

## Arctic Exploratory Drilling Regulations

The final Arctic exploratory drilling regulations address issues highlighted in the Department of the Interior's report on Shell's 2012 exploration operations on the Arctic Outer Continental Shelf (OCS) and issues raised in a series of public meetings and outreach meetings with stakeholders, industry, the State of Alaska, and Tribal and Alaska Native Corporation consultations. The final rule addresses issues raised by numerous written comments on the proposed rule. Using a combination of performance-based and prescriptive requirements, the regulations codify and further develop current Arctic-specific operational standards that seek to ensure that operators take the necessary steps to plan all phases of offshore exploration with mobile offshore drilling units on the Arctic OCS (specifically, the Beaufort and Chukchi Seas), including mobilization, drilling, maritime transport and emergency response, and safe drilling operations. In this rule, the Bureau of Safety and Environmental Enforcement (BSEE) and the Bureau of Ocean Energy Management (BOEM) address additional specific recommendations and update regulations to reflect industry best practices to help ensure the safe, effective, and responsible exploration of Arctic OCS oil and gas resources, while protecting the marine, coastal, and human environments, as well as Alaska Natives' cultural traditions and access to subsistence resources. For example, the final rule ensures operators will:

- **Conduct operations in a manner suitable for Arctic OCS conditions.**
  - The final rule incorporates current Arctic specific industry standards for the planning, design and constructions of structures and pipelines.
  - The final rule also establishes performance standards to ensure the safe and effective operation of equipment in Arctic conditions.
  
- **Develop and submit to Department of Interior an integrated operations plan (IOP).**
  - An IOP is required to describe, at a strategic or conceptual level, how exploratory drilling operations will be designed, executed, and managed as an integrated endeavor from start to finish, and provides critical advance planning to mitigate the challenges and risks of operating on the Arctic OCS.
  - The IOP is a concept of operations that includes a description of pertinent aspects of an operator's proposed exploratory drilling activities and supporting operations and describes how the operator will design and conduct its program in a manner that accounts for the severe challenges presented by Arctic OCS conditions.
  
- **Have access to appropriate source control and containment equipment.**
  - Due to the unique and challenging conditions of Arctic OCS exploratory drilling, the final rule requires that operators demonstrate that they have access to, and could promptly deploy, well control and containment resources that would be adequate to respond to a loss of well control.
  - When drilling below or working below the surface casing<sup>1</sup>, operators must have access to a capping stack, cap and flow system and containment dome within definite periods of time capable of stopping or capturing the flow of an out-of-control well.
  
- **Have access to a separate relief rig and the ability to drill a relief well within the same season.**
  - Operators are required to have access to a separate relief rig, staged at a location such that it could arrive on site, drill a relief well, kill and abandon the original well, and abandon the relief well prior to expected seasonal ice encroachment at the drill site and in no event later than 45 days after the loss of well control.
  - The relief rig can be stored in harbor, staged idle offshore, or actively working, as long as it would be capable of physically and contractually meeting required response times and the 45-day maximum timeframe.

- **Have the capability to predict and respond to ice conditions/adverse weather.**
  - Advanced planning is required to identify critical paths necessary for successful operations, ensure requisite resources are allocated, and mitigate risks.
  - In all plans and permit applications, operators must submit a description of their weather, ice monitoring and forecasting capabilities for all phases of their exploration programs, as well as their alert procedures and thresholds for activating ice and weather management systems.
  
- **Have effective contractor oversight.**
  - Operators are required to maintain effective contractor oversight in order to reduce operational risks and address the challenges associated with operations on the Arctic OCS.
  - The final rule requires operators to include details on contractor oversight as part of the IOP and Application for Permit to Drill (APD) on the Arctic OCS.
  
- **Submit oil spill response plans tailored to Arctic conditions.**
  - Each operator is required to have Oil Spill Response Plans, and those plans and related activities must be tailored to the unique Arctic OCS operating environment to ensure that the operator has the necessary equipment, training, and personnel.
  - The final rule establishes specific planning requirements to maximize the application of oil spill response technology and ensure a coordinated response system designed to address the challenges inherent to the Arctic OCS region.

-BSEE-

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<sup>1</sup> Casing is steel pipe cemented in place during the well construction process to act as a barrier and stabilize the wellbore, often referred to as the "casing string". The surface casing is a large diameter casing string, it is one of the first strings of casing to be set in a well.