

INTERNATIONAL ASSOCIATION OF DRILLING CONTRACTORS



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IADC urges resumption of safe deepwater drilling

(Houston – 4 June, 2010) – The International Association of Drilling Contractors was dismayed to see a blanket suspension of deepwater drilling in the US Gulf of Mexico. This will lay waste to tens of thousands of jobs, not only in the deepwater industry itself, but also in the neighborhoods and communities of its work force.

The federally ordered drilling suspension will idle approximately 33 deepwater mobile offshore drilling units not involved in the Macondo relief-well effort, each employing 180-280 workers, according to the Louisiana Mid-Continent Oil and Gas Association. In addition, according to LMOGA, each of these jobs supports four other industry employees. This represents 900-1,400 jobs impact per rig, or an aggregate 29,700-46,200 jobs total. LMOGA puts the direct wages lost as high as \$330 million per month. These figures exclude job and income losses within these workers' communities.

“The Macondo is a tragic accident,” said IADC President Dr Lee Hunt. “However, shutting down an entire industry is overreaction. The 30 deepwater rigs in the Gulf of Mexico are operating according to established industry best practices in safety and environmental protection.”

A better solution, Dr Hunt said, is to validate the fitness of current deepwater drilling operations, and allow these to continue, even as industry and government work together to ensure more robust performance moving forward.

To validate fitness of existing deepwater drilling operations, IADC suggests the following steps:

- Re-certify all BOP equipment used in floating drilling operations and ensure their suitability for the rig and well design. This suggestion combines Recommendations 1 and 2 of the Department of Interior's 27 May 2010 document “Increased Safety Measures for Energy Development on the Outer Continental Shelf”;
- Ensure rig personnel are trained to industry- and government-accepted standards for well-control procedures;
- Review operator well plans, with particular emphasis on casing and cementing designs to ensure sufficient pressure barriers and that designs are fit for purpose;

After confirming the correctness and preparedness of each rig and well design, these deepwater rigs should be permitted to resume work, and the DOI should resume issuing permits for new deepwater work. Meanwhile, industry and government can work through additional

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recommendations outlined in DOI's "Increased Safety Measures for Energy Development on the Outer Continental Shelf."

IADC recognizes value in numerous recommendations outlined in DOI's "Increased Safety Measures for Energy Development on the Outer Continental Shelf," including more rigorous requirements for well design, enhanced training and adoption of safety case requirements based on the 2009 *IADC Health, Safety and Environmental Case Guidelines for Mobile Offshore Drilling Units*.

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IADC is dedicated to enhancing the interests of oil-and-gas and geothermal drilling contractors worldwide. IADC's contract-drilling members own most of the world's land and offshore drilling units and drill the vast majority of the wells that produce the planet's oil and gas. IADC's membership also includes oil-and-gas producers, and manufacturers and suppliers of oilfield equipment and services. Founded in 1940, IADC's mission is to improve industry health, safety and environmental practices; advance drilling and completion technology; and champion responsible standards, practices, legislation and regulations that provide for safe, efficient and environmentally sound drilling operations worldwide. IADC holds Accredited Observer status at the International Maritime Organization and the International Seabed Federation, branches of the United Nations. The Association is a leader in developing standards for industry training, notably its Well Control Accreditation Program (WellCAP)[®] and rig-floor orientation program, RIG PASS[®]. IADC is headquartered in Houston and has offices in Washington D.C., the Netherlands, Thailand, and the United Arab Emirates, as well as chapters in the UK, Venezuela, Brazil, Australasia, South Central Asia, Southeast Asia, the Middle East and across the United States. For more information, visit the IADC website at www.iadc.org.

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