



IADC, industry charge ahead in fight to resume drilling

In response to drilling suspensions in the Gulf of Mexico issued on 12 July by the Bureau of Ocean Energy Management, Regulation and Enforcement (BOEM), IADC reiterated its unequivocal opposition in a news release on 14 July. The association also continues to drive forward a multitude of initiatives to resume shallow and deepwater drilling, via the legal system, the media and cooperation with lawmakers in Washington. These efforts include providing testimony to the government regarding offshore drilling and filing an amicus brief before the US Fifth Circuit Court of Appeals supporting the resumption of deepwater drilling.

“In issuing this new moratorium, the Department of the Interior has chosen to ignore volumes of evidence regarding

the industry’s safe operating practices, as well as industry’s exhaustively produced recommendations – made at DOI’s request – for moving forward even more safely,” IADC president Dr **Lee Hunt** said.

The new moratorium bars all drilling operations using subsea BOPs, as well as those using surface BOPs from floating facilities. It does not reference water depth, unlike the original moratorium issued in late May. The current suspension will extend through 30 November, although the BOEM said it could be lifted earlier if US Secretary of the Interior **Ken Salazar** determines that drilling operations can proceed safely.

The BOEM also plans to issue interim safety rules in accordance with recommendations in the 30-Day Safety Report

submitted to the president in late May.

“Prevention is the key to safety in drilling, whether offshore or land,” Dr Hunt said. “The industry’s history of drilling 42,000 Gulf of Mexico wells over more than six decades proves that, when accepted practices are followed, the threat of spillage is minimal.”

Drilling could safely resume, he added, through non-hydrocarbon-bearing strata with virtually no risk.

Testimony to national commission

On 13 July, IADC filed testimony with the Department of Energy’s National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling to advocate a return to deepwater drilling as soon as possible. IADC presented data

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Safety alerts

www.iadc.org/alerts.htm

Alert 10-19: Dropped object results in a restricted-work case.

Alert 10-20: Damage to starboard flare boom.

Alert 10-21: Use of unsafe hammer results in a restricted-work case.

Reminders

- **IADC Land Contracts Revision meeting**, 17 August, Houston.
- **IADC Well Servicing Committee meeting**, 17 August, Houston.
- **IADC North Sea Chapter meeting**, 18 August, Aberdeen.

Texas congressmen pledge support at IADC town hall

Texas Congressmen **Pete Olson** and **Kevin Brady** joined the drilling industry in a town hall meeting held by IADC on 7 July in Houston. Both lawmakers vowed to support the energy industry in fighting the Gulf of Mexico drilling moratorium, but both also encouraged the industry to work harder at getting its message out.

Congressman Brady praised the “thoughtful, reasoned responses” that IADC has taken to Washington in recent months. Yet these efforts alone won’t solve the problem. “You’ve got to take the message to every lawmaker in Congress,” he said.

Congressman Olson also voiced his support, reiterating the fact that the drilling moratorium will do nothing to make deepwater drilling safer yet will do everything to damage the US economy. “There’s another motivation here, and it’s not the safety of the rigs,” he said.

Joining the congressmen on the panel were **Moe Plaisance**, **Diamond Offshore**, and **Tom Williams**, **Nautilus International**. Mr Plaisance described his efforts leading a work group under the Joint Industry Task Force, formed by IADC and API. The group provided recommendations to Interior Secretary **Ken Salazar** on improving offshore safety using existing equipment.

Mr Williams provided comments on his work as part of a group of scientists who reviewed recommendations for Secretary Salazar’s safety report. He emphasized that the scientists did not recommend a blanket drilling moratorium, as was implied in the final report. “In fact, everybody recommended that it wasn’t the answer. Everybody also recommended that it will not measurably reduce the risk,” he said.

Please visit www.iadc.org/offshore_GOM_reform for more information.

IADC to Indonesia DGT: Don't raise tax rate

IADC sent a letter in July to the Indonesian Department of Income Tax (DGT) urging the government to keep the country's deemed profit rate level at 15%. The government is considering raising the deemed profit rate level in order to offset a reduction in the corporate income tax rate.

