



Gulf of Mexico OCS Region Update

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Agenda



Regulatory Update

Gulf of Mexico Activity

Offshore Safety Priorities

Questions?

Regulatory Update



Published proposed rulemaking

Oil and Gas Production Safety Systems – Subpart H

Published August 22, 2013, comment period was extended and closed December 5, 2013

Includes: safety and pollution prevention equipment lifecycle analysis, production safety systems, subsurface safety devices, and safety device testing

In preparation, due out in 2014

Blowout Prevention Systems

Arctic (joint with BOEM)

Upcoming Proposed Rules



Suspensions of Production and Operations

Natural Gas Fluids Measurement

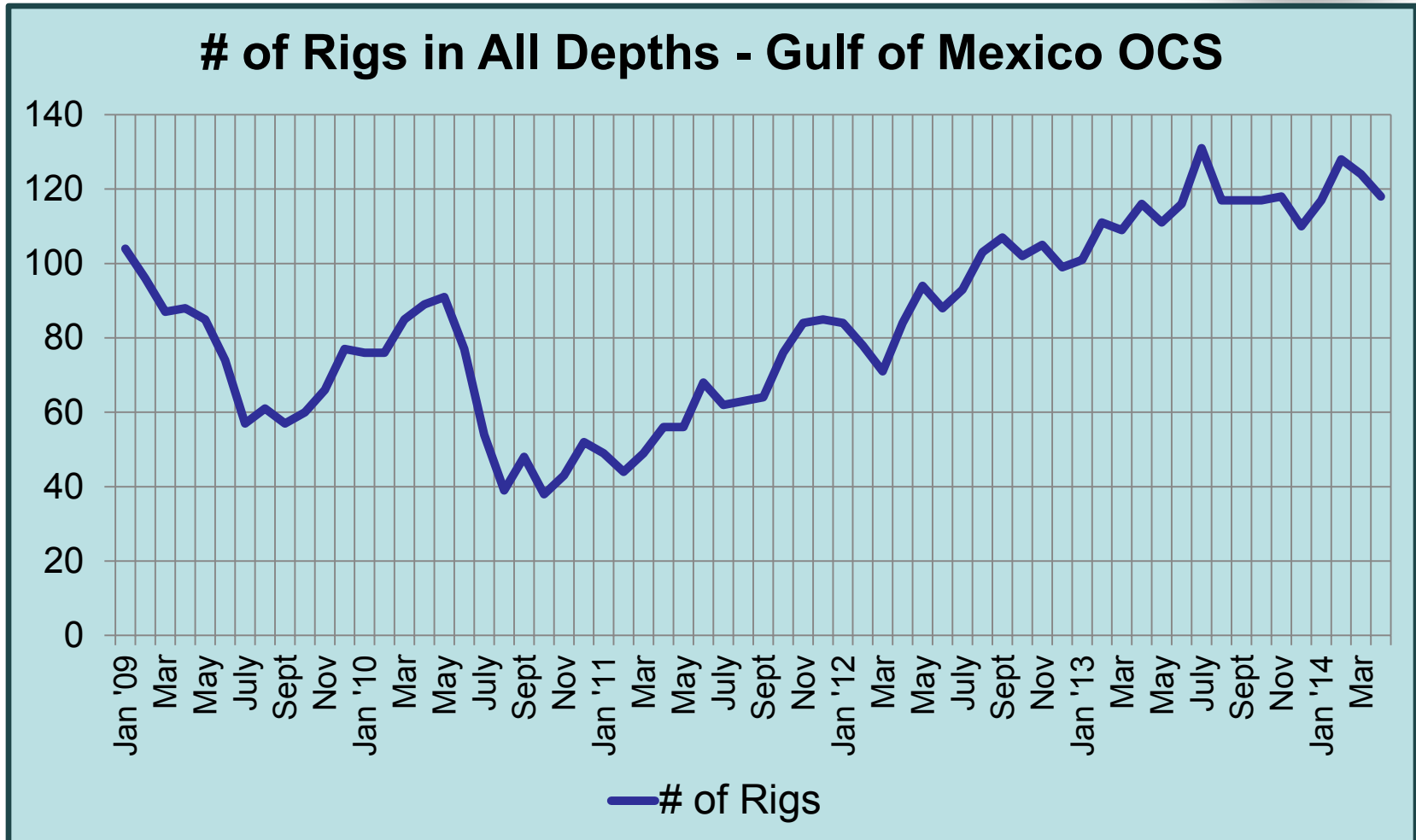
Oil Spill Mechanical Recovery

Drilling Permits



Year	Shallow Water < 500 ft.				Deepwater > 500 ft.			Total Deep	Total Approved
	New Well	Bypass	Sidetrack	Total Shallow	New Well	Bypass	Sidetrack		
2013	72	51	120	243	57	34	23	114	357
2012	67	42	108	217	112	25	23	160	377
2011	71	40	87	198	38	19	22	79	277
2010	72	32	92	196	32	19	23	74	270
2009	95	28	70	193	76	26	46	148	341

Rig Activity



Drilling Rigs Working in U.S. Gulf of Mexico



Platform Rig = 24



Semi-submersible = 20



Jack-up rig = 25



Drillship = 19

U.S. Gulf of Mexico New Deepwater Rigs



Deepwater Rig & Type	Operator	Quarter Expected
Sadrill West Auriga drillship	BP	3rd Qtr. 2013
Noble Don Taylor drillship	Shell	
Sadrill West Vela – drillship	BP	4th Qtr. 2013
Stena IceMAX – drillship	Shell	1st Qtr. 2014
Diamond Offshore Ocean Onyx – rebuilt semi	Apache	
