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RULES PROCESSING TEAM

OCT 1 9 2000

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October 17, 2000

Rules Processing Team
Department of Interior
Minerals Management Service
381 Elden Street, MS 4024
Herndon, Virginia 20170-4817

OCT 1 9 2000
RULES PROCESSING TEAM

RE: Comments on Proposed Rule Changes
30 CFR Part 250 – RIN 1010-AC43

Rules Processing Team:

Nuevo Energy Company & Torch Operating Company respectfully submit the attached comments on the above reference CFR proposed rule changes. Our comments are under specific referenced titles and indented for ease in reviewing.

General Comments

- It is our belief that eliminating the use of "I" & "you" in the requirements and using Lessees/Operators/Contractors better relate to these regulations.

- Throughout the proposed regulations you find the verbiage *"you must do"* and then *"if able"* or *"not feasible"* to do *X* then you may do *Y,* this should be eliminated. It appears to contradict and misconstrue the message.

Thank you for the opportunity to comment and we appreciate your assistance in this matter. Please contact our Regulatory Coordinator, Sabrina J. Miller at (805) 934-8224 with any comment or questions.

Thank you,

Torch Operating Company, on behalf of
Nuevo Energy Company

Suzanne Foley
ES&RC Supervisor
California Pacific District

Minerals Management Service, Interior
Proposed Rule Changes for 30 CFR Part 250
RIN 1010-AC43 – Comments
October 12, 2000



Well Location Description (250.412)

Either location from block lines, x-y grid coordinates, or longitude-latitude coordinates should remain at Operator's discretion. For example: Basic entry from our company comes in both block line location and x-y grid coordinates. Our database uses these coordinates with ease.

Waiting on Cement (250.422(b))

Preference is for the current regulation as it reads, specifying the eight (8) and twelve (12) hour waiting periods.

Waiting time for diverter – to install or remove is not necessary.

Best Cementing Practices

Best cementing practices should be used in all instances where possible. However, these practices should not be mandated by restrictive, specific situations. A better approach would be to supplement current cement compressive strength and height requirements with regulatory guidelines allowing the operator the needed flexibility to determine which practices are applicable to the current down hole environment. Examples of these guidelines and wording is as follows:

i) Operator shall use pipe measurement (reciprocation or rotation) wherever down hole conditions, wellhead arrangement, liner equipment configurations, and/or observed hooks loads and rig equipment capacities permit it.
ii) The lessee prior to commencing operations ahead and behind cement will consider spacers in cementing design. The lessee is encouraged to use spacers in instances where the change in hydrostatic column is not significant enough to effect well bore stability.
iii) The lessee is encouraged to make every effort to place the cement slurries in turbulent or plug flow, except in those instances where either well bore geometry or close tolerances between fluid (ECD's) and casing/liner shoe pressure integrity prohibits same.
iv) And so forth.....and so forth...

Minimum Cemented Casing Strings for Producing Wells (250.423 (f))

Field Rule exceptions should apply.

Use of Maximum Anticipated Surface Pressure (MASP) for Determining BOP Test Pressures (250.448)

This proposed change is 100% agreeable.

Blind-shear Ram for Surface BOP Systems (250.441, 250.515(b) and 250.615(b))

This proposed change is acceptable as long as discretionary authority is given to the District Supervisor to waive this requirement (where drilling will be conducted in down hole environments where sub-normal pressures are existent, and the well bore will not support a full column of fluid back to surface). In these environments shear rams are not necessary and platform space limitations are present.

Reference Minimum BOP Maintenance Requirements (250.446)

Recommendations here are to stick with those applicable and relevant sections as opposed to the entire document. To include the document in its entirety by reference moves 30 CFR Part 250 ⟶ too cumbersome and not useful.

Use of Maximum Anticipated Surface Pressure (MASP) for Determining BOP Test Pressures (250.448)

This proposed change is 100% agreeable.

Posting Maximum Safe Pressures Contained Under a Shut-in BOP (250.456 (f))

Break down pressure at the shoe varies with the fluid limitation. Therefore, equipment limitation pressure is agreeable but the second pressure posting should be left to the discretion of the District Supervisor.

Establish Well Testing Requirements (250.460)

This should be required only if not testing in to permanent production facilities.

Concerned about turnaround time by District Supervisor. If this rule is going to be added then a procedure for obtaining expedited approval should be included/added.

Simplify Survey Requirements for Directional Drilling (250.461)

Request a copy of these proposed requirements for review.

Requirements Removed from Subpart D – page 38456

Recommend leaving the drilling specifications in this section.