Raising the deemed profit rate would take away from the tax relief that was intended by reducing the corporate income tax, IADC pointed out. The deemed profits-based taxpayer should enjoy the same tax relief as the net profits-based taxpayer and should not bear a dispro-

portionate level of taxation. Moreover, Indonesia's 6% combined rate (corporate tax income and branch profits) is in line with that of other deemed profits tax jurisdictions, such as Vietnam, Myanmar, Timor-Leste, China, India and Angola.

The letter was sent following a recent presentation IADC made to the DGT on current tax regulations. At the meeting, association members were able to bring up specific taxation issues with key DGT leaders.

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

India's OISD, SCA Chapter discuss offshore safety

Representatives of the IADC South Central Asia (SCA) Chapter met in Delhi on 21 July with **Anup Walia**, director – E&P, Oil Industry Safety Directorate, Ministry of Petroleum & Natural Gas (MoPNG) of India, and his staff. The IADC delegation included **Ravinder Dhami, Jindal Drilling; Anwar Momin, Transocean; Arun Karle, Askara Enterprises; and Ken Fischer, IADC.**

Participants discussed the implementation of offshore safety regulations promulgated by MoPNG in 2008. "Everyone present agreed that it was a very productive interaction and helped clarify

some important issues," remarked Cdr. Dhami, chairman of the SCA Chapter's Safety Committee. PNG regulations recognize the oil and gas operator as the responsible party; however, there are a number of regulations pertaining to drilling operations/contractors.

IADC has been working closely with OISD to promote a clearer understanding and effective compliance of offshore safety regulations by drilling contractors offshore India.

For more information on the meeting, please contact **Ken Fischer** at ken.fischer@iadc.org.

Accreditation updates

WellCAP

- **Capacitacion en Seguridad Industrial SA de CV**, Campeche, Mexico (introductory);
- **Maritime Drilling Schools Ltd**, North Sydney, Canada (renewal).

HSE Rig Pass

- **Basin Safety Services Inc**, Midland, Texas (new);
- **Britam Defence Ltd**, UAE (new);
- **Cameron Process Systems**, Midland, Texas (new);
- **Canada & Associates**, Abilene, Texas (renewal);
- **East Coast Risk Management**, North Huntington, Penn. (new);
- **HC Language & Training Services**, Mexico (new);
- **SRP Environmental LLC**, Shreveport, La. (new);
- **SST Energy Corp**, Casper, Wyo. (new);
- **SYNTECH Safety Solution LLC**, American Fork, Utah (new);
- **West Texas Safety Training Center**, Odessa, Texas (new).

A complete listing of IADC-accredited companies or training organizations is available online at www.iadc.org.

Survey: Open interfaces for downhole tools, drilling control systems valued

A recent survey conducted by the IADC Drilling Control Systems (DCS) Subcommittee found that 78% of respondents found value in open-published interfaces to downhole tools and drilling control systems that allow integration of a downhole tool to a drilling control system. A total of 54% rated this as having "moderate" or "great" value.

The data combines results from an online survey and a written questionnaire distributed at the SPE Drilling Automation Workshop held in Galveston, Texas, in March.

Additionally, 42% rated vendor-developed integrated systems cooperating to

provide downhole tools already integrated to drilling control systems as having no value. Only 8% said such solutions were of "great" value.

On the other hand, control systems in which downhole tools such as rotary steerable systems are directly controlled by surface-based control and advisory systems were considered of "moderate" or "great" value by 61% of respondents. Similarly, 64% found "moderate" or "great" value in control systems in which the drilling process is optimized through use of downhole instruments. Despite this finding, 25% found no value in such a solution.

More than three in four – 77% – favored an oilfield industry standard for drilling communications protocols specific to downhole integration. Nonetheless, several individuals warned of "reinventing the wheel" and pointed out that standards already exist that the industry could adopt.

Other comments indicated that an industry association such as IADC should move the process forward.

For more information, visit the Advanced Rig Technology Committee website via www.iadc.org or contact **Mike Killalea** at ext 222 (mike.killalea@iadc.org).

