



Maritime Law Association

Deepwater Horizon Vessel Regulatory Reform

Lane Nemirow

(Department of the Interior, Office of the Solicitor)

(April 28, 2015)



Vessel operations subject to regulation by the Bureau of Safety and Environmental Enforcement (BSEE)

This presentation focuses on the regulatory elements that are relevant to certain vessels – those engaged in mineral operations on the OCS.

- Regulations **currently exist** that impose duties on OCS lessees concerning these vessels.
 - Reporting obligations,
 - Provision of vessel fitness evidence, and
 - Submission of operational plans to move off in response to unsafe conditions.
- The **proposed regulations** would widen the scope of operations subject to BSEE regulatory requirements and implement new requirement concerning equipment.



Proposed Rule – Summary

- BSEE published the notice of proposed rulemaking (NPRM) on April 17, 2015, that would establish new regulations and revise existing ones.
- The NPRM is principally based on *Deepwater Horizon*-related investigations that resulted in over 450 discrete recommendations.
- The NPRM is considered a “major” and “significant” rule because the total 10-year undiscounted cost for all provisions is estimated at \$883,247,000.
- The rule would incorporate a number of **industry consensus standards**.
- Broadly, the rulemaking focuses on two subject matter areas:
 1. **Well operations**, and
 2. Well equipment.

Regulations applicable to certain vessels

- Existing:

- [30 CFR 250.403](#) – “What drilling unit movements must I report?”
- [30 CFR 250.417](#) – “What must I provide if I plan to use a mobile offshore drilling unit (MODU)?”

- Proposed:

- **30 CFR 250.712** – “What rig unit movements must I report?”
- **30 CFR 250.713** – “What must I provide if I plan to use a mobile offshore drilling unit (MODU) or lift boat for well operations?”

Existing regulations



Existing regulations applicable to certain vessels

- The rig-movement reporting duties in BSEE's regulations are incumbent on lessees or lease operators, rather than rig owners or operators.
- **30 CFR 250.403** – Currently applicable **only to rigs used for drilling**. Requires that lease operators provide reports to BSEE at least 24 hours before:
 - MODU arrivals at drilling locations,
 - Movements of platform rigs or MODUs to certain locations, and
 - MODU departures.
- In GOM, BSEE requires that lease operators submit a [form](#) in advance of these movements (“Rig Movement Notification Report”).

RIG MOVEMENT NOTIFICATION REPORT

Use this form to report the movement (including skids, stacking, and moving in or out of the Gulf of Mexico OCS) of all drilling rigs, workover rigs, and coiled tubing and snubbing units. If the rig is moving from one location to another, you may show this by completing the information for both rig departure and rig arrival on the same form. It is preferred by BSEE that the report information be submitted utilizing the BSEE eWell web based system at <http://ewell.gomr.BSEE.gov>; or you have the option to e-mail or telefax (see page 2 for contact information) to the appropriate BSEE District Office(s) at least 24 hours before you move the rig.

GENERAL INFORMATION

Report Date	Lease Operator		
Rig Name	Rig Type: BR ___ CT ___ DS ___ JU ___ PF ___ SN ___ SS ___ SU ___		
Rig Representative	Rig Telephone Number		

RIG ARRIVAL INFORMATION

Rig Arrival Date	Work Scheduled: Drilling ___ Workover ___ Completion ___ TA ___ PA ___ Other (specify) _____		
Well API Number (10 digits)	Well Name	Expected Duration of Well Operations	
Well Surface Location Information	Lease No.	Area Name	Block No. Latitude (Optional) Longitude(Optional)
Structure Location Information(Optional)	Is Well Adjacent to Structure? Yes ___ No ___	If Yes, Identify Structure	Distance from Structure
Remarks (Include size and extent of the mooring system and number of lighted and unlighted buoys deployed.) (Optional)			

RIG DEPARTURE INFORMATION

Rig Departure Date	Well Status: Completed ___ DSI ___ TA ___ PA ___		
Well API Number (10 digits)	Well Name	Is Rig Being Skidded on the Platform? Yes ___ No ___	
Well Surface Location Information	Lease No.	Area Name	Block No. Latitude(Optional) Longitude(Optional)
Area Clearance Information(Optional)	Is Area Clear of Obstructions? Yes ___ No ___	If No, Explain	
Remarks (Include any significant en route movements.) (Optional)			



Existing regulations applicable to certain vessels (cont.)

