DECLARATION OF EMERGENCY
Department of Natural Resources
Office of Conservation

AMENDMENT TO STATEWIDE ORDER NO. 29-B (EMERGENCY RULE)

The emergency rule requires the proper design, testing and use of blowout preventers and diverter systems on wells in the State of Louisiana to reduce the potential for environment damage and the risks to public safety and commerce caused by the loss of well control.

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Pursuant to the power delegated under the laws of the State of Louisiana, and particularly Title 30 of the Revised Statutes of 1950, as amended, and in conformity with the provisions of the Louisiana Administrative Procedure Act, Title 49, Sections 953(B)(1) and (2), 954(B)(2), as amended, the following emergency rule and reasons therefore are now adopted and promulgated by the Commissioner of Conservation as being necessary to protect the public health, safety and welfare of the people of the State of Louisiana, as well as the environment generally, by establishing rules for the proper design, testing and use of blowout preventers and diverter systems on wells in the State of Louisiana.

A. NEED AND PURPOSE FOR EMERGENCY RULE

Since 1987, there have been ninety-five (95) incidents during drilling or workover operations on oil and gas wells which resulted in the loss of well control (blowout). Of this number, sixty-eight (68) blowouts occurred in wells drilled since 1987. Blowouts, although infrequent, pose a serious threat to the environment, commerce and public safety. The frequency of oil and gas exploration and production activity occurring in close proximity to residential and commercial areas is becoming more prevalent and has the potential to exacerbate impacts caused by a blowout event.

Following the blowout of the A Wilberts Sons LLC 72 No. 1 well on November 15, 2007, Interstate Highway 10 was closed to traffic for an extended period resulting in inconvenience to the public, and reported detrimental impact to the public and commerce in the area. As a result, Governor Blanco, requested that the Commissioner of Conservation review all current regulations and make any changes necessary to reduce the likelihood of a similar incident.

In response to Governor Blanco's request, a temporary moratorium on the drilling of wells within one quarter mile of any Interstate highway was enacted by the Commissioner of Conservation on December 1, 2007 to allow time for a comprehensive review of the A Wilberts Sons LLC 72 No. 1 well control incident and all current state and federal regulations regarding drilling safety and well location requirements..

An Ad Hoc Committee on Drilling Safety, formed to complete the requested review, found that existing Office of Conservation rules (Statewide Order No. 29-B) regarding well control, promulgated in August 1943, contained only basic requirements for the use of blowout preventers during specific well operations. Enhancement of these limited requirements was identified by the committee as the most effective method for reducing the frequency of well control failures and subsequent impacts.

As a result, amendments to the current rules were drafted by staff of the Office of Conservation, with technical input from the Ad Hoc Committee. The drilling moratorium expired on June 28, 2008 and the proposed rule amendments were implemented as an Emergency Rule on June 29, 2008 to preclude further extension of the moratorium while pursuing formal amendment of the rules. Since the process for adopting permanent rules has not been completed, the EMERGENCY RULE originally adopted on June 29, 2008 is being extended.

B. SYNOPSIS OF EMERGENCY RULE

1. Diverter System Requirements

Blowout preventers are frequently ineffective during the drilling of shallow and/or uncased portions of a wellbore. As a result, diverter systems are required in areas where drilling hazards are known to exist or anticipated to divert fluids safely away from the facilities and personnel during a blowout event. The District Manager may, at his discretion require the use of a diverter system on any well.

The required minimum characteristics for diverter systems are specified, including the design, type and number of diverter lines, the number and location of control stations, valve types, and anchor and support systems. To ensure diverter systems are maintained and work properly when needed, inspections, function tests and pressure tests are required at specified intervals. Inspection and test records are required to be maintained at the well site for review by the Office of Conservation.

2. Blowout Preventer (BOP) Requirements

The rule requires the proper design, installation, use, maintenance, and testing of blowout preventers for all wells during drilling, workover, or other appropriate well operations. The required minimum characteristics for blowout preventer systems and associated auxiliary equipment are specified, including preventer types, the number and location of control stations, valve types and pressure ratings.