Environmental groups instigate flood of litigation

Environmental organizations have launched a flurry of anti-offshore drilling lawsuits in various federal courts. IADC, along with USOGA and IPAA, is an amicus curiae supporting API in opposing these lawsuits:

- Center for Biological Diversity (CBD), Sierra Club and Gulf Restoration v. Salazar (Fifth Circuit, New Orleans) targets 16 GOM exploration plans and development plans approved after 29 March.

- CBD v. Salazar (Washington, DC, District Court). This lawsuit seeks to forbid the Secretary from relying on “categorical exclusions” as grounds not to perform environmental assessments and/or environmental impact statements for all GOM E&P plans. It also seeks to nullify more than two dozen already-approved drilling plans.

- Defenders of Wildlife v. Salazar (Southern District, Alabama). This lawsuit raises the same issues as the second lawsuit except it also seeks to enjoin future GOM lease sale until a supplemental environmental impact statement has been prepared. It seeks to set aside leases awarded in the most recent lease sale.

- Gulf Restoration Network and Sierra Club v. Salazar (Eastern District, Louisiana). This lawsuit seeks to enjoin the application of NTL 2008-G04, which limited the required information in GOM exploration plans with respect to blowout scenarios and worst-case oil spill scenarios. It also seeks to impose broader information requirements retroactively for all deepwater permits.

Contact **Brian Petty** at +1/202-293-0670 (brian.petty@iadc.org) for details.

Petty: Anti-drilling bills driven by anti-oil agenda

Participating in an “Oil & Gas Journal” article in July on the blizzard of congressional bills in Washington, IADC executive vice president – government affairs **Brian Petty** condemned the politically driven motives of several bills under discussion.

“It’s not just offshore. They’re coming at us onshore with proposals affecting hydraulic fracturing and other activities. The net impact would be to shut off everything – offshore and onshore,” Mr Petty was quoted as saying.

Commenting on a proposed BOP and well design bill from the House Energy and Commerce Committee’s Environment and Energy Subcommittee, Mr Petty called it “hideous” and “completely impractical.” “To have a specific mandated design with all these redundancies is to demand something that isn’t even manufactured. All the other esoterica is beyond their ken. It’s all designed maliciously to make it impossible for the industry,” he said.

He also pointed to the unintended consequence of the proposed bills, which include raising offshore spill liability limits from \$75 million to \$1.5 billion and even removing the limit altogether. This could make it impossible for many producers to get the insurance needed. “People who have made billion-dollar bets in the Gulf are having to revise their plans for exploration and long-term investments,” Mr Petty said.

In the late 1980s, **Unocal** received a large settlement when it couldn’t exploit leases it held in the eastern Gulf, he pointed out. “The administration hasn’t considered whether it could be sued for a taking, having sold the leases and then telling the lessee that the lease can’t be exploited. The industry is very aggressively looking to get out of the Gulf of Mexico and go to places where it can work and have its investments pay off.”

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



IADC North Sea Chapter (NSC) chairman John Monks presents a £4,650 cheque to Sarah Geoghegan, Alzheimer Scotland. The funds, raised at the chapter’s annual Safety Awards Ceremony in May, will help support local groups and activities. As in previous years, the NSC also made a donation to the Oil Chaplaincy Trust.

Rigs receive ASP certificates:

For certificates received since last LTI (in years):

Caspian Drilling Co: Dada Gorgud (1), Istiglal (7);

EnSCO: EnSCO Rigs 68 (16), 71 (4), 72 (2), 80 (1), 82 (10), 84 (2), 92 (2), 101 (2);

Jindal Drilling Industries Ltd: Discovery I (1);

Nabors Offshore Corp: Nabors MODS-140 (8), New Iberia Yard (8);

National Drilling & Services Co: Rig 9 (1);

Pride International: Pride Africa (2);

Weatherford Drilling International (BVI) Ltd: Rigs 144 (9), 787 (4), 800 (1), 806 (1), 855 (1), Chad Transport Team (9),

Egypt Support Team (2).

