

# Onshore Division Monthly Activity Report



## July 2014

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### Policy, Government and Regulatory Affairs

- The House and Senate return from summer recess on Monday, September 8, 2014. When lawmakers return, they will have 12 days in September and October to hash out any number of issues that are stacking up, including a federal budget bill. Most of the substantive energy legislation has stalled and is not expected to move this year, that includes proposed legislation to block the “social cost of carbon”, LNG export legislation and oil export legislation.
- Colorado Gov. John W. Hickenlooper (D) announced that he has formed a task force to develop recommendations that would reduce land use conflicts when oil and gas facilities are located near homes, schools, businesses, and recreation areas. He also said he would ask the Colorado Oil & Gas Conservation Commission to dismiss litigation challenging the city of Longmont’s ordinance banning hydraulic fracturing, and called on all parties to withdraw ballot initiatives on the topic.
- Noble Energy Inc., Anadarko Petroleum Corp., Encana Corp, and the Environmental Defense Fund to name a few - and environmentalists made an unlikely team when collaborating on new methane emissions rules, approved by Colorado state regulators in February. Companies must now routinely look for leaks and have a deadline to close them. The mandate also requires emissions-control devices at new wells and on equipment including compressors and storage tanks. Ohio and Wyoming could follow suit in their attempts to cut methane emissions. Later this year, U.S. EPA will also take up the issue in the form of proposed rulemaking.
- The Senate passed the House version of legislation to fund the highway and mass-transit projects through May, acting hours before government was to start cutting payments to states. The measure transfers \$10.8 billion into the trust fund and reauthorizes it through May. The bill did not contain provisions specific to limiting the hours of operation for truck or rig drivers, a matter of concern for IADC members companies.
- The Department of Interior (DOI), U.S. Fish and Wildlife Service (USFWS) held its last of several nationwide scoping meetings. USFWS is analyzing various aspects of bald and golden eagle management as part of its responsibility under the National Environmental Policy Act (NEPA). USFW is soliciting public input through September 22, 2014, as a part of this process. Meeting participants included conservation groups, utilities, landowners, construction and transportation infrastructure interests and the oil and gas sector. Comments can be submitted electronically at [www.regulation.gov](http://www.regulation.gov). Enter FWS-R9-MB-2011-0094-0491. The purpose of the public scoping process with regard to NEPA is to determine issues that could influence the scope of the analysis, including alternatives, and guide the process for developing an environmental assessment (EA) or environmental impact statement (EIS) and related compliance efforts.

**Federal Motor Carrier Safety Administration (FMCSA) published a FRN announcing it has received an application from the American Trucking Associations (ATA).** On May 23, 2014, (FMCSA) received an application from the American Trucking Associations (ATA) for an exemption from the 14-hour provision of the Agency's hours-of-service regulations to enable certain drivers to exclude waiting time at a natural gas or oil well site from their calculations of on-duty time. Currently, only specially trained drivers of commercial motor vehicles (CMVs) that are specially constructed to service oil and natural gas extraction sites may employ this provision. ATA proposes that FMCSA by a limited 2-year exemption that may be renewed, permit exclusion of such waiting time by drivers of CMVs who are exclusively engaged in servicing oil and natural gas extraction sites and have the opportunity to obtain rest while waiting at such sites. FMCSA requests public comment on ATA's application for exemption. **Comments must be received on or before July 7, 2014.**

**IADC Action:** After gathering information from five member companies, IADC submitted comments to Docket No. FMCSA-2013-0470 on Thursday, July 3<sup>rd</sup>, 2014. FMCSA is still analyzing and reviewing all comments, once they reach a decision, it will be published in the Federal Register.

