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September 14, 2011

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Mr. Daniel T. Seamount, Jr., Chairman
Alaska Oil and Gas Conservation Commission
333 W. 7th Avenue, Suite 100
Anchorage, Alaska 99501-3539

Alaska Oil & Gas Cons. Commission
Anchorage

Subject: Docket OTH-10-16 Concerning whether changes or additions may be needed to the Commission's regulations governing drilling, rig workover and well control in offshore and ultra-extended reach wells drilled in areas of the State of Alaska under the Commission's jurisdiction

Dear Chairman Seamount:

By this letter, ConocoPhillips Alaska, Inc. ("CPAI") submits its written comments regarding Docket OTH-10-16 concerning whether changes or additions may be needed to the Alaska Oil and Gas Conservation Commission ("Commission") regulations governing drilling, rig workover and well control in offshore and ultra-extended reach wells drilled in areas of the State of Alaska under the Commission's jurisdiction.¹

In general, CPAI believes that the current Commission regulatory regime effectively regulates and ensures well control for offshore wells and ultra extended reach wells within the state of Alaska and under the Commission's jurisdiction. CPAI recognizes that deep water offshore drilling presents unique circumstances. Deep water drilling conducted on the Outer Continental Shelf would be regulated by the United States government, currently through the Bureau of Ocean Energy Management, Regulation and Enforcement ("BOEMRE").

Deepwater offshore wells, which are drilled from floating rigs, utilize different BOPs, casing design and cementing technology than are used for shallower water offshore wells that are drilled from a jackup rig. In general, drilling from floating rigs is much more complex than drilling from either land or offshore jack-up rigs. This distinction is important to note. CPAI's comments here do not address deepwater offshore drilling, but focus on drilling from land rigs and offshore jackup rigs that utilize surface BOP stacks.

The safety record to date for drilling, rig workover and well control in Alaska shows that the Commission's existing regulations have provided effective regulatory oversight for exploration and development activity in the state of Alaska. The Commission has historically updated these regulations as necessary to ensure they address advances in operations and technology. The Commission process of updating specific regulations often includes obtaining the input of a

¹ It must be first noted that there is no regulatory or commonly accepted definition of "ultra extended reach wells". In order to promulgate regulations, the Commission must first define what is being regulated and hence, must first define the category of wells that are "ultra extended reach wells." CPAI's comments here are general enough to apply to a general category of wells without a precise definition of ultra extended reach wells.

Commission-sponsored technical working group and always includes public posting of specific regulations for public comment, which allows other regulatory entities, industry, nongovernmental organization and private citizens an opportunity to provide input to the rule making process. Finally, the Commission's current regulatory structure is not overly prescriptive and allows for flexibility in oil and gas operations to accommodate situations not necessarily contemplated by the regulations by allowing for variances from the existing regulations where there is good engineering justification for a variance and with the approval of the Commission. CPAI believes that this regulatory approach results in innovative and effective designs and operations and has been a key basis for the historic success the Commission has achieved in ensuring safe operations in the oil and gas industry in Alaska.

In Docket OTH-10-16, the Commission has requested comments on issues that do not appear to be specific to shallow offshore or ultra extended reach wells. For example, casing design and cementing are not topics specific to offshore or ultra extended reach wells. CPAI sees no difference in the principles or requirements for casing design and cementing practices for "regular" onshore wells compared to offshore wells drilled from a jackup rig or ultra extended reach wells. The existing regulations for casing design and cementing are effective.

Provided below are CPAI's comments for each topic requested by the Commission in its notice for this docket.

1. The Commission's currently prescribed drilling fluid systems and programs as a mechanism for providing primary well control, including requirements for degassing of drilling mud;

CPAI believes the Commission's current prescribed drilling fluid systems requirements and programs as a mechanism for providing primary well control are effective.

2. The Commission's currently prescribed blowout prevention equipment ("BOPE") and diverter requirements as a mechanism for providing fail-safe secondary well control for well drilling and completion;

CPAI believes the Commission's currently prescribed BOPE and diverter requirements as a mechanism for providing secondary well control for well drilling and completion are effective.

3. The Commission's requirements for configuration of BOPE;

CPAI believes the Commission's requirements for configuration of BOPE are effective.