Atwood Advantage - drillship	Noble Energy	
Maersk Viking – drillship	ExxonMobil	
Sevan Louisiana – cylinder hull	LLOG Exploration	
Diamond Offshore Ocean Blackhawk - drillship	Anadarko	2nd Qtr 2014
Noble Bob Douglas - drillship	Anadarko	
Maersk Valiant - drillship	ConocoPhillips	
Transocean Deepwater Invictus – drillship	BHP Billiton	
Pacific Sharav – drillship	Chevron	3rd Qtr. 2014
Diamond Offshore Ocean BlackHornet – drillship	Anadarko	
Noble Sam Croft – drill ship	Freeport McMoran	
Rowan Resolute – drillship	Anadarko	
Sadrill West Neptune – drillship	LLOG Exploration	4th Qtr 2014
Rowan Reliance - drillship	Cobalt Intl. Energy	1st Qtr 2015
Noble Tom Madden - drillship	Freeport McMoran	
ENSCO DS-9 – drillship	Conoco Phillips	3rd Qtr 2015

Production Facilities



**Shallow Water
Production Facilities**
(less than 500 ft)

2647



**Deepwater
Production Facilities**
(greater than 500 ft)

73



New Gulf of Mexico Deepwater Projects



Deepwater Project	Operator	1 st Production Expected
Olympus TLP (Mars B) {**subsea} Mississippi Canyon 806	Shell	Started production 1st Qtr. 2014
Jack – St. Malo Walker Ridge 718	Chevron	2014
Big Foot Walker Ridge 29	Chevron	2014
Lucius (oil/gas)/S. Hadrian (gas) Keathley Canyon 875	Anadarko/ ExxonMobil	2014
Tubular Bells Mississippi Canyon 725	Hess	2014
Delta House Mississippi Canyon 254	LLOG Exploration	2015
Olympus TLP (Mars B) {**platform} Mississippi Canyon 806	Shell	2015
Heidelberg Green Canyon 860	Anadarko	2016
Stones (**2 nd FPSO in GOM) Walker Ridge 508	Shell	2016

Offshore Safety Priorities



Safety and Environmental
Management System (SEMS)

