

## MAINTENANCE COMMITTEE MEETING MINUTES

10 January 2018

***Location: IADC - Crown Center 1 & 2 Conference Rooms***

Call to Order: [Meeting was closed to drilling contractors only]

The committee was called to order and a building security and safety briefing was given by Mr. John Pertgen (IADC).

### IADC Antitrust Policy and Guidelines:

Mr. Pertgen covered the IADC Antitrust Policy and Guidelines and stated that the full policy is available on IADC's webpage.

The committee was then involved in the building fire drill, which lasted about 15 minutes.

### Introductions/ Agenda:

The attendees were again welcomed by the IADC Maintenance Committee Chairman, Frank Breland (Diamond) and each attendee provided an introduction of them self and their company affiliation. The Chairman then reviewed the meeting agenda.

### Regulatory Review / Update:

-The API regulatory update was covered by Holly Hopkins (API) via a teleconference line that provided the highlights in the API Regulatory Summary handout. Then Mr. Pertgen (IADC) provided some additional regulatory highlights from the recently published IADC Federal Summary.

-John Pertgen (IADC) provided the Committee with information about the two IADC-published semi-annual regulatory reports on the revised IADC website:

1. International Standards Activities affecting the Offshore Oil and Gas Industries --  
This report provides a handy reference to the standards development activities of various organizations (e.g., the International Maritime Organization, International Labor Organization, the International Organization for Standardization, and various international trade associations).
2. Federal Regulatory Actions Impacting the Offshore Industry –  
This report provides a reference summary that reflects the regulatory actions, announced in the Federal Register by U.S. governmental agencies, which may affect operations in the oil and gas industries.

(Note: Both reports are available at: <http://www.iadc.org/advocacy/#reports>)

A list of the highlighted regulatory areas that were made available at this meeting is included at the end of these minutes.

## Class Society Issues

DNVGL- Updates from API subcommittee 16 from DNV GL's perspective.

ABS- *Managed pressure Drilling Guide* was presented by John Preston (ABS)

Please contact John Preston (ABS) [jpreston@eagle.org] if you have any questions regarding his presentation or wish to obtain a copy of it from him.

## Caterpillar

Robert Froebel (CAT) provided an update for all the issues that CAT is working on for our industry. He discussed components dealing with the following:

C175 Valve Recession  
C175 High Pressure Fuel Pump  
3500 Air Shutoff Valves

Please contact the CAT representative via his email address if you want a copy of his presentation, have any questions or want to get clarification on any issues regarding your CATERPILLAR equipment. [Froebel\_Robert@cat.com]

## National Oilwell Varco

Ian McWilliam provided an update for the issues that NOV is working on for our industry. He discussed components regarding the following:

Warranty Process review

Please contact the NOV representative via email address if you want a copy of his presentation, have any questions or want to get clarification on any issues regarding your equipment. [Ian.McWilliam@nov.com]

The committee requested that NOV SMEs attend the next meeting to address RIG SENTRY & CBM.

## Fingerboard / Latch Task Force

The Chairman provided an update from the Fingerboard/Latch WG, which was emailed to him by the WG Chairman (Andy Covin).

## **Lunch**

### 2018 Objectives:

- Ways to leverage technology to reduce overhead
- Finding ways to do get more requirements completed by ships force rather than requiring the OEM (*i.e.*, BOP tolerances made available from OEM)

### Topics for next meetings:

- Tier regulation updates
- Conditioned Based Monitoring
- API S53 Ballot

-Man/Machine interfaces

**ACTION ITEMS:**

1. NOV: How do we turn around on determining the root cause? (Discuss process.)  
(What is actual root cause and not what you are going to do about it).

NOTE: This item is retained for later in 2018

2. NOV: Present new ideas for improvements, products or upgrades for existing equipment (i.e., split-able block; auto greasing system); NOV SMEs to attend the next meeting to address RIG SENTRY & CBM.

