

Government affairs work strikes across a broad front of issues

IADC GOVERNMENT-AFFAIRS initiatives are proceeding across a broad front on issues affecting virtually all drilling markets worldwide. The Association continues to stand by its philosophy of promoting free trade and open markets while working toward legislation and regulation conducive to safe, efficient and environmentally benign drilling operations.

One longstanding challenge has been the European Union's Working Time Directive. Earlier this year, the European offshore industry scored a victory in the long, uphill battle to retain flexibility in this key piece of legislation. The Directive has now been extended to the offshore business; however, its terms will allow operation of offshore installations, especially drilling rigs, with little disruption to work routines, explained IADC Senior Vice President-Government Affairs **Brian T Petty**, who has been working the issue since 1990.



Brian T Petty

Under the new Framework Working Time Directive, **European Union** member states will retain broad powers of derogation "with appropriate use of flexibility clauses built into the Directive to take account of operational and safety requirements". The arrangement, set forth by the **European Commission**, incorporat-

ed nearly all the offshore industry's recommendations for the revised Directive. "This is very good news in preserving a flexible offshore working system in Europe," noted Mr Petty. "We've crossed yet another hurdle, thanks largely to the diligence of the **UK Department of Trade and Industry** in its lobbying efforts in Brussels."

Still, the Working Time Directive is not a done deal. In the autumn, Parliament gets another go at the Directive. This will be a new Parliament, though, elected in an EU-wide process during June. The new Parliament, the first elected under the 1997 Treaty of Amsterdam, which produced long strides in the EU's political evolution, will wield much broader powers than any before it. The Parliament will, in fact, enjoy powers co-equal to that of the European Commission.

As written, offshore workers would be subject to an annual limit of 2,304 working hours and entitled to 4 weeks annual paid holiday and appropriate rest breaks. In addition, night workers would be entitled to health assessments.

The Commission recognized that offshore work required flexibility. For example, it said that annual leave could be rostered in, and that special circumstances may warrant working hours' extension "in the case of activities involving the need for continuity of service or production". Offshore work is defined as "work performed mainly on or from offshore installations (including drilling rigs), directly or indirectly in connection with the extraction or exploitation of mineral resources and diving in connection with such activities, whether performed from an offshore installation or a vessel".

This definition was taken directly from the recommendation of

the offshore industry's Work Time Work Group, in which IADC has been active since its inception in 1994.

US BLM REGS

An item of considerable interest for US land contractors and operators is the **US Bureau of Land Management's** comprehensive rewrite of the agency's oil and gas regulations for public lands. This affects primarily activities in the Western US. In June, representatives of IADC, API, IPAA, the Domestic Petroleum Council and the American Association of Professional Landmen met with BLM Director **Tom Fry** and his staff to discuss the status of the project.

When first announced last year, the proposed new regulations were presented in the "Federal Register" for comment, but without indications of precisely where changes from existing regulations were being made. Industry concerns about the BLM rewrite led to the formation of the **Public Lands Cooperating Associations Forum**, of which IADC was a founding member when established in Houston early this year.

Since that time, the Forum won an extension for comment, and subsequently organized several working groups to comb through the proposal to establish how it differs from existing regulations. After months of hard work, the Forum reached consensus on several problem areas in the draft regulations, including:

- BLM proposes an unwarranted **new**, all-inclusive definition of hazardous waste and hazardous materials without regard for the existing definition, state primacy and disparate legislative and regulatory purposes and contexts;
- BLM's incorporation by reference of certain API standards appears to have been done without a full review of those standards. Only the standards appropriate for onshore operations on federal lands should be referenced. Industry supports the continued use of Manual of Petroleum Measurement Standards, which is periodically augmented and amended;
- BLM needs to incorporate current federal and state regulatory and jurisdictional requirements for spacing, production, and waste instead of duplicating existing regulations.

Mr Fry indicated he sympathized with many of industry's concerns and said that portions of the comprehensive new regulations will be "re-proposed". The coordinated cooperative effort of the Forum clearly impressed the Director, and he has instructed his staff to conduct workshops with industry to examine how industry's complaints can be answered or resolved. At a minimum, the Forum has established a united front, and with that has also gained credibility and time to modify the new regulatory regime, which when completed will be the system under which the oil and gas industry will operate for many years to come.

Significantly, BLM also held the first meeting of its National Petroleum Forum in Casper on 7 July "to engage customers and concerned citizens in dialog and determine trends and expectations". The focus of this initial conference was California, New Mexico and Wyoming. Representing IADC at that meeting was **Gary Hoggatt of True Drilling**.

The Public Lands Cooperating Association Forum then met on 16 Sept in Littleton, Colo, at **Marathon's** Petroleum Technology Center with RLM officials to continue the negotiations. Again, Mr Hoggatt represented IADC.

STEEL

IADC continues to play a leading role in keeping the doors open for imported steel, often in the face of stiff opposition from the powerful US steel industry. Earlier this year, the **US Senate** killed a bill that would have established artificial constraints on the import of steel into the US. The bill was also opposed by the **Clinton Administration**.

IADC lobbied hard to defeat the measure, which would have raised prices on OCTG and drill pipe in the United States.

IADC joined forces with other steel consumers to form the **Consumer Industry Trade Action Coalition** to fight for a free market in the US for steel and other commodities. "The immediate objective," wrote CITAC Chairman **Jon Jenson**, who is also president of the **Precision Metalforming Association**, "is to band together and stop the steel quota bill (HR 975) in the Senate. HR 975, which passed the House 289-141, blatantly violates the rules of the **World Trade Organization** (WTO) and just as blatantly violates the spirit of free and open competition that makes our economy the best in the world."

In a related effort, the **Congressional Economic Leadership Institute** organized a 17 Sept briefing on trade issues for members of Congress, their staff and others. IADC was instrumental in organizing this event and shaping its agenda. The briefing will address the importance of America's consuming industries, both to the economy as a whole and to trade-policy formulation. In addition, speakers will discuss the experience of consuming industries in trade cases affecting their interests

and present ideas to ensure that the interests of these industries are considered.

ANTIDUMPING ORDER

Unfortunately, the **US Department of Commerce** decided there was "insufficient domestic industry support" among steel producers to revoke the antidumping duty order on finished drill pipe from Argentina, Japan and Mexico and will let the order stand. The Department had received 2 requests to revoke the antidumping duty order on Mexican pipe. The first came from IADC, which asked Commerce to self-initiate a changed-circumstances review for OCTG from Mexico, Japan and Argentina. The second came from **Grant Prideco Inc.** Grant Prideco's request, which covered only Mexican drill pipe, was later withdrawn.

In its review, Commerce determined that the share of steel producers supporting a partial revocation of the order accounted for less than 85% of US production of the product. The Department says its regulations allow revocation of an order due to changed circumstances if "producers accounting for substantially all of the production of a domestic like product" have expressed a lack of interest in continuing the order.

In other words, if those who benefit from the antidumping order don't care about the order, Commerce can revoke it. What the end consumer thinks or needs is not accounted for.

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