Performance Analysis

Integration of Findings across
Performance Improvements Efforts

SEMS



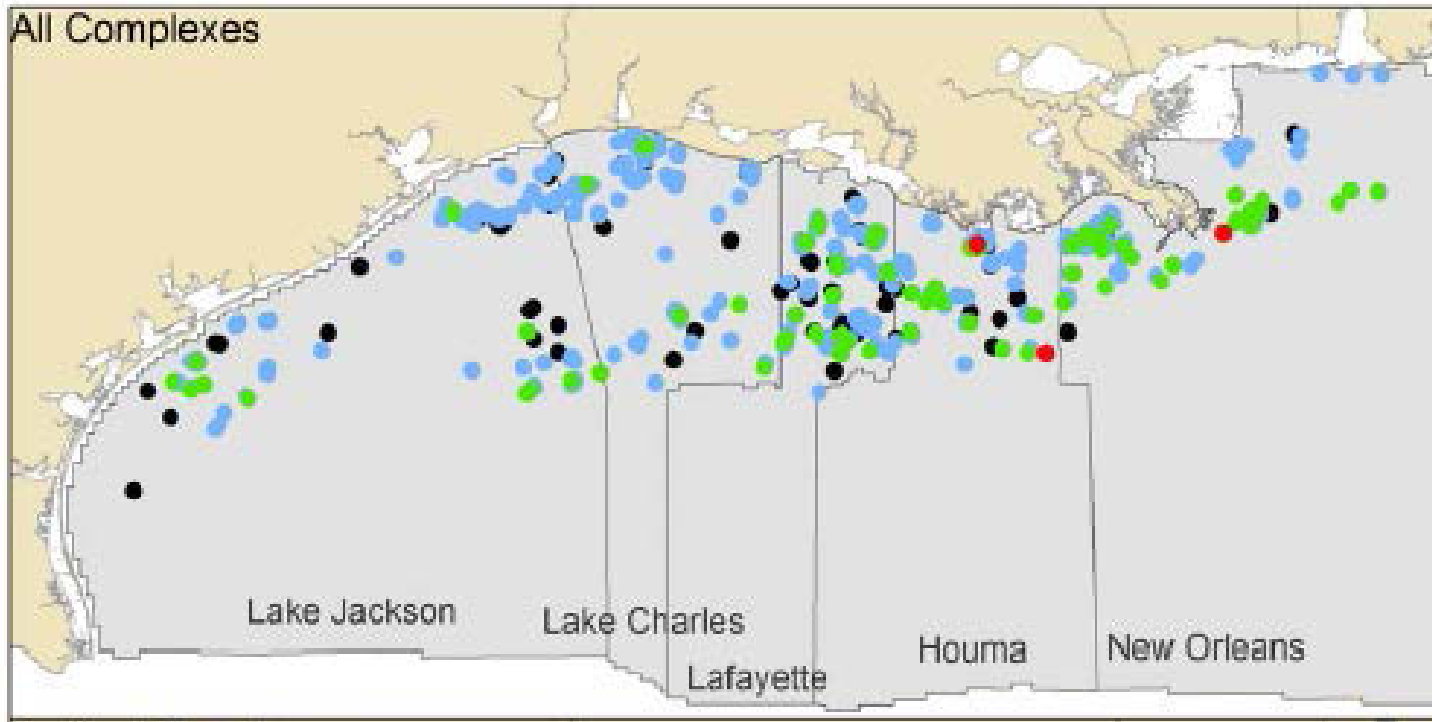
Initial deadline – Nov. 15, 2013

84 Audit Reports were submitted
by operators to BSEE

SEMS Audits Summary



- Most operators complied with auditing deadlines
- Undesirable variation in quality of reports
- Demonstrated SEMS in place; set baseline
- Good cross-section of activities for facilities selected

