

suggesting changes to the proposed rule. The Tribal-Commission Advisory Committee met after the close of the public comment period to discuss the comments that had been submitted. Upon consideration of the comments submitted, and discussions with the Tribal-Commission Advisory Committee, the Commission decided to revise the proposed rule and republish the revised rule as a proposed rule. The Commission established a thirty-day comment period for public comment on this revised rule. However, the Commission did receive a written request for extension of time from the general public citing the interest in these issues by tribes and indicating that the thirty-day period did not provide enough time for meaningful responses. Based on the request, the Commission has decided to extend the comment period until December 29, 2001.

Dated: November 6, 2001.

Montie R. Deer,

Chairman, National Indian Gaming Commission.

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DEPARTMENT OF THE INTERIOR

Minerals Management Service

30 CFR Part 250

RIN 1010-AC83

Oil and Gas and Sulphur Operations in the Outer Continental Shelf—Procedures for Dealing With Sustained Casing Pressure

AGENCY: Minerals Management Service (MMS), Interior.

ACTION: Notice of proposed rulemaking.

SUMMARY: This proposed rulemaking amends Subpart E (Oil and Gas Well-Completion Operations) of MMS operating regulations. It describes procedures for dealing with sustained casing pressure (SCP) in oil and gas wells on the Outer Continental Shelf (OCS). Currently, lessees must request a departure from MMS regulations to operate a well that has SCP. When granting a departure, MMS requires that lessees perform periodic checks and evaluations to ensure that the pressure is not a danger to personnel, equipment, or the environment. This proposed rule will codify these procedures and ensure uniform regulatory practices among MMS regional offices. The proposed changes will also help ensure that lessees will continue to conduct operations in a safe manner.

DATES: MMS will consider all comments we receive by January 8, 2002. We will begin reviewing comments then and may not fully consider comments we receive after January 8, 2002.

ADDRESSES: Mail or hand-carry comments (three copies) to the Department of the Interior; Minerals Management Service; Mail Stop 4024; 381 Elden Street; Herndon, Virginia 20170-4817; Attention: Rules Processing Team (RPT). If you wish to e-mail comments, the RPT's e-mail address is: rules.comments@mms.gov. Reference 1010-AC83, SCP in your e-mail subject line. Include your name and return address in your e-mail message and mark your message for return receipt.

Mail or hand-carry comments with respect to the information collection burden of the proposed rule to the Office of Information and Regulatory Affairs; Office of Management and Budget; Attention: Desk Officer for the Department of the Interior (OMB control number 1010-New); 725 17th Street, NW., Washington, DC 20503.

FOR FURTHER INFORMATION CONTACT:

Larry Ake, Engineering and Operations Division, at (703) 787-1600.

SUPPLEMENTARY INFORMATION: Sustained casing pressure (SCP) is pressure between the casing and the well's tubing, or between strings of casing, that rebuilds after being bled down. Data gathered by MMS has shown that SCP is most often caused by leaks in the production tubing and tubing connectors. It is also caused by poor casing cement bond, channeling in the cemented annulus, and leaks in seals or other equipment. If left uncontrolled, this SCP represents an ongoing safety hazard and can cause serious or immediate harm or damage to human life, the marine and coastal environment, and property. During the period 1980 to 1990, the oil and gas industry in the Gulf of Mexico (GOM) suffered four serious accidents as a result of high SCP, and the lack of proper control and monitoring of these pressures. In response, MMS developed a policy for the GOM OCS under which lessees could effectively monitor the SCP of wells in an attempt to avoid future accidents.

As far back as 1977, OCS Order No. 6, "Completion of Oil and Gas Wells," required the testing and repair of all wells that exhibit SCP. The current regulation at 30 CFR 250.517 addresses tubing and wellhead equipment. Paragraph (a) of § 250.517 requires that tubing strings must maintain pressure integrity. Paragraph (c) requires that wellheads be equipped to monitor SCP

in all casing annuli, and stipulates that the lessee must notify the District Supervisor if SCP is observed. The primary intent of this regulation with respect to SCP is to achieve and maintain pressure control of wells. Since that regulation was issued in 1988, MMS has interpreted 30 CFR 250.517(c) [previously designated 30 CFR 250.87(c)] to mean that no SCP is to be maintained on any annulus of an OCS well.