Adjourned: 1225hrs

2018 Lunch Sponsors

10 JAN2018	NOV (Shawn Firenza)	shawn.firenza@nov.com
11 APR 2018	OCS Group (Rosemary R)	rose.rosenkampff@ocsgroup.com
11 JUL2018	Precision (Jamie Vargas)	jvargas@precisiondrilling.com
10 OCT2018	PPC (Lucas L)	lllove@performancepulsation.com

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**REGULATORY UPDATE**

API ACTIVITIES

**API S53 Blowout Prevention Equipment Systems for Drilling Wells**

- The 4th edition was published November 2012 with its only Addendum published July 8, 2016. The last meeting was held December 13, 2017. The task group has completed development of the 5th edition and is in the process of opening its first ballot. The major revisions include: further increasing normative requirements in lieu of informative statements, restructuring to include a larger "General" section that holds identical requirements for land, surface offshore and subsea BOPs in one section, included focus on land BOP operations, and expanded the testing tables for function and pressure testing criteria and frequency. The next meeting will be held on January 22nd at the API Winter Conference in San Antonio. Ricky Cummings, Chevron is the chair RCummings@chevron.com.

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

- There is an active task group within API that is working on modifications to API RP 4G, *Operation, Inspection, Maintenance, and Repair of Drilling and Well Servicing Structures*. This group is working on changes mainly to CAT III and IV inspections. Plans to add CAT IV inspections for all offshore drilling structures have been halted due to a lack of consensus that this change needs to be made. The task group is looking for more offshore contractors to participate in their meetings, the chair is Anthony Mannering, TM Engineering, PLLC, please contact Anthony if you are interested in participating [anthony.mannering@tmengineeringpllc.com](mailto:anthony.mannering@tmengineeringpllc.com) or (713) 202-3288. The current revisions to CAT III and CAT IV inspections have been circulated to the task group for comment. The comment period is now finished and a meeting will be held to resolve these comments in the near future.

**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. The last meeting was held December 12, 2017.

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

- The API Monogram-APIQR Program is moving ahead with an APIQR certification and audit program for API Std 16AR (standard published April 2017). The program will certify, through an audit process, organizations that perform repair and remanufacture of drill-through equipment and have implemented quality systems and processes that meet the requirements of API Std 16AR. The program is expected to launch summer 2018.

#### **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)**

- APIQR continues to register service providers to API Spec Q2. There are over 100 service facilities with active Q2 certificates in over 20 countries (just over 30% US based) with another 35 plus applications in-process in 15 countries (25% US based).
- APIQR continues to work with API SC18, TG5 members and drilling contractors to define the APIQR certification and auditing program requirements for Q2 certification of drilling contractor quality management systems/operations. API Staff are working with SC18 members to plan beta testing of the API Spec Q2 requirements and audit process with drilling contractors.
- 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. 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**

- The API Monogram-APIQR Program has completed development of the APIQR certification and audit program for API 18LCM (standard published in April 2017). The program will launch the week of January 15<sup>th</sup> with a formal announcement at API's Winter E&P Standards Conference the week of January 22<sup>nd</sup>. Organizations that provide life cycle management services for E&P equipment under a management system that meets API Std 18LCM and API Spec Q2 will be eligible for auditing and registration. 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).

#### **USCG ACTIVITIES**

##### **USCG Industry Day**

- The last Industry Day was held December 13 at USCG Sector Headquarters Houston Galveston, 13411 Hillard Street, Houston, Texas 77034 in conjunction with the NOSAC meeting.

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

- The last NOSAC meeting was held December 13, 2017 at USCG Sector Headquarters Houston Galveston. The Subcommittee on Recommendations on Safety Management Systems (SMS) for Vessels engaging in Well Intervention Activities presented their final report. Additionally, the 4 Subcommittee's formed to provide *Input to Support Regulatory Reform of Coast Guard Regulations—Executive Orders 13771 and 13783* (Drilling; Production; OSV; and Diving)

provided status updates, with final reports expected at the next NOSAC Meeting March 27 & 28 in New Orleans.

### **USCG Pending Rules**

- ~~Interim Final~~ Proposed Rule Revision to TWIC Requirements for Mariners (04/18 06/18)
- Final Rule Marine Casualty Reporting on the OCS (08/17-02/18)
- Final Rule Deepwater Ports (12/17 06/18)
- Final Rule Marine Casualty Property Damage Thresholds (12/17 06/18)

### **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. The Joint Trades will continue our engagement with BSEE and the Department of the Interior to revise the rule.
- 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 will be published in the Federal Register after OIRA review.

