

HEALTH SAFETY AND ENVIRONMENT COMMITTEE FOURTH QUARTER GENERAL MEETING



Location: Atwood Oceanic's Training Center
Date: 4 November 2010

Agenda Item: Opening:

John Karish, HSE Committee Chairman opened the meeting and thanked Atwood Oceanic for hosting the meeting. He then introduced John Gidley, Director SHE & Security at Atwood Oceanic, who provided the safety briefing and general building information. Joe Hurt reviewed the IADC Antitrust Statement.

Agenda Item: Regulatory Issues:

Alan Spackman recounted several regulatory issues likely to affect members:

1. IMO – Ballast Water Management rules: MODU owners may need to retrofit their ballast water treatment systems. There is questionable availability of systems suitable for rapid ballast operations as may be needed for semi-submersibles.
2. IMO Mandatory Polar Code: IADC is being represented on this task group by Rod Allen from Transocean.
3. IMO Lifeboat Release Gear: IMO is concerned that release gear is not safe. They are developing new guidelines for assessing the suitability of existing systems. Warren Weaver, Transocean represented Vanuatu on the work group. The work is completed and it will take fifteen to eighteen months before IMO comes up with something solid.
4. International Labor Organization's Maritime Labour Convention, 2006 applies, on its face, to all personnel working on board MODUs. IADC's Alan Spackman, has argued that most MODU personnel are industrial and do not fall under this classification.
5. BOEM wants to develop an Ocean Industry Safety Institute from:
 - a. Major Oil Companies.
 - b. There will be pressure for drilling contractors to participate. The purpose of the institute is to develop an understanding for full risk and liability of ocean energy operations.
6. Starting January 1, 2011 the USCG's Bulk Hazardous Substances regulations may apply to MODUS that store produced oil.
7. The OSHA Crane and Derrick rule is now in effect.

John Pertgen provided the Committee with information on two IADC-published reports:

International Standards Activities affecting the Offshore Oil and Gas Industries --

This report provides a handy reference to the standards development activities of various organizations (e.g., the International Maritime Organization, International Labour Organization, the International Organization for Standardization, and various international trade associations).

Federal Regulatory Actions Impacting the Offshore Industry –

This report provides a reference summary that reflects the regulatory actions, announced in the Federal Register by US governmental agencies, which may affect operations in the offshore oil and gas industries.

(Note: Both reports are available at: <http://iadc.org/committees/offshore/index.html>)

John Pertgen also reviewed the following additional regulatory initiatives

1. USCG
 - a. Issued a NPRM to amend its regulations for certain lifesaving equipment (Lifeboats, liferafts, winches/davits, rescue boats, etc) to harmonize with international standards. USCG also plans to use qualified independent laboratories instead of USCG inspectors during approval process for production inspections of some equipment.
 - b. Issued a Final Rule, moving INLAND NAV RULES into the CFR (meaning revisions and updates can now occur thru rulemaking rather than legislation)
2. BOEMRE (Bureau of Energy Mgmt, Regulation and Enforcement)
 - a. Issued an Interim Final Rule implementing certain safety measures (recommended by DOI) to improve the safety of the oil and gas exploration and development on the OCS. They are amending the drilling regulations related to: subsea and surface BOPs, well casing and cementing, secondary intervention, unplanned disconnects, recordkeeping, well completion and well plugging. Effective date: 14 October 2010
 - b. Issued Direct Final Rule to reorganize functions of the former MMS in Title 30 CFR. The organization is divided into three separate organizations, which are:
 - i. Office of Natural Resource Revenue (ONRR)
 - ii. Office of Asst Secretary Policy Management & Budget (PMB)
 - iii. BOEMRE
 - c. Issued a Final Rule on SEMS (Safety and Environmental Management System) which establishes a new subpart under BOEMRE regulations to require operators to develop a SEMS. It also incorporates all of API RP75 with respect to operations and activities under BOEMRE jurisdiction. (Drilling, production, construction, well workover/completion/servicing.) Effective date: 15 November 2010
3. OSHA
 - a. Issued a proposed interpretation of the term *feasible administrative or engineering controls* regarding Occupational Noise. Employers must now use admin or eng control (not sure what he means here)... PPE to reduce noise exposures that are above acceptable levels when such controls are feasible (Capable of being done).
 - b. Issued a proposed rule regarding protecting employees from hazards associated with hoisting equipment. It assess hazards like:
Sufficient ground support, power lines, objects/people within swing zone; also includes employer requiring personnel trained to operate equipment. Effective date: 8 November 2010
4. Federal Motor Carrier Safety Admin (FMCSA)
 - a. Issued a notice stating that State Driver License Agencies timely report violations for traffic offenses to the CDL offender's home state within 10 days.
5. Federal Communication Commission (FCC)
 - a. Issued a proposed rule to clarify and streamline radio operator licenses
 - i. Cease granting 1st & 3rd Class certificates and extend term from 5 to 10 years.
 - ii. Eliminate prohibition against holding two licenses at same time.
 - iii. Make licensed operators responsible for exam question pool.
6. Environmental Protection Agency (EPA)
 - a. EPA issued a Final Rule in April 2010 that finalized the emission standards for Category 3 marine diesel engines (> 30 liters cylinder displacement) installed on US vessels. The new standards will apply to new builds in 2011. You must ensure that that you have all of the

required certifications on engines that are installed in the shipyard (newbuild). Please keep in mind the bunker deliver note and sample requirements, when obtaining fuel.

