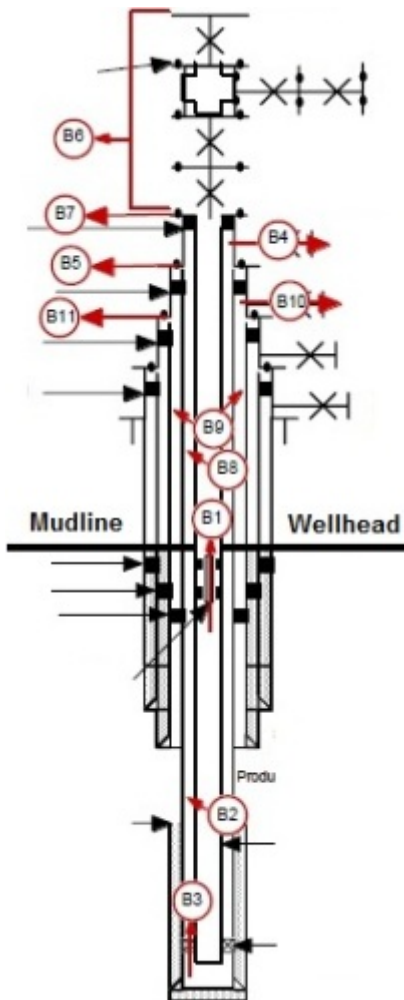
are being fundamentally altered. Aquifers are being destroyed. Some of these abandoned wells are explosive, capable of building-leveling, toxin-spreading detonations. And thanks to primitive capping technologies, virtually all are leaking now—or will be.” [11]

Sealed with cement, adds EcoHearth, “Each abandoned well is an environmental disaster waiting to happen. The triggers include accidents, earthquakes, natural erosion, re-pressurization (either spontaneous or precipitated by fracking) and, simply, time.”

As far back as 1994, the Government Accountability Office advised that there was no effective strategy in place to inspect abandoned wells, nor were bonds sufficient to cover the cost of abandonment. Lease abandonment costs estimated at “\$4.4 billion in current dollars ... were covered by only \$68 million in bonds.” [12]

The GAO concluded that “leaks can occur... causing serious damage to the environment and marine life,” adding that “MMS has not encouraged the development of nonexplosive structure removal technologies that would eliminate or minimize environmental damage.”

Not only cement, but seals, valves and gaskets can deteriorate over time. A 2000 report by C-FER Technologies to the Dept. of Interior identified several different points where well leaks can occur, as [this image \(p. 26\)](#) reveals. [13]



To date, no regulations prescribe a maximum time wells may remain inactive before being permanently abandoned. “The most common failure mechanisms (corrosion, deterioration,

and malfunction) cause mainly small leaks [up to 49 barrels, or 2,058 gallons]. Corrosion is historically known to cause 85% to 90% of small leaks.”

Depending on various factors, C-FER concludes that “Shut-In” wells reach an environmental risk threshold in six months, TA wells in about 10-12 years, and PA wells in 25 years. Some of these abandoned wells are 63 years old.

The AP noted that none of the 1994 GAO recommendations have been implemented. Abandoned wells remain uninspected and pose a threat which the government continues to ignore.

Agency Reorganization

Not only was nothing was done with the 1994 GAO recommendations to protect the environment from abandoned wells, its 2003 reorganization recommendations [14] were likewise ignored. In a June 2011 report on agency reorganization in the aftermath of the Gulf oil spill, the GAO reports that “as of December 2010,” the DOI “had not implemented many recommendations we made to address numerous weaknesses and challenges.” [15]

The Minerals Management Service (MMS) was renamed the Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE) last May after MMS drew heavy fire for malfeasance, including allowing exemptions to safety rules it granted to BP. An Office of Inspector General investigation revealed that MMS employees accepted gifts from the oil and gas industry, including sex, drugs and trips, and falsified inspection reports. [16]

