

April 10, 2019

## API REGULATORY UPDATE

### API ACTIVITIES

#### Explore Offshore (no update)

- On June 6, 2018, API officially launched a new coalition for U.S. offshore energy exploration and development called [Explore Offshore](#). The coalition will focus its efforts in Virginia, North Carolina, South Carolina, Georgia, and Florida – each state will be represented by state chairs. The full list of participants includes:  
**Explore Offshore National Co-Chairs:** Former Secretary of Veterans Affairs **Jim Nicholson** and Former Secretary of the Navy and Virginia Senator **Jim Webb**  
**Virginia Co-Chairs:** Former Delegates **Winsome Sears** and **Mike Watson**  
**North Carolina Chair:** Former Mayor of Fayetteville **Nat Robertson**  
**South Carolina Chair:** South Carolina African American Chamber of Commerce Chairman **Stephen Gilchrist**  
**Florida Chairs:** Former Puerto Rico State Senator Dr. **Miriam Ramirez**, Former Florida Lieutenant Governor **Jeff Kottkamp**, Former Director of the Crestview Area of Chamber of Commerce **Wayne Harris**  
**Georgia Chair:** Georgia State Petroleum Council Director **Hunter Hopkins**

#### API 92S, Managed Pressure Drilling Operations—Surface Back-pressure with a Subsea Blowout Preventer

- The 1<sup>st</sup> edition was published in September 2018, this was a joint effort with the IADC UBO/MPD Committee.

#### API 53 Well Control Equipment Systems for Drilling Wells

- The 5<sup>th</sup> edition of API 53 was published December 2018. The last Task Group meeting was balloting efforts through Nov and Dec. 2018. The Task Group will not meet at the 2019 Summer Conference and is now focused on any incoming RFI's for the 5<sup>th</sup> Edition. Ricky Cummings, Chevron, is the chair [RCummings@chevron.com](mailto:RCummings@chevron.com).

#### API RP 4G Operation, Inspection, Maintenance, and Repair of Drilling and Well Servicing Structures

- The 5<sup>th</sup> Edition of API RP 4G, *Operation, Inspection, Maintenance, and Repair of Drilling and Well Servicing Structures* was published in February 2019. The chair is Anthony Mannering, TM Engineering, PLLC; [anthony.mannering@tmengineeringpllc.com](mailto:anthony.mannering@tmengineeringpllc.com) or (713) 202-3288.

#### API RP 75 Recommended Practice for Development of a Safety and Environmental Management Program for Offshore Operations and Facilities

- Sandi Fury, Chevron, [SFury@chevron.com](mailto:SFury@chevron.com) and Charlie Duhon, Arena [CDuhon@arenaoffshore.com](mailto:CDuhon@arenaoffshore.com) are the co-chairs of the RP 75 revision workgroup. A comment only ballot was issued in April, and comments were due June 29, 2018. The last meeting was held March 29, 2019 to resolve the comments. The document is expected to be balloted around April 19, 2019 with comments due around May 31, 2019. The next RP 75 task group meeting will be held after the ballot closes to resolve any comments.

#### API Standard 16AR Standard for Repair and Remanufacture of Drill-through Equipment (no update)

- The API Monogram-APIQR Program continues to work with SC16 to design an APIQR certification and audit program for API Std 16AR (standard published April 2017). The program would certify, through an audit process, organizations that perform repair and remanufacture of

April 10, 2019

drill-through equipment and have implemented quality systems and processes that meet the requirements of API Std 16AR. Program development is currently on hold pending subcommittee action on some key API Std 16AR interpretations.

**API Spec Q2 Specification for Quality Management System Requirements for Service Supply Organizations for the Petroleum and Natural Gas Industries (1<sup>st</sup> Edition)** (no update)