To ensure blowout preventer systems are maintained and work properly when needed, inspections, drills, function tests and pressure tests are required at specified intervals. Well control safety training is also required for employees to ensure that all required equipment is used correctly. Records of inspections, drills, tests are required to be maintained at the well site for review by the Office of Conservation.

C. REASONS

Recognizing the potential advantages of using properly designed and tested well control equipment along with a properly trained workforce in avoiding blowout incidents, it has been determined that failure to establish such requirements in the form of an administrative rule may lead to the existence of an imminent peril to the public health, safety and welfare of the people of the State of Louisiana, as well as the environment generally.

Protection of the public and our environment therefore requires the Commissioner of Conservation to take immediate steps to assure that properly designed and maintained blowout preventers and diverter systems are used in all applicable situations. The emergency rule, Amendment to Statewide Order No. 29-B (EMERGENCY RULE) set forth hereinafter is now adopted by the Office of Conservation.

To preclude further implementation of a drilling moratorium, while pursuing formal amendment of the rules, the effective date of this EMERGENCY RULE will be October 29, 2008.

D. EMERGENCY RULE

Title 43
NATURAL RESOURCES
Part XIX. Office of Conservation - General Operations
Subpart 1. Statewide Order No. 29-B

§111. Diverter Systems and Blowout Preventers (BOP)

A. **Diverter System -** A diverter system shall be required when drilling surface hole in areas where drilling hazards are known or anticipated to exist. The District Manager may, at his discretion, require the use of a diverter system on any well. In cases where it is required, a diverter system consisting of a diverter sealing element, diverter lines, and control systems must be designed, installed, used, maintained, and tested to ensure proper diversion of gases, water, drilling fluids, and other materials away from facilities and personnel. The diverter system shall be designed to incorporate the following elements and characteristics:

1. Dual diverter lines arranged to provide for maximum diversion capability;

2. At least two diverter control stations. One station shall be on the drilling floor. The other station shall be in a readily accessible location away from the drilling floor;

3. Remote-controlled valves in the diverter lines. All valves in the diverter system shall be full-opening. Installation of manual or butterfly valves in any part of the diverter system is prohibited;

4. Minimize the number of turns in the diverter lines, maximize the radius of curvature of turns, and minimize or eliminate all right angles and sharp turns;

5. Anchor and support systems to prevent whipping and vibration;

6. Rigid piping for diverter lines. The use of flexible hoses with integral end couplings in lieu of rigid piping for diverter lines shall be approved by the District Manager.

B. **Diverter Testing Requirements**

1. When the diverter system is installed, the diverter components including the sealing element, diverter valves, control systems, stations and vent lines shall be function and pressure tested;

2. For drilling operations with a surface wellhead configuration, the system shall be function tested at least once every 24-hour period after the initial test;

3. After nippling-up on conductor casing, the diverter sealing element and diverter valves are to be pressure tested to a minimum of 200 psig. Subsequent pressure tests are to be conducted within 7 days after the previous test;

4. Function tests and pressure tests shall be alternated between control stations.

5. Recordkeeping Requirements

a. Pressure and function tests are to be recorded in the driller’s report and certified (signed and dated) by the operator’s representative.

b. The control station used during a function or pressure test is to be recorded in the driller’s report.

c. Problems or irregularities during the tests are to be recorded along with actions taken to remedy same in the driller’s report.

d. All reports pertaining to diverter function and/or pressure tests are to be retained for inspection at the wellsite for the duration of drilling operations.

C. **BOP Systems** - The operator shall design, install, use, maintain and test the BOP system to ensure well control during drilling, workover and all other appropriate operations. The surface BOP stack shall be installed before drilling below surface casing. The BOP stack shall consist of an annular preventer and the appropriate number of ram-type preventers necessary to control the well under all potential conditions that might occur during the operations being conducted. The pipe rams shall be of proper size(s) to fit the drill pipe in use.

