

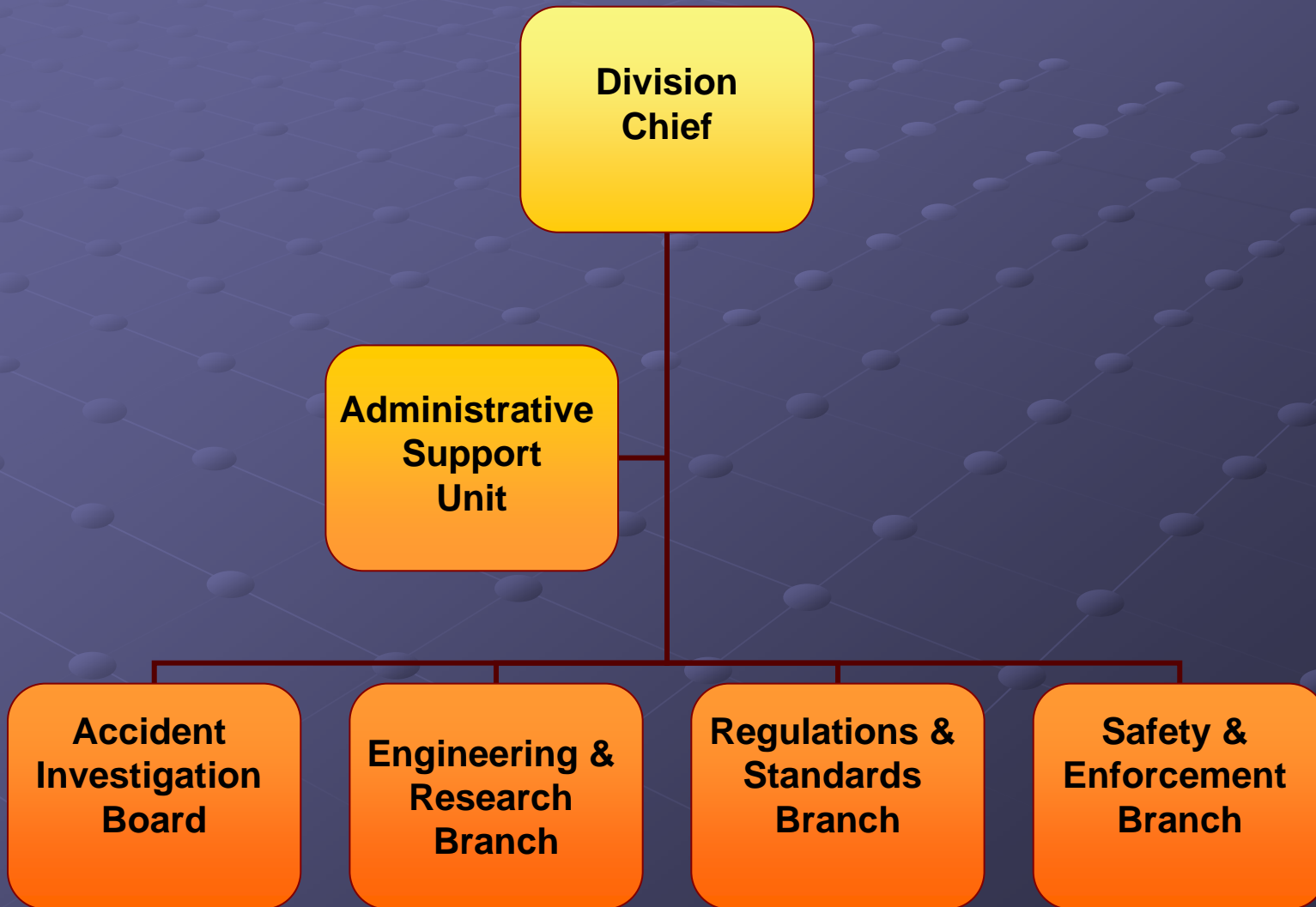
BRAZIL ORIENTATION VISIT

October 31, 2007

OFFICE OF OFFSHORE
REGULATORY PROGRAMS



OFFICE OF OFFSHORE REGULATORY PROGRAMS



REGULATIONS & STANDARDS

- Rule Development Process Within MMS
 - Proposed Rule to Final Rule
 - Legal & Technical Issues
 - **Public Comments & Participation**
 - Economic Analysis
 - Information Collection

