"The mission of the Council is to represent the citizens of Cook Inlet in promoting environmentally safe marine transportation and oil facility operations in Cook Inlet."

Members

Tourism Organizations

Alaska Native Groups

Environmental Groups

Recreational Groups

Aquaculture Associations

Commercial Fishing Organizations

City of Kodiak

City of Kenai

City of Seldovia

City of Homer

Kodiak Island Borough

Kenai Peninsula Borough

Municipality of Anchorage

January 26, 2018

Bureau of Safety and Environmental Enforcement;
Attention: Regulations Development Branch
45600 Woodland Road
VAE-ORP,
Sterling VA 20166

RE: Oil and Gas Production Safety Systems- Revisions, *1014-AA37*

To whom it may concern:

Cook Inlet Regional Citizens Advisory Council (CIRCAC) submits this letter on behalf of our constituents regarding the Notice of Proposed Rulemaking (NPR) entitled "Oil and Gas and Sulfur Operations in the Outer Continental Shelf — Oil and Gas Production Safety Systems Revisions -30 CFR Part 250

Cook Inlet RCAC Mission

Cook Inlet Regional Citizens Advisory Council (CIRCAC) is a nonprofit corporation organized exclusively for the oversight, monitoring, assessing and evaluation of oil spill prevention, safety and response plans, terminal and oil tanker operations, and environmental impacts of oil tanker and oil terminal operations in Cook Inlet, Alaska under the provisions of Section 5002 of the Oil Pollution Act of 1990 (OPA 90). Our mission is to represent the citizens of Cook Inlet in promoting environmentally safe marine transportation and oil facility operations in Cook Inlet. CIRCAC consists of 13 members from 7 Cook Inlet communities, Alaska Native groups, commercial fishing and aquaculture, tourism, recreational, and environmental interest groups that have a significant stake in the environment and resources at risk from oil production and transportation in the region.

In line with our mandate to oversee, monitor, assess and evaluate crude oil operations within Cook Inlet, our OPA 90 mandate emphasizes safety of operations. It is with environmental and operational safety in mind that we reviewed the proposed changes to the regulations regarding oil and natural gas production.

BSEE is proposing these regulatory changes in order to clarify that *"certain provisions in rule making created potentially unduly burdensome requirements to oil and natural gas production operators on the OCS"* and *"to encourage energy exploration and production, including the Outer Continental Shelf, in order to maintain the nation's position as a global energy leader"*.

CIRCAC supports clarity in regulatory requirements, as suggested in the proposed revisions to 30 CFR 250.867 thru §250.880 relating to: personnel safety, the use of best and safest technology, system monitoring, and reporting.

We hope the following comments will be considered carefully and thoroughly.

1. **Cost savings- Justification for change**
   While CIRCAC supports many of the proposed changes, we do not believe that the cost savings to industry justifies other proposed changes. BSEE estimates that the cost savings to industry would total approximately $33 million annually with a savings of $23.1 million in revising 30 CFR 250.802 and §250.842 alone. The Bureau of Ocean Energy Management (BOEM) estimates that 606.9 MMbbls of oil and 1,121 BCFG will be produced from the Gulf of Mexico OCS in 2018. In crude oil alone, at BOEMs estimate of minimum economically recoverable price of $40 bbl, this production amounts to over $24 billion dollars in 2018. The estimated cost savings of $23.1 million dollars hardly seems to justify the removal of an additional level of protection resulting from the third-party confirmation requirements provided for under the current regulations (§250.8.802 and §250.842).
   CIRCAC believes that an approximate $00.04 per bbl cost savings does not justify the changes to §250.802 and §250.842

2. **Third Party**
   CIRCAC agrees with the Department of Interior determination in the December 2016 *Draft Environmental Assessment* that *"Although the 3rd-party certification requirement may be redundant and its purpose is essentially satisfied by an operator's compliance with the API standards the certifications provide an additional layer of assurance in controlling the potential risk of production related incidents that may lead to an oil spill."* While compliance with the API standards provides basic expectations for equipment function, it is the operator's responsibility to ensure that their exploration and production systems are designed and installed to maintain positive well control at all times. CIRCAC does not support the changes to §250.802 and §250.842 to remove the requirement for third party certification of submitted drawings to BSEE.

