



DRILLBITS

Monthly Newsletter from the International Association of Drilling Contractors

MAY 2010

IADC supports Shell in Alaska litigation on OCS leasing

Several industry groups, including IADC, filed an extended amicus curiae brief on 7 April in the US Ninth Circuit supporting **Shell Oil**, the state of Alaska and the US Department of the Interior against claims by Native Alaskan and whaling communities that plans for OCS leasing in the Beaufort and Chukchi Seas are illegal. Other groups that joined in the brief were API, AGA, NAM, USOGA and the American Chemistry Council (amici).

At issue are three Beaufort Sea leases that were granted to Shell under MMS' 2002-2007 5-Year OCS Leasing Plan and

two Chukchi leases under the 2007-2012 Plan. The Native communities claim that inadequate environmental studies were conducted, notwithstanding the fact the Beaufort sales were promulgated pursuant to a 121-page Secretarial decisional document, backed by a 1,001-page environmental impact statement (EIS), and the Chukchi sales were promulgated under a 146-page Secretarial decisional document, backed by a 1,400-page EIS.

Amici point out that, among other facts, no one – including the petitioners in this case seeking to halt the sales – filed a lawsuit regarding any aspect of

the 2002-2007 Plan when they previously had the opportunity to do so.

The allied associations emphasized in their brief that this litigation could delay significantly, if not thwart, a meaningful step toward the development of substantial and badly needed domestic oil and gas resources. This comes at a time when the US has begun to turn the corner on domestic production, with 2009 exhibiting the first increase in over 18 years.

For more information, please contact **Brian Petty** at +1/202-293-0670 (brian.petty@iadc.org).

Safety alerts

www.iadc.org/alerts.htm

Alert 10-09: Dropped object – high-potential near-miss.

Alert 10-10: Welding operations result in a fire.

Alert 10-11: Cuttings auger amputates leg of rig crew member.

Deepwater Horizon Memorial Fund

IADC would like to offer its sympathies and condolences to the families of the 11 men who lost their lives during the 20 April tragedy offshore Louisiana. The incident has been heartbreaking. The Deepwater Horizon Memorial Fund has been established to assist the families as they work through this difficult time. Questions can be directed to Forrest Cebold, +1-713-232-7173 (forrest.cebold@deepwater.com) or Ray Yi, +1-832-587-6195 (ray.yi@deepwater.com).

IADC urges meeting with Cuban authorities on offshore drilling safety, well control standards

In the wake of the Macondo incident in the Gulf of Mexico, IADC's request for a travel license to Cuba to discuss safety and blowout prevention procedures with Cuban oil and regulatory authorities takes on even more urgency. The request was submitted to the US Treasury Department Office of Foreign Assets Control (OFAC) in late 2009.

In the current incident, the industry had the capability to mobilize the US Coast Guard, Navy and the Minerals Management Service, not to mention private contractors, to help contain

the damage from a blowout 50 miles offshore. Drilling offshore Cuba takes place in a similar proximity to US waters in Florida. But in such an instance, there would be no similar resources.

It is urgent for the drilling industry to have a full dialogue regarding blowout prevention and safety with all parties drilling near US waters, including Cuba. IADC urges OFAC to recognize the importance of allowing a group of offshore technical specialists to travel to Cuba to conduct an overview of the prospect of deepwater drilling in Cuban waters.

IADC is participating in a joint industry task force to review offshore safety issues and develop recommendations on equipment and procedures. Initial findings from the task force will be provided to US Secretary of the Interior **Ken Salazar** at his

request for a full review of offshore safety and technology issues. Secretary Salazar announced on 6 May that no new offshore drilling permits will be issued for the US OCS for at least three weeks while the Interior Department conducts a safety review.

SafeLandUSA endorses HSE Rig Pass; IADC workshops scheduled for May

The SafeLandUSA Advisory Group gave its endorsement of the IADC HSE Rig Pass program on 20 April 2010. All currently accredited HSE Rig Pass training providers may participate in SafeLandUSA once additional operational requirements are met. Details about those requirements have been communicated to HSE Rig Pass training providers.