D. **BOP Working Pressure** - The working pressure rating of any BOP component shall exceed the maximum anticipated surface pressure (MASP) to which it may be subjected.

E. **BOP Auxiliary Equipment -** All BOP systems shall be equipped and provided with the following:

1. A hydraulically actuated accumulator system which shall provide 1.5 times volume of fluid capacity to close and hold closed all BOP components, with a minimum pressure of 200 psig above the pre-charge pressure without assistance from a charging system.

2. A backup to the primary accumulator-charging system, supplied by a power source independent from the power source to the primary, which shall be sufficient to close all BOP components and hold them closed.

3. Accumulator regulators supplied by rig air without a secondary source of pneumatic supply shall be equipped with manual overrides or other devices to ensure capability of hydraulic operation if the rig air is lost.

4. At least one operable remote BOP control station in addition to the one on the drilling floor. This control station shall be in a readily accessible location away from the drilling floor. If a BOP control station does not perform properly, operations shall be suspended until that station is operable.

5. A drilling spool with side outlets, if side outlets are not provided in the body of the BOP stack, to provide for separate kill and choke lines.

6. Choke and kill lines each equipped with two full-opening valves. At least one of the valves on the choke line and the kill line shall be remotely controlled. In lieu of remotely controlled valves, two readily-accessible manual valves may be installed provided that a check valve is placed between the manual valves and the pump.

7. A valve installed below the swivel (upper kelly cock), essentially full-opening, and a similar valve installed at the bottom of the kelly (lower kelly cock). A wrench to fit each valve shall be stored in a location readily accessible to the drilling crew.

8. An essentially full-opening drill-string safety valve in the open position on the rig floor shall be available at all times while drilling operations are being conducted. This valve shall be maintained on the rig floor to fit all connections that are in the drill string. A wrench to fit the drill-string safety valve shall be stored in a location readily accessible to the drilling crew.

9. A safety valve shall be available on the rig floor assembled with the proper connection to fit the casing string being run in the hole.

10. Locking devices installed on the ram-type preventers.

F. **BOP Maintenance and Testing Requirements**

1. The BOP system shall be visually inspected on a daily basis.

2. Pressure tests (low and high pressure) of the BOP system are to be conducted at the following times and intervals:

a. During a shop test prior to transport of the BOPs to the drilling location.

b. Immediately following installation of the BOPs.

c. Within 14 days of the previous BOP pressure test.

d. Before drilling out each string of casing or liner (The District Manager may require that a Conservation Enforcement Specialist witness the test prior to drilling out each casing string or liner).

e. Before a well is drilled to a depth that is within 1000 feet of a hydrogen sulfide zone (The District Manager may require that a Conservation Enforcement Specialist witness the test prior to drilling to a depth that is within 1000 feet of a hydrogen sulfide zone).

f. When the BOP tests are postponed due to well control problem(s), the BOP test is to be performed on the first trip out of the hole, and reasons for postponing the testing are to be recorded in the driller’s report.

3. Low pressure tests (200-300 psig) of the BOP system (choke manifold, kelly valves, drill-string safety valves, etc.) are to be performed at the times and intervals specified in LAC 43:XIX.111.F.2. in accordance with the following provisions:

a. Test pressures are to be held for a minimum of 5 minutes.

b. Variable bore pipe rams are to be tested against the largest and smallest sizes of pipe in use, excluding drill collars and bottom hole assembly.

c. Bonnet seals are to be tested before running the casing when casing rams are installed in the BOP stack.

4. High pressure tests of the BOP system are to be performed at the times and intervals specified in LAC 43:XIX.111.F.2 in accordance with the following provisions:

a. Test pressures are to be held for a minimum of 5 minutes.

b. Ram-type BOP's, choke manifolds, and associated equipment are to be tested to the rated working pressure of the equipment or 500 psi greater than the calculated MASP for the applicable section of the hole.

c. Annular-type BOPs are to be tested to 70% of the rated working pressure of the equipment.