   The American Petroleum Institute (API) makes the following statement on all of their published standards;

   > *"Any manufacturer marking equipment or materials in conformance with the marking requirements of an API standard is solely responsible for complying with all the applicable requirements of that standard. API does not represent, warrant, or guarantee that such products do in fact conform to the applicable API standard".*

   As API indicated above, merely marking products in accordance with API marking standards in no way ensures that industry components are capable of performing within the design and construction parameters set out in the API standards. Without an adequate and through review by third party engineers or others, marking equipment or materials does not ensure that adequate protection standards are in place.

3. **Incorporation by reference**
   BSEE is proposing to incorporate nineteen (19) reference changes within 30 CFR 250; according to the *Offshore Operators Committee* these changes represent over 3,800 pages of new or revised reference material. Many of these documents require the reviewer to purchase them or follow a very cumbersome path of online public viewing. The sheer volume of reference material in this proposal does not allow the reviewer time, in the short 30-day window, to adequately assess the impacts of the proposed incorporations.

4. Emergency Action

CIRCAC suggests clarification of the additions in 30 CFR 250.821 and §250.837 relating to earthquakes and ice events. §250.105 defines both *Arctic OCS* and *Arctic OCS Conditions; Arctic OCS* is defined in this section to mean the Beaufort and Chukchi Sea Planning Areas. CIRCAC believes that confusion may arise in §250.821 and §250.837 in that preparation and planning for severe weather conditions as described in *Arctic OCS Conditions*, may be interpreted to only apply to the Beaufort and Chukchi Sea Planning Areas. All of the thirteen Area Planning Boundaries of the Alaska OCS may be exposed to similar conditions and potential threats as described in the definition of *Arctic OCS Conditions*. We suggest a revision of the definitions listed in §250.105: remove the definition for *Arctic OCS* and use the *Arctic OCS Condition* to define the *Arctic OCS*, regardless of the Planning Boundary Area location.

> *Arctic OCS Conditions means, for the purposes of this part, the conditions operators can reasonably expect during operations. Such conditions, depending on the time of year, include, but are not limited to: Extreme cold, freezing spray, snow, extended periods of low light, strong winds, dense fog, sea ice, strong currents, and dangerous sea states. Remote location, relative lack of infrastructure, and the existence of subsistence hunting and fishing areas are also characteristic of the Arctic region.*

§250.821 and §250.837 also make reference to emergency actions in the event of an earthquake. Most of the current Alaska OCS Planning Boundary Areas are located in areas prone to significant earthquake (seismic) activity including ground movement significant enough to damage critical infrastructure and create tsunami potential.

Seismic

The proposed change for §250.821 states;

> *(a) If your facility is impacted or will potentially be impacted by an emergency situation (e.g., an impending National Weather Service-named tropical storm or hurricane, ice events in the Arctic, or post-earthquake), you must:*
> *(1) Properly install a subsurface safety device on any well that is not yet equipped with a subsurface safety device and that is capable of natural flow, as soon as possible, with due consideration being given to personnel safety.*

CIRCAC is very concerned that installing a subsurface safety device post-earthquake does not meet minimum safety standards when operating within Planning Boundary Areas that are identified as having a high potential for significant seismic activity. Please clarify times when no subsurface safety device would be appropriate for a production well in an area that should expect significant seismic activity.

CIRCAC proposes that BSEE adopt only the proposed language defined in §250.837(a) and replace §250.821(a) and §250.821(1) with §250.837(a) language or by reference.

> *§ 250.837(a) If your facility is impacted or will potentially be impacted by an emergency situation (e.g., an impending National Weather Service-named tropical storm or hurricane, ice events in the Arctic, or post-earthquake), you must shut-in all subsea wells unless otherwise approved by the District Manager. A shut-in is defined as a closed BSDV, USV, GLSDV, and surface-controlled SSSV.*

5. **SPPE Certification §250.801and §250.802**
   CIRCAC supports the addition of *Gas Lift Shut Down Valves (GLSDV)* as safety and pollution prevention equipment requiring certification.

