



OFFSHORE OPERATORS COMMITTEE

February 22, 2001

Department of Interior
Minerals Management Services
Attn: Ms. Elizabeth Montgomery
MMS Regulatory Coordinator, Policy and Management Improvement
Mail Stop 4320
1849 C Street NW
Washington, DC 20240

Re: Request for Comments
Review of Existing Regulations
65 FR 81465, December 26, 2000

Ladies and Gentlemen:

The Offshore Operators Committee (OOC) appreciates the opportunity to comment on the captioned request for comment.

OOC is a trade association of 70 operating companies that represent virtually all oil and gas production in the Gulf of Mexico. OOC comments are made without prejudice to any member's right to have or express different or opposing views.

OOC is keenly interested in regulatory reform. We have provided formal and informal comments to the MMS since the mid-1980's on ways to change existing regulations (30 CFR 250) that would result in significant positive economic impacts to oil and gas operations in the Gulf of Mexico, without reducing safety or environmental protection. We appreciate MMS considering our comments during the process of revising the regulations. We also applaud the efforts to move towards performance based regulations while utilizing prescriptive regulations only when appropriate.

Attached is a table that lists our detailed regulatory reform comments. This table is an update of the table provided in 1999, along with an update of the status as we understand it from the Federal Register notice. In particular, please note the updated rational comments for items 8, 21, 31 and 34. We note that MMS states that our comments will be considered when the various subparts are rewritten. As the various subparts are rewritten, OOC will provided additional comments to supplement those provided in the attached table as appropriate.

In addition to the attached table, OOC would like to highlight several areas of concern. We note that MMS intends to review and consider for incorporation by reference several industry standards when the particular subpart is rewritten (i.e. API 510). OOC does not believe that MMS needs to wait until a subpart is rewritten to consider the incorporation by reference of an

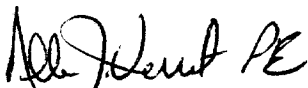
industry standard or a new edition of an existing industry standard that has been previously incorporated by reference. MMS has previously utilized direct final rules to accomplish similar tasks and we recommend that MMS expedite the incorporation by reference of industry standards whenever possible.

OOO notes that MMS intends to rewrite subpart K in 2002 and Subpart L at some unspecified point in the future. OOC is concerned that problems associated with these regulations will escalate due to changes in technology and methods of development and that these issues will need to be addressed prior to the planned rewrites of these sections. In particular, OOC is concerned with the requirements for the testing of subsea wells and the requirement for the separate continuous measurement and allocation trains for different royalty rate production volumes. OOC believes the use of various test methods for subsea wells should be allowed. Please see our detailed comments in Item 29. OOC believes the requirement for separate continuous measurement and allocation trains for different royalty rates prior to commingling is overly burdensome. Previously, the majority of multiple lease developments were at the same royalty rate, so there were few cases where extra equipment for separate measurement was required. However, in many instances today, "hub" platforms are being used to process production from multiple leases where in many cases the royalty rates will be different, or one or more of the leases will be subject to royalty relief. The purpose of royalty relief is to facilitate the development of marginal projects, which appears to be in direct conflict with requiring additional equipment for separate measurement prior to commingling. The burden of providing additional facilities to accommodate the direct measurement of production is especially problematic on floating systems which are both weight and space constrained. OOC would like to work with MMS on appropriate measurement methods that addresses MMS concerns of accurate measurement without the additional separate measurement trains currently required.

Lastly, a workgroup under the direction of OOC recently made a number of recommendations to MMS and USCG on updates to regulations needed for FPSOs. We have summarized a portion of these recommendations in Item 21. OOC looks forward to working with MMS and the USCG in updating the regulations for FPSOs as well as other deepwater technologies.

Again, thank you for the opportunity to provide comments on regulatory reform and we appreciate your consideration of these comments. Please feel free to contact the undersigned at (504) 561-2427 or via e-mail at Allen_Verret@murphyoilcorp.com if you have any questions or wish to discuss these comments further.

