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## API UPDATE

### API ACTIVITIES

#### API Climate Action Framework

- On March 25, 2021, API announced our [Climate Action Framework](#), which includes five-pillars to help drive meaningful emissions reductions, while continuing to deliver affordable, reliable, and cleaner energy.

#### New API ESG Webpage

- API is playing a more proactive role on broader sustainability issues, including how our industry contributes to the [17 UN Sustainable Development Goals](#). Since many of our member companies are being asked to demonstrate how their operations and products advance sustainability – specifically, on ESG issues, API created a new [ESG webpage](#) to help demonstrate API's and our members' contributions.

#### API Energy Excellence

- After nearly two years of development under the direction of the API Executive Committee, API Energy Excellence was endorsed by the Board of Directors in November 2020 and officially launched during the January API State of American Energy event ([API Blog Post](#)). [API Energy Excellence](#) embodies the natural gas and oil industry's commitment to safe and responsible operations and the core values by which API members operate – to help ensure safety and environmental protection as they continue to play a vital role in developing and deploying technologies and products that help tackle the world's greatest challenges, fuel economic growth and create a better tomorrow. API Energy Excellence is meant to enhance industry cohesion and highlight API members' commitment to accelerating safety and environmental progress across its operations.

While API member companies have been using API standards and programs for decades, API Energy Excellence codifies our industry's practices in driving safety, health, and environmental progress. API Energy Excellence is comprised of [13 core elements](#). API Energy Excellence companies commit to applying these 13 elements to safeguard our employees, environment and the communities in which they operate.

#### Biden Administration

- API is continuing to work with DOI (BSEE, BOEM & BLM) on the recent Executive and Secretarial Orders on permitting and leasing.
- The BSEE Offshore Well Control Rule is listed for review by the Biden Administration. The final rule was published on May 15, 2019. Most of the rule became effective on July 15, 2019. API is revisiting the rosters for the 8 WCR workgroups.

#### API S53 Well Control Equipment Systems for Drilling Wells (no change)

- The 5th edition of API S53 was published December 2018. The Task Group did not find it necessary to meet at the 2021 Winter Conference and is now focused on incoming RFI's. For the remainder of 2021, the task group will continue addressing RFI's and collecting issues for potential inclusion in a future 6th edition or if necessary, any addendums. The task group is planning to reconvene in late 2021 to begin discussions on a BSR Inclusion Study for Surface Onshore drilling rigs. Ricky Cummings, Chevron, is the chair [RCummings@chevron.com](mailto:RCummings@chevron.com)

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**API SPEC 16B Blowout Prevention Equipment for Wireline, Coil Tubing and Polished Rod Application**

- To be balloted in Q2 2021 Alex Sas-Jaworsky, SAS is the chair

**API 16CBM Condition Based Maintenance**

- Meeting began in July 2020. Developing first edition. Next mtg scheduled for 2Q 2021. Bryan McHugh, Baker Hughes is the chair

**API RP 16SB Snubbing and Hydraulic Workover Well Control Equipment Systems**

- Began activity Aug 2020. Actively progressing towards 1st draft. Alex Sas-Jaworsky SAS is the chair

**API RP 16WL Wireline Wellhead Pressure Control Equipment and System**

- Developing first edition. Alex Sas-Jaworsky SAS is the chair

**API RP 16WS RP for Surface Well Servicing Pressure Control Equipment**

- Formalized the Task Group – Begin mtgs in 1Q 2021. Gary Olliff, Brigade Energy is the chair

**API RP 75, 4<sup>th</sup> Edition: Recommended Practice for a Safety and Environmental Management System for Offshore Operations and Assets**

- API RP 75, Version 4, was published in December 2019. The updated RP provides guidance for establishing, implementing, maintaining, and continually improving a safety management system (SEMS) for offshore oil and gas operations. The new edition expands the reach of SEMS globally, to contractors and sub-contractors, as well as acknowledges advancements in technology and advancements to improve risk management.
- A training video on API RP 75 is now available for free on API's training website, [www.apilearning.org](http://www.apilearning.org).

**API Standard 16AR Standard for Repair and Remanufacture of Drill-through Equipment**

- The ballot draft for the 2<sup>nd</sup> Edition of Standard 16AR will be out for final review by the TG in May 2021. This final draft includes the PAUT inspection requirements, and the (CVN) Charpy V-notch Impact Tests Location for Weld Qualification based on the CVN test results. It is anticipated that the final draft will be going out for ballot in late 2021 after final review and licensing program color coding. Jan van Wijk, Shell [jan.vanwijk@shell.com](mailto:jan.vanwijk@shell.com) and Chris Johnson, NOV [chris.johnson@nov.com](mailto:chris.johnson@nov.com) are the co-chairs.