- **30 CFR 250.403 (cont.)**

- When finalized in 2003, MMS indicated that it required rig movement information in order “to ensure that [MMS] inspectors have the correct information in hand when they arrive at a platform rig to perform an inspection.”

Existing regulations applicable to certain vessels

(cont.)

- **30 CFR 250.417** – “What must I provide if I plan to use a mobile offshore drilling unit (MODU)?”
 - a. Fitness requirements. You must provide information and data to demonstrate the MODU’s capability to perform at the proposed drilling location.
 - c. Frontier areas. (1) If the MODU designed for use in a frontier area is unique or unproven in the proposed environment, BSEE may require submission of a **third-party review of the MODU’s design**. (2) If you plan to drill in a frontier area, you must have a **contingency plan**. Your plan must identify the actions necessary to maintain safety and prevent damage to the environment. Actions must include the suspension, curtailment, or modification of drilling operations in anticipation of various operational or environmental situations (e.g., vessel motion, anchor tensions, wind speed, wave height, currents, icing or ice-loading, resupply capability).

Existing regulations applicable to certain vessels (cont.)

- **30 CFR 250.417 (cont.)**
 - d. USCG documentation. Operators must provide the MODU's current COI or LOC from the USCG. Operators must also provide documentation of any operational limitations imposed by an appropriate classification society.
 - e. Floating units. Operators must have contingency plans for moving off location in an emergency situation.
 - f. Inspection of unit. The drilling unit must be made available for BSEE inspection before commencing operations.

Existing regulations -- "What must I provide if I plan to use a (MODU)?"

Proposed regulations



Proposed provisions concerning certain vessels

30 CFR 250.712 – “What rig unit movements must I report?”

- The proposed changes would allow BSEE to better anticipate upcoming operations, locate rigs in case of emergency, and verify rig fitness.
- The proposed reporting requirements concerning a rig’s prior location would assist BSEE in verifying the rig’s fitness.



Proposed provisions (cont.)

30 CFR 250.712 (cont.)

- Would require submission of new rig movement reports:
 - For **all well operations** using rig units (*i.e.*, drilling, completion, workover, and decommissioning),
 - When rigs are stacked (*i.e.*, taken out of service and anchored on OCS waters), and
 - When rigs enter OCS waters.

Proposed provisions (cont.)

30 CFR 250.712 (cont.)

- b. Would increase the time required for notifications to BSEE from 24 to 72 hours.
- c. If a MODU or platform rig is stacked, the report must include:
 1. Where the MODU or rig is coming from,
 2. The location of where MODU or rig will be positioned,
 3. Whether the MODU or rig will be manned or unmanned, and
 4. If the location for stacking the MODU or rig changes.

Proposed provisions (cont.)

30 CFR 250.712 – (cont.)

- d. Prior to resuming operations after stacking, you must notify BSEE of any construction, repairs, or modifications **associated with the drilling package** made to the MODU or rig.
- e. If entering OCS waters, you must inform BSEE where the drilling rig is coming from.
 - 1. Location: Either situs of immediately prior operational location, or shipyard location (new builds and drydocks).



Proposed provisions (cont.)

30 CFR 250.713 – “What must I provide if I plan to use a mobile offshore drilling unit (MODU) or lift boat for well operations?”

- This section would apply to all well operations (*i.e.*, drilling, completion, workover, and decommissioning) using MODUs and lift boats.
 - a. Fitness. Operators would be required to submit information reflecting the most extreme environmental and operational conditions that the unit is designed to withstand.
 - b. Foundation. Would require that operators provide information concerning site-specific seabed and **oceanographic conditions**. For moored rigs, operators would be required to submit previously-approved **anchor pattern plats**.



Proposed provisions (cont.)

30 CFR 250.713 – (cont.)

- e. DP rig units. Operators must have contingency plans for moving off location in emergency situations.
- f. Inspection of unit. The MODU or lift boat must be available for BSEE inspection before commencing operations **and at any time during operations**.
- g. Current monitoring. For water depths greater than 400 meters (1,312 feet), operator must describe (1) The current speeds that will trigger rig shutdown or move-off procedures; and (2) The measures that will be taken to curtail operations and move off location when such currents are encountered. You may use criteria such as current velocities, riser angles, watch circles, and remaining rig power.

Thank you.