Individuals holding HSE Rig Pass cards may convert their current card to a SafeLandUSA-recognized card. Those wishing to do so should contact IADC or the training provider

that originally issued the card. Additionally, IADC plans to hold two workshops to help familiarize training providers with SafeLandUSA requirements. The first workshop will be held in Houston on 13 May; the second is scheduled for Lafayette, La., in late May. Topics that will be covered include SafeLandUSA program requirements, steps to participate in the program and how to respond to requests for HSE Rig Pass card conversion. For more information, please contact **Brenda Kelly** at brenda.kelly@iadc.org.

IADC featured in Law of the Sea conference

The University of Virginia's Center on Oceans Law and Policy is holding a conference in Washington, DC, on 20-21 May to promote US Senate accession to the international Law of the Sea Convention.

IADC executive vice president – government affairs **Brian Petty** will join a panel chaired by **Paul Kelly**, retired senior vice president of **Rowan Companies** and member of the US Commission on Ocean Policy (USCOP). The panel's title is "Energy and Economic Development." Other panelists are Admiral **James Watkins**

(retired), former US Secretary of Energy and chairman of USCOP; **Bruce Josten**, executive vice president of the US Chamber of Commerce; and **Randall Luthi**, NOIA president.

The two-day meeting will be held at the National Press Club and feature presentations by representatives of the US Navy, Federal Reserve Board, Department of State and Congressional staff. Chief of Naval Operations Admiral **Gary Roughead** will be the featured luncheon speaker on day 1; Sen. **Lisa Murkowski** (R-AK) will be featured on day 2.

Top drive reliability program to build database

Earlier this year, the IADC Reliability & Guidelines (R&G) Subcommittee launched the IADC Top Drive Survey to gain a sense of what are the industry's most common and costly top drive failures. Although the survey was well received, the subcommittee, part of the IADC Advanced Rig Technology (ART) Committee, determined that it could add greater value through long-term data collection.

"Survey implies a short-term program," explained R&G Subcommittee vice chairman **Robert Urbanowski**,

Precision Drilling Oilfield Services. "We have therefore renamed it the IADC Top Drive Reliability Statistics Program."

The program has collected nearly three dozen responses so far but welcomes more participation. To submit data online, please contact **Mike Killalea** at ext 222 (mike.killalea@iadc.org).

For more information on the ART Committee, including meeting dates, follow the link under Committees at www.IADC.org.

Accreditation updates

WellCAP

Accreditation awarded:

- **ExxonMobil Development Co**, Houston, Texas (conditional);
- **Murchison Drilling Schools Inc**, Albuquerque, N.M. (renewal);
- **Shell Exploration & Production Co**, Robert, La (renewal).

Competence Assurance

Accreditation awarded:

- **Frontier Drilling**, Houston, Texas.

Annual General Meeting set for 10-12 November

2010 marks IADC's 70th anniversary of service to the drilling industry, and we're inviting the global drilling industry to come celebrate with us at our 2010 Annual General Meeting, to be held 10-12 November at the Hyatt Regency Riverwalk in San Antonio, Texas. The first day will include a 70th anniversary gala reception and dinner. Additionally, a meeting for the IADC Board of Directors will be held on the afternoon of 11 November.

Registration for this event can be completed online at www.IADC.org.

USCG Inland Navigation Rules relocated

On 15 April 2010, the Coast Guard, via a final rule effective 17 May 2010, moved the entire Inland Navigation Rules from Title 33 of the United States Code (Sections 2001-2038) to the Code of Federal Regulations (33 CFR 83). This means that revisions and updates to these rules can now be accomplished through rulemaking rather than legislation, and interested persons will be able to participate as required by law through the notice and comment process. There were no substantive changes made to the rules, only conformity changes to maintain clarity and format in the CFR.

For additional information, please contact **John Pertgen** at ext 203 (john.pertgen@iadc.org).