Sincerely yours,



Allen Verret, PE
Executive Director

OOO PROPOSED CHANGES TO 30 CFR 250 IN RESPONSE TO 65 FR 81465, DECEMBER 26, 2000

	30 CFR 250 Ref	Description	Proposed Change	Rationale	2000 Status by MMS FR Notice 12/26/00
1.	250.101(e) 250.803(b)(1) 250.1629(b)(1)	Incorporate by Reference	Incorporate by reference <ul style="list-style-type: none"> ASME/ANSI B31G "Manual for determining the remaining strength of corroded pipelines." API 510 "Pressure Vessel Inspection Code: Maintenance Inspection, Rating, Repair, and Alteration". 	<ul style="list-style-type: none"> ASME/ANSI B31G is the latest industry guideline and should be incorporated into regulations to evaluate setting new Maximum Allowable Operating Pressure (MAOPs) for corroded pipelines as well as determining pipeline service life. API 510 is the appropriate standard for the inspection and maintenance of pressure vessels in lieu of section VIII of the ASME Boiler and Pressure Vessel Code which is primarily for design. 	<ul style="list-style-type: none"> MMS is currently studying B31G to decide if they will adopt it. Plan to incorporate API 510 during the rewrite of Subchapter H in early 2001.
2.	250.110	Suspension of Production (SOP)	Grant SOP approval based on host capacity delays, non-contiguous unitization and market conditions/economic viability	Revised SOP approval/lease holding criteria will allow for more economic development of OCS leases, especially in deepwater.	Action Completed. Final Rule revising Subpart A addressing SOP published on November 28, 1999.
3.	250.111(b)(4)	Determination of Well Producibility	Revise the regulations to make wireline formation test and/or mud logging analysis optional rather than mandatory	Other data and new technology can provide sufficient evidence of producibility.	Action Completed. Final Rule revising Subpart A published on November 28, 1999.
4.	250.401(e)(3)	Directional Surveys	Revise the regulation to eliminate the requirement for multishot surveys when MWD surveys are taken.	MWD surveys are very accurate. The burden required to take the multishot surveys cost operator's time and money..	Proposed Rewrite of Subpart D published on June 21, 2000. Final rule expected to be published late in 2001. Proposed rule allows MWD when minimum requirements are met.
5.	250.405(a)	Pressure Testing of Casing	Revise the regulations to clarify that casings shall be tested to the lesser of the Maximum Design Pressure or to 70% of their MIY.	This is the current practice and provides clarification of the regulation.	Proposed rewrite of Subpart D published on June 21, 2000. Final rule expected to be published late in 2001. Proposed regulations call for testing to 70% of the MIY. OOC commented that a number of options should be allowed.

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6.	250.407(a) 250.407(d) 250.516(a) 150.516(d)	BOP Testing	Revise the regulations to allow the initial subsea BOP stump pressure test to serve as the initial test with 14 days of operation after installation as long as the BOP was fully stump tested within 48 hours of installation. A test of the break where the BOP is made up to the wellhead would still be required.	A pressure test on a piece of equipment only demonstrates that the equipment works at the time of the test. A stump test at the surface will ensure pressure integrity at rated working pressure. A function test at the seafloor will ensure mechanical integrity. By allowing stump tests to serve as the initial pressure test, operators will save valuable rig time and contractors will experience less fatigue on equipment. Less equipment fatigue should provide for better integrity under emergency operations.	Proposed rewrite of Subpart D published on June 21, 2000. Final rule expected to be published late in 2001. BOP requirements were updated.
7	250.407(b)(3) 250.407(d)(4) 250.516(b)(3) 250.516(d)(4)	BOP Testing	Revise the regulations to require that blind and blind-shear rams on subsea BOPs be tested to a pressure not greater than the casing test pressure.	Testing the blind and blind shear rams on subsea BOPs to the rated working pressure of the equipment potentially exposes the casing to higher pressure than the casing test pressure which could lead to casing failure.	Proposed rewrite of Subpart D published on June 21, 2000. Final rule expected to be published late in 2001. BOP requirements were updated.