Reorganization proceeded. Effective October 1, 2011, the Dept. of the Interior split BOEMRE into three new federal agencies: the Office of Natural Resources Revenue to collect mineral leasing fees, the Bureau of Safety and Environmental Enforcement (BSEE) and the Bureau of Ocean Energy Management (BOEM) “to carry out the offshore energy management and safety and environmental oversight missions.” The DOI admits:

“The Deepwater Horizon blowout and resulting oil spill shed light on weaknesses in the federal offshore energy regulatory system, including the overly broad mandate and inherently conflicted missions of MMS which was charged with resource management, safety and environmental protection, and revenue collection.” [17]

BOEM essentially manages the development of offshore drilling, while BSEE oversees environmental protection, with some eco-protection overlap between the two agencies. [18]

Early this month, BSEE Director Michael Bromwich spoke at the Global Offshore Safety Summit Conference in Stavanger, Norway, sponsored by the International Regulators Forum. He announced a new position, Chief Environmental Officer of the BOEM:

“This person will be empowered, at the national level, to make decisions and final recommendations when leasing and environmental program heads cannot reach agreement. This individual will also be a major participant in setting the scientific agenda for the United States’ oceans.” [19]

Bromwich failed to mention anything about the abandoned wells under his purview. Out of

sight, out of mind.

Cost of the Macondo Blowout

Today, the GAO published its final report of a three-part series on the Gulf oil disaster. [20] Focused on federal financial exposure to oil spill claims, the accountants nevertheless point out that, as of May 2011, BP paid \$700 million toward those spill claims out of its \$20 billion Trust established to cover that deadly accident. BP and Oxford Economics estimate the total cost for eco-cleanup and compensatory economic damages will run to the “tens of billions of dollars.” [21]

On the taxpayer side, the GAO estimates the federal government’s costs will exceed the billion dollar incident cap set by the Oil Pollution Act of 1990 (as amended). As of May 2011, agency costs reached past \$626 million.

The Oil Spill Liability Trust Fund’s income is generated from an oil barrel tax that is set to expire in 2017, notes GAO.

With today’s District Court decision in Louisiana, BP also faces punitive damages on “thousands of thousands of thousands of claims.” U.S. District Judge Carl Barbier denied BP’s appeal that might have killed several hundred thousand claims, among them that clean up workers have still not been fully paid by BP. [22]

Notes

[1] U.S. Bureau of Safety and Environmental Enforcement, “Status of Gulf of Mexico Well Permits,” n.d. <http://www.bsee.gov/Regulations-and-Guidance/Permits/Status-of-Gulf-of-Mexico-Well-Permits.aspx>

[2] Tennille Tracy, “US Govt Approves First BP Deepwater Exploration Plan in US Gulf Under New Rules,” Dow Jones News Wire, 24 Oct. 2011. Reproduced at <http://www.firstenergycastfinancial.com/news/story/45441-us-govt-approves-first-bp-deepwater-exploration-plan-us-gulf-under-new-rules>

[3] Michael Craig and Jacqueline Savitz, “False Sense of Safety: Safety Measures Will Not Make Offshore Drilling Safe,” Oceana, 20 Oct. 2011 http://na.oceana.org/sites/default/files/reports/OffshoreSafetyReport_Oceana_10-18-11.pdf

Also see Oceana’s online appendix showing an analysis of each new safety measure’s effect on safety. http://na.oceana.org/sites/default/files/OnlineAppendix_SafetyReport_Oceana_10-19-11.pdf

[4] U.S. Bureau of Safety and Environmental Enforcement, “Application for Permit to Drill (APD) Approval Process and Definitions,” n.d. http://www.bsee.gov/uploadedFiles/APD_Facts_and_Definitions_BSEE.pdf

[5] See, e.g.: David Edwards, “New evidence of a massive oil slick near Deepwater Horizon site,” Raw Story, 1 Sept. 2011. <http://www.rawstory.com/rawreplay/2011/09/new-evidence-of-a-massive-oil-slick-near-deep-water-horizon-site/>

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[6] John Amos, "Over 28,000 Abandoned Wells in the Gulf of Mexico," 18 Oct. 2011. <http://blog.skytruth.org/2011/10/abandoned-wells-in-gulf-of-mexico.html>

