

HANDLING A MAJOR OFFSHORE CASUALTY

The following scenario will be the focus of our panel discussion. The MARITIME CHALLENGE is a Liberian flag jackup drilling rig owned by Maritime Drilling, a U.S. company based in Houston, Texas. The MARITIME CHALLENGE is under contract to the National Oil Company of Unnamed African Country to drill a series of wells off the coast of West Africa. The crew on the rig consists of a mixed crew of U.S. and local nationals. There are also a number of U.S. service contractor personnel on board, including three U.S. citizens employed by Allpurpose Wireline Services.

The first well to be drilled was located in 100 feet of water 45 miles off the coast. While “tripping”¹ out of the hole to change bits, the well “kicks”² when the well bore penetrates a highly pressured natural gas formation. The annular blowout preventer³ and pipe rams⁴ are closed, but the well blows out through the drill pipe and the gas ignites before a TIW valve⁵ can be stabbed or the shear rams⁶ activated.

The rig is evacuated, but one of the escape capsules releases prematurely before all personnel are aboard, leaving the three employees of Allpurpose Wireline Services on board the rig. All three of these workers are killed. In addition, five U.S. Maritime Drilling workers and three foreign nationals in the escape capsule that prematurely released are injured by the impact

¹ “Tripping” involves removing the drill string consisting of joints of drill pipe, heavier weight drill collars and the drill bit from the well.

² A “kick” occurs when the pressure exerted by fluids (oil, gas, or salt water) contained in a geologic formation through which the well is being drilled exceeds the hydrostatic formation exerted by the column of drilling mud that is being circulated down the drill string, out the bit and back up the annulus of the well. When this occurs, the formation fluids enter the well.

³ The annular preventer is a doughnut-like device that, when inflated, will close off the area around the outside of the drill string.

⁴ Pipe rams are hydraulically powered rams shaped to fit around the outside of the drill pipe.

⁵ A TIW (named for one principal manufacturer, Texas Iron Works) is a valve that can be installed on the top of the drill string to prevent a flow up the drill string.

⁶ Shear rams are hydraulically powered rams that can cut the drill string in two and seal off the well bore.

of the escape capsule with the water. All other workers on board are uninjured, but are understandably shaken by the events.

The fire causes considerable damage to the rig, including the loss of the drilling mast, which topples over into the water. However, the well bridges over within shortly after the evacuation is completed, extinguishing the fire. As a result, the quarters and hull of the rig are relatively undamaged.

Maritime Drilling's fleet was covered under a package insurance policy that included sections for hull and machinery, increased value, and excess liabilities. The agreed value of the rig under the hull and machinery section was \$40 million, with increased value insurance in the amount of \$10 million. The fleet was also insured by the South of England Protection & Indemnity Association for P&I risks, including crew and third party liabilities, with a per occurrence deductible of \$1 million.

With us today, we have Jim McCulloch, who will play the role of the general counsel for Maritime Drilling, Simon Hirst-Marsden, head of energy claims for the leading underwriter on Maritime Drilling's package policy, Gillie Belsham, an English solicitor engaged by the hull underwriters, and Jeff Tillery, outside counsel for Maritime Drilling. The scenario that our panelists will discuss raises issues that similar to ones that the panelists have faced in real cases, including the Sable Island and Ixtoc I blowouts, the Piper Alpha explosion and Arco platform explosions, the sinking of the Drillship Glomar Java Sea and the M/V Huichol, the collapse of the jackup Parker 14-J **Panelists—any others to add?** Our panelists will discuss how they would react to a casualty of this nature, based on their experience in these and similar disasters.