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8.	250.517(c)	Casing Annulus Pressure Monitoring	<ul style="list-style-type: none"> • For subsea wells, require monitoring only on the tubing/production casing annulus. • Sustained casing pressure policy 	<ul style="list-style-type: none"> • Conventional subsea wellheads provide access to the tubing/casing annulus, but have no access to the other casing annuli. Industry maintains that the risk to the environment is minimal because of the high quality of subsea well casing and casing hanger designs, along with the special attention applied to subsea drilling and cementing programs. Industry has concerns that penetrations through the casing hanger and wellhead to monitor outer casing strings presents a greater level of risk than potential problems with sustained casing pressures. • Additionally, OOC has worked with MMS and provided comments on the GOM region sustained casing pressure policy. OOC requests the opportunity to continue to work with MMS on sustained casing pressure issues to ensure the policy meets the needs of both MMS and operators. 	Propose to rewrite Subparts E and F in 2002 and will address these issues at that time.
9.	250.602	Equipment Movement	Revise the regulations to allow concentric workover rigs and related equipment to be moved onto a platform without shutting in wells.	Existing regulations allow coiled tubing units, snubbing units and wireline units to be moved onto a platform without shutting in wells. In the 1988 MMS workshops to review the consolidated rules, MMS stated that this exception also applied to concentric workover rigs. The regulations should be revised to reflect this.	Propose to rewrite Subparts E and F in 2002 and will address these issues at that time.

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	30 CFR 250 Ref	Description	Proposed Change	Rationale	2000 Status by MMS FR Notice 12/26/00
10	250.616(b)(2)	BOP Testing Frequency for Workover Operations	Revise the regulations to allow a 14 day testing frequency for workovers.	A 14 day testing frequency is allowed on drilling operations and initial completions. Many times, the same rig (and BOP equipment) utilized for drilling and completions is utilized for workovers; therefore, the BOP testing frequency should be the same. Extending the testing frequency to workover operations would reduce wear and fatigue on equipment.	Propose to rewrite Subparts E and F in 2002 and will address these issues at that time.
11.	250.702(c)	Plugging or Isolating Perforated Intervals	<p>Add a new (4).</p> <p>4) A through-tubing basket type plug deployed by wireline shall be set within the first 150' of top perforated interval. High Shear Bond cement plugs dumped by wireline bailers must have minimum plug lengths as per following formula: Length of cement plug (ft) = 2.5 x OD of casing (in.) Minimum plug length for tubing= 10' 4 1/2" OD casing = 11' minimum plug length 5 1/2" OD casing = 14' minimum plug length 7" OD casing = 18' minimum plug length 7 5/8" OD casing = 19' minimum plug length 9 5/8" OD casing = 24' minimum plug length</p>	This addition provides another option for plugging or isolating a perforated interval. HPI (High Pressure Integrity Corp.) has presented "evidence" to industry and MMS personnel that the amount of cement shown in the suggestion is adequate provided that "high shear bond" cement (now an industry standard in electric line dump bailed plugs) is used.	Propose to rewrite Subparts E and F in 2002 and will address these issues at that time.
12.	250.801(e)(4) 250.801(i) 250.803(b)(4)(ii) 250.804(a)(1)(i)	Subsurface Safety Valves (SSSV) for Subsea Well testing	<ul style="list-style-type: none"> • Allow tiered emergency shutdown system (ESD) for subsea wells. • Allow the test-leakage rate in API RP 14B as the criteria for SSSV replacement 	<ul style="list-style-type: none"> • The SSSV installed in a subsea well does not need to close during all ESD situations. The severity of the ESD situation should determine whether the SSSV must close. Unnecessary closures of the valve reduce the useful life of the valve. The time required to re-open the SSSV after a non-critical ESD shutdown reduces production time. • The current leakage requirement for an SSSV is overly restrictive. 	Propose rewriting Subpart H in early 2001 and these issues will be addressed at that time.

