

FACT SHEET



Exploratory Drilling on the Arctic Outer Continental Shelf: Proposed vs. Final Rule

The Arctic-specific regulations focus solely on Outer Continental Shelf (OCS) exploratory drilling operations from mobile offshore drilling units (MODUs)¹ within the U.S. Beaufort and Chukchi Seas. The final regulations do not affect exploratory drilling on the Arctic OCS conducted in the future using other drilling technologies (e.g., use of a land rig on grounded or land-fast ice). These rules require operators to ensure proper internal controls and planning for safety and oil spill prevention, containment and responses. The regulations codify and further develop current Arctic-specific operational requirements to ensure that operators take the necessary steps to plan all phases of OCS exploratory drilling in the Arctic, including mobilization, maritime transport and emergency response.

Key Changes from the Proposed Rule to the Final Rule

- **Relief Rig Requirements**

The language in the final rule was revised to clarify the performance standard that must be met when an operator proposes to use alternate equipment or procedures in lieu of meeting the relief rig requirements. Specifically, the phrase “able to kill and permanently plug an out-of-control well” was added so as to clearly state the performance standards the alternate equipment or procedures must achieve. The final rule also clarified that when an operator requests approval of alternate procedures or equipment to the relief rig requirements, the operator must demonstrate a level of safety and environmental protection that meets or exceeds that required by the regulations.

- **Definitions**

The proposed definition of “capping stack²” was revised in the final rule to clarify that the required capping stack may be pre-positioned. This clarification did not create a new category of capping stack, but simply clarifies that the capping stack can be preinstalled on the wellhead, thereby reducing response time.

- **Source Control and Containment Equipment (SCCE)**

The language in the final rule was revised to clarify that operators using a MODU, when drilling below or working below the surface casing, must have access to SCCE that meets the performance standard of being capable of stopping or capturing the flow of an out-of-control well. The revisions also clarified that when an operator requests approval of alternate procedures or equipment in lieu of the SCCE requirements, the operator must demonstrate that the proposed alternate procedures or equipment provide a level of safety and environmental protection that meet or exceed that required by the final regulations.

¹ Mobile offshore drilling units are self-contained floating drilling vessels (rigs) that can be moved to various locations. MODUs include jack-up rigs and semisubmersible rigs.

² A capping stack is mechanical device, including one that is pre-positioned, that can be installed on top of a subsea or surface wellhead or blowout preventer (BOP) to stop the uncontrolled flow of fluids into the environment.

- **Information to Accompany Exploration Plan**

The language in the final rule was revised to better align with the intent of the proposed requirement that the operator include in the Exploration Plan information that is consistent with the relief rig requirements of the final rule. Language that could have created confusion over the interaction between the Exploration Plan and the operational relief rig requirements was removed from the final rule.

- **Securing a well**

The language in the final rule was revised to clarify the circumstances under which the Bureau of Safety and Environmental Enforcement (BSEE) may approve an operator's proposal for an equivalent means to minimize the risk of damage to the well head and well bore to secure a well as an alternative to a mudline cellar³. Accordingly, BSEE may approve an alternative if it meets or exceeds the level of safety and environmental protection required by the mudline cellar requirement and if the operator can show that utilizing a mudline cellar would compromise the stability of the rig, impede access to the well head during a well control event, or otherwise create operational risks.

- **BOP Pressure Test**

Proposed amendments to the existing BOP pressure test regulations were not included in the final rule. It was decided to maintain the same 14-day BOP pressure test cycle on the Arctic OCS as required elsewhere on the OCS. The existing regulation provides that the District Manager or Regional Supervisor may require more frequent testing if conditions or BOP performance warrant.

- **Real-Time Monitoring**

The language in the final rule was revised to clarify the operator's responsibilities for complying with real-time monitoring requirements. Revisions provided more operator flexibility, including improving the ability of onboard rig personnel to monitor operations and assess and mitigate risks. The revisions were also designed to make the regulatory language clearer and easier to understand and apply.

Development of the Arctic Rule

The proposed rule was developed by BSEE and Bureau of Ocean Energy Management (BOEM) following the Department of the Interior's report on Shell's 2012 exploration operations in the Arctic. The report included recommendations to guide future exploratory activities from MODUs and incorporated lessons learned from the Department's review.

BSEE and BOEM published the proposed rule in the Federal Register on February 24, 2015. In response to requests from the public, the originally proposed 60-day period for public comment was extended another 30 days. Additionally several meetings with the public, stakeholders, industry, the State of Alaska, and Tribal and Alaska Native Corporation consultations were conducted throughout the rulemaking process to ensure that interested parties were able to provide suggestions during the open comment period. The primary changes from the proposed to final rule provided clarification to

³ A mudline cellar protects the well head and wellbore from ice scour and provides an additional protection against a loss of well control and possible release of hydrocarbons to the environment.

operators on the performance standards of certain operational requirements, including clarifying the criteria for allowing alternative means of compliance.

BSEE and BOEM reviewed more than 100,000 written comments and made key changes to the proposed rule listed above, before publishing the final rule in the Federal Register on July 15, 2016. The rule became effective September 13, 2016. All of the revisions to the final rule were made in response to comments received on the proposed rule.

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