

RPSEA TECHNICAL FORUM

RESEARCH AND TECHNOLOGY NEEDS FOR DEEPWATER DEVELOPMENT
ADDRESSING OIL RECOVERY AND EFFECTIVE CLEANUP OF OIL SPILLS

Thomas E. Williams
Nautilus International LLC,
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Outline

- Review status of activities related to the Department of Interior moratorium

The Department of Interior Response

- May 27, 2010 Secretary of Interior Safety Report “Increased Safety Measures for Energy Development on the Outer Continental Shelf” included:
 - API Joint Industry Task Force Recommendations
 - Comments and Recommendations from experts and review from experts with the National Academy of Engineering
- NTL 2010-No4 (new safety measures); NTL-05 (re-certification of BOP and limit of 500’); NTL-06 (all assumptions, demonstrate worse case response scenario)
 - 3rd party well plan certification requirements and liability issues are not well defined
- Reorganize MMS = Bureau of Ocean Energy Management, Regulation and Enforcement
- July 12, 2010 Salazar Decision Memorandum
 - Noted that “reasonable options were rejected” (p.17)

Status following the 7/12 memo

- Reason, arguments, meetings, public opinion and prevailing lawsuits to the contrary - have prevailed
 - (according to the Salazar memo, they are of “limited relevance”)
- Most recent modification to the ban/moratorium/ “pause”/ for floating vessels will last until at least November 30, 2010
- New draft regulations will not be out until October
- Permits for shelf wells with jack-ups are/will still be very difficult

A rational argument has been made, all wells are not the same:

- The **level of risk varies significantly between well types** based on knowledge of formations being drilled and category of well
- The highest risk wells may warrant additional time to assure the risk can be managed and drilling these wells are warranted:
 - Deepwater exploration wells
 - We have seen it is not just the drilling but the completion of these wells that pose risk
 - Unknown pore pressure
 - Extremely high pressure and/or high temperature wells

Blowout Events Exceeding 1,000 Barrels on OCS

- 1964 Two blowouts associated with a hurricane event that destroyed four platforms. Total of 10,280 barrels crude oil spilled.
- 1965 One **blowout associated with drilling**.
1,688 barrels condensate spilled.
- 1969 One blowout that occurred when a supply vessel collided with a drilling rig during a storm and sheared the wellhead.
2,500 barrels crude oil spilled.
- 1969 One **blowout (Santa Barbara) was associated with drilling**.
80,000 barrels spilled.
- 1970 One blowout was caused by a fire in the production area that resulted in the loss of control of 12 wells on the platform.
30,000 barrels crude oil spilled.
- 1970 One blowout **associated with wireline work** during workover operations.
53,000 barrels spilled.

From 1971 through 2009, a total of 1,784 barrels were spilled as a result of blowout events.

Hearings & Investigations

- Various House Committees: 14
- Various Senate Committees: 12
- USCG/BOEM public hearings: 3
- Presidential Commission hearings: 2
- Department of Justice Criminal Investigation

Government Reports/Investigations

- Department of Justice Criminal Investigation
 - “We must ensure that anyone found responsible for this spill is held accountable. That means enforcing the appropriate civil – and if warranted, criminal – authorities to the full extent of the law.”
 - Among the many statutes Department attorneys are reviewing are:
 - The Clean Water Act, which carries civil penalties and fines as well as criminal penalties;
 - The Oil Pollution Act of 1990, which can be used to hold parties liable for cleanup costs and reimbursement for government efforts;
 - The Migratory Bird Treaty Act and Endangered Species Acts, which provide penalties for injury and death to wildlife and bird species; and,
 - Other traditional criminal statutes.