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13.	250.801(h)(3)	Temporary Removal of Subsurface Safety Valve	Delete the requirement to be in attendance on a satellite platform where the subsurface safety device is inoperative or temporarily removed from a well for routine operations, as long as the master valve is closed and the well is identified by a sign on the wellhead	Attendance at a satellite platform solely for the purpose of monitoring a well that is temporarily without a subsurface safety device but has the master valve closed and appropriate signage provides no additional safety or protection and may increase risk to operators by having personnel on satellite structures overnight that are not equipped for 24 hours per day residence	Propose rewriting Subpart H in early 2001 and these issues will be addressed at that time.
14	250.802(d) 250.803(b)(4)(ii) 250.804(a)(4) 250.505	Underwater Safety Valves (USV) and Shutdown Valves (SDV) testing	<ul style="list-style-type: none"> • Increase the testing interval for USVs to six month • Allow the leakage tolerances in API RP 14H for testing the SSV and USV • Allow the same leakage tolerance on a SDV on a pipeline coming from a subsea well as on a SSV • Increase the allowed closure time after actuation of the ESD 	<ul style="list-style-type: none"> • Monthly testing reduces the useful life of an USV and its ability to operate as required in emergencies. • The zero leakage requirement for an USV is too restrictive. The MMS should not require a zero leakage for any valve. The leak tolerance in API RP 14H maintains acceptable system safety and provides a more practical tolerance to conduct and evaluate USV performance. • The current 45 second closure after actuation of the ESD is too restrictive. The MMS should allow the lessee to identify and justify various closure times for the USV or set a more realistic closure time based on discussions with OOC Technical Subcommittee input • The results of the study by Southwest Research Institute should be incorporated. 	<p>Propose rewriting Subpart H in early 2001 and these issues will be addressed at that time. As part of the rulemaking process, MMS will discuss internally the testing frequencies for safety devices.</p> <p>MMS initiated a research project in September 1997 with Southwest Research Institute which investigated the question of leak rate tolerances for critical safety devices. The project also studied leakage rates for surface and subsurface safety valves. Final results from the project became available to the public in July 1999.</p>
15.	250.803(b)(iii) 250.803(2)(i)	Establishment of Operating Pressure Ranges	Revise the regulation to allow the use of electronic pressure transducers to establish pressure ranges.	Existing regulations require the use of pressure recorders to establish operating pressure ranges for pressure vessels and flowlines. Newer technology using electronics would provide more accurate data at lower costs.	Propose rewriting Subpart H in early 2001 and these issues will be addressed at that time.

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16	250.803(b)(iii) 250.803(2)(i)	Setting of High Pressure Sensor	Revise the regulation to allow the high pressure shut-in sensor to be set no higher than 5% or 5 psi, whichever is greater, below the relief valve set pressure	This revision would eliminate the administrative burden associated with revising operating pressure ranges and provides operational flexibility to use design capacities, while still maintaining operational relationship and coordination between high pressure shut-in sensors and relief valves to prevent overpressure.	Propose rewriting Subpart H in early 2001 and these issues will be addressed at that time.
17.	250.804(a)	Production Safety System Inspection and Testing	Revise the testing frequency of certain surface safety devices.	Certain surface safety devices have a record of consistent low failure test results. The current generation of end devices have a high degree of accuracy and reliability.	Propose rewriting Subpart H in early 2001 and these issues will be addressed at that time.
18.	250.804(a)(3) 250.804(a)(4) 250.804(a)(5)	Testing Interval	Revise the regulation to eliminate the monthly safety system qualifier that says "but at no time shall more than 6 weeks elapse between tests".	Monthly tests regardless of when they are performed during the month will still yield 12 tests on these devices per year. The administrative burden of implementing the 6 week interval does not appear to be justified for either industry or MMS.	Propose rewriting Subpart H in early 2001 and these issues will be addressed at that time.
19.	250.804(a)(2)	Pilot-operated Relief Valve Testing	Revise the regulations to allow for the annual testing of the pilot and once every 4 years for the valve body of pilot operated PSVs.	Excessive testing of relief valve main body can lead to deterioration of the valve seat.	Propose rewriting Subpart H in early 2001 and these issues will be addressed at that time.

