



INTERNATIONAL ASSOCIATION OF DRILLING CONTRACTORS

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9 December 2013

Docket Management Facility (M-30)
U.S. Department of Transportation
West Building Ground Floor, Room W12-140
1200 New Jersey Avenue SE.
Washington, DC 20590-0001

Re: Safety and Environmental Management System Requirements for Vessels on the
U.S. Outer Continental Shelf (USCG-2012-0779)

To whom it may concern:

The International Association of Drilling Contractors is a trade association representing the interests of drilling contractors, onshore and offshore, operating worldwide. Our membership includes all drilling contractors currently operating mobile offshore drilling units in the areas subject to the jurisdiction of the United States.

The purpose of this letter is to respond to the Coast Guard's 10 September 2013 ANPRM (78 FR 55230) regarding their intent to promulgate regulations, which will require vessels engaged in OCS Activities to develop, implement and maintain a vessel-specific Safety and Environmental Management System (SEMS) that incorporates the API RP 75 management program and principles.

Our comments are offered without prejudice to comments that may be offered directly by IADC members. IADC also believes that other sections of the offshore industry may be affected in a different manner than MODUs and may offer divergent views regarding this rulemaking.

IADC does not support the development of a USCG SEMS program for vessels engaged in OCS Activities.

We offer the below listed comments and recommendations regarding the ANPRM but we are not positioned to answer the cost impact questions of our members.

Coordination with the BSEE SEMS Rule

BSEE's SEMS rule (30 CFR 250 Subpart S) has just now concluded its initial phase and there has not yet been any analysis as to its effectiveness or shortcomings. Given the timeline for implementation of the BSEE SEMS rule, we believe the Coast Guard's proposed rulemaking is premature.

Rather than proceed with the proposed rulemaking, we recommend that the Coast Guard coordinate with the Department of Interior to:

- Assess the degree to which contractor activities have been addressed with operators' SEMS programs; and
- To the extent that contractor activities have not been included, identify areas of concern regarding implementation of the BSEE's SEMS requirements that were not covered or need to be addressed further by the BSEE or the USCG.

Comparison to ISM

IADC does not see a substantial difference between the current requirements for an International Safety Management (ISM) system and those of a SEMS. The basic elements of a Safety Management System (SMS) based on the ISM Code or based on API RP 75 are broadly similar. The principal differences from our perspective are the instructions given to the auditors assessing the systems developed to meet these programs.

We note the Coast Guard's statement that some "vessels implement a SMS based on the ISM Code, but this Code assumes a vessel's mission is international transportation of cargo, not OCS Activities." We are perplexed by this statement since the ISM Code requires that an ISM-compliant SMS will "assess all identified risks to its ships, personnel and the environment and establish appropriate safeguards" and not simply those involved in international transportation of cargo. If there is a shortcoming here, we believe that it is in the Coast Guard's application of the ISM Code and not in the Code itself. To this end we see no benefit to be derived from the imposition of yet another SMS to OCS Activities.

We request and recommend that the Coast Guard review and compare the two systems and provide their evaluation of the differences.

Definition of OCS Activities

IADC continues to believe that the Coast Guard needs to better define the term "OCS Activities." The potential scope of this rule cannot be fully assessed without a better understanding of how the Coast Guard will define this term in completing and finalizing the proposed OCS Activities rule (USCG-1998-3868).

IADC HSE Case Consideration

We note that the ANPRM makes reference to the IADC HSE Case Guidelines for MODUs. These guidelines were developed to demonstrate that a single safety management system (SMS), including hazards analyses at both the major hazard and occupational hazard levels, could be developed in a manner that it could satisfy multiple regulatory mandates for Safety Cases or SMS as a MODU moved amongst regulatory jurisdictions. The IADC guidelines have taken into consideration the requirements of

the ISM Code, API RP 75 and the requirements of numerous coastal States, including the BSEE's SEMS regulations. In IADC's perspective, the fundamental goal for a company contemplating international operations is to develop a robust SMS and for it to make those minimal changes that may be necessary to adapt that SMS to meet the demands of new regulatory jurisdictions or clients. In IADC's view, it is inappropriate, and counterproductive in terms of safety culture, to attempt to develop a new SMS rigidly conforming to the parochial format developed by an individual regulatory body or client.

IADC appreciates the opportunity to provide comments regarding this ANPRM and requests that our comments be given due consideration. If you have any questions about any portion of this correspondence, please contact me by phone at (713) 292-1945, ext. 203.

Sincerely,

A handwritten signature in black ink that reads "John Pertgen". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

John Pertgen
Director, Offshore Technical and Regulatory Affairs