IADC holds Asia Operations Forum meeting

IADC held its first Asia Operations Forum (AOF) meeting on 22 March at the Pan Pacific Hotel in Singapore, just prior to the IADC HSE Asia Pacific Conference & Exhibition at the same venue. Participants included **Aban Offshore, Ensco, Songa Offshore, Transocean, Maersk Drilling, Seadrill, Vantage Drilling** and **UMW Standard Drilling**. Regional issues were discussed, and attendees received an update of IADC activities.

Brian Petty, IADC executive vice president – government affairs, gave a presentation on Indonesian local content and taxation issues. **Gavin Stra-**

chan, ODS-Petrodata, also gave a guest presentation, “The Outlook for the Offshore Drilling Industry: Have We Built Too Many Rigs?”

IADC plans to hold an AOF meeting twice a year to give IADC members in Asia Pacific opportunities to address regional concerns. The next AOF is expected to be held in conjunction with the IADC/SPE Asia Pacific Drilling Technology Conference, 1-3 November 2010 in Ho Chi Minh City, Vietnam.

For more information about the AOF, please contact **Chit Hlaing** at chit.hlaing@iadc.org.



NAGC makes family trip to Shaybah Field

The IADC Northern Arabian Gulf Chapter (NAGC) on 25 March made a visit to a rig in the Shaybah Field and a local gas/oil separation plant. The trip was sponsored by **Saudi Aramco**. Pictured are **Ossama Muhtaseb** (right), NAGC secretary, with local rig workers.

OSHA announces new enforcement initiatives

US Secretary of Labor **Hilda Solis** announced on 14 April several major new OSHA enforcement initiatives. One that may have direct effect on upstream drilling operations related to OSHA-required training.

The agency requires its compliance officers to check and verify that workers have received the training mandated

by OSHA standards.

Effective 28 April 2010, OSHA will require compliance officers to check and verify that the training has been provided and in a format that the workers can understand.

For more information, please contact **Joe Hurt** at ext 224 (joe.hurt@iadc.org).

October conference to examine risk management

IADC will hold its 2010 Contracts & Risk Management Conference on 13-14 October in Houston. Program highlights include: risks associated with well control in drilling and completions; current FCPA concerns and future risk/compliance issues; forecasting of dayrates, oil and gas price trends, and

valuation metrics; update on the IADC land contract; self-insurance issues; how courts interpret drilling contracts; rig security and more. A panel session will focus on third-party indemnity, featuring speakers from **Occidental Oil & Gas, Unit Texas Drilling, Aspen Insurance Co** and **Liskow & Lewis**.

Torkay is vice chairman of Future Tech group

Dustin Torkay, Seawell Americas, will lead the IADC Future Technology Subcommittee, a work group within the IADC Advanced Rig Technology Committee. Mr Torkay succeeds **Frank Springett, National Oilwell Varco**, the subcommittee's inaugural vice chairman.

For more information, contact **Mike Killalea** at ext 222 (mike.killalea@iadc.org).

Rigs receive ASP certificates:

For certificates received since last LTI (in years):

Ensco: Rigs Ensco 83 (6), 95 (3);

Frontier Drilling: Frontier Discoverer (2);

Kuwait Drilling Co: Rigs KDC 10 (5), 15 (1), 16 (6), 17 (7), 18 (2), 19 (1), 21 (1), 25 (5), 26 (1), 27 (1), 28 (5), 29 (1), 30 (1);

Latshaw Drilling Co: Rig 4 (1);

Nabors Offshore Corp: Nabors BR-301 (4), P-3 (7);

PV Drilling: PV Drilling I (3);

Scorpion Offshore: Offshore Intrepid (1);

Weatherford Drilling International BVI Ltd: Rigs 157 (3), 786 (3), 812 (1), 834 (1).

For certificates received since last recordable incident (in years):

Ensco: Ensco 105 (1);

KCA DEUTAG Drilling GMBH - Germany: T-49 (1), T-85 (1);

KCA DEUTAG Drilling GMBH - Russia: T-392 (1);

Scorpion Offshore: Offshore Defender (1), Offshore Vigilant (1);

Songa Offshore: Songa Dee (1);

SST Energy Corp: Rigs 57 (1), 88 (4);

Unit Drilling Co: Rigs 9 (2), 23 (2), 103 (1), 302 (1), 304 (1), 329 (1);

Unit Texas Drilling LLC: Rigs 28 (1), 331 (1).

