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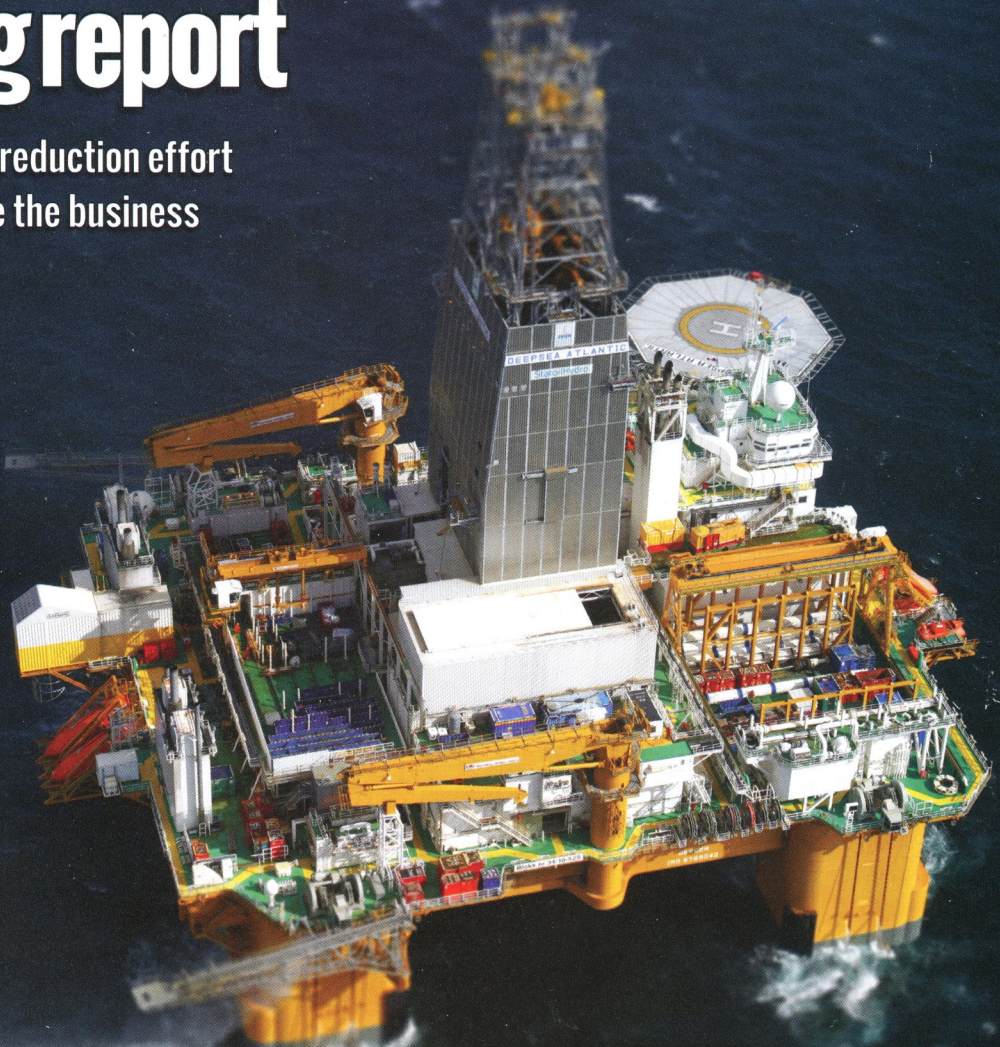
ALL DRILLING • ALL COMPLETIONS • ALL THE TIME

DRILLING CONTRACTOR

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North Sea drilling report

Concerted cost-reduction effort
ongoing to make the business
survivable - *p14*



INNOVATING WHILE DRILLING

Hybrid drill bits, along-string measurements and salt-free non-aqueous fluids among recent downhole advances - *p38*

DEEPWATER CEMENTING

Narrow pressure windows, thicker and bigger casing drive developments in centralizers, additives, evaluation techniques - *p26*

BOEM, BSEE PUBLISH RESULTS OF ENVIRONMENTAL ASSESSMENT

On 27 May, the US Bureau of Safety and Environmental Enforcement (BSEE) and Bureau of Ocean Energy Management (BOEM) issued the results of a comprehensive environmental analysis on potential impacts of hydraulic fracturing on the Outer Continental Shelf offshore California.