4. Whether regulations should be adopted to require third-party certifications of BOPE;

This would be a new area for possible regulation in Alaska, and CPAI would support forming a Commission-sponsored technical working group to review the merits and impacts of requiring third-party certifications of BOPE.

5. The Commission's current requirements regarding methods, frequency and reporting of testing of BOPE used in offshore and ultra-extended reach drilling operations;

CPAI believes the Commission's requirements regarding methods, frequency and reporting of testing of BOPE used in offshore and ultra-extended reach drilling operations are effective.

6. Whether the current frequency of BOPE inspections and test witnessing by the Commission is sufficient to identify improperly functioning BOPE;

CPAI believes the current frequency of BOPE inspections and test witnessing by the Commission is sufficient to identify improperly functioning BOPE.

7. The Commission's practices for probationary follow-up inspections of BOPE failing a test;

CPAI believes the Commission's practices for probationary follow-up inspections of BOPE failing a test are effective.

8. Commission regulations governing casing and cementing programs and evaluation of same, including without limitation:

- (a) whether there is need for a new regulation governing performance of cement bond tests,
- (b) whether there is need for a new regulation prescribing procedures for use of centralizers, and
- (c) whether there is need for a new regulation governing use of lock-down sleeves;

The questions raised in requests for comments 8(a), (b), and (c) above fall within the general topic of "forming effective barriers in a well;" that is, what barriers should be in place in a well while drilling and completion activity and how to get them in place. This would be a new topic for possible regulation in Alaska and would require extensive discussion and analysis of what, if anything, might be appropriate and effective. CPAI would support forming a Commission-sponsored technical working group to review and discuss the merits and impacts of developing a section in the Application for Permit to Drill that would specify what barriers would be in place during the drilling and completion of a well.

9. The criteria the Commission should consider in determining requirements for BOPE size and pressure containment capability;

CPAI believes the current Commission requirements for BOPE size and pressure containment capability are effective.

10. Casing requirements for offshore and ultra-extended reach drilling, including use of single casing strings versus tie-backs;

Some of the information used in casing design would include formation pressure, fracture gradient, borehole stability and temperature. Use of long strings versus liners with tiebacks should be based on the pressure regime of the well and be addressed in

the Application for Permit to Drill process. The key issue is to incorporate barriers into the well design and verify of the barriers status during well construction and completion. CPAI believes that requiring one particular design would be overly prescriptive and could not account for the unique situation each new well may present.

11. Should the Commission require operators drilling offshore or ultra-extended reach wells to demonstrate the ready capability to drill a relief well if necessary;

In general there are three possible ways to regain well control in the event that loss of control has occurred or is potentially imminent: 1) utilization of the BOPE's on the rig that is drilling the well, 2) utilizing well capping equipment/technology and 3) drilling a relief well. Oil and Hazardous Substances Pollution Control regulations at 18 AAC 75 emphasize the utilization of well capping technology as a viable technique for reestablishing well control. Well capping technology has been effectively utilized in reestablishing well control in hundreds of well control events world wide. Nonetheless, addressing the specifics in request for comment 11, CPAI believes an operator should have a plan that identifies the requirements that would be needed in a relief well rig and the availability of a relief well rig.

12. Should the Commission consider requiring concurrent relief well drilling in offshore and ultra-extended reach drilling operations;

Adequately designing and developing directional plans for a relief well requires detailed bottom hole information of the target well and the exact location of the target well. Having a precise directional plan for a relief well is critical to ensuring success. These and other issues involve unique risks and circumstances associated with drilling relief wells, most of which would not be known with any precision until the incident giving rise to consideration of a relief well happens. These risks at the time need to be compared with the risks and potential benefits of well capping technology before selecting a well control option. Requiring concurrent relief well drilling in offshore and ultra-extended reach drilling operations would be unprecedented to CPAI's knowledge, would result in substantial unnecessary expenditures with little if any benefit and would cause otherwise viable and economic wells to not be drilled.

13. The regulatory requirements of other jurisdictions (domestic or foreign) governing the drilling of offshore and ultra-extended reach wells; and,

CPAI has no comment.

14. Any other matters related to blowout prevention and/or well control.

CPAI has no comment.

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Thank you for the opportunity to comment. CPAI looks forward to working with the Commission in technical working groups to discuss and evaluate the topics indicated above.

Sincerely,

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ConocoPhillips Alaska, Inc.