With over 8,000 affected wells in the GOM, immediate elimination of all SCP has proved to be impractical. It would also be exceedingly costly. MMS conservatively estimates the cost of workovers to eliminate SCP on these wells at over \$800,000,000 (at \$100,000 per well). The upper limit of potential costs could reach as high as \$4,000,000,000, if a major workover rig would have to be used on each well at an average cost of \$500,000. Through recent policy, however, MMS has sought to identify and eliminate SCP in only those cases that represent a hazard and establish a monitoring system for the rest, all the while working towards elimination of the problem.

In 1988 and 1989, the MMS GOM Region met with the Offshore Operators Committee (OOC) several times to discuss conditions that required a variance from the requirements of 30 CFR 250.517. The OOC recommended that SCP be divided into two broad categories: production casing SCP that can be eliminated relatively easily and SCP on outer casings where no consistently successful solution has been developed. They also recommended criteria for classifying SCP.

On August 5, 1991, MMS (GOM Region) issued a Letter to Lessees (LTL) that identified policy changes concerning SCP based on the OOC advice, thereby initially clarifying the provisions contained in 30 CFR 250.517(c). This LTL streamlined the reporting procedures for wells with SCP conditions. The intent of this initial policy was twofold: to permit continued production from existing completions, subject to specific monitoring requirements, and to allow for the retention of records at the operator's field office. This policy also addressed wells with SCPs that were less than 20 percent of the minimum internal yield pressure of the affected casing and that bled to zero pressure through a 1/2-inch needle valve in 24 hours or less. Wells that met these criteria were put in a "self-approved" category, and MMS approval of a departure from the regulatory requirement was not required.

MMS (GOM Region) SCP policy was further revised with the issuance of a January 13, 1994, LTL. This document provided further clarification regarding wells with SCP, the time retention of field records, and the criteria to be used to determine unsustained casing pressure due to thermal effects. Using the procedures of this LTL, departures from the requirement for no SCP were granted according to 30 CFR 250.142 [formerly 30 CFR 250.103(b)]. These procedures essentially ensured that the SCP on a well's annuli would bleed to zero within 24 hours through a 1/2-inch needle valve, would be monitored regularly, and would be eliminated as soon as practical or immediately in cases of severe pressure. Since the January 13, 1994, LTL was issued, MMS has identified many misconceptions and areas of concern and uncertainty with the established reporting, testing, and monitoring procedures. Therefore, this rulemaking has been designed to further clarify the intended policy and procedures, and to include technology that was not being utilized or was not developed in 1994.

During this same time period, and on a much smaller scale, SCP was also a problem for the MMS Pacific OCS Region. An LTL, dated November 8, 1991, and a Notice to Lessees (NTL), dated April 12, 2000, described procedures for operators on the Pacific OCS. These requirements are less prescriptive, and because of the smaller number of wells involved, cases of SCP are handled on a case-by-case basis.

The process of granting departures to operate wells with SCP has served both industry and MMS well since it was initiated. By using the monitoring and reporting steps in the proposed rule, both MMS and industry can focus resources on those wells that need prompt maintenance and remediation. This rulemaking will primarily place into the regulations those procedures for maintenance and recordkeeping on wells with SCP that have been MMS GOM Region policy for several years.

Two new requirements should be noted in the proposed rule. In the event of a lease transfer, MMS proposes that operators provide a report on the status of all wells with SCP to both the MMS and the new owner/operator. MMS also proposes that subsea trees installed after January 1, 2005, have a method for monitoring all casing annuli for SCP. This requirement is consistent with current regulations; however, it has been MMS policy to waive this requirement for subsea tree installations.

Procedural Matters

Public Comments Procedures

Our practice is to make comments, including names and home addresses of respondents, available for public review during regular business hours. Individual respondents may request that we withhold their home address from the rulemaking record, which we will honor to the extent allowable by law. There may be circumstances in which we would withhold from the rulemaking record a respondent's identity, as allowable by the law. If you wish us to withhold your name and/or address, you must state this prominently at the beginning of your comment. However, we will not consider anonymous comments. We will make all submissions from organizations or businesses, and from individuals identifying themselves as representatives or officials of organizations or businesses, available for public inspection in their entirety.