- APIQR continues to register service providers to API Spec Q2. There are just over 115 service facilities with active Q2 certificates in 23 countries (just over 30% US based) with another 40 applications in-process in 17 countries (30% US based).
- API Houston sales / business development staff participated in the IADC API Spec Q2 session held October 2 and are planning to participate in the October 11 session. API staff explained the application and auditing process for APIQR, API Spec Q2 certification.
- API SC18, TG5 continues to investigate APIQR certification and auditing program requirements for Q2 certification of drilling contractor quality management systems/operations. Feedback from the October 2 IADC session is that there is still interest in running through a beta audit and follow-up is required.
- The SC18, TG5 (the SC18 quality committee's task group on API Spec Q2) work groups continue to work revisions to API Spec Q2; a 2-year extension has been granted to allow the revision process to be completed over the next year. A work group (SC 18, TG 5, WG 2) of drilling contractors and Users/Operators has been formed to identify proposed revisions and additions to address the needs of drilling contractors. API 18TR2, Guidance to API Spec Q2, was published December 2017. For more information on the work of SC18, TG5, contact the chair of the TG, Stacey Hagen of ExxonMobil at [stacey.w.hagen@exxonmobil.com](mailto:stacey.w.hagen@exxonmobil.com).
- For information about the Q2 certification program, program requirements, auditing requirements, etc. visit the API website at <http://www.api.org/products-and-services/api-monogram-and-apiqr> or contact [certification@api.org](mailto:certification@api.org). For more information on API-U Q2 training courses please visit the API-U training calendar on the API website at <http://www.api.org/products-and-services/training/api-u/calendar>.

**API Standard 18LCM Product Life Cycle Management System Requirements for the Petroleum and Natural Gas Industries** (no update)

- The API Monogram-APIQR Programs launched the company registration program for API Std 18LCM on January 16, 2018. The program is now open to applicant organizations that provide life cycle management services for E&P equipment under a management system that meets API Std 18LCM and API Spec Q1. For more information visit the API website at [http://www.api.org/products-and-services/api-monogram-and-apiqr#tab\\_api-18lcm](http://www.api.org/products-and-services/api-monogram-and-apiqr#tab_api-18lcm).

**API SC 20, Supply Chain Management Standards** (no update)

- APIQR is working with the SC 20 members to consider a new company registration program for the SC 20 series of supply chain specifications. The program would require conformity to one of the SC 20 specifications plus implementation of a management system that meets API Spec Q1. Currently, APIQR is taking API Spec Q1 registration applications with management system scopes that include reference to the API SC 20 supply chain specifications and related activities. For example, a heat treat provider working to API Spec 20H or a machine shop working to API Spec 20M can apply for API Spec Q1 registration referencing Spec 20H or Spec 20M in their QMS scope. The goal is to gauge industry interest in a specific registration program.

April 10, 2019

## **USCG ACTIVITIES**

### **MSIB 19-01: Marine Casualty Reporting**

- On January 28, 2019 the USCG issued Marine Safety Information Bulletin 19-01 on Marine Casualty Reporting. This MSIB updates Marine Casualty Reporting guidance and procedures published on June 2, 2015 and September 5, 2017 for OCS units (as defined in 33 CFR 140.10) operating within the Gulf of Mexico. Compliance with this MSIB will ensure timely initial notifications to the appropriate Coast Guard unit. Any questions on this MSIB should be directed to Mr. Ed Lacy of the USCG. [Edward.I.lacy2@uscg.mil](mailto:Edward.I.lacy2@uscg.mil) or 504-671-2151. The MSIB can be found here:  
[https://www.atlanticarea.uscg.mil/Portals/7/Eighth%20District/docs/OCS/MSIB/MSIB%2019\\_01%20Marine%20Casualty%20Reporting.pdf?ver=2019-01-30-101659-803](https://www.atlanticarea.uscg.mil/Portals/7/Eighth%20District/docs/OCS/MSIB/MSIB%2019_01%20Marine%20Casualty%20Reporting.pdf?ver=2019-01-30-101659-803)

### **MSIB 19-02: Lifesaving Appliance Data Plates**

- Also, on January 28, 2019 the USCG issued Marine Safety Information Bulletin 19-02 on Lifesaving Appliance Data Plates. This MSIB is a follow-up to Marine Safety Information Bulletin (MSIB) 17-02, and re-iterates that data plates are required to be affixed to each approved lifesaving appliance as stipulated in each Subpart of 46 C.F.R. Subchapter Q. Any questions on this MSIB should be directed to Mr. Ed Lacy of the USCG. [Edward.I.lacy2@uscg.mil](mailto:Edward.I.lacy2@uscg.mil) or 504-671-2151The MSIB can be found here:  
[https://www.atlanticarea.uscg.mil/Portals/7/Eighth%20District/docs/OCS/MSIB/MSIB%2019\\_02%20Life%20Saving%20Appliance%20Dataplates.pdf?ver=2019-01-30-101700-600](https://www.atlanticarea.uscg.mil/Portals/7/Eighth%20District/docs/OCS/MSIB/MSIB%2019_02%20Life%20Saving%20Appliance%20Dataplates.pdf?ver=2019-01-30-101700-600)

