

Range of offshore regulatory issues get attention

OFFSHORE OIL AND GAS resources offer great potential to supply a growing share of the world's energy over the coming decades. And that means opportunity for IADC members involved in offshore operations.

But the complex nature of offshore drilling operations, especially those in deep water, and the visible consequences of error mean that offshore drilling contractors get close attention by regulatory agencies throughout the world.

From proposed new regulations on installing blind rams on the BOP to work rules, IADC through its Offshore Division, its committees, and its other staff members, works to find solutions to regulatory issues that serve all stakeholders.

BROAD RANGE OF ISSUES

Efforts to move regulatory initiatives in a direction that serves the varied interests of offshore contractor members have brought considerable success recently in the North Sea and in the US.

This success is possible only because of coordinated effort among IADC staff, members and other trade associations.

In the US, for example, IADC often works closely with American Petroleum Institute, National Ocean Industries Association, Offshore Operators Group and others on offshore regulatory affairs.

MMS RULES REWRITE

Recent months have seen considerable activity related to ongoing regulatory initiatives that affect operations on the US Outer Continental Shelf.

Many of these recent activities have the potential for greater impact on operators than drilling contractors, according to **Alan Spackman**, IADC Director, Offshore Technical and Regulatory Affairs.

"The notable exception, however, is the **US Minerals Management Service's** proposed rewrite of its drilling regulations," said Mr Spackman.

The MMS has proposed a revision of its Oil and Gas Drilling Operations regulations contained in subpart D of 30 CFR Part 250.

Notice of the proposed rewrite of the reg-

ulations appeared in the 21 June 2000 Federal Register. IADC requested and obtained a 30-day extension of the deadline until 19 Oct for comments on the proposed rewrite.

The proposal focuses on blowout control equipment and its inspection, maintenance, and management. Among the provisions of the notice is a requirement that BOP stacks include a blind shear ram within 1 year after the effective date of the rule. In addition to the requirement for blind shear rams, the proposed rule:

- Would impose record keeping requirements for diverter tests similar to those required for BOPs;
- Would require use of maximum anticipated surface pressure for determining BOP test pressure;

"The MMS proposed rewrite of its drilling regulations could have significant impacts on drilling contractors."

—Alan Spackman



- Incorporates the accumulator volumetric capacity provisions of paragraph 12.3 of API RP 53 by reference;
- Incorporates by reference provisions of paragraphs 17.10-12 and 18.10-12 of API RP 53 regarding inspection, maintenance, and quality management of BOPs;

• Retains MMS regulatory control over in-place design environmental criteria for MODUs and electrical hazardous area designation for MODUs, despite responsibility for these matters having been assigned to the US Coast Guard.

While outside the scope of the rule making, the MMS is also soliciting comments on the addition of requirements addressing coiled tubing drilling operations and on requiring that drilling rigs use automated pipe handling systems during drilling operations.

"The rule could have significant impacts

on drilling contractors," said Mr Spackman.

The American Regional Offshore Committee met at IADC headquarters on 20 July to begin preparation of comments on the proposal. A Task Force was formed and a call went out to encourage participation in developing IADC's response.

A survey of IADC members has identified over 160 stacks that would need to be modified within one year of the rule's implementation.

"That is twice the number estimated by MMS and a logistical challenge in any case," said Mr Spackman.

COAST GUARD REWRITES, TOO

The **US Coast Guard** has also proposed rewriting its OCS Activities Regulations.

Possible amendments affect the operation of mobile inland drilling units on the OCS and alignment of the requirements for foreign vessels operating on the OCS with those for US vessels involved in similar operations.

IADC submitted comments on the labeling and record keeping requirements associated with the proposed rule and took exception to data used in the Coast Guard economic analysis.

IADC also joined with other leading industry trade groups to comment on the invalid Coast Guard assumptions about cost and benefits of the proposed rule.

And IADC collaborated with the Offshore Operators Group and other trade associations in compiling a detailed technical response to the proposed rules.

The Coast Guard also has put the regulations in "plain language."

Issues of concern to drilling contractors involve regulations governing confined space entry, structural fire protection requirements for platform drilling rigs, and acceptance of the 1989 MODU Code as meeting US design and equipment requirements.

The comment period on the proposed rewrite has been extended to 30 Nov, 2000.

The Coast Guard also issued a final rule 4 Feb, 2000 incorporating the changes

necessary to shift to a 5-year interval for its Certificates of Inspection.

The final rule included the suggestion by IADC that the crane inspection interval be changed from 48 to 60 months.

However, the final rule did not modify the MODU hull inspection interval; that will be the subject of further consideration.

UK RIG ACCOMMODATIONS

Progress was made in the past year on several other issues affecting offshore contractors operating in the North Sea.

Dennis Krahn, IADC Director-European Offshore Affairs, cites the success of efforts to blunt the **Health and Safety Executive** proposal to force 2-man accommodations on older MODUs as one of the most important achievements.

IADC was able to obtain relief from the requirement for 2-man accommodations on MODUs and HSE modified its position to seek "continuous improvement" over a 5-year period.

Under this strategy, when modifications

are made to accommodations, HSE will expect improvements.

UK EMPLOYMENT

Passage of the UK's Employment Relations Act modified UK labor law in a manner that put greater pressure on employers to recognize employee organizations.

In response, IADC provided its members with information regarding the law and its likely effect, and made sure members had clear information about the limits of IADC's activities with respect to labor relations.

A group of drilling contractors formed an association to engage in dialogue with the employee associations under the Employment Relations Act. That association has no relationship with IADC.

LIFTING REGS

In another area, lifting regulations enacted by the UK in conformance with EU Directives unfortunately did not consider the unique practices of the offshore

industry. Some interpret the rules as prohibiting the use of the personnel baskets.

IADC, along with the International Marine Contractors Association, continue to discuss the issue with the UK HSE to seek clarification and interpretation of the regulations that would authorize the use of the personnel baskets.

NORTH SEA RIG MOVES

IADC is actively working with the **North Sea Offshore Authorities Forum** to remove regulatory barriers to the movement of rigs and personnel in the North Sea region.

IADC is pursuing follow-up efforts on mutual recognition of training and is engaged in a similar dialogue regarding Safety Case acceptance.

The two approaches being considered, according to Mr Spackman, are a Northwest European Safety Case and a process based on certification to the **International Maritime Organization's** International Safety Management Code. ■