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20.		SEMP	<p>We believe that the SEMP/RP 75 Performance Measure process of alternative compliance for operators who voluntarily implement RP 75 and have 'good' performance should allow those operators to periodically update drawings and other documents of production safety system installations and routine modifications instead of receiving required MMS approval of these documents before any modifications are performed (Comment #14 of our July 17, 1996 letter). This is one example of the alternative compliance process that we suggest.</p>		<p>This comment expresses an interest for regulatory relief in exchange for 'compliance' with API RP75. This industry standard captures the essence of SEMP. On August 13, 1997, MMS published a Federal Register notice on SEMP (62 FR 43345). This notice publicly relayed our intent to continue collaborative efforts with the U.S. offshore oil and gas industry to promote the non-regulatory (i.e., voluntary) adoption of SEMP; it simultaneously relayed our intent to increasingly focus on operator performance in the field. We made this decision after extensive review of the industry's actions to adopt RP75. We have seen important strides made in the development of SEMP programs by the majority of OCS operators. We have, however, still not seen widespread implementation of these programs on offshore installations. In the most recent SEMP notice, we asked senior company officers to notify MMS when they had "fully" implemented SEMP at the field level. In our view, "fully" means that an operator has developed their SEMP plan and has implemented it at enough of their offshore installations to commence continuous improvement efforts (e.g., SEMP audits). At the end of December 1999, we had received such notifications from only nine OCS operators. This fact leads us to conclude that SEMP is not yet broadly implemented at the field level. Therefore, any requests for regulatory relief in exchange for SEMP implementation will need to be made to MMS on an ad hoc basis by operators who are prepared to demonstrate, and have us verify, both the extent of their SEMP implementation and their field-level performance.</p>

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21.	250.901-914	Structural Requirements for Deepwater Facilities, including Floating Production, Storage and Offloading Facilities and Floating Production Systems	<ul style="list-style-type: none"> • Platform verification program regulations should be updated for floating facilities, including FPSOs. Additional systems to be reviewed in the verification program include the turret, risers and mooring systems. • MMS should review and consider incorporating into the regulations API RP 2FPS, API RP 2SM, API RP 2SK, API RP 2RD and API Spec 17J in their entirety. In the future, additional industry standards and practices may be available for consideration for incorporation into the regulations in part or in their entirety. • In the MOU, both MMS and USCG have been given jurisdiction for reviewing and approving the design of the turret and mooring system. It is recommended that a verification agent acceptable to both agencies be selected to review and certify the design for both agencies. • In the MOU, MMS and USCG have been given jurisdiction for reviewing and approving various portions of the integrated monitoring and safety systems. It is recommended that a work group consisting of representatives of Industry, MMS and the USCG be formed to address the integration of these systems. • In the MOU, both MMS and USCG have been given jurisdiction over piping systems. It is recommended that for cargo tank piping that the spec break between MMS and USCG jurisdiction occur at the 1st valve downstream of the last processing vessel (and its control valves and safety system) prior to the oil entering the cargo storage tanks. A work group consisting of representatives of Industry, MMS and USCG should be formed to 	<p>The Offshore Operating Committee (OOC) submitted a report to Ms. Carolita Kallaur, MMS, dated February 22, 2001 regarding the regulatory framework for the design and operation of Floating Production Storage and Offloading Systems (FPSOs) in the Gulf of Mexico (GOM).</p> <p>On March 22, 2000, Mr. Chris Oynes, MMS GOM Regional Director, sponsored a meeting between MMS, USCG and Industry to discuss the regulatory requirements for FPSOs in the GOM, should they be found to be an acceptable development option. In that meeting, Mr. Oynes summarized the ongoing activities related to FPSOs; the preparation of the Environmental Impact Statement (EIS) and the Comparative Risk Assessment (CRA). The third step in the process is to identify any gaps in the regulations and develop a regulatory model that will be utilized by MMS and the USCG in the review and approval of a FPSO project. Although it is recognized that MMS and the USCG will have to agree among themselves the appropriate regulations and regulatory split between the two agencies, both agencies agreed that it would be beneficial to have Industry provide input on the regulatory model. The USCG was represented by the Eighth Coast Guard District and they cautioned that they do not have the authority to formally represent the USCG on the modification of existing regulations or the establishment of new regulations, but they would participate in the process. It was decided that a workgroup would be formed under the direction of the OOC Deepwater Committee and consist of Industry representative, Class society representatives, MMS and USCG. Representatives from the MMS and USCG headquarters groups were invited to participate and received copies of the meeting minutes and draft documents for</p>	Propose rewriting Subpart I in 2001 and these issues will be addressed at that time.