### **USCG Policy and Guidance for MODUs** (no update)

- The USCG has recently made available a webpage that contains the consolidated regulatory information regarding its Policy and Guidance for MODUs. This single site contains the variety of USCG references that apply to MODUs. Those references include: NVICs, Policy Letters, and Certificate of Compliance options (A,B,C) guidance. <https://www.dco.uscg.mil/OCSNCOE/Regulations-Policy-Guidance/MODU/>

### **USCG Industry Day** (no update)

- The last Industry Day was held May 10, 2018 at USCG Sector Headquarters Houston Galveston, 13411 Hillard Street, Houston, Texas 77034. The next Industry Day has not yet been scheduled.

### **National Offshore Safety Advisory Committee meeting (NOSAC)**

- The last NOSAC meeting was held March 20, 2019 in New Orleans. There were no new task statements accepted at the meeting, nor any new subcommittees formed. The existing Subcommittee to provide recommendations for the use of Offshore Supply Vessels (OSVs) and other non-purpose built vessels to assist in restoration and recovery efforts in response to natural or man-made disasters presented an interim report. The 2019 Fall NOSAC meeting will be Sept 10 and 11th in Houston, TX. Sept 11th is the full-day public meeting.

### **USCG Withdrawal Subchapter NPRM** (no update)

- On September 19, 2018, the USCG published a FRN which withdrew the Subchapter N Notice of Proposed Rulemaking published December 7, 1999.

April 10, 2019

### **USCG Pending Rules (Spring Regulatory Agenda)**

- Final TWIC Reader Requirements; Delay of Effective Date (10/18)
- Proposed Rule Crediting Recent Sea Service of Personnel Serving on Vessels of the Uniformed Services (~~07/18~~ 12/18)
- Proposed Rule Implementation of the 2015 and 2016 Amendments to the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (~~09/18~~ 03/19)
- Proposed Rule Ballast Water Management--Removal of Annual Reporting Requirement (05/18)
- Final Rule Marine Casualty Reporting on the OCS (published on 9/19/2018)

### **BSEE ACTIVITIES**

#### **BSEE Offshore Well Control Rule**

- The final rule was announced on April 14 and published on April 29, 2016. Most of the rule became effective on July 28, 2016. API, IADC, OOC, NOIA, IPAA, PESA and USOGA sent BSEE a letter on May 27, 2016 asking for clarification and/or interpretation from BSEE. BSEE has been providing that information on their website at: <https://www.bsee.gov/site-page/well-control-rule-by-date>
- The Joint Industry Trades also send a letter May 17, 2017 to the Trump Administration outlining issues associated with the final rule and its implementation.
- BSEE has announced its intent to revise the WCR and held a public forum in Houston on September 20, 2017 to begin gathering information for the revision. In addition to the May 17, 2017 letter the Joint Industry Trades presented at the Forum on drilling margins, remote real time monitoring, casing and cementing, containment, API 53, BAVOs, shearing requirements, accumulators and codifying Interpretations.
- BSEE link to submit comments on the regulatory reform <https://www.regulations.gov/document?D=DOI-2017-0003-0006>
- The proposed revisions to the WCR was sent to OIRA on December 12, 2017. <https://www.reginfo.gov/public/do/eoDetails?rrid=127772>
- The proposed revisions were published in the Federal Register on May 11, 2018, the Joint Trades filed comments on August 6, 2018.
- The final rule was sent to OIRA on December 13, 2018. <https://www.reginfo.gov/public/do/eoDetails?rrid=128732> The Joint Trades met with OIRA on February 13 and had a follow up call on February 26, 2019. We await publication of the final rule.

#### **Revisions to Production Safety System Regulations** (no update)

- On December 29, 2017, BSEE proposed Oil and Gas and Sulphur Operations on the Outer Continental Shelf, Oil and Gas Production Safety Systems, Revisions (Subpart H) on January 29, 2018, API, OOC and NOIA filed joint comments. BSEE published the final rule on September 28, 2018, the rule becomes effective on December 27, 2018.