CURRENT REGULATORY PROJECTS

● Published

- Alternative Energy
- Coiled Tubing BOP's
- Incident Reporting
- Shallow Water Flow Cementing

● To be Published

- Pipelines
- Hydrogen Sulfide
- Safety & Environmental Management Systems
- Subsurface Safety Valves

MMS REGULATORY PROGRAM

- Hybrid System of Regulation
- Major Components
 - Prescriptive Requirements
 - Equipment Specifications, Operational Procedures, Testing, Inspection
 - Performance Based Initiatives
 - Goal Setting, Alternative Compliance
 - Industry Standards
 - 98 Standards
 - API, ASME, ANSI, NACE, ISO



PERMITS AND PLANS (Prescription)

- Regulatory Review and Approval
 - Plans of Exploration
 - Development and Production Plans
 - Pipeline Plans
 - Oil Spill Contingency Plans
 - H₂S Contingency Plans
 - Permits to Drill
 - Well Abandonment's, Completions, Workovers

EQUIPMENT (Prescription)

- Blowout Preventer Systems
- Diverter Systems
- Casing
- Sub Surface and Surface Safety Valves

SAFETY & ENVIRONMENTAL MANAGEMENT SYSTEMS (Performance)

System is Voluntary, However MMS is Considering
Making it Mandatory:

1. Safety & Environmental Information
2. Hazards Analysis
3. Management of Change
4. Operating Procedures
5. Safe Work Practices
6. Training
7. Mechanical Integrity
8. Pre-Startup Review
9. Emergency Response & Control
10. Investigation of Incidents
11. Audits
12. Documentation & Record Keeping

An iceberg floating in the ocean. The tip of the iceberg is above the water surface, and the much larger base is submerged. The water is dark blue, and the sky is light blue with some clouds. The iceberg is white and blue. The text 'Rules' is written in red above the tip, and 'Standards, Guidance Documents' is written in yellow below the submerged part. The background of the slide is a dark blue grid with small white circles at the intersections.

Rules

**Standards, Guidance
Documents**

MMS STANDARDS PROGRAM

- Integral Part of MMS Regulatory Program
- Domestic (97) and International (1) Standards
- Standards Authored by 8 Organizations, Primarily API
- Current Topics of Interest
 - Hurricanes (MODU and Moored Structures)
 - Deepwater Technology
 - Sustained Casing Pressure
 - Emerging Technology
 - Cranes
- MMS Active in ISO TC 67 Since 1998

ACCIDENT INVESTIGATION

- Panel Reports & 2010 Investigations
- Accident Data Analysis
 - Trend Identification (Lifting, Cementing)
- National & Regional Safety Alerts
 - Inform Industry
 - Disseminate Safety Information to Public
- Initiate Regulatory Changes

OCS Incident Data

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006 New Incident Rule (7/06)	2007 (YTD) (6/07)
Loss of Well Control	5	7	5	9	10	6	5	5	4	1	2
Fatalities	11	14	5	5	7	6	10	3	4	10	3
Injuries	58	69	47	64	57	53	44	62	54	112	146
Fires	125	90	75	103	85	93	104	72	78	130	47
Explosions	10	3	5	2	6	3	6	4	2	10	1
Collisions	10	5	10	9	18	12	18	22	20	21	6

