

# IADC monitors offshore issues affecting contractors

**IADC MONITORS TECHNICAL** and regulatory developments affecting drilling operations and keeps the drilling industry's interests at the forefront when dealing with issues that impact the contractor. Recent issues and initiatives range from helideck operations, low sulfur fuel for diesel engines, ballast water issues and incident and accident reporting. Offshore issues and initiatives are directed by **Alan Spackman**, Director – Offshore Technical and Regulatory Affairs.



Alan Spackman

## HELIDECK DESIGN

In the United States and many other countries, the industry has been able to assure safe and efficient helicopter operations without the aid of onerous government regulations. However, certain governments, under pressure to harmonize national requirements to accommodate growing international helicopter traffic, continue to press the International Civil Aviation Organization (ICAO) to extend its standards and recommended practices to private aircraft and helideck operations worldwide. Under ICAO, contracting States (i.e., national governments) are supposed to notify ICAO if any differences exist between the ICAO standards and national practice. However, most ICAO contracting States do not inform ICAO of the differences, and several have informed ICAO that no differences exist when, in fact, they do.

As part of an effort to respond to this regulatory initiative, API has formed a work group to develop recommended practices regarding the management of helideck operations, maintenance and inspection. This effort recognizes that there are millions of hours of helicopter flights in the Gulf of Mexico every year, conducted with an outstanding safety record and that the practices and procedures that contribute to these successful operations should be documented

and given consideration as the international standards are developed. API's Drilling and Production Operations Committee has established a work group under **Bill Hederick** of **Rowan Companies** to develop these recommended practices, a draft of which is expected out of the working group by the end of the year.

The involvement of maritime regulators, and lack of dialogue between maritime regulators and their aviation counterparts, complicate this issue internationally (ICAO vis-à-vis IMO) and at a national level (e.g., the USCG vis-à-vis the FAA). IMO's Maritime Safety Committee was asked to give preliminary consideration to the changing standards at its December 2004 meeting.

It is envisioned that the recommended practices will provide a safer work environment for everyone involved without imposing substantial additional costs. However, some additional costs may be unavoidable if the desired improvements and standardization are to be achieved. Changes that may result include marking, obstacle clearance, lighting, safety shelving, documentation of inspections and communications.

New developments in this area will be showcased at the IADC Offshore Logistics conference in Lafayette on 11-12 April 2005.

## LOW SULFUR FUELS

The US Environmental Protection Agency (EPA) issued final regulations last June that will require phasing in ultra-low sulfur fuel for virtually all non-road engines, both onshore and marine. Diesel fuel currently contains about 3,000 parts per million (ppm) of sulfur. The new rule will reduce that to 500 ppm by 2007 and 15 ppm by 2010. The sulfur reduction will make it possible for engine manufacturers to use advanced technologies to achieve further reductions in emissions of harmful combustion by-products from their engines.

EPA claims the added cost for low-sulfur fuel is about 7 cents per gallon, but the net cost will actually average about 4 cents per gallon because cost of ultra-low sulfur fuel will be offset by reduced maintenance expenses. However, unless

certain engine components are replaced, or fuel additives are developed and approved for existing engines, the reduced corrosiveness of the low sulfur fuel may create maintenance problems for older engines.

The regulations require that only ultra-low sulfur fuel be used in engines certified for its use and prohibit the use of high sulfur fuel in engines certified for ultra-low sulfur use. To aid in enforcement, the fuels will be dyed. During the transition period, assuring the delivery and use of the correct fuel to the correct engine fuel tank will likely present a challenge, particularly in the offshore environment where segregation of fuel tanks used for different quality fuels will need to be assured.

Complementing the fuel standards, EPA has proposed new emission standards for new non-road engines, including most marine engines, to be phased in beginning with the smallest engines in 2008 until all but the very largest diesel engines meet new and significantly more stringent standards for both nitrogen oxide and diesel particulate matter (PM) in 2014. Some of the larger engines (750+ hp) will have an additional year to meet the emissions standards.

As in earlier related rulemakings, IADC is asking that in addition to the technical issues of fuel and engine certification, EPA consider the difficulties to engine purchasers and users associated with its proposals, including: the divergence of US certification standards from those of IMO and other countries, problems associated with international movement of vessels with EPA certified engines and lack of clarity regarding foreign vessel operations in US waters.

## BALLAST WATER MANAGEMENT

In June 2004, the US Coast Guard finalized regulations requiring the reporting of ballast water discharges by vessels (including MODUs) equipped with ballast water tanks arriving at ports or places within the US from outside the country and moving between certain US locations. The Coast Guard says the regulations will increase its ability to prevent the introduction of non-indigenous species as required by the Nonindigenous Aquatic Nuisance Prevention and

Control Act and National Invasive Species Act. The new regulations became effective 13 August 2004.

There are some ambiguities in the regulations, and IADC is seeking further clarification from the Coast Guard relative to defining OCS operating locations outside the territorial sea as a "port or place in the United States."

Meantime, IADC recommends that, pending resolution of the matter, and to avoid possible civil penalties up to \$27,500 for failure to submit the reports, that contractors establish procedures to assure that ballast water management reports are submitted for all rig moves that are not within a single COTP zone.

In late July 2004, the Coast Guard issued final regulations mandating ballast water management practices be employed by vessels entering US ports after operating beyond the US exclusive economic zone. These regulations become effective 27 September 2004.

## INCIDENT REPORTING

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Both the US Coast Guard and the US Minerals Management Service (MMS) have requirements for reporting certain types of incidents and accidents, as well as fatalities. In 1999, the Coast Guard issued proposed rules that included revised incident reporting requirements. Those proposed rules have languished within the Coast Guard and final rules are not anticipated in the near future.

In the Coast Guard's inaction, in July 2003, the MMS issued proposed rules based upon their view of incident reporting requirements. MMS' proposed rules acknowledged that there were overlaps and inconsistencies between the reporting requirements of MMS and the Coast Guard; however, MMS indicated they were working with the Coast Guard to develop a single-point, web-based reporting system that would satisfy the incident reporting requirements of both agencies. While the centralized report-

ing provisions are laudable, the proposal demands reporting far more information than the industry believes is necessary and is fraught with practical difficulties. While operating under the same legislative authority, the agencies differ on their interpretation of who can be held responsible for reporting incidents, and this is reflected in the regulations issued by the agencies. One consequence is that MODU owners attempting to provide information to oil company "operators" to satisfy the oil company's MMS reporting obligations run afoul of US Department of Labor regulations for protecting employee medical information whereas they are permitted to provide the same information directly to the Coast Guard to satisfy its regulations. IADC continues to work with other trade associations to simplify and streamline the reporting requirements of both agencies. According to the June 2004 Semiannual Regulatory Agenda, MMS will issue final rules by December 2004, while the Coast Guard will not issue its rules until December 2005. ■