



# DRILLBITS

Monthly Newsletter from the International Association of Drilling Contractors

FEBRUARY 2010

## Industry fights Indonesian 'local content' requirements

**T**he Indonesian regulatory agency for oil and gas, BPMIGAS, in December 2009 imposed draconian requirements for local content in E&P activities, acting under the Ministry of Industry's "Technical Guidance of Usage of Local Production" Regulation 49.

Although current local content is at most 20%, BPMIGAS is insisting that all contracts held by agencies or joint ventures (JV) representing foreign drilling companies have a minimum of 35% local content. This essentially forces a JV equity stake in their drilling rigs.

Failure to achieve 35% means immediate disqualification to participate in operators' tenders. The regulation has wreaked havoc for operators and drilling contractors. A majority of tenders offered in December failed because the 35% threshold couldn't be met.

**Simon Johnson** of **Seadrill** and **Ian Craven** of **Vantage Drilling** are coordinating with IADC on a combined industry effort to alert foreign embassies of the threat to their home country drilling companies. They have met with the US, Norwegian and EU missions.

Indonesia is in violation of its World

Trade Organization (WTO) commitments with this regulation, as it is with other WTO commitments in other areas. The issue has been raised with the United States Trade Representative, which is concerned about this and similar oil industry "local content" initiatives in Brazil and Nigeria.

This issue will be discussed by **Brian Petty**, IADC senior VP – government affairs, at the IADC Asia Operations Forum in Singapore on 22 March. For additional details, please contact **Mr Petty** at +1/202-293-0670 ([brian.petty@iadc.org](mailto:brian.petty@iadc.org)).

## Chinese drill pipe supply under threat in US

**T**he United Steelworkers Union, joined by several US domestic producers of drill pipe, filed an anti-dumping and countervailing duty case against imported Chinese drill pipe at the US International Trade Commission (ITC) at the end of December 2009. A few days after that, another decision was made against Chinese OCTG in an action also brought by the union and **USX**.

By some estimates, Chinese drill pipe accounts for 50% of available pipe used in US onshore E&P. If the ITC agrees with the petitioners, that source of supply could effectively be excluded from the US, causing sharply increased prices and shortages. If the ITC agrees that the Chinese have been "dumping"

drill pipe in the US market, the Department of Commerce would make a preliminary decision on the penalties to be levied on Chinese imports. Those penalties would then have to be ratified or modified by the ITC before going into force.

Even though a final decision isn't expected before mid-year, the chilling effect of the pending investigation means pipe importers could stop buying Chinese pipe as early as late February. A final negative decision would be retroactive to the first of this year, and the penalties would fall on the importers retroactively.

For details, contact **Brian Petty** at +1/202-293-0670 ([brian.petty@iadc.org](mailto:brian.petty@iadc.org)).

## Sign up for electronic-only Drill Bits

As part of IADC's efforts to improve our environmental protection efforts, we are offering online-only subscriptions to the Drill Bits newsletter. Signing up is easy. Just visit the Drill Bits web page at [www.iadc.org/drillbits.htm](http://www.iadc.org/drillbits.htm).

### Safety alerts

[www.iadc.org/alerts.htm](http://www.iadc.org/alerts.htm)

**Alert 10-01:** Dropped object – guide collar segment separates from winch line and falls into water.

**Alert 10-02:** Mud pump piston change-out results in RWC.

**Alert 10-03:** Improper guarding results in a MTO.

### Reminders

• **IADC UBO & MPD Committee Meeting**, 23 February, Kuala Lumpur.

• **IADC NSC Safety, Health & Environment Meeting**, 24 February, Aberdeen.

• **IADC Well Servicing Committee meeting**, 24 February, Houston.

• **SPE/IADC Managed Pressure Drilling & Underbalanced Operations Conference & Exhibition**, 24-25 February, Kuala Lumpur, Houston.

• **IADC ART Future Technology Subcommittee meeting**, 25 February, Houston.

## BP, Diamond reps join WellCAP Review Panel

**Mark Mazzella, BP, and Petar Radulovic, Diamond Offshore Drilling,** have joined the WellCAP Review Panel.

Mr Mazzella is segment engineering technical authority – well control for BP and brings to the review panel more than 32 years of experience in well control, intervention, drilling, completions and workovers, snubbing, coiled tubing, slickline-wireline, and plug and abandonment operations.