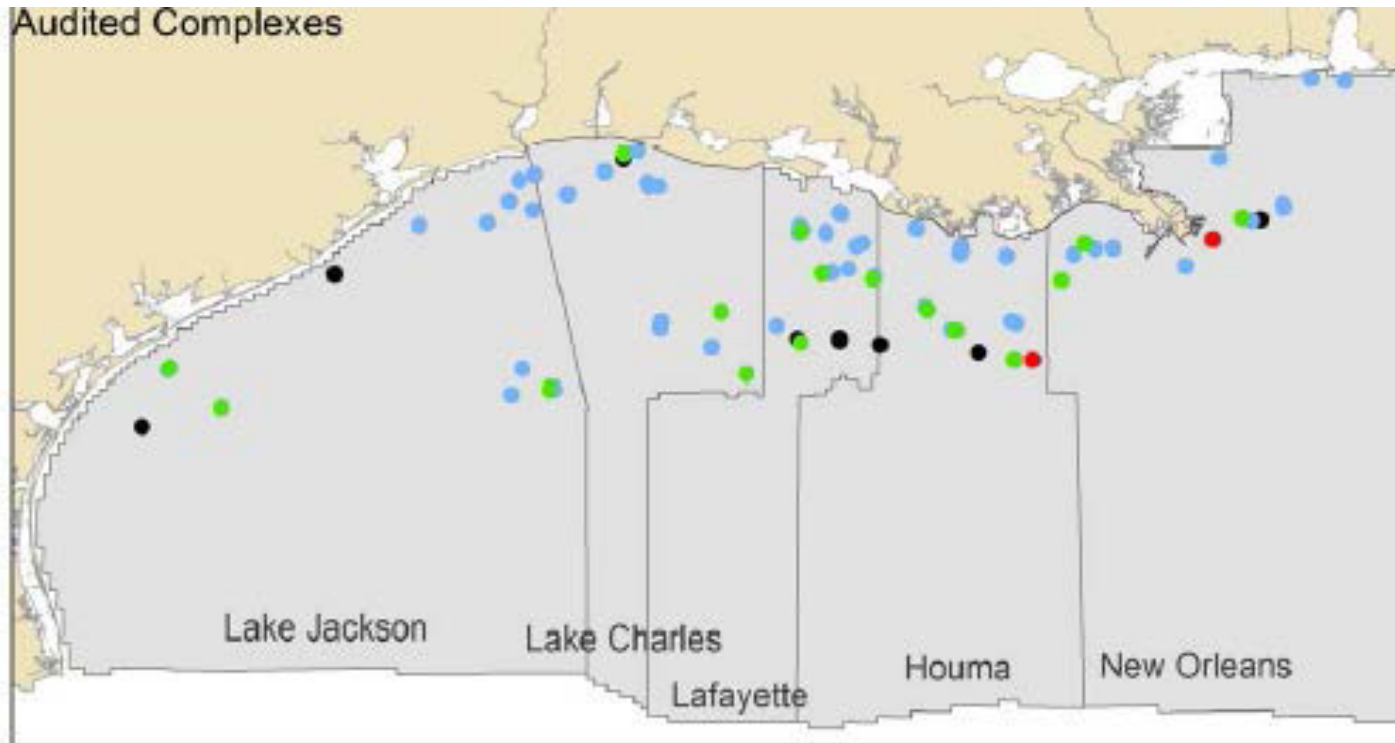


**What does
15% audited
look like for
this operator?**

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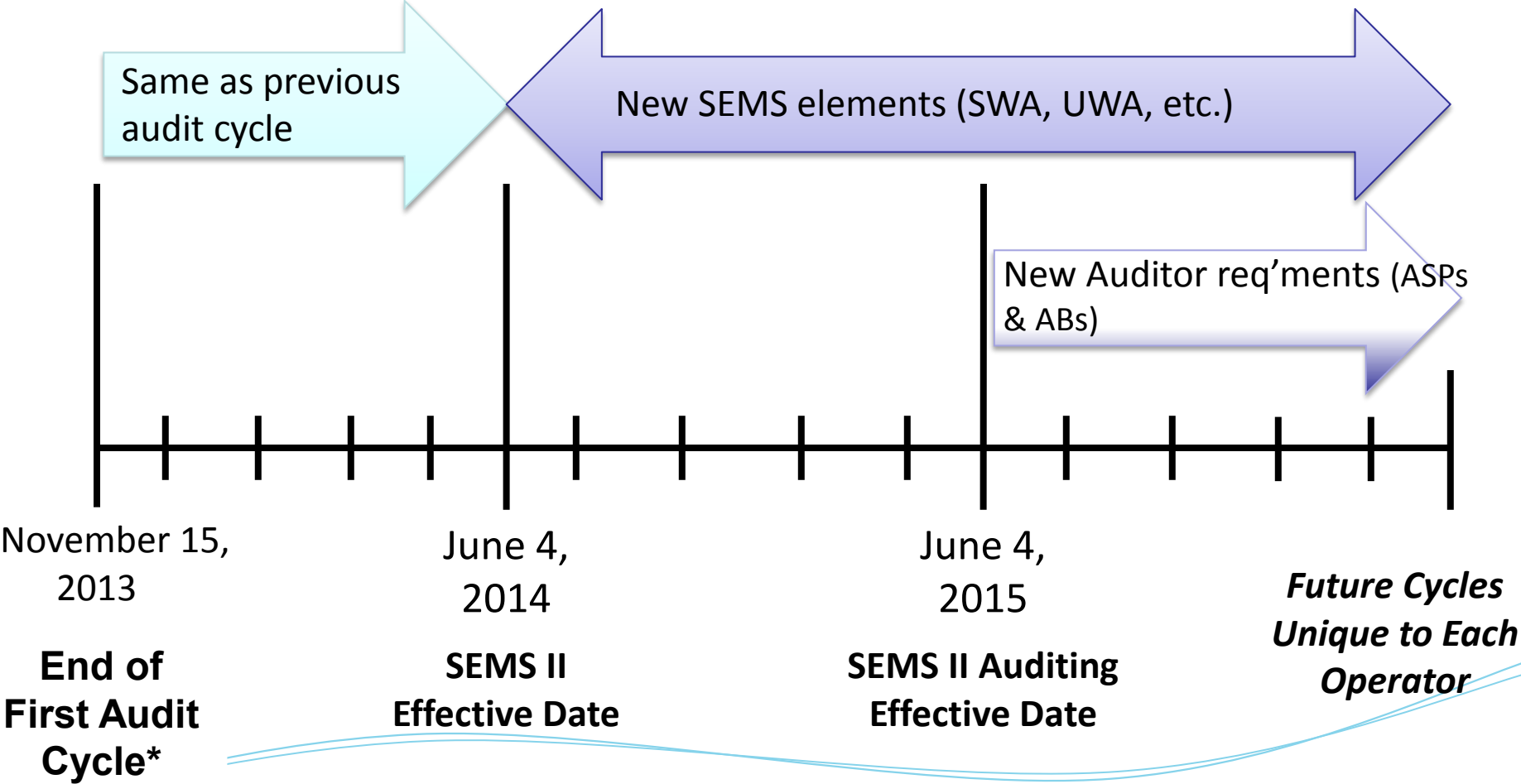


At least 15% of total facilities audited for Operator XYZ

SEMS Timeline



When you perform an audit at this time, the requirements are the.....



November 15, 2013

June 4, 2014

June 4, 2015

Future Cycles Unique to Each Operator

End of First Audit Cycle*

SEMS II Effective Date

SEMS II Auditing Effective Date

Performance Analysis



Annual Performance Review(APR) –

a discussion between an operator and BSEE based on an analysis of the operator's yearly performance. Multiple indicators are used in the analysis.

Yearly Discussion Topics –

Compliance History, Idle Iron, Aging Facility Plans, drilling, workover & abandon permitting, contractor issues, SEMS