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22.	250.904(c)(iv)	Platform Design	Modify platform design wave return period calculation by placing a cap of 100 years on the field life calculation of 5 times field life for design wave return period.	Currently being handled on a case by case basis.	Propose rewriting Subpart I in 2001 and these issues will be addressed at that time.
23.	250.912 (a) NTL 99-G12	Underwater Inspections	<ul style="list-style-type: none"> For fixed platforms, adopt API RP 2A (19 or 20th Edition), Section 14, Surveys, in its entirety, which allows underwater inspections for unmanned facilities at intervals from 5 to 10 yrs. For floating systems, revise the regulations to acknowledge the USCG responsibility for these inspections when an In-Service Inspection Plan is in place. 	<ul style="list-style-type: none"> Current regulations require all facilities to have an underwater inspection every 5 yrs MMS provides a method for requesting extended intervals for level II underwater inspections in NTL 99-G12. However, it should not be necessary to obtain routine individual extensions for the approximately 3800 platforms installed in the Gulf of Mexico. Unless damage is suspected, there is no benefit of performing the inspections on a 5-year frequency. The new MOU gives the responsibility for underwater inspections on floating systems to the USCG. 	Propose rewriting Subpart I in 2001 and these issues will be addressed at that time.
24.	250.913 NTL 98-26	Platform Removal	<ul style="list-style-type: none"> Rescind NTL 98-26 and follow the regulations in 250.913 Revise the regulation to allow the Regional Supervisor to approve partial platform removal on a case by case basis at deep and intermediate water depth locations. 	<p>NTL 98-26 has many detailed, prescriptive requirements while the regulation is performance based and allows the operator greater flexibility in clearing the site appropriately for its location and condition.</p> <p>Current fisheries research indicates that there may be some value to leaving deep and intermediate water depth structures in place at water column depths where fish are present. Our suggestion to allow partial removal anticipates the final research indicating value for these environments.</p>	Proposed Rule published on July 7, 2000. Expect final rule in late 2001.

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25.	250.703(b) 250.703(c) NTL 98-19	Casing Stubs	Rescind NTL 98-19 and follow the regulations in 250.703(b) and 250.703(c)	NTL 98-19 has many detailed prescriptive requirements while the regulation is performance based and allows the operator greater flexibility in providing the protection appropriate for the location. Producing subsea wellheads are covered under 250.505.	Proposed Rule published on July 7, 2000. Expect final rule in late 2001.
26.	250.1002(d)	Pipeline Redundant Safety Devices	Revise the regulation to allow the setting level of actuation for pressure safety devices and redundant safety devices to be MAOP plus 10%	The MAOP of a pipeline already includes a safety factor. The relief valves, even if set at 10% over MAOP will still provide adequate protection and will allow the pipeline to operate up to its MAOP.	Will consider as MMS works with DOT to make the regulations more compatible. Plan to rewrite Subchapter J in late 2001.
27.	250.1003(b)(2)	Testing After Pipeline Repair	Revise the regulation to require testing after a repair only for the pipeline sections/appurtenances that were replaced or repaired.	Testing the entire pipeline does not contribute to additional safety. This change will bring MMS regulations into agreement with DOT regulations.	Will consider as MMS works with DOT to make the regulations more compatible. Plan to publish a proposed rule on pipeline repairs in early 2001. Plan to rewrite Subchapter J in late 2001.
28.	250.1004(b)(3)	PSH Settings on Pipelines	Revise the regulation to allow the PSH to be set at MAOP plus 10% on departing pipelines	MAOP of pipelines already includes a safety factor. As a pipeline nears its capacity, its operating pressure increases. To reach maximum capacity, a pipeline should operate at its MAOP. Setting the PSH at 10% above the MAOP allows the pipeline to operate at maximum capacity and affords protection from overpressure.	MMS does not agree with this approach. We earlier responded to this comment in the preamble of our final pipeline marking rule, "Pipelines and Pipeline Rights-of-Way," published on August 17, 1998 (63 FR 43876).
29.	250.1004(b)(9)	PSL Settings on Pipelines	Revise the regulation to allow for a 15 second time delay bypass of the PSL during pump and compressor start-up.	Pumps and compressors that start up automatically require time delay bypasses on the PSLs each time the equipment starts. MMS Regions and Districts routinely grant these departures. Our suggestion eliminates the need for this unnecessary administrative burden.	Will consider as MMS works with DOT to make the regulations more compatible. Plan to rewrite Subchapter J in late 2001.