Mr Radulovic is assistant manager – technical training for Diamond Offshore and is an approved WellCAP instructor certified for introductory, fundamental and supervisory levels of surface/sub-

sea stack drilling and combined drilling/workover courses.

The panel is responsible for WellCAP and WellCAP Plus accreditation decisions, provides guidance to IADC staff on well control issues, and recommends changes to accreditation criteria as needed.

Other panel members include **Victor Fleming, Rowan Companies; Jerome Schubert, Texas A&M University; and Jay O'Connor, Chevron Energy Technology Company.**

For more information, please contact **Brenda Kelly** at ext 201 ([brenda.kelly@iadc.org](mailto:brenda.kelly@iadc.org)).

## Industry brief supports Shell Arctic program

IADC has joined an amicus curiae brief on an appeal of the US Ninth Circuit Court's decision to stop Shell's Beaufort Sea development plan, pending an appeal by environmentalists and Alaska's indigenous communities. API, the National Association of Manufacturers, the American Chemistry Council, the American Gas Association and the US Oil and Gas Association were also represented in the brief.

The US Department of the Interior (DOI) granted Shell a permit for explo-

ration after lengthy delays. If more time is taken for the natives' and greens' appeals, Shell would miss the 2010 open-water drilling season. DOI and the state of Alaska are defending Shell's proposed exploration program. Amici argue that the litigation would significantly delay, if not thwart, a meaningful step toward the development of domestic oil and natural gas resources.

For additional details, please contact **Brian Petty** at +1/202-293-0670 ([brian.petty@iadc.org](mailto:brian.petty@iadc.org)).

## PDO league recognizes safety winners

IADC member **Petroleum Development Oman** held an awards ceremony on 16 January in Muscat to recognize winners of its 2009 "PlaySafe" Football League. The league is a year-long competition combining an array of HSE metrics into a scheme where rig crew "teams" score "goals" for safe work practices and HSE accomplishments. Team winners are recognized with the "PlaySafe" League Cup and incident-free rigs with the "Goal Zero" Cup.

"Our LTIs have reduced by almost 50%, so it is fitting that we celebrate these achievements at the PlaySafe Awards Ceremony," remarked **Ray Corbett**, HSE team leader. "A new record of

44% of the rig fleet were injury-free for the year, compared to 24% in 2008."

Leading in the team competition was a crew from **Sea & Land Drilling's** Rig 10, which scored 130,810 goals in 2009. A team from Sea & Land's Rig 84 was the runner-up. In the service rig division, the winner came from **MB Petroleum Services' Rig 34.**

Companies receiving the "Goal Zero" Cup included **Dalma Energy, Desert Byrne, Enafor, Great Wall Drilling, KCA DEUTAG, Sea & Land and Weatherford Drilling International.** "Goal Zero" service rigs represented MB Petroleum Services, **Midwesco** and **Shiv-Vani.**

## 'Controlled Directional Drilling'

This full-color, newly updated book introduces the science of deviating a well along a planned course, covering topics such as types of directional holes, how a directional well is planned, equipment and data needed to drill it, as well as some of the special applications and challenges associated with controlled directional drilling. A self-test is also included. For more information, please contact **Loretta Krolczyk** at ext 215.

### Accreditation updates

#### WellCAP

##### Accreditation awarded:

- **Diamond Offshore Drilling Inc,** Houston, Texas (renewal).

##### Accreditation pending:

- **Falcon Multi Services Pvt Ltd,** India (new).

#### HSE Rig Pass

##### Accreditation pending:

- **Saudi Petroleum Institute of Polytechnics,** Saudi Arabia (new).

#### Competence Assurance

##### Accreditation pending:

- **Petroleum Industry Manpower Services (PNG),** New Guinea (new);
- **TESCO Corp,** Houston, Texas (new).

#### DIT

##### Accreditation pending:

- **Petroleum Industry Manpower Services (PNG),** New Guinea;
- **Sinopec Training Center (KSA),** Saudi Arabia.

The IADC Southern Arabian Peninsula (SAP) Chapter will hold its 2010 golf tournament on 24-25 March at the Emirates Golf Course in Dubai, followed by a gala on the 26th. More than 400 players will play two championship courses. For sponsorships and team slots, please contact **Neil Howie** at +971-50-4576177 (neil.howie@petrostem.com).