**IADC assisting Western Energy Alliance in filing a Data Quality Act Challenge against the U.S. Department of the Interior on the Greater Sage-Grouse.** IADC PGRA and the Western Energy Alliance (WEA) met on August 5, 2014 in Washington, D.C. to discuss IADC joining the WEA in filing a Data Quality Act challenge against the U.S. Department of the Interior ("DOI") on greater sage-grouse ("GRSG"). The potential listing of the greater sage grouse is of critical importance to our members. Given the sizable range (11 states encompassing approximately 165 million acres) of the sage grouse's habitat, a listing would be devastating. Timing is critical. A listing decision under the Endangered Species Act ("ESA") is expected by September 30, 2015. In the meantime, the Bureau of Land Management ("BLM") and U.S. Forest Service are implementing draconian "one size fits all" new regulatory measures that will lock up millions of acres of public lands in the West and significantly impact the ability of drilling contractors to conduct their work.

**IADC Action:** This opportunity allows IADC to assist the industry by securing positive outcomes through advocacy with government policy makers, representation with regulators and leadership of the drilling space. The support of IADC and the membership is critical so the coalition can proceed with both of these important tasks. Therefore, IADC is in need of a drilling contractor expertise in the Colorado area to assist in this matter.

## **API Standards Development / Monitoring**

**API Standards Plan:** Every year API develops a list of Specifications, Recommended Practices and Standards "expected" to be published during that calendar year. For a complete list of API documents "expected" to be released in 2014, visit the API website: <http://www.api.org/publications-standards-and-statistics/annual-standards-plan>

On a regular basis, IADC staff monitors, reviews and provides feedback on API documents on behalf of the IADC members. Below is a list of current document revisions that IADC is involved in:

➤ Standard 53, Blowout Prevention Equipment Systems for Drilling Wells.

**Note:** API Standard 53 was revised and modified greatly as a response to the Macondo incident in the Gulf of Mexico. The main issue onshore members have with API Standard 53 is that the Texas Railroad Commission's Rule 13 made blanket use of Standard 53 and its requirement of blowout preventer equipment to be certified according to the standard.

**IADC Action:** IADC attended an initial API Standard 53 TG meeting to review suggestions that had been submitted for revision of the standard. Representatives from the Texas Railroad Commission (TRRC) were in attendance. However, only one drilling contractor was present. Additionally, the IADC letter addressed to the TRRC regarding the API standard was reviewed and API will post IADC's letter on API's SharePoint site for the 53 TG.

**IADC Update:** IADC sent out a meeting update out on July 11<sup>th</sup> to onshore members who have expressed interest in Standard 53. The next meeting is scheduled for August 21<sup>st</sup> in Houston.

API *agreed to review* the following concerns (within the standard) expressed by IADC members in a letter submitted to the TRRC:

6.1.2.12 - A Class 5 BOP arrangement or shall be installed for 15K and greater pressure rated systems. The minimum requirements for a class 5 BOP stack arrangement shall include one annular, one BSR, and two pipe rams. A risk assessment shall be performed to identify ram placements and configurations, and taking into account annular and large tubulars for well control management.

6.1.4.4 - if replacement parts & assemblies are acquired from a non-OEM, the parts & assemblies shall be equivalent or superior to the original equipment and fully tested, designed verified, and supported by traceable documentation in accordance w/ relevant API specs.

6.2.2.9 - A minimum of two remotely operated chokes shall be installed on choke manifold systems rated 10K and greater. The choke shall have two independent control valves, one each for the two remotely operated chokes.

6.2.2.18 - The choke control station shall include all instruments necessary to furnish an overview of the well control operations. This includes the ability to monitor and control such items as standpipe pressure, casing pressure, and monitor pump strokes.

- Recommended Practice 92U, Underbalanced Drilling Operations, 2nd Edition.

**Note:** On July 30, 2014 the balloting process for this document began with responses due no later than August 29, 2014. The only change within the document that is being balloted pertains to a well control / operations matrix.

**IADC Action:** The IADC UBO /MPD Committee have identified additional components needed for 92U and will work on these components throughout the remainder of 2014 and into 2015.

On July 9<sup>th</sup>, 2015, API published a first-of-its-kind [industry standard](#) for community engagement in areas of the country where horizontal drilling and hydraulic fracturing have opened new energy development opportunities.