Regulatory Planning and Review (Executive Order 12866)

This proposed rule is not a significant rule and is not subject to review by the Office of Management and Budget (OMB) under Executive Order 12866.

(1) This proposed rule will not have an effect of \$100 million or more on the economy. It will not adversely affect in a material way the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities. The major purpose for this proposed rule is to codify and provide nationwide consistency in the interpretation of the current rule. This will not lead to major changes in the way operators must deal with SCP and will not result in any large economic effects to small or large entities.

One proposed technical revision will have an economic effect on lessees. The proposed rule requires that any subsea tree installed after January 1, 2005, must provide a means to monitor all casing annuli for SCP. MMS has been granting departures to our requirement that all casing annuli be monitored for all subsea wells installed to date. A subsea tree/wellhead system costs approximately \$3.5 million. We conservatively estimate that the incremental cost of providing a method to monitor all casing for SCP should not exceed 5 percent of this cost, or \$175,000 per well. Currently, fewer than 25 subsea well installations are made on the OCS per year. Therefore, MMS estimates the cost to implement the proposed rule would be \$4,375,000 per year. These costs will not cause an

annual effect on the economy of \$100 million.

(2) This proposed rule will not create a serious inconsistency or otherwise interfere with an action taken or planned by another agency. The proposed rule does not affect how lessees or operators interact with other agencies. Nor does this proposed rule affect how MMS will interact with other agencies.

(3) This proposed rule does not alter the budgetary effects or entitlements, grants, user fees, or loan programs or the rights or obligations of their recipients. The proposed rule only addresses the regulatory requirements for obtaining permission to continue to produce oil and gas on the OCS with wells that exhibit SCP.

(4) This proposed rule does not raise novel legal or policy issues. The proposed rule does involve a new policy issue, requiring that all subsea trees installed after January 1, 2005, be equipped so that all casing annuli can be monitored for SCP. This requirement will require manufacturers to modify present equipment. This is not a novel requirement though, since it will simply make subsea installations conform to the same standards as wells with surface trees. At the present time, operators may be granted a departure from this requirement when installing a subsea tree.

Regulatory Flexibility (RF) Act

The Department of the Interior certifies that this proposed rule will not have a significant economic effect on a substantial number of small entities under the RF Act (5 U.S.C. 601 *et seq.*). This proposed rule applies to all lessees that produce oil and gas on the OCS. Small lessees that operate under this proposed rule would fall under the Small Business Administration's (SBA) North American Industry Classification System Code, 211111, Crude Petroleum and Natural Gas Extraction. Under this code, SBA considers all companies with fewer than 500 employees to be a small business. We estimate that there are 130 lessees that explore for and produce oil and gas on the OCS, and approximately 70 percent of those 130 lessees fall into the small business category.

This proposed regulation codifies many procedures that MMS currently requires as a condition of departure from our current regulations. For this reason, the estimated costs of the proposed rule are not great. As shown earlier, MMS conservatively estimates the total economic effects of the proposed new requirements to be less than \$5 million per year. This cost will be a small percentage of the cost of

establishing and operating the many producing wells on the OCS. We believe that the cost will affect large and small lessees equally. Based on the very low percentage of well cost involved, we believe that these proposed revisions to the regulations will not have a significant economic effect on any small lessee.

Most of the estimated additional cost of the proposed rule is due to the requirement that subsea trees installed after January 1, 2005, be equipped to monitor casing pressure. The subsea tree requirement should not hinder a lessee's ability to conduct business on the OCS. The proposed rule provides for a several-year period after the effective date so that equipment manufacturers can develop and manufacture the trees and associated equipment. This will also allow lessees sufficient time to obtain the equipment.

Your comments are important. The Small Business and Agriculture Regulatory Enforcement Ombudsman and 10 Regional Fairness Boards were established to receive comments from small businesses about Federal agency enforcement actions. The Ombudsman will annually evaluate the enforcement activities and rate each agency's responsiveness to small business. If you wish to comment on the enforcement actions of MMS, call toll-free (888) 734-3247.