SAFETY & ENFORCEMENT

- Inspection Policy
- Enforcement Policy
- Company Safety Ranking
 - Offshore Safety Index
 - Incorporates Information on Accidents, Inspections, Operational Complexity
 - SAFE Awards
 - 2007 Winners - Shell, Murphy, Noble, Baker

INSPECTION PROGRAM

● Inspections

- PINC, Sampling, Risk Assessment, FFR
- Drilling, Production, Pollution, Metering, Abandonment

● Enforcement Tools

- INC
- Civil Penalties, \$30 K/Day
- Criminal, Knowing & Willful
- Disqualification, Performance Based

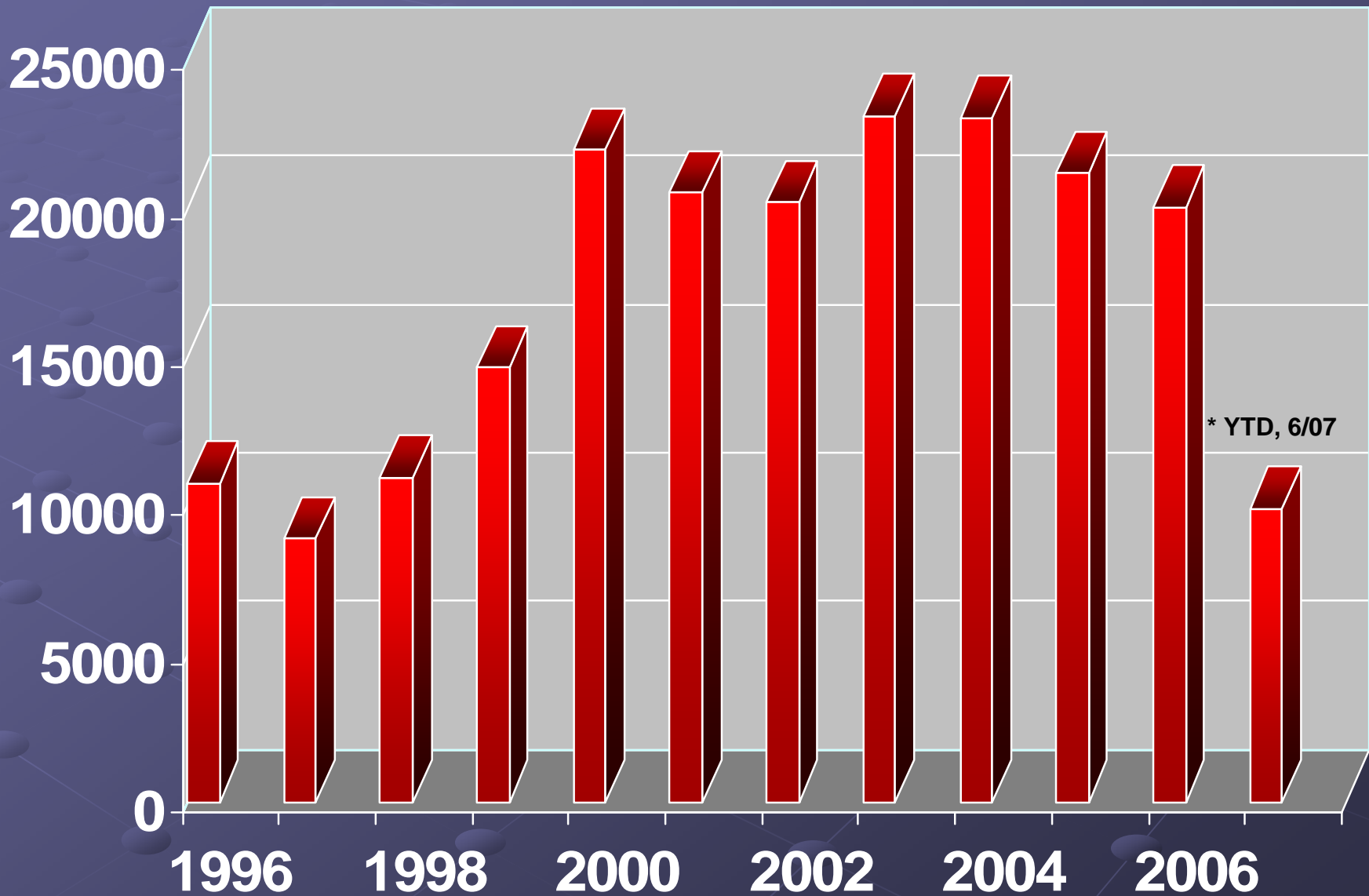
● Dedicated Inspectors

- 65 +

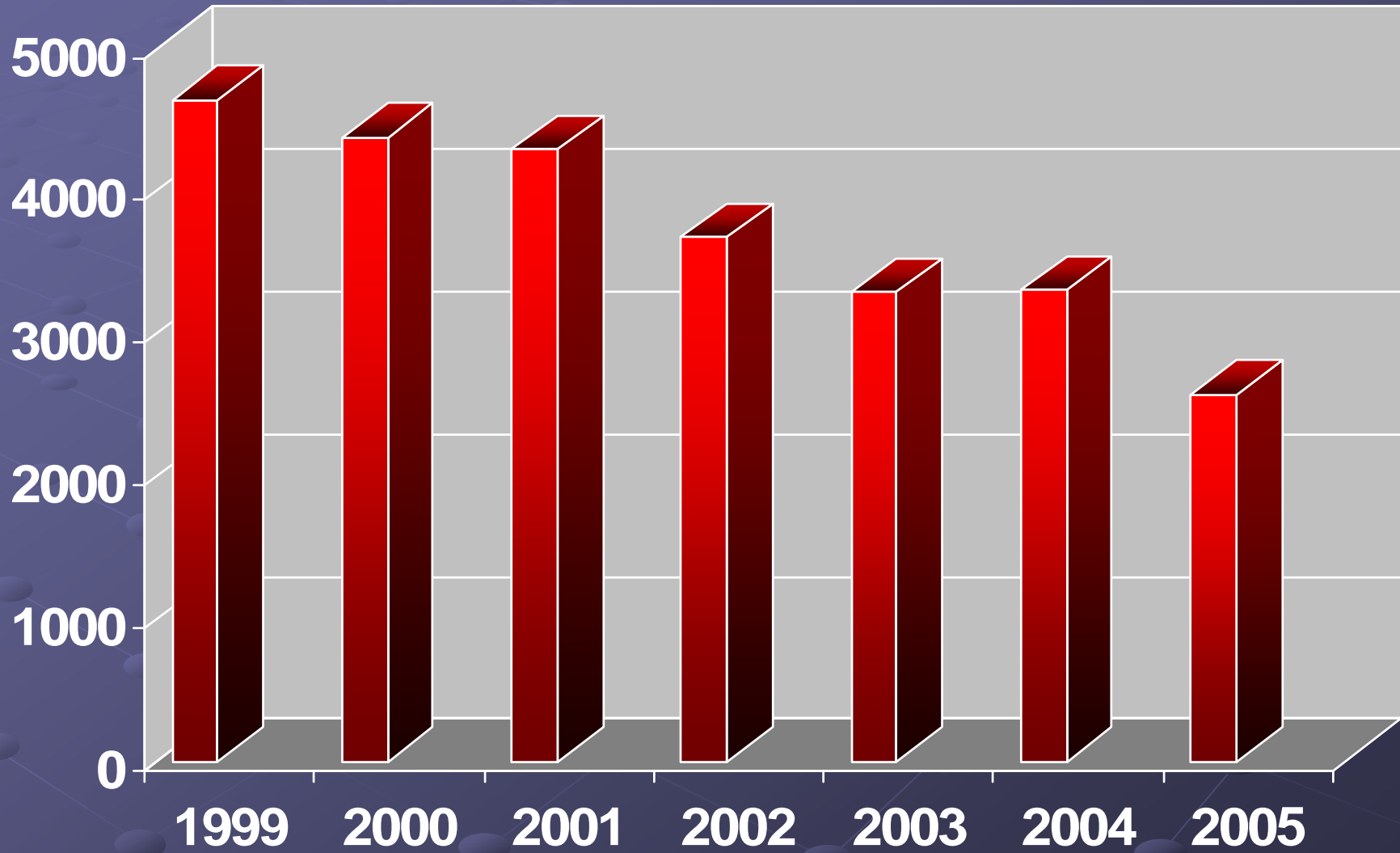
● Dedicated Helicopters

- 365 Days/Year Weather Permitting
- 16 Vessels, 6500 Flight Hours/Yr, \$15 M/Yr
- Fixed Wing in Alaska for Whale Monitoring