- b. EPA and MARAD (Maritime Administration) Memorandum of Understanding (MOU) regarding polychlorinated biphenyls (PCB) and the transfer of a US vessel to other than a US citizen, which requires MARAD approval. EPA and MARAD have agreed that the EPA will review any proposed transfer of ownership, including those sold for scrap, to foreign buyers to verify that the vessel does not have any PCBs or other regulated substance that must be controlled prior to the transfer.

Joe Hurt reviewed the following additional regulatory initiatives:

1. OSHA Policy letter on fire resistant clothing.
2. OSHA seeking input to determine if they should issue a proposed rule on Injury and Illness Prevention Plans. They have had a sample Health and Safety Management Plan for a number of years but now think that companies should be required to have I2P2 plans in place.
3. Beginning October 1, 2010 there was an increase in fines and citations.
4. OSHA issued new training rules requiring the Ten Hour course to be conducted over two days in stead of one day.
5. OSHA is considering bringing back the Ergonomic Standard. It may be part of the I2P2 regulation.
6. OSHA has issued a proposed rule to change the enforcement policy on noise from PPE and Administrative Controls to require that noise levels be reduced as low as feasibly possible.
7. OSHA is reissuing their OSHA 300 Reporting emphasis program.
8. OSHA 1926 Construction Crane and Derrick standard is in effect. According to letters of interpretation 1926 does not apply to drilling operations from rigging up through rigging down.
9. EPA is holding a listening meeting on Vessel General Permit on December 15, 2010. It is seeking input for changes to the VGP which is to be revised in 2013. EPA is also asking for written comments to be submitted by 31 December, 2010.
10. EPA SPCC plans for oil and gas facilities must be revised by November 10, 2010. Mobile drilling rigs on land are not included in this group.

Agenda Item: HSE – T 2011 Conference:

Joe Hurt gave a general overview of the HSE – T 2011 Conference that will be held in Houston on 1 and 2 February 2011.

Agenda Item: ISP Guidelines:

Joe Hurt discussed the proposed changes to the ISP program for 2011. The committee decided to hold an ISP Task Group meeting before finalizing the changes. Marcelo Azeredo, HSE Advisor Transocean, will replace Mike Holmes as the chairman of the task group and a meeting will be held 1:00pm on 15 December at the IADC headquarters.

Agenda Item: IADC HSE Case:

Alan Spackman gave a presentation on the IADC HSE Case guidelines.

Agenda Item: HSE Case Panel Presentations:

The following drilling contractor representatives made presentation on their efforts to develop HSE Cases for their rigs.

- **Scott Hopkins**, Transocean Corporate Risk Manager (HSE)
- **Scott Pressley**, Ensco Senior SHE Advisor,
- **Tim Callais**, Scorpion Director of HSE
- **John Gidley**, Director, HSE

A panel discussion with questions and answers followed the presentations.

Agenda Item: Meeting Close Out:

The committee decided to meet January 31 in conjunction with the Training Committee. The location & time is to be determined.

All HSE Committee members are encouraged to submit topics or issues for the meeting agenda to Joe Hurt at joe.hurt@iadc.org

Attendance:

Greg	Hocevar	3M Company
Gary	Aucoin	Aker Solutions
Dustin	Campbell	Atwood Oceanics
John	Gidley	Atwood Oceanics
John	Auth	Auth-entic Safety Services, Inc.
Red	Callender	Capital Safety
Larry	Hill	Consultant
Scott	Pressley	Ensco plc
John M.	Karish	Ensco plc
TJ	Aucoin	Ensco plc
Mitch	Miller	Ensco plc
Graeme	Slaven	Falck Alford
S.L. (Sindee)	Gillespie	G.O.A. Enterprises, LLC
Scott	Samuel	Helix ESG
Wade	Deer	Helmerich & Payne IDC
Jennifer	Cavagnol	Hercules Offshore
Bob	Burnett	Hercules Offshore
Keith	Peden	Hercules Offshore
Tim	Perkins	Hoist & Crane Service Group
Joe	Hurt	IADC
Alan	Spackman	IADC
John	Pertgen	IADC
Richard	Orpen	IHS formerly Syntex Management Systems, Inc)
Chris	Lee	LHR Services & Equipment, Inc
Angelo	Pinheiro	Marathon Oil

Scott	Janes	Marathon Oil
Ken	Motsenbocker	Marathon Oil
Rob	Silva	Materials Evaluation & Technology Corp.
Diana	Nelson	MSA
Richard	Grayson	Nabors Offshore Corp.
Steve	Olson	Nabors Well Services Co.
John	Lund	New Tech Engineering
Doug	Schonacher	Nexen Inc.
Thomas	Guyton	Noble Drilling
Duncan	Smith	Risktec Solutions, Inc.
Tyler	Kerps	Rowan Companies
William Dan	Holbert	Rowan Companies
Robin	Markussen	RPS Group
Jennifer	Lankford	Scorpion Offshore
Tim	Callais	Scorpion Offshore
Evalyn	Shea	Shea Writing & Training Solutions
Gary	McDonald	StarTex Software
Gary	Klopp	Tesco Corporation (US)
Bobby	Robbins	The RAD Group
Scott	Hopkins	Transocean
Tony	Johnson	Transocean
Jerry	Canducci	Transocean
Marcelo	Azeredo	Transocean
Ursula	Gouner	Transocean
Evan	McLaughlin	Transocean
Barry J.	Cooper	Well Control School