

2014 OCS Regulatory Priorities – The Safety Dance

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The EPA, the DOI and the DOE recently announced their semiannual regulatory agendas. Published as part of the Executive Unified Agenda, the agenda identifies regulatory priorities and contains details about the most significant regulatory actions that agencies expect to take in the coming year.

Of particular interest for those of you with Outer Continental Shelf (OCS) concerns are the following Bureau of Safety and Environmental Enforcement (BSEE) agenda items:

1. Forthcoming rule relating to blowout preventers (BOPs); and
2. Finalizing a proposed rule amending and updating regulations regarding production safety systems, subsurface safety devices, and safety device testing.

It is no secret that new safety standards have been looming for blowout preventers since the 2010 Deepwater Horizon oil spill. Now, it looks like BSEE will publish a new rule on March 1, 2014. Certain publications report that regulators at BSEE have telegraphed that the rule may require companies to use a second set of shearing rams, potentially boosting the odds of successfully cutting drill pipe, as well as additional sensors for tracking the precise location of the bladesetter. For an example, [click here](#).

Industry appears hopeful that regulators will make good on their promise to give it plenty of time to adapt to the new rule (perhaps with phase-in requirements?), especially given the prospect that requirements could speed the retirement of some older industry equipment.

The proposed rule has already sparked political curiosity. On July 12, 2013 11 U.S. House members sent a letter to James Watson, then director of BSEE (the current director is Brian Salerno) asking when new rules might be issued and whether they would require drillers to junk current blowout preventers.

While improving safety is our mutual goal, we are somewhat concerned that regulators are failing to provide clarity for rig operators, inching toward substantial

rules affecting that very same safety equipment that industry is voluntarily upgrading,” the group wrote.

See full text of letter [here](#).

The House members also praised upgrades that companies have made under new voluntary standards published in 2012 by the American Petroleum Institute (API).

The deadline for final action on the BOP rule is designated for October 2014.

BSEE is also on track to finalize updated safety standards for offshore oil and gas production systems, also driven by the Deepwater Horizon oil spill. The current regulations were adopted in 1988. The proposed revisions are intended to address deepwater technological advances and would for example, differentiate the requirements for operating dry tree and wet tree production systems on the OCS. This rule also proposes an expanded use of lifecycle analysis of critical equipment. The Comment Period following the Notice of Proposed Rule Making (on Aug, 22, 2013) was extended through December 5, 2013. You can review the proposed rule with explanation and summary of comments.

Final action on the proposed rule is expected in May 2014.

And again recently, on January 13, the Coast Guard too jumped into the new safety regulation arena, publishing a rule proposing to update fire safety standards on the OCS – which have not been substantially updated since 1952.

The rule would affect certain facilities on the OCS including mobile offshore drilling units (MODUs) and deepwater ports, as well as inspected and uninspected vessels. The Coast Guard is accepting public comments on the proposed rule through April 4, 2014.

We will continue to monitor these regulatory issues and provide updates when made available. Interested industry stakeholders are encouraged to participate in the public engagement process.