**Monogram/APIQR Program Update**

- Monogram/APIQR is performing virtual audits in response to the disruptions caused by the COVID-19 pandemic. The Program has conducted 1000+ remote audits. During this time, API staff have witnessed multiple remote audits to ensure they are effective.

**API SC 20, Supply Chain Management Standards**

- Eight facilities have referenced SC20 supply chain specifications in their APIQ1 registration scope. The most common are API 20J and API 20M.

**API Specs Q1 and Q2**

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- SC18, TG5 [the SC18 (subcommittee on quality) task group on API Spec Q2] have completed their resolution of the comments submitted from the re-ballot of API Q2, 2<sup>nd</sup> edition which closed on January 7, 2021. API anticipates API Q2, 2<sup>nd</sup> edition to publish 3Q2021. The ballot for API Q1, 10<sup>th</sup> edition closed on January 14, 2021 and the TG continues to meet every Monday to resolve the 342 comments. As a full-document rebalot is highly likely, API anticipates API Q1, 10<sup>th</sup> edition to publish 3Q2022. As the goal was to bring API Q1 and API Q2 closer aligned, API Q2, 2<sup>nd</sup> edition will have procedural improvements related to personnel competence, supply chain controls and TMMDE, or Testing, measuring, monitoring and detection equipment.
- For more information on the work of SC18, TG5, regarding Q2, 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>. The API Training department was able to pivot last year to convert our traditional Q2 classroom training to virtual classrooms.

#### **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 Lifting Standards**

- In October 2020 API published API RP 2D, 7<sup>th</sup> Edition, *Operation and Maintenance of Offshore Cranes*, Addendum 1; API RP 2D-2, 1<sup>st</sup> Edition, *Training for Offshore Pedestal-Mounted Crane Riggers, Operators, and Inspectors*, and API Specification 2C, 8<sup>th</sup> Edition, *Offshore Pedestal-mounted Cranes* in API's efforts to improve safe lifting operations.
- With the release of the 2D-2 training standard, the API Training Department launched a new accreditation program for all API-U Approved Training Providers offering 2D-related courses. All API-U training providers are required to meet the requirements of the 2D-2 standard.
- Available on [apilearning.org](http://apilearning.org) are 2 Significant Standards Webinars covering the release of the new 2C and 2D-2 editions.

#### **2021 API Offshore Safe Lifting Conference & Expo**

- API is planning the 2021 conference for September 28-29, 2021 in Houston in-person. Please contact Holly Hopkins [hopkinsh@api.org](mailto:hopkinsh@api.org) if you would like to participate on the planning committee. More details to come on the September 2021 event.

#### **CSB Pryor Trust Well Control Incident Report Recommendations**

- On June 12, 2019, the U.S. Chemical Safety Board (CSB) released their final report on the Pryor Trust Fatal Gas Well Blowout and Fire that occurred in Pittsburg County, OK on January 22, 2018. In the report CSB made five recommendations to API. <https://www.csb.gov/pryor-trust-fatal-gas-well-blowout-and-fire/>

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**1. Automatic Safety Instrumented Systems 2018-01-I-OK-R2 (CSB Recommendation)**

Establish and convene a group of experts with drilling, engineering, and instrumentation expertise to discuss methods to achieve widespread implementation of automatic safety instrumented systems that could bring a well to a safe state in the event other operational barriers fail. Publish a technical bulletin discussing the strategies to implement Blowout Preventer (BOP) safety instrumented systems.

**Update:**

This workgroup met regularly and developed a draft document. The draft API Bulletin 16H *Automated Safety Instrumented Systems* has been passed to SC 16 on Drilling Well Control Equipment to undergo the official standards development process (balloting, comments, comment resolution) with the final goal to publish. Weekly meetings of the SC16 task group are occurring. Chair: Jerry Eubank, OXY [Jerry\\_Eubank@oxy.com](mailto:Jerry_Eubank@oxy.com)

**2. Safely Tripping Drill Pipe 2018-01-I-OK-R3 (CSB Recommendation)**

For onshore drilling operations, develop and publish a recommended practice providing guidance on safely tripping drill pipe during (1) overbalanced drilling operations, (2) managed pressure drilling operations, and (3) underbalanced drilling operations. At a minimum, include information on:

- (a) Required equipment for tripping operations,
- (b) Techniques and procedures for controlling or preventing formation fluid influx, and
- (c) Methods to monitor the well and replace the drill pipe displacement volume with drilling fluid (e.g., mud).