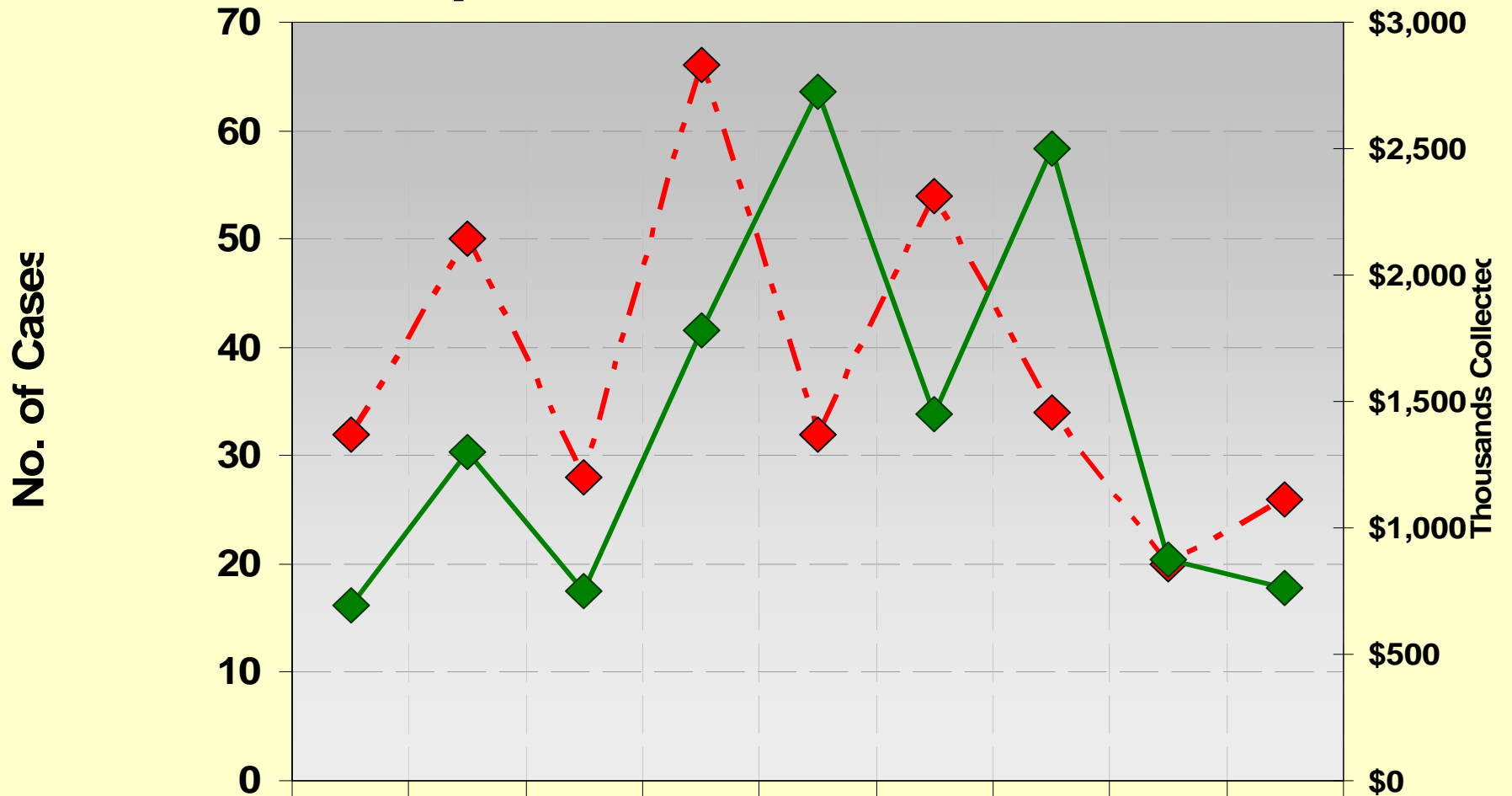
OCS INSPECTIONS 1996 – 2007



INCS ISSUED 1999 - 2005



Civil Penalties MMS Collected from OCS Operators : 1997-2005



◆ - Cases	32	50	28	66	32	54	34	20	26
◆ - \$1,000's Collected	694	1297	749	1,781	2725	1,449	2,501	876	760

Calendar Year

SOURCE: TIMS as of 31 December 2005

RESEARCH



- Two Primary Areas of Research
 - Safety & Engineering Research
 - \$ 1.2 Million
 - OTRC - Contract
 - Oil Spill Response Research
 - \$3 Million
 - OHMSETT – Contract
- JIP

MMS FUNDED RESEARCH

- Hurricane Damage Assessments
- MODU Moorings
- Deepwater
 - High Pressure/High Temperature
 - Risers
- Aging Infrastructure
 - Corrosion
- In Situ Burning
- Chemical Treating Agents and Dispersants