#### **Revisions to Production Safety System Regulations**

- 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) comments are due on January 29, 2018. API, OOC and NOIA are working on joint comments and have asked for a 60-day extension to the comment period.

#### **Early Kick Detection possible BAST Candidate**

- 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 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**

- 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**

- 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 final report will be delivered sometime early 2018 to the public via the NAP website. The website for the Committee: [http://sites.nationalacademies.org/DEPS/NMMB/DEPS\\_174523](http://sites.nationalacademies.org/DEPS/NMMB/DEPS_174523)

### **BSEE Pending Rulemaking**

- ~~Supplemental Proposed Rule Cost Recovery Adjustment (08/17)~~
- Final Rule Civil Penalties; 2018 Inflation Adjustments for Civil Penalties (01/18)
- Final Rule Incorporation of Updates of Crane Standards (09/18)
- Proposed Rule Extension of Certain Compliance Deadlines in the Blowout Preventer Systems and Well Control Rule (12/17)
- Proposed Rule Revisions to the Blowout Preventer Systems and Well Control Rule (10/18)
- Proposed Rule Revisions to the Requirements for Exploratory Drilling on the Arctic Outer Continental Shelf (10/18)
- ~~Final Rule Pipeline Decommissioning Cost Reporting (12/16)~~
- ~~Proposed Rule Aviation Regulations (03/17)~~
- ~~Proposed Rule Oil Spill Response Requirements (07/17)~~
- ~~Proposed Rule Pipelines and Pipeline Right-of-Way Safety (09/17)~~

### **OTHER ACTIVITIES**

### **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 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.

### **National Academies Unconventional Hydrocarbon Roundtable OFFSHORE Event**

The Unconventional Hydrocarbon Roundtable of the National Academies held an event entitled *Offshore Well Completion and Stimulation Using Hydraulic Fracturing and Other Technologies: Responsible Development and Risk Management* on October 2 and 3, 2017 in Washington, DC. More information can be found here <http://nas-sites.org/uhrroundtable/meetings/> including more information on the Roundtable and previous events.

Environmental Protection Agency- Clean Water Act (CWA) and Oil Pollution Act (OPA)

**Definition of “Waters of the United States” Addition of an Applicability date to 2015 Clean Water Rule.**(EPA-HQ-OW-2017-0644) (RIN: 2040-AF80; 40 CFR 110, 112, 116, 117, 122, 230, 232, 300, 302, and 401). On 22 November 2017 ([82 FR 55542](#)) the EPA and ACE issued a proposed rule to add an applicability date to the “Clean Water Rule: Definition of “Waters of the United States” to two years from the date of the final action on this proposal. On 9 October 2015 the 6th Circuit stayed the 2015 rule nationwide pending further action of the court, but the Supreme Court is currently reviewing the question of whether the court of appeals has the original jurisdiction to review challenges to the 2015 Rule. On 28 February 2017, the President signed an EO “restoring the rule of law, federalism and economic growth by reviewing the “Waters of the U.S.” Rule. This rulemaking intends to maintain the status quo by proposing to add an applicability date to the 2015 Rule and thus provide continuity and regulatory certainty for regulated entities...while the agencies continue to work on possible revisions to the Rule. Comment due date: 13 December 2017. The most recent Unified Agenda indicated that a final action is planned for February 2018.

- **Definition of “Waters of the United States” – Recodification of Preexisting Rules** (RIN: 2040-AF74; 40 CFR 110) In 2015, the EPA and the Department of the Army (the agencies” published the Clean Water

Rule: Definition of 'Waters of the United States' (80 FR 37054, June 29, 2015). On October 9, 2015, the U.S. Court of Appeals for the Sixth Circuit stayed the 2015 rule nationwide pending further action of the court. On February 28, 2017, the President issued an Executive Order titled Restoring the Rule of Law, Federalism, and Economic Growth by reviewing the 'Waters of the United States' Rule" which instructed the agencies to review the 2015 rule and rescind or replace it as appropriate and consistent with law. The agencies are publishing this proposed rule to initiate the first step in a comprehensive two-step process consistent with the Executive Order. In this first step, the agencies will seek to re-codify the definition of "waters of the United States" that existed prior to the 2015 rule.