**Update**

This workgroup has been meeting regularly and has developed a draft document. The first Standards Development Meeting was held in March 2020. The new document will be API RECOMMENDED PRACTICE 79 *Tripping Operations in Overbalanced Wells*. A small workgroup has been meeting weekly to finalize the document before distributing to the full task group for review. After the first document is developed, additional work on safely tripping drill pipe during managed pressure drilling operations, and underbalanced drilling operations will occur. The IADC UBO/MPD Workgroup will help with the development of the safely tripping drill pipe during managed pressure drilling operations document. Chair: Darren Days, Patterson UTI [Darren.Days@patenergy.com](mailto:Darren.Days@patenergy.com)

**3. Alarm Management 2018-01-I-OK-R4 (CSB Recommendation)**

Develop a recommended practice on alarm management specifically for the drilling industry based on guidance in ANSI/ISA 18.2 Management of Alarm Systems for the Process Industries. The recommended practice will address the unique dynamic environment of the drilling industry and provide guidance on implementing a state-based alarm system for different operating modes (e.g., drilling, circulating, tripping, etc.). Include International Association of Drilling Contractors (IADC) in the development of this recommended practice.

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The 2<sup>nd</sup> edition of the IADC ART Drilling Control Systems Alarm Management Guidelines was published in February to reflect lessons learned and current industry practices. The API Recommend Practice 59 task group will review this edition for possible incorporation into the next edition of the standard. Chair: Darren Days, Patterson UTI [Darren.Days@patenergy.com](mailto:Darren.Days@patenergy.com)

**4. Protection of Onshore Drilling Rig Workers 2018-01-I-OK-R5 (CSB Recommendation)**

Develop a new recommended practice or modify an existing recommended practice (e.g. API RP 54 Recommended Practice for Occupational Safety for Oil and Gas Well Drilling and Servicing Operations) addressing the protection of rig workers on onshore drilling rigs from fire and explosion hazards in the event of a blowout. The recommended practice will specifically address:

- (a) Protecting drilling cabin occupants from blowout hazards including heat, blast overpressure, and projectiles, such as requiring an increased fire rating for the driller's cabin that would allow enough time for occupants to evacuate during a blowout and fire;
- (b) Minimum required evacuation methods from the drilling cabin, rig floor, and mast or derrick in the event of a blowout so that personnel can quickly escape in variable hazard location conditions. For example, floor exit hatches and exits on the driller's cabin wall opposite the rig floor could provide safe evacuation routes during a blowout and fire; and
- (c) Proximity of the Blow Out Preventer (BOP) activation controls with the driller.

The above options could be retrofitted on existing drilling rigs. Additionally, formally evaluate alternative locations for the drilling cabin that establishes a safe distance from fire and explosion hazards (e.g., ground level).

**Update:**

The workgroup met regularly and has developed a draft addendum to API RP 54 Section 7.15, "Drilling and Well Servicing Equipment." The first ballot on the draft addendum closed on October 12, 2020. A comment resolution meeting was held December 14, 2020. Re-circulation occurred February 2-16, 2021, the task group has resolved those comments. A re-ballot will be issued to approve substantive changes. Chair: Micah Backlund, H&P International Drilling Company [micah.backlund@hpidc.com](mailto:micah.backlund@hpidc.com)

**5. API Bulletin 97L 2018-01-I-OK-R6 (CSB Recommendation)**

Update API Bulletin 97 Well Construction Interface Document Guidelines to specify that it applies to both onshore and offshore drilling operations.

**Update:**

The first edition of API Recommended Practice 97L *Onshore Well Construction Interface Document* was published in December 2020. A letter was sent to CSB on January 21, 2021 to close out this recommendation. Chair Mark Crelia, H&P [mark.crelia@hpidc.com](mailto:mark.crelia@hpidc.com)

**BSEE ACTIVITIES**

**Best Available and Safest Technology (BAST)**

- Industry continues to work with BSEE on BAST. BSEE issued a Bureau Interim Directive (BID) on drilling equipment on July 6, 2020. A similar BID for production equipment was issued on September 30, 2020. BSEE is preparing for the first industry external SME engagement to

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discuss Performance Requirements on the equipment identified in the initial Drilling BAST Bureau Interim Directive.

### **BSEE Bolt Report, Safety Alert & API Response**

- 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. The phase one voluntary work is complete and reporting to BSEE will now be twice yearly, after the 1<sup>st</sup> and 3<sup>rd</sup> quarter. Q1 2021 report will be delivered to BSEE on November 7, 2021.

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](#)

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.