OHMSETT

The National Oil Spill Response Test Facility

Unique Capabilities

Largest Oil Spill Test Tank in North America

Tank Dimensions – 667 x 65 x 8 feet

Full Scale Training, Testing, Evaluation with Oil

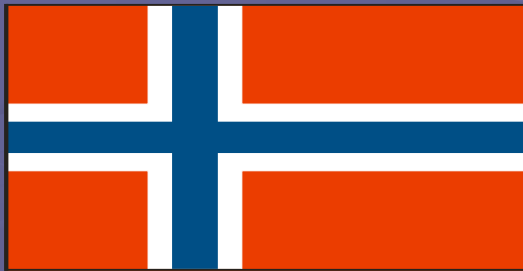
Tow Bridge - Speeds up to 6.5 knots

Wave Generator – 3 Foot Waves

Spills up to *1500 Gallons of Oil*



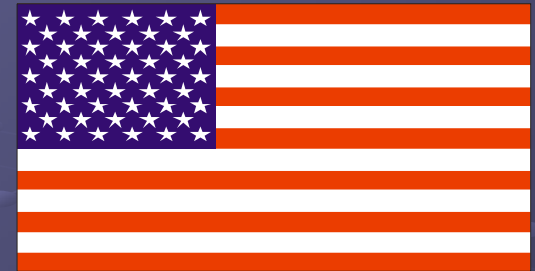
INTERNATIONAL REGULATORS FORUM



NORWAY



UK



USA