Other Considerations for Drilling Regulations - page 38456

*"MMS is also looking at requiring drilling rigs to use automated pipe handling systems during drilling operations."*

It is recommended that this be left up to the operator and/or drilling contractor.

*"...Director require the use of the best available and safest technology to protect health, safety, property, and environment. ....."*

These proposed regulations would hurt the truly small independent existing on marginal economics with platform rigs and with inadequate space to install a pipe handling system. Should give discretionary authority to District Supervisor.

Regulatory Planning and Review (E.O. 12866) – page 38458

It appears that this research was conducted in the Gulf of Mexico where abnormal pressure regimes exist.

On an overall U.S. Outer Continental Shelf basis, it may be true that the installation of blind-shear rams in a surface BOP stack could prevent or minimize one blowout every two years. However, in some Leases no occasion has risen that would really mandate the use of blind-shear rams. All wells on certain platforms have passed "no-flow" tests and will not hold surface fluids (thereby posing no pressure threat). The high well density to the depths covered by field rules precludes the possibility of penetrating any unknown locations.

The costs to install blind-shear rams to drill and complete the property will adversely affect productivity, jobs, and the local economy. For these small, marginal type wells, the costs to comply with the proposed regulations for blind-shear ram installation can be the death nail to future prospects drilled on marginal

economics. There is not ample height or space availability on certain platforms to install these blind-shear rams with the needed ram boosters to shear both drillpipe and heavy weight drill pipe without major platform modifications. The costs of these modifications are economically prohibitive. From a safety and environmental aspect it isn't necessary.

It is strongly felt that latitude should be given to the District Supervisor (after review of all data with the operations engineer) to make discretionary exceptions (field rules) to the proposed blind-shear rule. However, they would only be granted if the operator presents data and facts firmly supporting the exception and absence of potential threat to human health and environment.

Burden Breakdown – page 38459

*250.403 ( c)/404 New – Notify MMS of drilling rig movement on or off drilling location.*

It is recommended that this not be required of an operator with the rig stationary on the platform.

*250.460 (b)/401 New – Submit plans for well testing and notify MMS before test.*

It is recommended that this not be required of an operator when testing is done with existing production facilities.

Estimated Costs of Additional Drilling Requirements - page 38461

The estimated cost per well of about $1000.00 makes one major assumption – "the cost of the blind-shear rams will be borne by the drilling contractor." Nuevo Energy own their platform rigs on California's outer continental shelf. The rigs are housed permanently on the platforms to reduce movement to and from the shoreline. The measure avoids environmental impact and minimizes vessel movement in California's commercial waters.

Because of this infrastructure, Nuevo owns and maintains its blowout prevention equipment (via Torch Operating Company). If this proposed rule is codified, Nuevo will have to buy a different ram to accommodate a shear ram, and quite possibly purchase a ram booster to provide successful shear of 4 ½" HW and 6-6 ½" DC's. In addition to this measure, with the space limitations on the platforms a concern, there will have to be some major platform modifications made to accommodate a higher stack arrangement. Therefore, the numerous platforms

located over sub-surface strata in "no flow" regimens; the cost per platform will be at least a five to six figure expense. Nuevo drills an average of four-five offshore wells per year. With three to four prospective wells impacted by at least three platforms with spatial limitations, each of the wells are in danger of being cancelled due to a suspect rate of return on investment. For the first year of operation after the initial capital investment, Nuevo will realize anywhere from 18-22% increase in a three to four well program. With the high lifting costs for oil on these marginal platforms, this proposed rule change will significantly damper us based on Nuevo Energy's ability to compete with foreign based oil firms with lower lifting costs. The end result is increased reserves left in place in the reservoir (less revenue), a decrease in jobs for the Torch Rig Services crews because of reduced workloads, and reduced project life thereby expediting loss of jobs for the lease operators.

Again, we do not argue against the logic of the proposed blind-shear ram rule change. In general, we agree with the benefits as outlined. However, we strongly argue that discretionary authority be granted to the District Supervisor to evaluate on a case-by-case basis. In those cases where subnormal pressures are existent and a full column of fluid cannot be supported back to surface; and there is high well density to the depths to be penetrated (good control), the District Supervisor should have the authority to wave the rule.

**Subpart D – Oil and Gas Drilling Operations**
**General Requirements – page 38464**

What must I do to keep wells under control? (250.401(a))

Use of "best available" and "safest" drilling technology is too ambiguous. It is always possible to add something to make it better or safer. Should specify minimum requirements that lessee must meet.