5. The annular and ram-type BOPs with the exception of the Blind-shear rams are to be function tested every 7 days between pressure tests. All BOP test records should be certified (signed and dated) by the operator's representative.

a. Blind-shear rams are to be tested at all casing points and at an interval not to exceed 30 days.

G. **BOP Record Keeping -** The time, date and results of pressure tests, function tests, and inspections of the BOP system are to be recorded in the driller's report and are to be retained for inspection at the wellsite for the duration of drilling operations.

H. **BOP Well Control Drills -** Weekly well control drills with each drilling crew are to be conducted during a period of activity that minimizes the risk to drilling operations. The drills must cover a range of drilling operations, including drilling with a diverter (if applicable), on-bottom drilling, and tripping. Each drill must be recorded in the driller's report and is to include the time required to close the BOP system, as well as, the total time to complete the entire drill.

I. **Well Control Safety Training -** Operators are required to ensure that all drilling personnel understand and can properly perform their duties prior to drilling wells which are subject to the jurisdiction of the Office of Conservation. Well control training plans shall include class room instruction, computer-based learning, films, or their equivalents. This training shall be reinforced by appropriate demonstrations and "hands-on" training. The operator shall be responsible for ensuring that contract drilling companies provide and/or implement the following:

1. Periodic training for drilling contractor employees which ensures that employees maintain an understanding of, and competency in, well control practices;

2. Procedures to verify adequate retention of the knowledge and skills that the contract drilling employees need to perform their assigned well control duties.

AUTHORITY NOTE:Promulgated in accordance with R.S. 30:4 et seq.
HISTORICAL NOTE:Adopted by the Department of Conservation (August 1943), amended by the Department of Natural Resources, Office of Conservation, LR 34: (2008).

E. SUMMARY

The EMERGENCY RULE herein adopted evidences the finding of the Commissioner of Conservation that failure to adopt the above rules may lead to an imminent risk to public health, safety, welfare and commerce, and that there is not time to provide adequate notice to interested parties. However, the Commissioner of Conservation notes that permanent Amendment to Statewide Order No. 29-B is currently being pursued, with a public hearing held on August 26, 2008 as per the requirements of the Administrative Procedures Act. Since the process for adopting permanent rules has not been completed, the EMERGENCY RULE originally adopted on June 29, 2008 is being extended.

The Commissioner of Conservation concludes that the above EMERGENCY RULE will better serve the purposes of the Office of Conservation as set forth in Title 30 of the Revised Statutes, and is consistent with legislative intent. The adoption of the above EMERGENCY RULE meets all the requirements provided by Title 49 of the Louisiana Revised Statutes. The adoption of the above EMERGENCY RULE is not intended to affect any other provisions, rules, orders, or regulations of the Office of Conservation, except to the extent specifically provided for in this EMERGENCY RULE.

Within five days from the date hereof, notice of the adoption of this EMERGENCY RULE shall be given to all parties on the mailing list of the Office of Conservation by posting a copy of this EMERGENCY RULE with reasons therefore to all such parties. This EMERGENCY RULE with reasons therefore shall be published in full in the *Louisiana Register* as prescribed by law. Written notice has been given contemporaneously herewith notifying the Governor of the State of Louisiana, the attorney general of the State of Louisiana, the Speaker of the House of Representatives, the President of the Senate and the Office of the State Register of the adoption of this EMERGENCY RULE and reasons for adoption.

F. EFFECTIVE DATE AND DURATION

1. The effective date for this EMERGENCY RULE shall be October 29, 2008.

2. The EMERGENCY RULE herein adopted as a part thereof, shall remain effective for a period of not less than 120 days hereafter, unless renewed by the Commissioner of Conservation or until the adoption of the final version of an amendment to Statewide Order No. 29-B as noted herein, whichever occurs first.

Signed at Baton Rouge, Louisiana, this 2nd day of October, 2008.

James H. Welsh
Commissioner of Conservation