#### **Early Kick Detection possible BAST Candidate** (no update)

- BSEE has posted a document announcing BSEE's intention to evaluate Early Kick Detection (EKD) technology as part of the Best Available and Safest Technology (BAST) Program. Use of cost-effective BAST is required by the Outer Continental Shelf Lands Act (OCSLA) to address significant safety issues on the Outer Continental Shelf (OCS). BSEE believes that this

April 10, 2019

assessment is needed to determine if use of BAST involving kick detection and mitigation can reduce the likelihood of loss of well control (LOWC) events. The information can be found on BSEE's website: <https://www.bsee.gov/what-we-do/offshore-regulatory-programs/emerging-technologies/BAST> API filed comments on both BAST candidates.

#### **DOI Public Notice on Regulatory Reform Initiatives** (no update)

- On June 22, 2017, the US Department of the Interior published a Federal Register Notice soliciting public input on how the Department of the Interior can improve implementation of regulatory reform initiatives and policies and identify regulations for repeal, replacement, or modification. The notice also provides an overview of Interior's approach for implementing the regulatory reform initiative to alleviate unnecessary burdens placed on the American people, which was established by President Trump in Executive Order (E.O.) 13777, "Enforcing the Regulatory Reform Agenda." There is no deadline to submit comments. Interior commits to review public responses on an ongoing basis. API has previously provided recommendations in various forms to policy leadership at DOI concerning regulations that should be re-examined and potentially considered as candidates for revision and has had ongoing meetings with DOI staff to discuss our specific concerns. Link to submit documents to DOI on all Regulatory reform at the Department <https://www.regulations.gov/docket?D=DOI-2017-0003>

#### **BSEE Bolt Report, Safety Alert & API Response** (no update)

- August 11, 2014 BSEE released a technical Review of Connector and Bolt Failures following the failure of connectors and bolts used in critical equipment. The technical review, entitled Evaluation of Connector and Bolt Failures, was completed by the bureau's Quality Control-Failure Incident Team (QC-FIT) and submitted to BSEE Director Brian Salerno. API held a Technical Session during the API Exploration and Production Winter Standards Meeting in New Orleans on January 27, 2015. After the Technical Session, a multi-segment task group was formed to review the detailed recommendations in the report and determine next steps. The final report was shared with BSEE and is now being implemented.

BSEE held a public forum on offshore connector equipment failures, including connector bolt failures that have occurred on the OCS on August 29, 2016, in Washington, DC. API presented at the Forum.

In addition to the work of the multi-segment task group, API met with BSEE on March 31, June 22, September 20, and October 7, 2016, to discuss the Safety Alert. And provides BSEE quarterly updates to track the voluntary industry actions we have committed to to improve subsea BOP bolting. Work continues with BSEE on subsea BOP bolting.

Additionally, the National Academies of Sciences, Engineering, and Medicine (the Academies) through the National Academy of Engineering (NAE) and the National Materials and Manufacturing Board (NMMB) has been contracted by BSEE to hold an Academies' workshop and follow-on study to address issues associated with the reliability of connectors used in critical safety components and equipment for offshore oil and natural gas operations. The workshop was held April 10-11, 2017 in Washington, DC. The website for the Committee: [http://sites.nationalacademies.org/DEPS/NMMB/DEPS\\_174523](http://sites.nationalacademies.org/DEPS/NMMB/DEPS_174523). The workshop proceedings can be found here: [Bolting Reliability for Offshore Oil and Natural Gas Operations: Proceedings of a Workshop](#)

April 10, 2019

The pre-publication of the Committee's report "High-Performance Bolting Technology for Offshore Oil and Natural Gas Operations" was posted March 9, 2018 and can be found [here](#). API submitted technical corrections to the Committee on the pre-publication copy. The final report was published in June and can be found here: <https://www.nap.edu/catalog/25032/high-performance-bolting-technology-for-offshore-oil-and-natural-gas-operations> API submitted a letter to BSEE on August 30, 2018 on the final report.