On 27 July 2017 ([82 FR 34899](#)) the EPA & DOA issued a proposed rule to review and revise the definition of "waters of the United States" consistent with the Executive Order. The first step will rescind the definition in the CFR to re-codify the definition of "waters of the United States," which currently governs administration of the CWA, pursuant to a decision issued by the US Court of Appeals for the Sixth Circuit staying the definition of "waters of the U.S." promulgated by the agencies in 2015. The agencies would apply the definition of "waters of the United States" as it is currently being implemented, that is informed by applicable agency guidance documents and consistent with Supreme Court decisions and longstanding practice. Proposing to re-codify the regulations that existed before the 2015 Clean Water Rule will provide continuity and certainty for regulated entities, the States, agency staff, and the public. In a second step, the agencies will pursue notice-and-comment rulemaking in which the agencies will conduct a substantive re-evaluation of the definition of "waters of the United States." Comment due date: 28 August 2017.

On 22 August 2017 ([83 FR 39712](#)) the EPA/ACE issued an extension of the comment period. Revised comment due date: 27 September 2017. The most recent Unified Agenda indicated that a final rule is planned for April 2018.

**Notice of Draft National Pollutant Discharge Elimination System (NPDES) General Permit for Eastern Portion of the Outer Continental Shelf (OCS) of the Gulf of Mexico (GEG460000); Availability of Draft Environmental Assessment.** On 27 December 2017 ([82 FR 61293](#)) the EPA issued a Notice of Reissuance of NPDES General Permit (GEG460000) for the Eastern Portion of the Gulf of Mexico. This general permit authorizes discharges from exploration, development, and production facilities located in and discharging to all Federal waters of the eastern portion of the Gulf of Mexico seaward of the outer boundary of the territorial seas, and covers existing and new source facilities with operations located on Federal leases occurring in water depths seaward of 200 meters, occurring offshore the coasts of Alabama and Florida. Effective date: 20 January 2018.

Expiration date: 19 January 2023

**Notice of Proposed NPDES General Permit; Proposed NPDES General Permit for New and Existing Sources and New Dischargers in the Offshore Subcategory of the Oil and Gas Extraction Category for the Western Portion of the Outer Continental Shelf of the Gulf of Mexico (GMG290000).** (RIN not applicable; CFR not applicable) On 11 May 2017 ([82 FR 21995](#)) the EPA issued a Notice to propose reissuance of the NPDES General Permit GMG290000 for existing and new sources and new dischargers located in and discharging to the OCS of Louisiana and Texas. Comment due date: 10 July 2017

On 2 October 2017 ([82 FR 45845](#)) the EPA reissued the Final NPDES General Permit. The discharge of produced water to that portion of the OCS from Offshore Subcategory facilities located in the territorial seas of Louisiana and Texas is also authorized by this permit. Effective date: 1 October 2017

Expiration date: 30 September 2022

Attendance:



<b>Name</b>		<b>Company Name</b>
Robert	Froebel	<b>CATERPILLAR OIL &amp; GAS</b>
Frank	Breland	<b>DIAMOND OFFSHORE DRILLING, INC.</b>
Mark	Miser	<b>DNV GL</b>
David	McKay	<b>DNV GL</b>
Covey	Hall	<b>ENSCO PLC</b>
Jefferson	Craft	<b>HELMERICH &amp; PAYNE</b>
John	Pertgen	<b>IADC</b>
Ian	McWilliam	<b>NOV</b>
Josh	Westling	<b>PACIFIC DRILLING</b>
Robert	Urbanowski	<b>PRECISION DRILLING COMPANY</b>
Jamie	Vargas	<b>PRECISION DRILLING COMPANY</b>
Kevin	Warren	<b>SEADRILL AMERICAS INC</b>