When & how must I secure a well? (250.402)

*"....You must install the device as deep as possible within a properly cemented casing string."*

This should read: *"....You must install the device within a properly cemented casing string."*

Many times it is more important to get something set as soon as possible instead of as deep as possible and so long as it is set inside a properly cemented casing string, safety is not compromised.

What mobile drilling unit movements must I report? (250.404)

This requirement should be waived after commencement of the first well on a platform if subsequent wells will be drilled with the same rig and the rig never leaves the platform between wells and drilling operations are continuous from well to well.

What requirements must my plat meet? (250.412(c))

Should require either block line coordinates, longitude & latitude coordinates, or grid system coordinates for surface and bottom hole locations but not all three. Lessee should be consistent for all wells in the same block and should be allowed their choice in reporting locations.

When may I resume drilling after cementing? (250.422(b))

Sometimes geology is not that accurate. Prefer 200' before change submittal is required to District Supervisor.

What are the requirements for pressure testing casing? (250.424(b))

Sometimes in horizontal cementing applications, there are instances (in surface pipe) where the casing didn't test (cement on low side of well bore and communication with shoe). However, when a retrievable packer was run in to the well bore and set above the float collar, a successful test was obtained. The shoe had the necessary integrity to deepen the well bore to the next casing setting depth. This rule should be worded to allow for an exception in this situation.

When must I install a diverter system? (250.430)

A diverter should not be required when returns are taken at the ocean floor without a riser.

How must I leave the diverter system after installation? (250.433)

Pressure testing of the diverter should be at 14-day intervals, consistent with BOPE testing frequency.

What are the requirements for a surface BOP stack? (250.441(a))

It is respectfully requested that the District Supervisor be granted discretionary authority to grant exceptions to this rule where there is sufficient data to support the requirement of utilizing four preventors (remote controlled and hydraulically operated) for drilling below surface casing. There are not ample heights under certain platforms to install a fourth ram, and the existing rams will not operate variable bore rams. The wells in the mature fields located underneath the platforms will not support a full column of formation fluids. Therefore, development drilling to the depths covered by the field rules, and well defined by high well density, the very low pore pressures (+/- 0.20 psi/ft) do not necessitate the use of a fourth ram or of any shear rams.

What are the general requirements for a drilling fluid program? (250.455)

*Reworded as follows:*

"The lessee is to make every effort during the design and implementation of the drilling fluid program to prevent the loss of well control."

What are the required safe drilling fluid program practices? (250.456)

(a) Should not be required. If lost circulation is encountered, continuing to circulate before starting out of hole doesn't work. Check for flow – if there is no flow the lessee should be able to pull out of hole at his discretion.

(e) The problem area could be anywhere in the open hole and may require reaming to solve. It is not advised to say "you must circulate on or near bottom." It is enough to say "you must take appropriate measures to control well."

(f) In some areas it should be the discretion of the District Supervisor if a degasser is required.

What quantities of drilling fluids are required? (250.458)

Overall comment on this section is that the previous wording as per MMS 30 CFR Subpart D, 250.60 section (d) items 1, 2 & 3 is clearer in design.

What are the safety requirements for drilling fluid-handling areas? (250.459 (a))

If drilling "fluid handling area.." it is assumed that this means "pits" and is in an open-air area on the top deck of a permanent Platform. It is ambiguous as to the need for this ventilation requirement.

What are the requirements for well testing? (250.460)

This should not be a requirement if a well test is conducted in an existing permanent production test facilities.

What are the requirements for directional and inclination surveys? (250.461(a))

Surveys taken as drilling proceeds should satisfy this requirement. The rule reads, that a special survey of the entire well bore must be taken within 500' of each casing point and at total depth. If surveys are taken as drilling proceeds and the latest survey point is within 500' of total depth or casing point, this should satisfy the requirement.

When must I submit sundry notices to MMS? (250.465)

An open hole sidetrack to go around junk in the hole and continue drilling to the original program should not require an additional sundry notice.

Blowout prevention equipment. (250.515) AND (250.615)

It is respectfully requested that the District Supervisor be granted discretionary authority to grant exceptions to this rule where there is sufficient data to support the requirement of utilizing four preventors (remote controlled and hydraulically operated) for workover and completion operations. There is a not ample height under certain platforms to install a fourth ram, and the existing rams will not operate variable bore rams. The wells in the mature fields located underneath the platforms will not support a full column of formation fluids. Therefore, workover and completion operations to the depths covered by the field rules, and well defined by high well density, the very low pore pressures (+/- 0.20 psi/ft) do not necessitate the use of a fourth ram or of any shear rams. Routine tubing replacements and pump changes have been conducted in the past without incident.