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

Bassdrill: Bassdrill Alpha (3);

EnSCO: EnSCO Rigs 81 (2), 84 (2), 89 (1), 101 (2);

High Arctic Energy Services PNG:

Moro Base/LF Rig (2);

Nomac Drilling: Rig 31 (2);

Parker Drilling: Rig 268 (2);

Saipar Drilling Co BV: Rig 216 (5);

Scorpion Offshore: Offshore Resolute (1);

Weatherford Drilling International

(BVI) Ltd: Rigs 342 (2), 776 (1), 800 (1), Egypt Support Team (2), Venezuela Support Team (5).

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illustrating the industry's proven record of safety in offshore drilling, including deepwater operations. Some 14,000 deepwater wells have been drilled without major incident until Macondo, "an extreme and unprecedented event," the testimony said.

The association also presented results from its recent study on the offshore rig worker population. Data on residences of 11,875 offshore employees showed that these workers call 68% of all US congressional districts home. Residences of these workers are spread across 296 congressional districts. There are 435 such districts in the US.

"As this study shows, communities across the United States depend on the wages of offshore workers... The economic trauma that this deepwater moratorium is causing and the de facto shutdown of issuing shallow-water permits spans the entire United States," Dr Hunt said.

Amicus brief

IADC filed an amicus brief in July in support of **Hornbeck Offshore Ser-**

vices et al, whose case won the 22 June ruling from US District Judge **Martin Feldman** lifting the original moratorium.

"The question is not whether the drilling moratorium will have a severe effect on the economy of the Gulf Coast. No one doubts that. The question is more basic: whether the local economy can even survive the moratorium," the brief stated.

It also cited news reports and comments from public figures and citizen groups warning of dire economic consequences, including a "catastrophic" loss of jobs.

Moreover, a sustained moratorium would drive mobile rigs out of the Gulf of Mexico and cut down badly needed oil production, the brief emphasized. It refers to a study by industry analysts **Wood MacKenzie**, which found that deepwater Gulf of Mexico production will fall by 93,000 barrels of oil equivalent per day during 2011 as a direct result of the six-month moratorium.

IADC also attended a leadership meeting held by Congressman **Kevin Brady** at the University of Houston.

European Operations Forum briefed on GOM status

IADC president **Dr Lee Hunt** reported on the Gulf of Mexico drilling situation to participants at the European Operations Forum meeting in Budapest on 15 June. Despite IADC's swift and wide range of initiatives, it could take up to 12 months before deepwater drilling restarts, Dr Hunt said. Moreover, with expected changes in regulations, the cost for drilling contractors could rise by as much as 20%.

A few members at the meeting raised concerns about the lack of basic training for third parties boarding and working on their rigs. Several drilling contractors said they have implemented training courses for third parties boarding their rigs.

For more information about the meeting, please contact **Jens Hoffmark** at +45/43-90-28-88 (jens.hoffmark@iadc.org).

Anti-Fouling Systems Con-

vention: The United Kingdom has announced its accession to the AFS Convention. It will enter into force for the UK on 7 September 2010. Denmark has announced that its accession to the AFS Convention is extended to the Faroe Islands as of 4 June 2010. For more information, please contact **Alan Spackman** at ext 207 (alan.spackman@iadc.org).

IADC welcomes 18 new members

- **American Completion Tools**, Houston, Texas;
- **Britam Defence Ltd**, Dubai, UAE;
- **Cochrane Technologies Inc**, Lafayette, La.;
- **East Coast Risk Management LLC**, North Huntington, Penn.;
- **Emissions Technology**, Houston, Texas;
- **Fairfieldnodal**, Sugar Land, Texas;
- **Load Systems International**, Houston, Texas;
- **Mari Gas Co Ltd**, Islamabad, Pakistan;
- **Med Oil Supply LLC**, Odessa, Texas;
- **MIB Technical Solutions Inc**, Tomball, Texas;
- **North Sea Drilling Group AS**, Bergen, Norway;
- **Oando Energy Services Ltd**, Victoria Island, Lagos, Nigeria;
- **R Katz Tools & Supply**, Cuero, Texas;
- **Risktec Solutions**, Houston, Texas;
- **Safety in Motion Inc**, Portland, Ore.;
- **Tasaniola Nigeria Ltd**, Port Harcourt, River State, Nigeria;
- **The GBS Group**, Houston, Texas;
- **United Safety Ltd**, Airdrie, Canada.

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