   However, the proposal suggests elimination of the language contained in §250.802(e) that requires the operator to maintain documentation *"related to the manufacture, installation, testing, repair, redress, and performance of the SPPE until 1 year after the date of decommissioning of the equipment".*

   CIRCAC does not support this change; the proper retention of documentation of equipment function and repair are an important aspect of a well-designed maintenance/safety program.

6. **Platforms §250.841**
   CIRCAC supports the removal of §250.841(c) that allows for emergency repairs to remain in place without approval by BSEE and the USCG for up to 120 days after the event or incident. While emergency repairs may be necessary at times to maintain the safety of personnel and infrastructure, the process for documentation, incident investigation, and permanent repairs should begin as soon as possible. Early agency notification ensures temporary and emergency repairs will be evaluated, receive approval or other instruction, and be scheduled for permanent repair in a suitable time frame to ensure personnel and infrastructure safety.

ADDITIONAL COMMENTS SOLICITED:

1. **Potential Revisions to §250.107 Best Available and Safest Technology (BAST)**
   CIRCAC is always pleased to see the use of best available and safest technology in oil and gas production. We realize that technology is and will continue to advance at a much faster rate than regulatory reform may allow. We feel that clarification needs to be in place to assist the Director in the determination of devices or processes that he/she has determined to be "*economically feasible*" or when asked to make a determination that components' or systems' *"incremental benefits are clearly insufficient to justify the incremental costs of utilizing the technologies"*. Considering the expected markets and production rates, these determinations are much harder to justify as safety monitoring systems and process capabilities are advancing daily.
   We disagree with the first part of section §250.107(c)(2) of this section which states;

   "Conformance with BSEE regulations will be presumed to constitute the use of BAST unless and until the Director determines that other technologies are required pursuant to paragraph (c)(1) of this section".

   We feel that this wording places the requirement for determining BAST on BSEE; while more emphasis should be placed on the operator to encourage the submission of applications containing the BAST to BSEE for approval.

2. **Incorporation by Reference §250.198**
   As stated earlier in our comments, we find that incorporation by reference to be cumbersome at best and in many cases, reduces clarity. We suggest that BSEE use caution in this process and should develop a way to provide a short summary of the reference that will aid the reviewer in determining the applicability and need to review a third-party reference to clarify Federal regulatory requirements.

3. **Failure Reporting under §250.803 hierarchy**
   BSEE is seeking input on clarifying when a failure analysis is required under §250.803. Since these components are required to be certified to be in compliance with either ANSI or API standards, all parties involved in certification should play a significant role in failure reporting to BSEE. §250.803 requires the manufacturer to be notified of any equipment failure. If the process to share information between the operator, manufacturer, and certifying body are working together as intended, BSEE and other regulators should receive adequate information regarding potential system threats. Likewise, if BSEE has information or indication that there is a Planning Boundary Area or well type threat, the first step by BSEE should be to notify the certifying bodies and manufacturer.
   CIRCAC recommends that BSEE develop a process that increases communication and information exchange between End users, Manufacturers, Certifying Bodies, and Agencies.

4. **PSV Testing under §250.880 Additional Time for Compliance**
   BSEE expects operators to be able to comply with the 24-month requirement to complete the safety valve testing; nevertheless, BSEE proposes considering whether it is appropriate to allow additional time for operators to comply with the 2016 Final Rule, requiring testing of Pressure Safety Valves by lifting the main valve piston.

   CIRCAC believes that 24 months was an adequate time for operator compliance with this important safety test. However, as a practical matter, it would not be in the best interest of industry or safety if BSEE did not have a mechanism to ensure testing would be completed in a reasonable amount of time past the 24-month deadline. In those cases where an operator could provide evidence that the testing was in progress and as a matter of logistics, sheer number of valves to be tested, or other reasonable causes to prevent the completion of testing within the 24-month period, BSEE should have authority to extend the testing period up to 1 year. It should be incumbent upon the operator to provide persuasive evidence that the testing was in progress. The 1 year maximum extension could only be authorized if there was compelling evidence to merit the extension.

If you have any questions or wish to discuss this further, I can be reached at (907) 283-7222 or via email at MikeMunger@circac.org.

Respectfully,

P.P. [signature]

Michael Munger
Executive Director