Total Gulf operator APRs held in 2014: 51

Incident Investigations

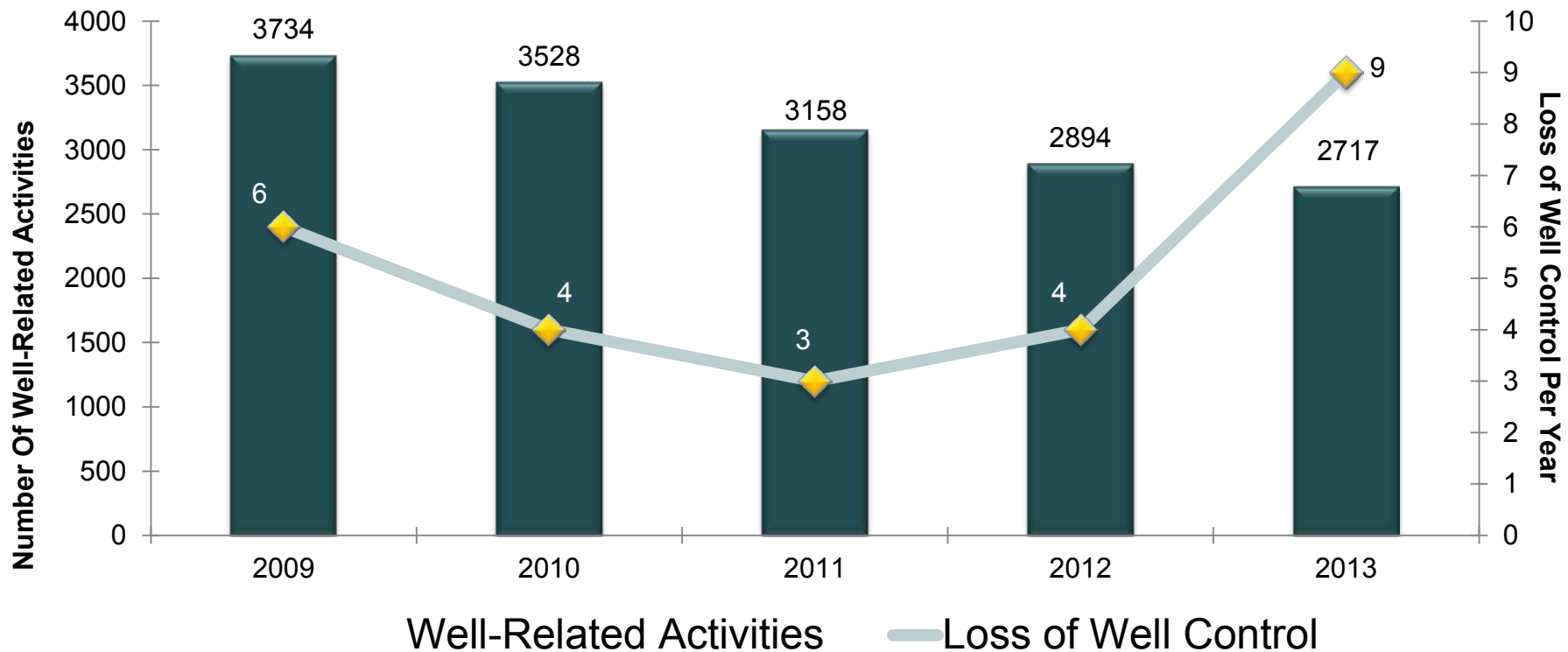


OCS Incidents/Spills by Category: CY 2007 – 2013

TYPE	2007		2008		2009		2010		2011		2012		2013	
	GOM	PAC	GOM	PAC	GOM	PAC	GOM	PAC	GOM	PAC	GOM	PAC	GOM	PAC
FATALITIES	5	0	11	0	4	0	12	0	3	0	4	0	3	0
INJURIES	423	17	318	14	285	16	273	12	213	18	253	34	226	21
LOSS OF WELL CONTROL	7	0	8	0	6	0	4	0	3	0	4	0	9	0
FIRES/EXPLOSIONS	110	8	139	12	133	12	126	4	103	2	134	6	97	6
COLLISIONS	20	1	22	0	29	0	8	0	14	0	9	1	19	0
SPILLS ≥ 50 bbls	4	0	33	0	11	0	5	0	3	0	8	0	^	^
OTHER	268	27	278	36	308	28	155	17	186	15	236	41	272	38
INCIDENT TOTAL FOR THE YEAR	837	53	809	62	776	56	583	33	525	35	648	82	626	65
COMBINED TOTAL FOR THE YEAR	890		871		832		616		560		730		691	

SOURCE: BSEE Database as of 14-Jan-2014

Loss of Well Control in GOM 2009-2013



Well-Related Activity: Total of (1) the number of new wells spud plus (2) the number of wells reentered for the purpose of reworking or abandonment during a calendar year

Well Control Incidents in 2013



2-05-13 Apache @ Main Pass 295

2-11-13 BP @ Mississippi Canyon 777

2-28-13 Cobalt @ Green Canyon 896

4-10-13 Pisces Energy @ Vermilion 356

4-25-13 Petrobras America @ Walker Ridge 206

7-07-13 ERT/Talos @ Ship Shoal 225

7-23-13 Walter Oil and Gas @ South Timbalier 220

9-17-13 Shell Offshore @ Viosca Knoll 956

12-20-13 Walter Oil & Gas @ South Timbalier 285

MP 295 #1 / ENSCO 87



Apache - 5 February 2013, LWC, Underground



Water Depth – 218 feet

Distance to Shore – 20 miles

Product - Gas

Exploratory Well

LWC Occurred- Kick from inclusion in salt



SS 225 B

ERT/ Talos - 7 July 2013, LWC, Surface



Water Depth – 146 feet

Distance to Shore – 65 miles

Product – Gas and condensate

Development Well

LWC Occurred-
Abandonment procedure

ST 220 A / Hercules 265

Walter Oil & Gas - 23 July 2013, LWC, Surface



- Water Depth – 154 feet
- Distance to Shore – 55 miles
- Days to complete relief well – 74
- Product – Gas
- Development Well
- LWC Occurred – POOH with TCP gun