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30.		DOT vs DOI	<p>Revise regulations to avoid duplication of requirements between the Department of the Interior (DOI) and the Department of Transportation (DOT) in accordance with the 1996 Memorandum of Understanding on Outer Continental Shelf Pipelines. Commenters submitted comments on the proposed rule that was published on October 1, 1999 (64 FR 53298), concerning producer-operated pipelines that cross directly into State waters without first connecting to a transporter-operated pipeline on the OCS. Commenters were primarily concerned with refinements in regulatory language to better define certain regulatory situations and the responsibilities of DOI and DOT in those situations.</p>		<p>The 1996 Memorandum of Understanding on Outer Continental Shelf pipelines became effective December 10, 1996, and was published in the Federal Register on February 14, 1997 (62 FR 7037). Since then we have published a final rule on August 17, 1998 (63 FR 43876), clarifying our regulatory responsibility for producer-operated pipelines that connect to transportation pipelines on the Outer Continental Shelf. Our proposed rule asserting our regulatory responsibility for producer-operated pipelines that do not connect to transportation pipelines on the Outer Continental Shelf was published on October 1, 1999. We published the final version of that rule on July 27, 2000 (65 FR 46092). DOT is now in the process of publishing their complementary rule in which they would relinquish their regulatory responsibility for nearly all producer-operated lines. The DOI and DOT rules, taken together, fully regulate the design, construction, operation, and maintenance requirements of all Outer Continental Shelf pipelines. We are now preparing a proposed work practices rule for pipeline repairs or modifications that involve either cutting into a pipeline or opening a pipeline at a flange. The rule would require lessees and right-of-way holders to submit in writing the measures they plan to take and the procedures they plan to follow to protect company or contract workers from hazards resulting from pressure or combustibles during such repairs. Accidents during pipeline modifications and repairs have the potential for fire or explosion resulting in multiple fatalities, heavy equipment damage, and spills to the environment.</p>

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31.	250.1102(b)(3) 250.1103(a)	Subsea Well Testing	Clarify the regulations to allow various methods for testing subsea wells, including testing by subtraction, exception, downhole venturi or multiphase subsea flowmeter.	Allowing the use of various test methods would reduce the cost of subsea due to the elimination of a separate test flowline. It would also eliminate operational concerns, such as hydrate formation, due to the shutting in other wells to test a well. It would also eliminate wear on valves due to the frequency of operating them.	Plan to rewrite Subpart K in 2002 and these issues will be addressed then.
32.	250.1104(b)	Bottomhole Pressure Survey Requirements	Allow the use of subsea tree pressure sensors to measure shut-in wellhead pressures corrected with produced fluid density data from well tests.	A lessee will not keep a drilling rig or drilling/production facility in the field during production for many subsea production operations. Particularly in deeper water, the cost of mobilizing a rig solely to conduct a bottomhole pressure survey is prohibitive. This revision eliminates both the risks and high cost of re-entering a deepwater subsea well to perform a wireline bottomhole survey.	Plan to rewrite Subpart K in 2002 and these issues will be addressed then.
33.	250.1105(a)(1)	Flaring and Venting of Gas	Clarify criteria for flaring or venting small amounts of gas	"small amount" is currently undefined.	Plan to rewrite Subpart K in 2002 and these issues will be addressed then.

