



Published by
International Association of Drilling Contractors
10370 Richmond Ave., Suite 760
Houston, TX 77042 USA
1/713 292 1945; fax, 1/713 292 1946
drilling.contractor@iadc.org
www.iadc.org/dcpi.htm

IADC Officers

Edward D Kautz, Chairman
Paul A Bragg, Vice Chairman
John Lindsay, Secretary-Treasurer
Scott Gordon, Vice President, Land
Danny McNease, Vice President, Offshore
Ross Murphy, Vice President, Drilling Services
Dr Lee Hunt, President
Brian T Petty, Sr Vice President-Government Affairs

Editorial Contributors

Mike Killalea, Editor & Publisher
Jerry Greenberg, Contributing Editor
Brian Parks, Marketing/Publications Coordinator
Dominic Cattini, European Affairs
Ken Fischer, Middle East/Asian Affairs
Joe Hurt, HSE, Land Affairs
Steve Kropla, Accreditation Programs
Alan Spackman, Offshore Affairs

Drilling Contractor (ISSN 0046-0702) is issued 6 times per year by the International Association of Drilling Contractors. Subscriptions are free to operational personnel employed by contract-drilling firms or by major or independent oil companies. Subscription prices are \$50 per year, US; \$85, outside the US (\$110 airmail). Publisher reserves the right to refuse non-qualified subscriptions.

For advertising rates or information, call Drilling Contractor or our representatives worldwide Atlantic Communications, or check our website at www.iadc.org/dcpi.htm.

POSTMASTER: Please send address changes to Drilling Contractor magazine, Box 4287, Houston, TX, 77210. Printed in the USA.

COVER

*2006 IADC Chairman-elect **Clarus Chur** will use IADC's membership diversity to further strengthen the Association. A profile of Mr Chur begins on page 14. A review of the global E&P and drilling businesses begins on page 18, with a focus on the US Gulf of Mexico, Southeast Asia and the annual ReedHycalog rig census. A series of articles on well control techniques and technology, issues and initiatives begins on page 34.*

IADC comments on OCS Leasing Plan; Law of the Sea update

Brian T Petty, Senior Vice President-Government Affairs

Washington, DC—IADC joined NOIA to comment on the US Minerals Management Service's (MMS) long overdue "scoping notice" for the 2007-2012 offshore leasing cycle. Recognizing the existence of Congressional and Presidential moratoria in the vast majority of OCS, the associations' comment emphasized the particular importance of continuing development in the Central and Western Gulf of Mexico planning areas, and what remains available in the Eastern planning area known as the "original 181" tract. Nonetheless, the comment calls for MMS to remain flexible to examine leasing in all areas currently under moratoria, especially the Atlantic and the Aleutian Basin in Alaska, should circumstances change to permit leasing there within the 5-year horizon. Above all, the comment insists that only additional OCS access can mitigate US energy supply shortfalls.

In addition to the central emphasis on access, the comment proposes streamlining administrative procedures to expedite OCS development, especially in preparing a draft environmental impact statement, which can add as much as a year to the planning process. Also, the associations recommend that the environmental impact statement fully consider both the socioeconomic impacts of producing offshore energy, as well as the impacts of not producing that energy. The environmental impact statement should consider and analyze the impact on the entire nation, not just adjacent coastal areas, since OCS resources are managed by the federal government for the benefit of the entire country. MMS posed a question on the desirability and practicality of granting "gas only" leases, presumably to make OCS development more palatable to states opposed to it. Industry's response is that it's not always clear prior to drilling whether a field will yield natural gas, oil, or both and that it's inconsistent with the principle of conservation to leave recoverable oil deposits behind. Given the nation's need for both oil and natural gas, and industry's superb environmental record in producing both offshore, the proposal is without merit, beyond being impractical.

In a demonstration of broad and deep support for US ratification of the UN Convention on the Law of the Sea, over 70 national leaders from government, business, media and the military sent a letter to US Senate Majority Leader **Bill Frist** calling for its ratification, which has been stymied by certain conservative forces outside the Congress who've mounted a campaign against it, characterizing it as a surrender of national sovereignty. IADC has long supported ratification as a necessary avenue to settle offshore boundary disputes, which could result in more exploration and development. It would also harmonize navigation "rules of the road." API, IPAA and NOIA, along with IADC, are signatories to the letter. The letter was spearheaded by **Admiral James Watkins** and **Leon Panetta**, respective chairmen of the US Commission on Ocean Policy and the Pew Oceans Commission, both of which unanimously recommended ratification as a vital part of a comprehensive and coordinated US ocean policy. They will be seeking a meeting with **Senator Dick Lugar**, chairman of the Senate Foreign Relations Committee, to press for expeditious committee approval in hopes it can go to the Senate floor before the end of the current Congressional session. The Bush Administration has strongly supported ratification, and that position was recently reiterated by **Secretary of State Condoleezza Rice**.

IADC Executive Committee members **Diamond Offshore's Larry Dickerson** and **Rowan's Paul Kelly** served on the US Commission on Ocean Policy on behalf of the offshore E&P industry. ■