BRAZIL



NETHERLANDS



NEW ZEALAND



AUSTRALIA



CANADA

International Regulators' Offshore Safety Conference



***Improving Offshore
Safety Through
International Cooperation***

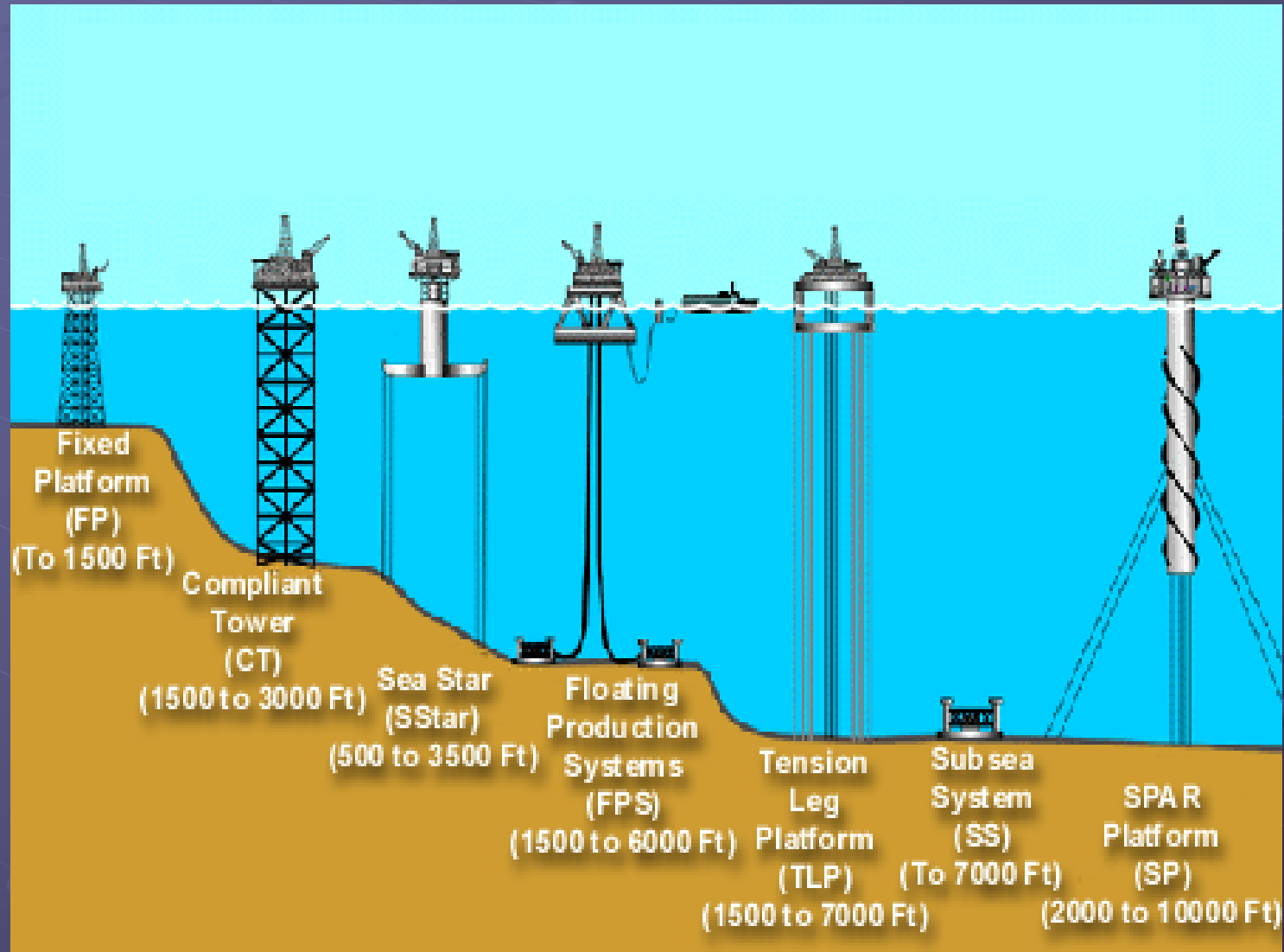
Trump International
Sonesta Beach Hotel

Sunny Isles Beach, Florida

December 4-6, 2007

<http://www.mms.gov/international/IRF/IRF.htm>

PLATFORM TYPES



QUESTIONS ???

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THANK YOU !!!