Petty is chairman of federal advisory committee

IADC executive vice president – government affairs **Brian Petty** has been re-elected to a four-year term as chairman of the US federal Industry Trade Advisory Committee for Automotive Equipment and Capital Goods (ITAC 2). The committee is established jointly by the US Secretary of Commerce and the US Trade Representative (USTR) to provide detailed policy and technical advice, information and recommendations to the Secretary and USTR re-

garding trade barriers, negotiation of trade agreements, and implementation of trade agreements affecting the US automotive and machinery industries. There are 16 such committees reflecting the entire range of sector-specific US business interests. The ITAC system was established by Congress under the Trade Act of 1974.

For more information, please contact **Brian Petty** at +1/202-293-0670 (brian.petty@iadc.org).

IADC, PETEX collaborate on electronic books

In collaboration with the Petroleum Extension Service of the University of Texas at Austin, IADC recently published two e-books, “Asset Integrity – Regulatory Perspectives” and “Delivering Zero Incidents for the Drilling Industry.” Asset Integrity compiles a series of articles written by regulators from the United Kingdom, Norway, the Netherlands and Australia detailing the industry’s key asset integrity challenges and issues. “Delivering Zero In-

cidents” draws from articles published in IADC’s official magazine, DRILLING CONTRACTOR, and from numerous IADC conferences to provide practical advice and case studies of how companies can create and sustain a culture that not only pursues safe operations but internalizes safe behaviors and actions from top to bottom. Ordering information is available at <http://store.iadc.org> or by contacting **Loretta Krolczyk** at ext 215.

World Drilling 2010 to focus on unconventional

“Sustaining Margins in an Unconventional World” is the theme of the IADC World Drilling 2010 Conference & Exhibition, 16-17 June in Budapest. The event will feature presentations from companies such as **Tullow Oil**, **KCA DEUTAG** and **Kuwait Oil Company**.

Bojan Milkovic, **INA Naftapljin**, will provide the opening day keynote address, “What Unconventional Challenge Brings to Our Industry.” The

keynote on the second day will be given by **Christopher Hyde**, **Salym Petroleum**, on “Running an Oilfield at Minus 40 Degrees: Challenges, Learnings and Issues Without Answer.” There will also be two panel sessions, one on “Sustaining Margins in an Unconventional World: The Tight Gas Challenge” and one on “Performance Drilling: Holy Grail or Oxymoron?” Registration for this event can be completed online at www.IADC.org.

Dropped Object Prevention for the Oilfield Industry:

This DVD-based program, available through IADC Publications, helps companies comply with the international oilfield initiative DROPS (Dropped Object Prevention Scheme) and other dropped object prevention initiatives. Filmed with industry leaders at locations on land and offshore, this tool describes the hazards and risk factors that make dropped objects a serious problem at oil and gas installations and facilities. The program focuses on the best practices in dropped object prevention throughout the industry. For more information, please contact **Loretta Krolczyk** at ext 215.

IADC welcomes 14 new members

- **3M Company**, Houston, Texas;
- **Bazresi Fanni Davar Pasargad**, London, England;
- **Conroe Machine LLC**, Conroe, Texas;
- **Desert Shield Company for Oil & Gas Services**, Muscat, Oman;
- **Eclipse International Oilfield Manufacturing**, Houston, Texas;
- **EFC Group**, Aberdeen, UK;
- **Gauthiers’ Oilfield Rental LLC**, Lafayette, La.;
- **Lewis Petro Properties Inc**, San Antonio, Texas;
- **Nantong Jolly Engineering Services Inc**, Nantong, China;
- **Newtech Services**, Houston, Texas;
- **Skeie Drilling & Production ASA**, Kristiansand, Norway;
- **Stone Drilling Services Co**, Kuwait;
- **Superior Drillpipe Manufacturing Inc**, Houston, Texas;
- **Texas First Industrial Corp**, Brookshire, Texas.

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