

Kenai Drilling Limited makes its living in niche jobs

KENAI DRILLING LIMITED has found that being versatile, accepting special drilling opportunities and meeting challenges posed by operators are keys to keeping active.

The driller recently had two of its eight rigs working in posh Beverly Hills, CA, a neighborhood comprised of multimillion-dollar homes and very upscale shopping areas. One of the rigs is completing its Beverly Hills project and will then commence a contract as a platform rig offshore California.



Kenai Drilling's Rig 2 prepares to drill near the Beverly Center Mall in Beverly Hills, California.

"We are very familiar with drilling in Los Angeles and Beverly Hills," said Tim W Crist, Kenai's President and owner. "In the general Los Angeles basin we do more drilling than all other contractors combined."

That is quite an accomplishment for a company that drilled its first well in the area about five years ago. The company has been operating in Beverly Hills and other town lot locations since 1997.

In 1988, a group of employees bought the drilling rig assets from Kenai Corporation in Alaska. Mr Crist was among

that group and he also was president and manager of Kenai Corp.'s drilling division, which had offices in several California towns. He is also the only remaining person from that purchasing group. Kenai Corp. owned about 30 rigs prior to 1985 but they owned only four rigs by early 1986.

"I recommended that they sell them," Mr Crist said. "We had a lot of older rigs and everything was on a footage contract."

"It would cost \$10 bucks a foot to drill," Mr Crist continued, "but we were only making \$9."

Kenai Drilling Limited today doesn't own any of the rigs it originally bought. Its present eight-rig fleet, all working in California, was either built new or purchased and refurbished.

Mr Crist refers to his company as a small regional driller trying to make a buck in California. "We view it as a good niche market for us because we look at all of the regulatory and environmental concerns as an opportunity more than an obstacle," Mr Crist explained.

SPECIAL DRILLING PROJECTS

The company is willing to accept challenges and find solutions for their customers. In one project in 1997, the company set up a rig on the grounds of the Beverly Hills High School about 20 ft from the running track.

The rig was soundproofed, a key to working inside city limits and close to schools and neighborhoods. Students were running and exercising with no interference from the drilling operation.

The company recently completed retrofitting a rig for another special project that will be located near Ventura Avenue near Los Angeles where it must meet the requirements of the Ventura County air quality management district as well as meet requirements for deep redrills for the customer.

To meet these challenges, Kenai Drilling Limited took a 7,500 ft double and turned it into a 10,000 ft triple.

The company is also beginning another contract with a 7,000 ft double rig, installing a top drive drilling system and

drilling with special 20 ft drill pipe, enabling them to drill with 40 ft stands and to rack back 60 ft stands. The rig also has 2,000 hp mud pumps, unusually large for that size rig.

In still another special project, the operator needed a rig to drill and preset surface casing and perform slim hole drilling operations.

Kenai Drilling Limited purchased a rig from a water well contractor and configured it for oil well drilling with pumps, substructures, generators, etc. It was used specifically for the one-year contract. When the project was over, Kenai Drilling Limited sold the rig back to another water well contractor.

"As a company, we look for special projects," Mr Crist said. "We have our own engineering staff that can take on the challenges of special projects such as these."

"We are willing to do all of the adaptations to the rigs to fit within the parameters of the special projects," Mr Crist continued. "We are extremely comfortable working under strict rules and regulations governing our activities."

PREPARING FOR DRILLING

Two of the company's most recent projects involved drilling in the upscale Beverly Hills area with different rigs under two contracts. Its Rig 2, which was purpose built for this project, began drilling in June 2000 behind the Beverly Center Shopping Mall and across from Cedars Sinai Hospital.

Rig 3, also purpose built for its Beverly Hills contract, is drilling inside a permanent building on Pico Avenue that was built for the project. This site is about two miles south of Rig 2.

Rig 3's mast was shortened from 142 ft to 112 ft in order to fit the rig inside the building, which has no roof but which is still height constrained due to overhead cranes and beams. Also, only one sub-base is used, saving an additional 10 ft. The rig was converted to a double due to the shorter mast.

In order to meet stringent noise abatement regulations, the rigs were soundproofed with large heavy blankets on the

mast, drawworks, mud pumps and prime movers.



Kenai Drilling Limited's Rig 3 drills inside the building on Pico Ave in Beverly Hills.

A top drive drilling system also reduced the noise level. Additionally, the rig's AC generators are not utilized. Instead Kenai Drilling Limited ties into the city's power grid, eliminating the noisy generators. It is interesting to note that the building itself is not soundproofed and no other sound reduction is necessary other than to the rig.

"If you were to walk by that building," Mr Crist said, "you wouldn't hear anything and you wouldn't know there was a rig inside."

The company trains its employees and enforces the noise abatement plans. This can sometimes mean strict scheduling of services for the drilling operations.

For example, repairs can only be made during certain hours, and many times those schedules are imposed by regulatory agencies.

Consequently, the operator's and contractor's personnel are attuned to a system of logistics, planning and coordination.

For example, certain operations such as running casing are performed during



Kenai Drilling's Rig 3 was rigged up inside this building on the right while drilling for an operator in Beverly Hills, California.

daylight hours only. Loggers must be at the location before 5:00 o'clock p.m., according to Mr Crist, or they won't be able to work.

"They (loggers) won't do any good if they arrived there after that time," Mr Crist noted.

"There are occasional instances where there is going to be downtime," Mr Crist said, "but that is included in the well plan and daily planning activities."

DOWN AND DIRECTIONAL IN BEVERLY HILLS

Inside the permanent building on Pico Avenue is a complete producing field with approximately 100 wells.

All of the wells, production wellheads and other equipment are below ground level in the cellar, which could be as wide as 15 ft and run the entire length of the building up to about 100 ft long.

In some cases there may be only one row of wells, in other instances there may be two or three rows of wells.

Production processing facilities are also contained inside the building.

Production is handled via submersible pumps to the production equipment inside the building. Processed crude is then shipped via pipeline to market.

Drilling a well in Beverly Hills is much like a typical well anywhere else. One difference, however, is that the mud pumps may be 150 ft away from the rest of the rig.

The pumps, tanks, SCR house all stay in one location. Cables and piping are added or removed depending upon the location of the rig inside the building.

RIG ASSEMBLY

Rig 3 was disassembled, moved piece by piece into the building and then reassembled.

The rig is set on a substructure with skid beams and a jacking system similar to platform rigs offshore where they can be moved over the center of the wells for the redrilling project.

Blowout preventers are on every well with piping systems to contain any flow within the system.

There has not been a well control situation since Kenai Drilling began drilling at the location.

Much of the redrilling presently involves directional drilling. Even during the 1960s and '70s when drilling on the field began there was enough directional drilling technology to drill those particular wells.

Drilling today is aimed at increasing the depth and changing the bottom hole location to areas where the operator previously had not been able to extract oil.

FUTURE PROJECTS

Rig 2 will next begin working on the Gail platform offshore California following modification to fit the platform plus a coat of severe duty paint.

Rig 3 will be going to another location in Beverly Hills for a different operator. ■