IADC had a meeting with API in an effort to enhance collaboration/communication between the two organizations. As a result, IADC is currently working on a standards spreadsheet that designates the correct IADC staff liaison to monitor/participate in API standards revisions. As a result, IADC/API is aiming to develop an improved protocol for standard revision between both organizations.

## Member Visits

**West Texas:** Daniel Taylor, HSE&T Manager – Lariat Drilling; Anthony Zacniewski, HSE Director – Bandera Drilling; Ryan Hawkings, VP Operations Manager – CanElson Drilling US; Charlie Vannatta – Wilbanks Energy Logistics; Jimmy Fry – 5J Trucking.

**Pennsylvania:** Mario Elizondo, Regional HSE Manager – NOMAC Drilling; Lawson Threeton, HSE Manager – Precision Drilling; Joe Goetz, VP / GM – Orion Drilling Co.

**Houston, Texas:** Steve Mercer, Corporate HSE Manager – Dynamic Energy Services; Brooks Elliston, Corporate HSE – Superior Energy Services; Mike Truitt, HSE Director – Savannah Energy Services.

## Non-Member Visits

**South Louisiana:** Dwayne Doucet, Corporate HSE Manager – Greene’s Energy Group.

**Houston, Texas:** Troy Roach, HSE Director – Key Energy Services; John Lemmons, VP of Sales and Marketing – Legend Energy Services; Barry Brunskill, VP Marketing – C&J Energy Services.

## Members Contacted...but Meetings Not Held

**Pennsylvania:** Tom Flynn, V.P. Operations – Yost Drilling: Meeting scheduled but cancelled by member. Tom had an emergency meeting with PA DEP regarding some P&A’d wells. Patterson/UTI – Brian Zimmerman, HSE Manager – Called Brian but he was on his way to Houston for company meetings.

## Chapter Meetings

Each of IADC's 15 active chapters is represented by a regional representative, who helps coordinate IADC activities with the chapters in that area. Chapters comprise local drilling contractors, producers and service companies. The chapters sponsor social events and provide informal regional forums for members to consider problems and issues in the industry. For additional information regarding chapters, visit the IADC website at <http://www.iadc.org/chapters/>.

### ***IADC Permian Basin Chapter (Midland, TX):***

**HSE Committee** Discussed moving forward with the creation of a training program specific to the Permian Basin for IADC member drilling companies. Attendees included Bandera Drilling, Lariat Drilling, Robinson Drilling, Canelson Drilling, and Hondo Heavy Haul. Mark Denkowski, VP – ACD will inform the group on the procedure to accredit their program through Howard College. Next HSE Committee meeting is scheduled for 12 August. The Permian Basin Chapter meeting is scheduled for September 11 at the Midland Petroleum Club.

## OSHA / Regulatory

The 2014 IADC Federal Regulatory Summary was sent out on July 10<sup>th</sup> to all onshore members. This summary contains Federal Regulatory Actions that could possibly impact onshore drilling activities. The following link will take you to the report <http://www.iadc.org/onshore-division/reports/>

## Industry Meetings

*Midland, Texas:* Permian Basin STEPS Network. 175 attendees were present and five of the attendees being drilling contractors.

*Lafayette, LA:* South LA STEPS Network. Approximately 40 attendees; 2 drilling contractors.

*State College, PA:* PA STEPS Network. Approximately 120 attendees; 3 drilling contractors and 6 operators.

*The Woodlands, Tx:* SafeLand Advisory Group meeting at Anadarko.

*Houston, TX:* STEPS Executive Committee Meeting. Representation in the meeting consisted of 2 contractors, 2 operators and 2 OSHA representatives.

## Presentations

*Lafayette, LA:* South LA STEPS – IADC history, membership served, 2013 ISP results, Safety Alert Program, current initiatives (KSA & WADI), and other IADC benefits (Publications, Conferences, Committees, etc.).

## Contacts

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