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ROWAN COMPANIES, INC.  
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HOUSTON, TEXAS 77056-6196

**RULES PROCESSING TEAM**

**OCT 19 2000**

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VIA FEDERAL EXPRESS

MINERALS MANAGEMENT SERVICE  
Mail Stop 4024  
381 Elden Street  
Herndon, VA 20170-4817

Attention: Rules Processing Team

RE: Proposed Rule 30 CFR 250; RIN 1010-AC43  
Rewrite of Oil and Gas Drilling Operations Regulations

Rowan Companies, Inc. (Rowan) and its subsidiaries own and operate 23 Mobile Offshore Drilling Units (MODUs), with 20 of these units currently located in the Gulf of Mexico. Additionally, we have 2 units under construction in a domestic shipyard. Rowan is celebrating its 77<sup>th</sup> year of business as a drilling contractor. In 1936, Rowan was a pioneer in the development of self-contained, submersible barges for drilling in inland and near shore shallow water depths. In 1954, Rowan ventured into the then deep water arena with a platform rig assisted by a drill tender.

Rowan maintains an active membership in the International Association of Drilling Contractors (IADC), Offshore Operators Committee (OOC) and the American Petroleum Institute (API). Members of Rowan's Senior Management participated in each of these organizations' review of this proposed rule. We have reviewed the final comments of the IADC and OOC and expressly endorse both organizations' comments concerning the proposed rulemaking.

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Rowan Companies, Inc. is pleased to offer the following substantive comments relative to the referenced proposed rulemaking contained in the June 21, 2000 Federal Register, 65FR38453.

**Blind-Shear Rams Proposed Requirement (250.441):**

We have reviewed the incident information utilized by the MMS to support this facet of the subject rulemaking. We disagree with the conclusions discussed in the Preamble. Mandatory rulemaking requiring the installation of Blind-Shear Rams will not materially impact the safety of personnel or protection of property including environmental consequences. We base this position on the thorough analysis conducted by the IADC as well as our own experience of more than 70 years in the contracting business. The IADC's analysis has been forwarded to your attention as part of the commenting process, and we adopt their position and incorporate the analysis found on page 2 of their comments. In short, the event trend line approaches zero.

As the industry and its regulators are aware, once the blind-shear rams are engaged, you are permanently precluded from performing many other well control options. We are concerned as to this limiting effect and we also strongly urge MMS to review and consider the ramifications of inadvertent engagement of blind shear rams.

No single cause is clearly delineated in the IADC's analysis as the basis for the continued decline in blowouts per number of wells drilled. We agree with the IADC that many factors have lead to the perceptible incident reduction trend, primarily of which is the institution of Safety and Environmental Management Programs (SEMP). Experience with our own SEMPs has shown to be improving and enhancing the quality, training and professionalism of our employees. Rowan strongly urges the MMS to consider other means to improve employee and environmental safety. The technological improvements including employee training, solids control, controlled drilling techniques, and drilling fluid properties and maintenance during the past 20 years we believe is why the IADC study using the information provided by MMS shows an occurrence trend line approaching zero.

IADC member drilling contractors, including Rowan, surveyed our respective fleets and ascertained the true number of BOP stacks requiring modification by this proposed rulemaking. MMS's estimation of 80 is incorrect. The survey results identified over 160 such BOP stacks that were not equipped with blind-shear rams. Obviously the economics addressed by MMS are

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underestimated by a factor of two, not including necessary spare rams for replacement purposes. Additionally, the proposed one-year phase-in period is inadequate given the number of BOP modifications necessary. We seriously question whether applicable manufacturers are capable of providing all the required equipment, machining and installation services in 2-3 years. A check with a major manufacturer tells us the current wait for the necessary parts to be ordered and arrival is 12-16 weeks and 1 week in shop for the work to be performed. Every ram type preventer modified will be out of service for several months.

For the foregoing reasons, we respectfully request MMS delete the blind-shear rams requirement from this proposed rule. Alternatively, if MMS proceeds with this requirement, we strongly urge a more reasonable phase-in period of, at a minimum, three (3) years and a thorough review of why all BOP stacks used on the OCS should be so equipped. Rowan believes this proposed requirement to be more site specific than regional.

**Mobile Drilling Unit Requirements (250.417 and 250.418):**

We applaud MMS's maintenance of rig-specific information files. We respectfully endorse this process and request MMS implement direct contact between the agency and MODU owners/operators relative to the issuance of region specific compliance letters in the same manner currently utilized by the U.S. Coast Guard. We realize such a program appears contradictory to MMS's stated interpretation of its legislative history. However, we are convinced direct communication between the agency and MODU owners/operators is permissible and advisable. Alternatively, the MMS should formally seek such regulatory authority by the most expeditious means. Such a program would allow for more freedom of movement of properly reviewed and documented MODUs within the Gulf of Mexico and other OCS regions. An additional benefit of this program would be the significant reduction, and perhaps elimination, of repetitive MODU reviews, allowing for more efficient use of MMS's resources.

