

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/dcp1.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/dcp1.htm.

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

COVER

*A rig drills at dusk for **Petroleum Development Oman (PDO)**. A Middle East review plus a discussion of Brazilian activity begins on page 50. A preview of the 2005 IADC Annual Meeting and reports of the Association's initiatives begins on page 12. Features on new rig equipment and drilling rigs under construction starts on page 30, while the latest technology in well completions and well construction begins on page 62.
Cover photo courtesy of PDO.*

**DRILLING
CONTRACTOR**

CAPITAL WIRELINES



IADC scores in US Energy Bill

Brian T Petty, Senior Vice President-Government Affairs

Washington, DC—After several years of effort, IADC scored major victories in the US energy bill signed into law by President Bush in August. The following are among the most significant provisions benefiting US drilling contractors:

Hydraulic Fracturing: This technology is essential in developing America's oil and natural gas. Used safely for more than 50 years and, it is effectively regulated to protect the environment by state well-permitting programs. Although never intended to be under the Safe Drinking Water Act, a court ruled otherwise, compelling legislative action to avoid an inappropriate and unnecessary new regulatory program. It was a key issue for **Joe Barton** (R-TX), chairman of the House Energy and Commerce Committee, who prevailed in reversing the court in both the House and final bills.

Stormwater Construction Permitting: The US Department of Energy estimated that EPA's stormwater construction permit approach could cost the nation from 1.3 to 3.9 bbl of domestic oil and between 15 Tcf-45 Tcf of natural gas over the next 20 years. Chairman Barton initiated efforts to clarify the Clean Water Act to require an exemption for construction of oil and natural gas facilities. That is, permits should only be required if contaminated water is to be discharged. Despite false characterizations of this provision as an industry exemption from the entire Clean Water Act, Barton's unyielding commitment to including it kept the provision in the final bill.

OCS Inventory: For the first time in decades, serious discussions of the need to access the offshore occurred in the Congress. The energy bill provides that the Department of Interior (DOI) inventory all OCS resource areas using 3-D seismic and other means excluding drilling; perform resource analysis; estimate effects of understated resource inventories on domestic energy investments and assess impact of impediments/restrictions (including moratoria) on domestic supply. DOI is required to report to Congress within 6 months of enactment and every 5 years thereafter.

Oilfield Training: An item in the energy bill promotes federal funding of oilfield worker training. IADC was approached in early 2001 by the newly installed Bush appointees at the US Department of Labor about training funds available which heretofore had been directed to retraining "Rust Belt" workers. \$8 million of these funds were re-directed to oilfield training needs, and programs have been established in Farmington, NM at San Juan Community College; in Midland, TX at Midland Community College; and in Woodward, OK at High Plains Technical Institute. IADC promoted the following provision of the energy bill sponsored by Republican Congressman **Mike Conaway** of Midland and by Senate Energy and Natural Resources Chairman **Pete Domenici** (R-NM):

"Congress recognizes that a critical component in meeting expanded domestic oil and gas supplies is the availability of adequate numbers of trained and skilled workers who can undertake the difficult, complex, and often hazardous tasks to bring new supplies into production. Years of volatility in oil and gas prices, and uncertainty over Federal policy on access to resources, has created a severe shortage of skilled workers for the oil and gas industry. To address this shortage, the Secretary of Energy, in consultation with the Secretary of Labor, shall evaluate both the short term and longer term availability of skilled workers to meet the energy security requirements of the United States, addressing the availability of skilled labor at both entry level and at more senior levels in the oil, gas, and mineral industries. Within twelve months of the date of enactment of this Act, the Secretary of Energy, the Secretary of Labor, and the Secretary of the Interior shall submit to Congress a report with recommendations as appropriate to meet the future labor requirements for the domestic extraction industries."