VR 356/ Rowan Louisiana

En Ven Energy Ventures -30 January 2014

LWC, Shallow Gas Diversion



- Water Depth – 262 feet
- Distance to Shore- 97 miles
- Product – Gas
- Development Well
- LWC Occurred – POOH for wiper trip

Reporting Requirements Loss of Well Control (LWC)



The Bureau requires that all loss of well control be reported by immediate oral report, per 30 CFR 250.188(a)(3)

Trends: Over the 8-year timeframe (2006-2013), the GOM averaged 5.25 LWC a year.

2011 was a record low for LWC incidents since the release of the incident reporting rule. However, the lowest incident rate per well drilled was 2006.

LWC Types (2006-2013)

Flow Underground:	8.6%
Flow Surface:	34.3%
Diverter Flow:	11.4%
Surface Equipment Failure:	45.7%

Synopsis of Data



BSEE has 288 unique loss of well control incidents captured in our database from 1956 – 2010. Additionally, BSEE has 18 additional cases in TIMS from 2010-2013 which are not accounted for in this synopsis:

69 of 288 Incidents had a duration of ≥ 5 days (24%)

55 of 69 occurred in water depth < 300 feet (80%)

42 of 69 occurred within 50 miles of shore (61%)

31 fatalities in 5 of the 69 incidents

84 injuries in 7 of the 69 incident

8 incidents were oil blowouts (12%)

Max duration of the oil blowout – 141 days, 10 relief wells drilled

Integration



Met with shallow water industry August 2013

Renewed emphasis on hot work permits

Source control for shallow water blowouts

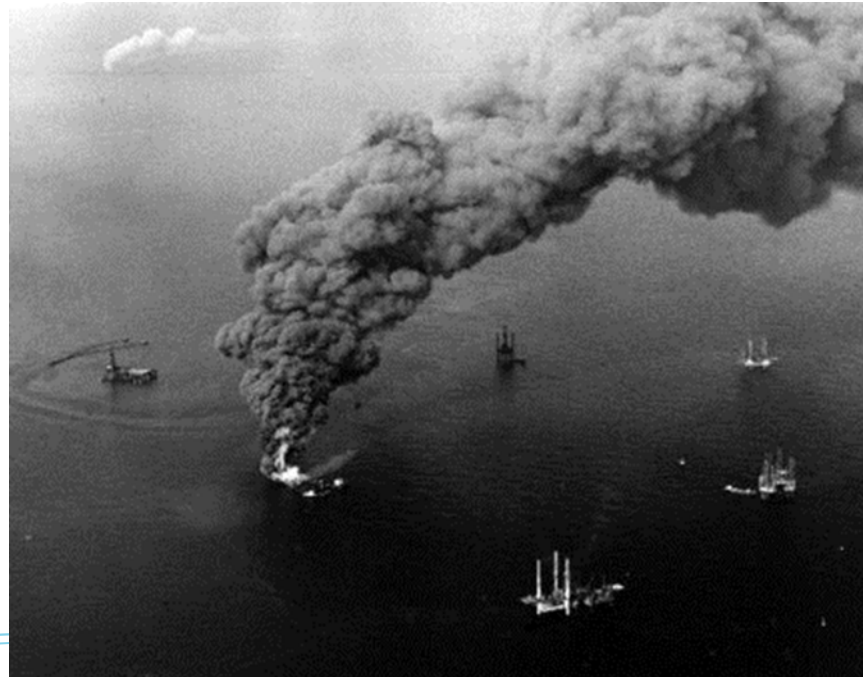
Work with IADC on competency issues

Developing awareness within industry



Four fatalities, thirty six injuries, lost platform and 2 drilling rigs, minor amounts of oil on beaches. 53,000 bbls estimated to be spilled.

10th and final relief well killed blowout on April 7th, 1971.





**Thank you for your
attention.**

Website: www.bsee.gov