However, Rowan is concerned as to other sub-parts of these two sections. In 250.417(C) of this proposal, the MMS may require a third-party review of the MODU's design by a Certified Verification Agent. The proposed rule fails to specify exactly what is subject to this review process. We have inferred through our review of 250.903, 250.904 and 250.911, that the review process will involve the MODU's structural components or integrity. This is in direct conflict with the December 1998 Memorandum of Understanding (MOU)

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between the MMS and the U.S. Coast Guard. In that MOU, the Coast Guard assumes full responsibility for the structural integrity of MODUs. Moreover, current U.S. Coast Guard regulations (46 CFR 107.279 and 108.113) already adequately address design environmental conditions, structural integrity, modifications for construction and repair and structural inspection requirements. Additionally, 250.903 requires that the subject verification be conducted by, or under the supervision of, a registered civil or structural engineer. MODUs are typically designed by naval architects. We doubt many civil or structural engineers possess the requisite knowledge and/or expertise to competently perform a MODU verification.

As stated previously, the MMS maintains its legislative authority prevents direct contact between MODU owners/operators and the agency. Conversely, the U.S. Coast Guard is in direct contact with both the MODU owner/operator and the Lessee. We can ill afford redundant and/or conflicting regulatory interpretations that will assuredly arise from this proposal. Such duplication of regulatory oversight appears in direct contradiction to Executive Order 12866.

Given the foregoing, we request 250.417 and 250.418 be amended to delete all verification requirements in conflict with the subject MOU and/or that are redundant to, or in conflict with, current U.S. Coast Guard regulations. Additionally, we again reiterate our position relative to the institution of direct contact between the agency and MODU owners/operators.

**Safety Requirements for Drilling Fluid-Handling Areas (250.459):**

As this section relates to MODUs, it is also in conflict with the 1998 MOU between the MMS and the Coast Guard. This MOU assigns regulatory oversight relative to this subject matter to the Coast Guard. The Coast Guard's current regulations adequately address these matters at 46 CFR 108.170. Classification Society requirements (ABS, DNV, etc.) also more than adequately cover these areas. Accordingly, we respectfully request this section be deleted from the final regulation.

**Automation of Pipe Handling Systems:**

In the preamble, MMS requests comments on a potential requirement for automated pipe handling systems under the mandate of utilizing the best available and safest technology to protect health, safety, property and the environment. It is Rowan's considered position such a requirement would not

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be feasible nor justifiable. First, we are not certain how MMS defines automated pipe handling systems. While all of our MODUs have pipe spinners and pipe torque units on board, we do not believe this is the type of system MMS has requested comments on. Additionally, we currently have two advanced systems, which incorporate a complete pipe racking system on our most recent newbuilds, GORILLA V and GORILLA VI. These systems do not provide a clear safety advantage over conventional pipe handling equipment. In fact, they create their own unique hazards. The reliability of these systems has yet to fully evolve.

If MMS is considering requiring the retrofitting of a fully automated system, the agency must recognize the fact the vast majority of MODUs and platform rigs are not capable of accepting such a system without significant structural, electrical and hydraulic modifications. Generally, on a MODU, these modifications would require expansion of the rig floor and enlargement of the derrick and all associated structural components, in addition to a significant increase in electrical generation requirements. The latter will result in an increase in diesel engine pollutants. Lightship and variable deck loads will also be negatively impacted.

For the majority of MODUs and platform rigs, it will not be economically feasible to modify their units without some assurance of a return on this tremendous investment.

We have received quotes relative to our most recent purchase of a complete pipe handling system for our GORILLA VIII, which is under construction. The total cost of the system listed exceeds \$5,500,000. This does not include installation, electrical and hydraulic costs, nor maintenance costs. Keep in mind this state-of-the-art MODU is being designed from the beginning to accept such a system. We do not have an accurate estimation of these additional design costs. We have however conservatively estimated modification, purchase and installation costs to place such a system on an existing MODU at in excess of \$9,000,000 per unit. Any reasonable estimation of the total cost to our industry will substantially exceed \$1,000,000,000 and place any proposed rule in the category of "Economically Major".

We are compelled to ask, "What happens when the pipe handling system is not available due to maintenance concerns (preventative or unplanned downtime)?" "Will we be forced to suspend operations?" Such a draconian requirement could jeopardize safety, property and the environment.

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We strongly urge the MMS to abandon any proposed rulemaking effort relative to pipe handling systems unless and until the true value in safety terms has been quantified and the systems themselves have evolved to the extent then they are truly cost effective.

We appreciate the opportunity to provide these comments. Should you have any questions, please do not hesitate to contact me directly at 713/960-7574.

Sincerely,

ROWAN COMPANIES, INC.

A handwritten signature in black ink, appearing to read "Bill S. Person". The signature is fluid and cursive, with a large initial "B" and a stylized "P".

Bill S. Person  
Vice President, Industrial Relations