#### **BSEE Pending Rulemaking (Fall Regulatory Agenda)**

- Final Rule Revisions to the Blowout Preventer Systems and Well Control Rule (12/18)
- Final Rule Privacy Act Regulations; Exemption for the Investigations Case Management System (published March 25, 2019)
- Final Rule Outer Continental Shelf Lands Act; 2019 Inflation Adjustments for Civil Penalties (published March 25, 2019)
- Final Rule Federal Oil and Gas Royalty Management Act; 2019 Inflation Adjustments for Civil Penalties (01/19)

#### **OTHER ACTIVITIES**

##### **Science and Technology Directorate (S&T), Department of Homeland Security (DHS) FRN on Effectiveness of TWIC**

- On February 7, 2019 the Science and Technology Directorate at the Department of Homeland Security published a Federal Register Notice to solicit comments on the Assessing the Risk-Mitigation Value of TWIC® at Maritime Facilities. By law, the Secretary of Homeland Security is required to commission an assessment of how effective the transportation security card program is at enhancing security and reducing security risks for regulated maritime facilities and vessels before implementing any rule requiring the use of biometric readers for TWIC®. The Homeland Security Operational Analysis Center (HSOAC), a federally funded research and development center operated by the RAND Corporation, will collect information from those involved in maritime activities on behalf of S&T, HSOAC will analyze this information and use it to produce a public report with its research findings. Comments were due April 8, 2019. API did not submit comments.

##### **OESI Process Safety in Wells, Leading Indicators in Well Control Forum**

- The Ocean Energy Safety Institute will facilitate dialogue between industry, academia, regulators, and non-governmental organizations in a forum to discuss "Process Safety in Wells, Leading Indicators in Well-Control" on Tuesday, April 30, 2019 at the Texas A&M Hotel and Conference Center, 177 Joe Routt Blvd., College Station, Texas. Registration can be found here: <http://bit.ly/2F8KoGh>

##### **Comments on Maritime Regulatory Reform** (no update)

- On May 17, 2018, the Office of Information and Regulatory Affairs (OIRA) published a FRN seeking public comment on how existing agency requirements affecting the maritime sector can be modified or repealed to increase efficiency, reduce or eliminate unnecessary or unjustified regulatory burdens, or simplify regulatory compliance while continuing to meet statutory missions. The request for information is meant to inform agencies' development of regulatory reform proposals. For purposes of the initiative, the maritime sector includes all enterprises related to maritime commerce, including: (1) Designing, building, acquiring, repairing, or

April 10, 2019

scrapping vessels; (2) operating, manning, or maintaining vessels, port facilities, or shipyards; (3) operating shipping lines, customs brokerage services, shipping and freight forwarding services, or maritime activities related to resource extraction, renewable energy, cable laying, or marine research. API submitted individually and jointly with OOC and IADC on July 16, 2018.

**CBP Rulings Notice on Proposed Modification and Revocation of Ruling Letters Related to Customs Application of the Jones Act to the Transportation of Certain Merchandise and Equipment Between Coastwise Points** (no update)

- On January 18, 2017, CBP published a notice entitled “Proposed Modification and Revocation of Ruling Letters Related to Customs Application of the Jones Act to the Transportation of Certain Merchandise and Equipment Between Coastwise Points” in volume 51 of the Customs Bulletin and Decisions. According to CBP they proposed to modify a 1976 Ruling HQ 101925 to make it more consistent with federal statutes and regulations that were amended or promulgated after HQ 101925 was issued, and to clarify the proper reasoning underlying the conclusions reached regarding the subjects covered in the ruling. In addition, CBP proposed to revise its rulings which have determined that articles transported between coastwise points are vessel equipment pursuant to Treasury Decision (“T.D.”) 49815(4). CBP intends to revoke or modify all prior rulings inconsistent with the proposed modifications. To respond to this notice, API coordinated a Joint Trade comment letter, filed April 18, 2017, which included (API), the Association of Diving Contractors International (ADCI), IADC, the Independent Petroleum Association of America (IPAA), the International Association of Geophysical Contractors (IAGC), the International Marine Contractors Association (IMCA), the Louisiana Mid-Continent Oil and Gas Association (LMOGA), the Offshore Operators Committee (OOC), the Petroleum Equipment & Services Association (PESA) and the U.S. Oil and Gas Association. On May 10, 2017, CBP withdrew the proposal stating that “Based on many substantive comments CBP received both supporting and opposing the proposed action, and CBP’s further research on the issue, we conclude that the Agency’s notice of proposed modification and revocation of the various ruling letters relating to the Jones Act should be reconsidered.” CBP is currently deciding its next steps which could include going through a rulemaking process. API and the Industry remain engaged with CBP on this activity.

Questions:

Holly Hopkins

Sr. Policy Advisor, Upstream

American Petroleum Institute

1220 L Street, NW

Washington, DC 20005

[hopkinsh@api.org](mailto:hopkinsh@api.org)

202-682-8439 phone