### Rigs receive ASP certificates:

For certificates received since last LTI (in years):

**EnSCO Drilling Mexico LLC:** ENSCO 89 (3);

**EnSCO Gerudi (M) SDN BHD:** ENSCO 57 (1);

**EnSCO Offshore International Co:** ENSCO 88 (5);

**Kenai Drilling Ltd:** Kenai Rig 2 (2);

**Latshaw Drilling Co:** Rig 12 (1);

**Mantle Quest Japan:** Chikyu (1);

**Nabors Offshore Corp:** Nabors MODS-201 (6);

**Saxon Energy Services de Mexico SA de CV:** Rig 149 (1);

**Union Drilling Inc:** Rigs 8 (1), 10 (1), 36 (3), 42 (1), 48 (1), 112 (1), 119 (2), 211 (1), 212 (1), 216 (1), 220 (2), 222 (2), 223 (2), 226 (1);

**Weatherford Drilling International**

**BVI Ltd:** Rigs 94 (1), 174 (11), 722 (1), 735 (1), 802 (2), 831 (1).

For certificates received since last recordable incident (in years):

**Drillers Technology de Mexico SA de CV:** Rig 160 (1);

**EnSCO Gerudi (M) SDN BHD:** ENSCO 57 (1);

**EnSCO Offshore Co:** ENSCO 82 (2);

**Kenai Drilling Ltd:** Kenai Rig 2 (2);

**Saxon Drilling LP:** Rig 142 (1);

**Unit Drilling Co:** Rigs 154 (1), 326 (1);

**Unit Texas Drilling LLC:** Rig 355 (2);

**Weatherford Drilling International**

**BVI Ltd:** Rigs 144 (2), 735 (2), 831 (1), Toumai 1 (1).

## Use of fire-resistant clothing under consideration

IADC, IPAA, the Association of Energy Servicing Contractors (AESC) and a group of contractor and operator representatives held a roundtable discussion in December 2009 on the possible need and use of fire-resistant clothing (FRC) in the upstream industry.

Most attendees agreed that it would be difficult to make one rule fit all types of upstream operations and that the decision should be based on a risk assessment for the type of operation being conducted.

No decisions were made at the meeting except to wait on the results of a FRC survey that is being developed by the Mid Continent Exploration and Production Safety Network.

OSHA is establishing an internal task group to develop guidelines or a policy position regarding when FRC should be worn. Once the guidelines are developed, OSHA plans to seek input from the industry. IADC is seeking information on FRC use and or recommendations. Comments can be sent to **Joe Hurt** at joe.hurt@iadc.org.

## OSHA 10, 30 don't apply to drilling contractors

New workers at Nevada's construction sites are now required to receive the Federal OSHA 10 continuing education course, and supervisors must receive the Federal OSHA 30 continuing education course. Due to this new law, which went into effect 1 January 2010, drilling contractors were informed that their personnel needed to receive this training.

On IADC's request, Nevada OSHA has clarified that it follows Federal OSHA's interpretation that well drill-

ing is not construction. Therefore, this new law does not apply to drilling contractors.

Contractors should note that although not all modules of the OSHA 10 course are in IADC Rig Pass, the program does follow very closely with the requirements.

For more information, please contact **Joe Hurt** at ext 224 (joe.hurt@iadc.org).

## Accreditation & Certification adds staff members

Three new staff members have been added to the IADC Accreditation and Certification Department (ACD), announced ACD director **Brenda Kelly**.

Accreditation coordinator **Loundia Riggs** was previously an order manager at **National Oilwell Varco**. At IADC, she is responsible for the Drilling Industry Training program and document and records control for the department's Quality Management System. She can be reached at ext 240 (loundia.riggs@iadc.org).

**Elfriede Neidert**, also an accreditation coordinator, is responsible for the day-to-day operations of the Competence Assurance Accreditation and Ballast Control and Stability accreditation programs. She was previously

employed with **Weatherford International** as a quality assurance/process improvement manager. She can be reached at ext 230 (elfriede.neidert@iadc.org).

**Lauren Rouhana** is accreditation coordinator/special projects coordinator. Her responsibilities include oversight of Spanish HSE Rig Pass accreditation and related projects for Latin American customers. She is also assisting with IADC's "Digital Future Project," aimed at optimizing the use of web solutions to enhance IADC's position in the digital realm. Ms Rouhana holds a bachelors degree in international relations from St Edward's University. She can be reached at ext 299 (lauren.rouhana@iadc.org).