Investigations: Who is Doing What

Joint Industry Task Force(s)

- Address subsea well control and oil spill response
 - API, IADC, IPAA, NOIA, USOGA
- Split: Subsea Well Control and Containment Task Force and the Oil Spill Response Task Force
 - Make recommendations on oil spill preparedness and response and will identify current practices and capabilities
 - Deliver this to the National Commission on the BP Deepwater Horizon Oil Spill & Offshore Drilling (the Presidential Commission)

Joint Industry Task Forces

- **Offshore Equipment**
 - BOP equipment design, testing protocols, regulations, documentation to determine gaps/improvements
- **Offshore Procedures**
 - Processes associated with drilling and competing deep water wells – identify gaps between existing practices & regulations and industry best practices; recommendations to improve industry standards to a higher level (safety & operationally)
- **Subsea Well Control and Containment**
 - Review technologies and practices associated with oil spill preparedness and response subsea and surface. Gaps/options through better practices and R&D
- **Oil Spill Response**
 - Review existing spill-response processes and technologies; identify gaps and options to address those gaps through recommended practices, procedures and R&D
- **Oil Spill Liability**
 - Review current US and relevant international oil spill liability regime and legislative proposals; make recommendations to improve the liability system

Who is Doing What

- Presidential Commission (7 member) on the BP DW Horizon Oil Spill & Offshore Drilling –reports to the President (DOE funds at \$15 million) 6 month report due in 6 months
 - *Has been called the anti drilling commission*
- NAS Review Board being formed (report 2 Q 2011)
- OCS Safety Oversight Board
- Joint DOI and Department of Homeland Security Investigation Commission (includes the USGC)
- M. Bromwich, U.S. BOEM Director, public hearings in 6 coastal states
- More being added all the time

Who is Doing What

ABCDEF
GHIJKL
MNOPQ
RSTUV
WXYZ



After November 30th

- There will be an election; but this Administration will not change.
- Must address the real and **perceived** needs:
 1. Systemic drilling and workplace safety issues;
 2. Inadequate wild well intervention and blowout strategies;
 3. Shortcomings of current oil spill response plans and resources.

Government Reports/Investigations

- **NAE Investigation Requested by DOI**
 - The committee is expected to conduct an independent, technical investigation of the Deepwater Horizon disaster, identifying mechanical failures underlying the accident and scrutinizing practices at BP's doomed Macondo well that also may have contributed to the blowout. The panel also is tasked with recommending technologies, practices and standards that could govern future offshore drilling for oil and gas. Preliminary report due Oct.30.
- **NRC Marine Board Committee to Review the MMS Inspection Program for Offshore Oil and Gas Facilities (formed November, 2009)**
 - Review of MMS Inspection of **Operational** Activities for Production, Drilling, Structures and DOI Pipelines

*Per the Salazar Memo:
Risks must be addressed after November
30th or the ban will be extended*

- Assurances on the status of drilling and workplace safety and the implementation of safety measures
- Assurances on the status of well control and spill containment capabilities
- Status of spill response capabilities

Requirements from the Salazar Memo before the ban will be lifted:

- Equipment: subsea BOP's and surface BOP's on floating facilities; blind shear ram redundancy; new DW well-control guidelines
- Post blowout containment strategies
- Spill Response resources must be available to battle another DW spill, the Secretary must believe there is adequate containment plans and capacity, adequate oil spill response vessels, equipment/technology
- Recommendations contained in the May 27 Report

Regardless of the debate on the ban until November 30, the following must be addressed:

- 30-Day Recommendations Already in NTL 04
- Recommendations Which Could be Implemented but Are Not Currently in NTL
- Recommendations to be Implemented after 30 Days
- NTL 05; 06
- This list was provided in the RPSEA pre-read materials

Is their hope for sane decisions?

July 12 ...The co-chairmen of the Presidential commission appointed to investigate the spill are likely to recommend that the moratorium on Deepwater drilling in the Gulf of Mexico be lifted before the panel completes its work in January. One of the co-chairmen, William K. Reilly, said Tuesday that he was prepared to press President Obama and Interior Secretary Ken Salazar to move as quickly as possible to adopt new safety and environmental protections. Mr. Reilly, who initially said he supported the moratorium, changed his mind after touring the gulf region and hearing testimony from local officials, business interests and oil executives. The other co-chairman, Bob Graham, said he, too, believed that the moratorium was a burden on the region.