Based on the analysis in the joint Programmatic Environmental Assessment (EA), BSEE and BOEM issued a Finding of No Significant Impact from the use of specific well stimulation treatments in oil and gas activities on the Pacific Outer Continental Shelf.

The EA evaluated several categories of treatments, including hydraulic fracturing,

a range of alternatives and all environmental resources that could potentially be impacted. The analysis indicated no significant environmental impacts associated with any of the alternatives considered. The EA provides information that BSEE's Pacific Region will consider in future processing of permits involving well stimulation treatments.



SCAN ME to read the BSEE/BOEM report.

<http://goo.gl/IXIWTO>

NEW OSHA RULE TO TRACK WORKPLACE INJURIES AND ILLNESSES

OSHA recently issued a new final rule to improve tracking of workplace injuries and illnesses. Under the new rule, employers in high-hazard industries will send OSHA injury and illness data that employers are already required to collect. The data will be posted on the agency's website. NAICS 211 for oil and gas extraction is not presently classified as high hazard.

All establishments with 250 or more employees in industries covered by the recordkeeping regulation are now required under the new rule to electronically submit OSHA injury and illness information from OSHA Forms 300, 300A and 301. Establishments with 20-249 employees in certain industries must electronically sub-

mit information from OSHA Form 300A only.

The new requirements take effect 10 August 2016, with phased-in data submissions beginning in 2017. These requirements do not add to or change an employer's obligation to complete and retain injury and illness records under the Recording and Reporting Occupational Injuries and Illnesses regulation.



SCAN ME to read OSHA's new final rule.

<http://goo.gl/PuKF2n>

ENGLISH COURT OF APPEAL RULES IN FAVOR OF TRANSOCEAN

In a significant court decision that is a victory for drilling contractors, the English Court of Appeal ruled in favor of **Transocean** with regard to how drilling contract consequential loss clauses should be interpreted.

In 2014, the English Commercial Court ruled against Transocean in a case involving an Irish operating company. The operator in the case alleged that Transocean was responsible for paying the operator's spread costs associated with unplanned downtime. The ruling had far-reaching implications, as it held that drilling contractors could be responsible for operator spread costs dur-

ing major contractor downtime events.

In response, Transocean began the process of appealing this specific portion of the ruling. IADC lent its support to a petition to the court on behalf of industry asking the court to grant Transocean an appeal.

"IADC supports its members when it comes to the integrity of drilling contracts. In this case, we worked closely with Transocean to submit documents that supported Transocean's stance," said **Jason McFarland**, IADC President. "The decision of the appeals court last week is a significant win for Transocean and for drilling contractors globally."

US DISTRICT COURT RULES IN FAVOR OF LATSHAW DRILLING IN WARN ACT LAWSUIT

On 31 May, a US District Court in Dallas dismissed an action filed against **Latshaw Drilling Company** by a former employee. The plaintiff in the case was laid off when Latshaw was forced to stack 29 rigs in Q1 2015 due to the low oil price and decreased rig demand.

The plaintiff alleged that the contractor violated the Worker Adjustment and Retraining Notification (WARN) Act, which requires employers to give affected employees 60-day written notice before a plant closing or mass layoff. However, the WARN Act applies only to single sites of employment with 50 or more employees. Latshaw argued that each of its drilling rigs – which each have an average crew size of 22 – constitutes an individual site of employment and are, therefore, not subject to the WARN Act. The plaintiff argued that the company's rigs in aggregate should be considered a single site of employment.

The court agreed with the company and granted its request for summary judgment, dismissing the case.

LOUISIANA FEDERAL COURT RULES ON CONTRACTOR LIABILITY UNDER OCSLA

In April, the US District Court for the Eastern District of Louisiana ruled definitively that the US Bureau of Safety and Environmental Enforcement (BSEE) cannot enforce criminal liability under the Outer Continental Shelf Lands Act (OCSLA) against offshore contractors. The question of contractor liability in the case arose from litigation related to the **Black Elk Energy** offshore incident, which occurred in 2012 off the coast of Louisiana. The court held that the plain language of OCSLA and its regulations do not support a criminal charge against contractors, an argument that drilling contractors have been advancing for years.

Also of note, the appeal to the Interior Board of Land Appeal's Island Operating Co. opinion, which affirmed BSEE's civil penalty authority over contractors under OCSLA, is now on appeal in the Western District of Louisiana. The Eastern District Court voiced its hesitancy to allow the contractor defendants to be criminally prosecuted for OCSLA violations when it has not yet been established that they can be subjected to civil penalties.