## Technology Value Guide draft is online for industry review

A draft of the IADC Advanced Rig Technology Committee's Technology Value Guide is now available online for review. The guide seeks to compare the pros and cons of emerging and existing technologies, as well as provide definitions, photos and training sources.

"The Technology Value Guide is a work in progress," remarked **Precision Drilling Company's Robert Urbanowski**, vice chairman of the ART Reliability & Guidelines Subcommittee. "We encourage IADC members, whether contractors, operators, service firms or manufacturers, to contribute photographs, definitions and training resources. We want the Technology Value Guide to be broad based and represent as many companies as possible."

Contributed materials will be credited.

The guide is a matrix, with technologies or equipment as the column headers (top drive, multi-activity, power slips, power elevators, etc). The row headers are "positives" (hands

The next ART Committee meeting will be held 24 February in Houston. For more information, please contact Holly Shock at ext 205 ([holly.shock@iadc.org](mailto:holly.shock@iadc.org)).

free, better working environment, improved ergonomics, etc) and negatives (additional space required, additional weight, etc). It also indicates equipment use by rig type and approximates its entry date into the industry, as well as the number in use.

PETEX is assisting the committee in developing definitions.

The online draft can be found through the "ART Deliverables & Additional Resources" link on the ART Committee website on [www.iadc.org](http://www.iadc.org).

To contribute to the guide or for more information, contact **Mike Killalea** at ext 222 ([mike.killalea@iadc.org](mailto:mike.killalea@iadc.org)).

## New editorial coordinator joins IADC

**Maggie Cox** has joined IADC as editorial coordinator. She will be helping the Corporate Communications Department create editorial and graphics content for both **DRILLING CONTRACTOR** magazine and its online counterpart. She will also be assisting with IADC conferences.

Ms Cox graduated from Texas State University in 2009 with a bachelors degree in English. She can be reached at ext 235 ([maggie.cox@iadc.org](mailto:maggie.cox@iadc.org)).

### IADC welcomes 28 new members

- **Allan R Nelson Engineering (1997) Inc**, Edmonton, Alberta, Canada;
- **Almansoori Hilong Petroleum Pipe Co**, Abu Dhabi, UAE;
- **AMRTUR Corp SDN BHD**, Seria, Belait, Brunei;
- **Atec Training & Certification LLC**, Houston, Texas;
- **Control Union Testing and Inspection**, Den Helder, The Netherlands;
- **Daro Oil Services Co**, London, UK;
- **Dewan Petroleum Ltd**, Islamabad, Pakistan;

- **E&M Specialty Co**, Breaux Bridge, La.;
- **Fishbone Safety Solutions**, League City, Texas;
- **Global Offshore**, Esbjerg, Denmark;
- **Global Tender Barges Pte Ltd**, Singapore;
- **Hexarmor**, Grand Rapids, Mich.;
- **Industrial Air Tool**, Pasadena, Texas;
- **Jhump & Associates LLC**, Houston, Texas;
- **Kuwait Well Drilling & Water Treatment Co WLL**, Dasmah, Kuwait;
- **Lapco Manufacturing Inc**, Morgan City, La.;

- **Mansarovar Energy Colombia Ltd**, Bogotá, Cundinamarca, Colombia;
- **Nord-Lock International AB**, Malmo, Sweden;
- **Perforadora Santa Barbara Sa de CV**, Santa Tecla, La Libertad, El Salvador;
- **Petreven**, Cesena, FC, Italy;
- **Petroleum Oil Tools Inc**, Spring, Texas;
- **Pruitt Tool & Supply Co**, Fort Smith, Ark.;
- **PT Managed Pressure Operations (MPO)**, Sudirman, Jakarta, Indonesia;
- **Read Well Services Ltd**, Aberdeen, UK;
- **Rig Source Inc**, Elburn, Ill.;
- **Senergy International SDN BHD**, Kuala Lumpur, Malaysia;
- **Shandong Kerui International Oil & Gas Engineering Co Ltd**, Dongying, Shandong, China;
- **Taq (Abu Dhabi National Energy Co)**, Houston, Texas.

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