

EDITORIALS

From the Chairman

ALASKA: ENVIRONMENTAL BUGABOOS

AS IADC CHAIRMAN this year, one of my most rewarding activities has been the opportunity to travel to our Chapters and visit with contractors in a variety of markets, both geographical and operational. Most recently, I was the guest of our IADC Alaska Chapter. In addition to participating in a well-attended Chapter meeting, **Doyon Drilling**, **Nordic-Calista Services** and **Pool Arctic Alaska** graciously hosted me to the North Slope. I was very impressed by how the North Slope drilling contractors and operators conduct their business. Through close cooperation, the industry has developed ingenious adaptations for this very difficult environment.



Bernie W Stewart, Chairman

Speaking of the environment, much is made over the allegedly deleterious effect of drilling on the Alaskan ecology. I'm here to tell you that drilling operations are in no way going to harm the environment in Alaska. Industry's environmental precautions in Alaska deserve tremendous applause.

Technology has been used to great advantage in Alaska. Despite the field's vast area, the Alaskan industry has been miserly when it comes to generating footprints of drilling operations. They have done their utmost to minimize the number of well pads through the canny use of horizontal drilling and offset wells.

The caribou are among the most visible source of nervous anxiety. The fact is that these magnificent animals graze unconcernedly around the drilling rigs. The scene is little different than cows munching pasture around a rig in Texas. One experience was particularly striking. In Alaska, the buildings stand 7 ft off the ground to avoid damaging the permafrost. At one site, a mother caribou stood with her calf in the shade of such a building. So much for our industry's threat to the caribous!

This brings me to the great Alaskan environmental bugaboo—the Alaskan National Wildlife Refuge. The US Congress regularly denies drilling access to ANWR. From the hype, one might conclude that allowing drilling on this frozen wilderness is to invite an environmental disaster on a par with Chernobyl. In all this, one gets the notion that ANWR is a pristine Eden of scenic proportions equal to Yellowstone or Yosemite.

From "A" to "Y", ANWR couldn't be more different from Yellowstone. There are no sweeping forests and grand roiling rivers, all teeming with wildlife unknown in modern society. ANWR is a barren and empty place. It is a land of endless tundra where no vegetation stands taller than 6 in. The principal wildlife is the migratory Porcupine Caribou Herd. Having observed the aplomb with which caribou react to drilling activities elsewhere on the North Slope, I have no doubt that this 150,000-animal herd would be similarly unaffected.

Part of the reason is there's plenty of room in ANWR. Out of the

refuge's 19 million acres, 17.5 million acres are permanently off limits to exploration. Development would be confined to only a small fraction of ANWR's coastal plain. Estimates are that this field could reach a peak output equal to 10% of total current US production. Developing ANWR would create jobs, enhance national security and lower consumer costs, all at an extremely remote environmental risk in a forbidding area of the US. In a cost-benefit analysis, it's easy to see the logical solution.

ON A NEW ROLL?

A word on the current economic scene: To all appearances, our industry is beginning to rebound from its sudden and devastating recent depression. Thanks to OPEC discipline and the fundamentals of depletion economics, oil and gas prices have recovered strongly. While the largesse of this new prosperity has yet to flow in much volume to the oilfield-service industry, there's little doubt that increased budgets can lie much farther ahead.

The real tale is being told in inventories. Don't be surprised if natural-gas storage is not full by the end of October, the so-called "fill season", with this having tremendous implications regarding total natural-gas deliverability. With crude oil, current inventories are substantially below those for the same period in 1998, at about 81 days of demand. The forecast crude-oil world demand numbers for 2000 are up significantly, and non-OPEC production continues to fall.

From the President

WELL CONTROL: FIRST & FOREMOST

AT IADC, WE devote a great deal of energy and effort on improving well control for the global drilling industry. Our persistent work to improve training and techniques in this discipline stem from an uncompromising philosophy—that if a well-control event goes wrong, nothing else much matters. From this, we conclude that nothing is more important to our industry than well control.

This was highlighted by **Global Marine** Chairman/CEO **Bob Rose** in his opening remarks at our 1999 IADC Well Control Conference of the Americas, which was co-sponsored by **Texaco** and **Global Marine**. Bob urged the packed meeting room that we reenergize the well-control initiative, to the hearty agreement of the audience. He reminded his listeners that this year marks the 30th anniversary of the Santa Barbara oil spill. That spill essentially closed the door to hydrocarbon development offshore California and ultimately led to sweeping moratoria along both US coasts that persist to this day—despite the E&P industry's impeccable environmental record since.

As we move into ever-deeper water, in particular, we must be alert, as Bob said, to maintain the highest standards of safety and environmental protection. "If we have an incident," he warned, "there will be an outcry from the public to shut this business down."

No one knows this better than a drilling contractor. And, through programs like IADC's WellCAP and conferences like our well-control series, no one can accomplish it better than a drilling contractor. ■



Lee Hunt, President