### **Offshore Inspections**

- As you know, BSEE contracted The National Academies to form a Committee on the Review and Update of BSEE Offshore Oil and Gas Operations Inspection Program <http://www8.nationalacademies.org/cp/projectview.aspx?key=49890> The first meeting was held October 26-27, 2017 in Washington, D.C. The NAS committee (Transportation Research Board) has posted the prepublication report "[Modernizing the U.S. Offshore Oil and Gas Inspection Program for Increased Agility and Safety Vigilance.](#)" The API OOC Workgroup sent

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comments to the National Academies Transportation Research Board on the prepublication report. We await the final report and will be engaging with BSEE on next steps.

## **USCG ACTIVITIES**

### **National Offshore Safety Advisory Committee meeting (NOSAC) (no update)**

- The last meeting of the discretionary NOSAC Committee was held September 30, 2020. Going forward the Committee will be statutory, as established by the USCG Authorization (Congress). The individuals that will serve on the statutory committee have not yet been announced yet, nor has the first meeting of the statutory committee. The materials from yesterday's NOSAC meeting can be found [here](#) (If the link doesn't work you can go here <https://homeport.uscg.mil/> to Missions – Ports & Waterways – Safety Advisory Committees – NOSAC – Meetings – September 30, 2020)

The USCG shared a presentation that provides information on potential failure pathways for lifeboat release mechanism control cables. **USCG is strongly encouraging all OCS operators to review this material and share within their organizations as appropriate.**

In addition to the control cable presentation included, other material from the Sept 30, 2020 NOSAC meeting include:

1. The agenda.
2. A presentation from the NOSAC Lifeboat Task Statement subcommittee. NOSAC unanimously accepted the report from this Task Statement committee.
3. A presentation on a potential future Task Statement re: improving ICS guidance/training for source control functions.
4. A brief update from BSEE.
5. A brief update from IADC.

Additionally, two future Task Statements will be recommended to the new NOSAC committee for consideration: a task statement on implementing the recommendations from the Auger Lifeboat Incident Report (yet to be published), and a task statement on improvements to ICS guidance on source control functions. It is TBD if the future NOSAC committee will adopt these recommendations.

## **OTHER ACTIVITIES**

### **OOC BSEE CFR Referenced Standards Workshop**

OOC and BSEE held a CFR Referenced Standards Workshop for March 30, 2021, continuing the work done in 2020. As you know, a majority of the BSEE regulation text is 125 referenced standards. BSEE knows these references are not always up to date with the latest editions but wants to hear what industry thinks are the most important standard references to get update in the CFR. The Committee will work to publish the 2021 report.

### **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**

- 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



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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.”

- On October 23, 2019, CBP published a new notice of proposed modification and revocation of ruling letters related to CBP’s application of the Jones Act to the transportation of certain merchandise and equipment between coastwise points. On December 19, 2019 CBP finalized the notice with little to no changes. The following changes go into effect on February 17, 2020:
  - Revokes the “Koff” rulings. This is significant because if these rulings are applied broadly, virtually any movement that is necessary to safely conduct installation, construction or decommissioning work by highly-specialized vessels offshore could be prohibited.
  - Revokes and modifies “equipment of the vessel” rulings, such that it clarifies that the Jones Act-qualified vessels of the domestic marine industry are required for the transport of equipment for installation to and from offshore locations.
  - Implements a definition of “lifting operations” that is critical to safe and workable operations, as it distinguishes those activities from transportation of merchandise that is otherwise covered by the Jones Act.
- While this is a significant victory for the industry, we continue to advocate against any language in the USCG Authorization, NDAA or other legislation which would reverse this progress. Final legislation passed in 2020 did NOT include any detrimental language, including installation vessel language.
- On January 27, 2021, CBP issued a ruling letter on an offshore wind project. The ruling letter applies the “Garamendi Amendment” from the recent NDAA to make the Jones Act applicable to renewable energy projects on the OCS. The January 27, 2021 ruling also raises a problem for offshore oil and gas operations, it concludes that the entire seabed and subsoil of the OCS is a Jones Act “point in the United States.” Which is contrary to decades of CBP rulings and is an argument that OMSA raised regarding seismic nodes in its lawsuit. Both API and CBP have denied that interpretation in the litigation.



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Outside counsel for API sent a letter to CBP on March 9, outlining our concerns with the ruling letter and supporting information confirming CBP's overreach in their interpretation of the Garamendi Amendment. API also coordinated with fellow trades to get additional letters sent from IMCA, IADC and ACP. On March 25, 2021 CBP issued a revised ruling letter, which modifies the prior decision to hold "that the Jones Act does not apply to activity occurring at the pristine seabed on the OCS, which has been CBP's longstanding position on the issue." API continues to monitor both Administrative and Legislative action to ensure there is no adverse action to the offshore oil and natural gas industry related to the Jones Act.

Questions:

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