BSEE Mandate for RTM
Affect on Drilling Contractors

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Application of Real-Time Monitoring Workshop
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The International Association of Drilling Contactors

Since 1940, the International Association of Drilling Contractors (IADC) has exclusively represented the worldwide oil and gas drilling industry. IADC’s mission is to advance drilling and completion technology; improve industry health, safety, environmental and training practices; and champion sensible legislation and regulations which facilitate safe and efficient drilling.

IADC Membership is open to any company involved in oil and gas exploration, drilling or production, well servicing, oilfield manufacturing or other rig-site services.

IADC holds Accredited Observer status at the International Maritime Organization and the International Seabed Authority, specialized agencies of the United Nations.

IADC is headquartered in Houston, TX and has offices in Washington, DC, the Netherlands, Thailand, and the United Kingdom, as well as Chapters in Australasia, Brazil, the North Sea, Nigeria, Northern Arabian Gulf, South Central Asia, Southeast Asia, the Southern Arabian Peninsula, and across the United States.
Questions Posed to IADC

- How would BSEE’s interest in establishing minimum requirements for the use of real-time monitoring affect your general membership?

- What advice would your general membership provide BSEE for incorporating real-time monitoring requirements into its regulations?

- How can Trade Associations support efforts by industry and regulator in standardizing each other’s needs?

- If the broader offshore industry were to adopt real-time monitoring in exploration and production activities, what is a realistic time frame for where its use is the norm rather than the exception?
BSEE RTM Mandate – Affect on IADC’s General Membership

• Client (oil company) demands ultimately drive uptake of new technologies.
• With ≈ 10% of the world’s rig fleet, the US is an important market – but not a commanding one.
• The US’s infrastructure isn’t replicated elsewhere.
• Other regulators are attentive to BSEE’s rules, but few attempt to mimic them. Most will seek:
  – Risks to be As Low as Reasonably Practicable, or
  – Good oilfield practice.
• The jury is still out on whether BSEE’s proposal represents either, but it seems doubtful.
What would be IADC’s advice to BSEE regarding RTM?

- A proposed rule has been published. The opportunity to provide “advice” has past. IADC members are working cooperatively with members of other trade associations to respond to the specifics of BSEE’s proposal.

- IADC will work with its members to identify the specific concerns the proposed rule raises for drilling contractors and will respond accordingly.

- An early and universal concern: Any access to or transfer of data/information must be structured such that the security of vital equipment and systems won’t be compromised.
What support can the trade associations provide?

• Responding to industry needs and regulatory proposals is a normal role for trade associations, and we are striving to fulfill this role with respect to the BSEE proposed rule.

• Key elements of responding include assuring a mutual understanding of both:
  – What has been proposed; as well as
  – What may be finally adopted.

• We will also be responsive to industry needs for the development of necessary standards and guidelines.
With broader adoption of RTM, when will it be the norm?

• For drilling contractors – RTM will be the norm when it becomes the norm in their clients’ expectations.

• This will require that:
  – Security concerns can be mitigated;
  – It is technically feasible to implement; and
  – Its implementation, in consideration of the client’s risk assessments, is viewed to be cost effective.
A parting concern –

30 CFR 250.146   Who is responsible for fulfilling leasehold obligations?

(c) Whenever the regulations in 30 CFR parts 250 through 282 and 30 CFR parts 550 through 582 require the lessee to meet a requirement or perform an action, the lessee, operator (if one has been designated), and the person actually performing the activity to which the requirement applies are jointly and severally responsible for complying with the regulation.

With regard to BSEE-mandated RTM: What obligations and/or liabilities would this create for contractors?
Questions?