[7] U.S. Dept. of the Interior, "Interior Department Issues 'Idle Iron' Guidance," 15 Sept. 2010. <http://www.doi.gov/news/pressreleases/Interior-Department-Issues-Idle-Iron-Guidance.cfm>

[8] Siobhan Hughes, "Plugs Ordered on Idle Wells: Move to Permanently Seal Sites in Gulf Could Cost Billions but Create New Work," Wall Street Journal, 16 Sept. 2010. <http://online.wsj.com/article/SB10001424052748703743504575493782591743858.html>

[9] U.S. Bureau of Safety and Environmental Enforcement, "Idle Iron Update," n.d. (pp. 9-16) <https://www.noia.org/website/download.asp?id=47290>

[10] Jeff Donn and Mitch Weiss, "Gulf of Mexico hides 27,000 abandoned wells," Associated Press, 7 July 2010. <http://www.dallasnews.com/news/state/headlines/20100707-Gulf-of-Mexico-hides-27-000-1068.ece>

[11] Steven Kotler, "Planet Sludge: Millions of Abandoned, Leaking Oil Wells and Natural-Gas Wells Destined to Foul Our Future," EcoHearth, 17 Aug. 2011. <http://ecohearth.com/eco-zine/green-issues/1609-abandoned-leaking-oil-wells-natural-gas-well-leaks-disaster.html>

[12] U.S. Government Accounting Office, "Offshore Oil and Gas Resources: Interior Can Improve its Management of Lease Abandonment," (GAO/RCED-94-82) May 1994. <http://archive.gao.gov/t2pbat3/151878.pdf>

[13] J.R. Nichols and S.N. Kariyawasam, "Risk Assessment of Temporarily Abandoned or Shut-in Wells," C-FER Technologies, Oct. 2000. <http://www.boemre.gov/tarprojects/329/329AA.pdf>

[14] U.S. Government Accounting Office, "Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations," (GAO-03-669) 2 July 2003. <http://www.gao.gov/products/GAO-03-669>

[15] U.S. Government Accountability Office, "Oil and Gas: Interior's Restructuring Challenges in the Aftermath of the Gulf Oil Spill," (GAO-11-734T) 2 June 2011. <http://www.gao.gov/new.items/d11734t.pdf>

[16] U.S. Dept. of the Interior, Office of Inspector General, "Investigative Report – Island Operating Company, et al.," 31 March 2010. <http://www.govexec.com/pdfs/052510ts1.pdf>

[17] U.S. Dept. of the Interior, "Interior Department Completes Reorganization of the Former MMS," 30 Sept. 2011. <http://www.doi.gov/news/pressreleases/Interior-Department-Completes-Reorganization-of-the-Former-MMS.cfm#>

[18] U.S. Dept. of the Interior, untitled document distinguishing the areas of responsibility between the BOEM and the BSEE. n.d. <http://www.bsee.gov/uploadedFiles/A%20to%20Z%20Guide%20web%20version%281%29.pdf>

[19] U.S. Bureau of Ocean Energy Management, "BSEE Director Delivers Remarks at the International Regulators Forum 2011 Global Offshore Safety Summit Conference," 4 Oct. 2011. <http://www.boemre.gov/ooc/press/2011/press1004.htm>

[20] U.S. Government Accountability Office, "Deepwater Horizon Oil Spill: Actions Needed to Reduce Evolving but Uncertain Federal Financial Risks," (GAO-12-86), 24 Oct. 2011. <http://www.gao.gov/new.items/d1286.pdf>

[21] U.S. Government Accountability Office, "Deepwater Horizon Oil Spill: Preliminary Assessment of Federal Financial Risks and Cost Reimbursement and Notification Policies and Procedures," 9 Nov. 2010. <http://www.gao.gov/new.items/d1190r.pdf>

[22] Sabrina Canfield, "Judge Denies BP Appeal That Might Have Killed Thousands of Claims, Courthouse News Service," 24 Oct. 2011. <http://www.courthousenews.com/2011/10/24/40864.htm>

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