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34.	Subpart L	Production Measurement and Commingling	<ul style="list-style-type: none"> • Drop requirement of separate continuous measurement and allocation trains for different royalty rate production volumes. • Give operators authority to switch (gas and liquid) between connecting pipeline systems, downstream of royalty points, prior to arrival onshore, without modifying commingling authority. 	<ul style="list-style-type: none"> • Current MMS requirement mandating separate continuous measurement through allocation accuracy prior to commingling different royalty rate (i.e. 1/8, 1/6, or royalty free) production streams on a given OCS facility is overly prescriptive. Great financial impact regarding facility size requirements, separation, and meter equipment. This requirement could be cost prohibitive for marginal facilities, which bring various royalty rate production to an facility for commingling. The impact of these requirements are worsened on floating facilities, which have space and weight constraints. • Commercial flexibility regarding switching of volumes between pipelines downstream of offshore royalty points is necessitated by competitive market forces. 	Will update these requirements in rewrite of Subpart L—No timeframe given.

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35.	Subpart O	Training	<p>Continue to implement the current Subpart O training system." (b) "Develop a dual training system incorporating elements from both a performance based program and MMS's current system." (c) "Companies may neglect training under a performance based system." (d) "MMS should use caution when changing from the current prescriptive training system * * *." (e) " * * * use of a written MMS test may cause employees stress that would lead to poor performance on the exams." (f) " * * * hands-on simulator testing is an excellent and realistic means of gauging performance. * * * MMS may not have the expertise or equipment to properly conduct simulator tests." (g) "Hands-on testing should only be conducted onshore, not offshore." (h) "How will MMS react to a company that does not train its employees but has a good safety record * * *." (i) "This may not be the right time to move towards a performance system because of the increase in OCS activity and the shortage of trained and experienced workers."</p>		<p>Action Completed. Comments (a)-(i) were addressed in the final rule published on Aug 14, 2000.</p>
36.		Shallow Hazards Requirements	<p>Revise NTL 83-3 and allow the use of navigational positioning equipment in lieu of buoing pipelines.</p>		<p>NTL 83-3 was superceded by NTL 98-20, but this issue was not addressed. NTL 98-20 will be revised and MMS is in the process of developing guidance for navigational positioning equipment technology. In the planned revision of NTL No. 98-20, industry may still use buoing, but if they choose not to use buoing, the NTL will require the use of state-of-the-art navigational systems. This will assure the accuracy and safety of anchoring operations in the vicinity of pipelines.</p> <p>The revised NTL 98-20 is expected in early 2001.</p>

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37.	20 CFR 253	Oil Spill Financial Responsibility	<p>The current rule requires the party responsible for demonstrating OSFR [oil spill financial responsibility], the Designated Applicant, to file a new application and secure completion of form MMS-1017 by each co-lessee of record (Responsible Party) appointed the Designated Applicant. We request that the filing of Form MMS-1017 be on an exception basis only. In most cases, the Designated Applicant of the Lease/Permit is the Lease Operator or the holder of the 'Right of Use and Easement.' The rare cases when different parties operate them should be handled as exceptions with the filing of Form MMS-1017."</p>		<p>Action complete. Request denied. Form MMS-1017 was developed as a mechanism to reduce the financial and reporting burden for "Responsible Parties," as defined in Section 1001 of the Oil Pollution Act of 1990 (Public Law 101-380, as amended). Section 1016(c) of the Oil Pollution Act of 1990 requires that each "Responsible Party" with respect to an offshore facility must establish and maintain the required amount of evidence of financial responsibility. The result, without utilization of form MMS-1017, for any offshore facility with more than one "Responsible Party" would be multiple financial coverage for those offshore facilities. The amount of financial coverage would be excessive for any potential oil spills, but would be required by law without the legal mechanism provided by form MMS-1017 to designate an agent to act for all of the lessees/permittees. The resultant cost would be excessive for many small to medium size companies and would make the current standard procedure of spreading risk, by only owning a portion of a lease or permit, untenable. Further, a review of the financial bond market capacities would be exceeded by requiring each lessee or permittee to evidence the specified amount of financial responsibility, resulting in many companies being forced out of the offshore oil and gas drilling and production marketplace.</p>