Small Business Regulatory Enforcement Fairness Act (SBREFA)

This proposed rule is not a major rule under (5 U.S.C. 804(2)) the SBREFA. This proposed rule:

(a) Does not have an annual effect on the economy of \$100 million or more. The proposed rule will not cause any significant costs to lessees or operators. Lessees and operators currently operating on the OCS with SCP operate under similar requirements, which are

imposed by MMS as a condition for granting a departure. The proposed regulation will codify procedures that MMS normally stipulates to an operator requesting a departure to operate with SCP.

(b) Will not cause a major increase in costs or prices for consumers, individual industries, Federal, State, or local government agencies, or geographic regions. The proposed rule will not change the way the oil and gas industry conducts business, nor will it affect regional oil and gas prices; therefore, it will not cause major cost increases for consumers, the oil and gas industry, or any Government agencies.

(c) Does not have significant adverse effects on competition, employment, investment, productivity, innovation, or ability of United States-based enterprises to compete with foreign-based enterprises. All lessees, regardless of nationality, will have to comply with the requirements of this rule. So the rule will not affect competition, employment, investment, productivity, innovation, or the ability of United States-based enterprises to compete with foreign-based enterprises.

We do not expect this rule to have a significant effect because, as discussed earlier, this proposed rule will codify procedures already in use.

Paperwork Reduction Act (PRA) of 1995

The proposed rule requires information collection (IC), and an IC request (form OMB 83-I) has been submitted to OMB for review and approval under section 3507(d) of the PRA. However, our submission includes only certain requirements as explained in subsequent paragraphs. The title of the collection of information is "Proposed Rulemaking—30 CFR 250, Subpart E—Procedures for Dealing With Sustained Casing Pressure." Respondents include approximately 130

Federal OCS oil and gas lessees. The frequency of reporting and recordkeeping is generally on occasion. Responses are mandatory. The IC does not include questions of a sensitive nature. We will protect information considered proprietary according to 30 CFR 250.196 (Data and information to be made available to the public) and 30 CFR part 252 (OCS Oil and Gas Information Program).

The collection of information required by the current 30 CFR 250, subpart E, regulations is approved by OMB under control number 1010-0067. As indicated earlier in the preamble, the proposed revisions to subpart E primarily will only place into regulation many of the procedures for wells with SCP that have been policy in the MMS GOM Region for several years. Pending final regulations taking effect, the GOM Region has updated its policy in the form of an NTL. To comply with the PRA, we obtained OMB approval of the NTL's SCP IC requirements. This process was initiated with a Notice in the **Federal Register** on March 8, 2001 (66 FR 13960). OMB approval of those information collection requirements (submitted to OMB as a revision of the subpart E information collection to include the NTL procedures) covers most of the paperwork burden proposed in this rulemaking.

The following table lists the entire paperwork burden of the proposed rule. However, there is only one new requirement (§ 250.530) that is not covered by a currently approved information collection. We estimate a total annual paperwork "hour" burden of 1,300 hours for the additional requirement. This represents an average burden of 10 hours per respondent (1,300 total hours/130 lessees = 10 hours per lessee).

BURDEN BREAKDOWN

30 CFR 250 section	Reporting and recordkeeping requirement	Hour burden (in hours)	Annual burden hours or explanation of current OMB approval
517(c)(1); 520(a); 521(a); 522(a); 526(b); 528(a); 529(a)(1); 531(a).	Notify MMS if SCP is observed on a well; request instructions or procedures for special conditions.	1/4	Burden covered under current approval for subpart E, 1010-0067.
517(c)(2); 521; 523; 525(c); 526(b), (c); 528(d), (f); 529(b)(1)(ii); 531.	Submit results of diagnostic tests, departure requests and supporting information, including plan of action for non-producing wells.	2	Burden included in pending OMB approval for subpart E, 1010-0067.
522(b); 525(a), (b); 526(b), (c); 527(c), (d), (e); 528; 529(a)(4)(i)(D).	Perform diagnostic test and record results; perform under current follow-up tests at least annually to determine departure status.	4	Burden included in pending OMB approval for subpart E, 1010-0067.
522(b); 525(a); 527(g)	Retain complete record of well's casing pressure and diagnostic test results for 2 years.	1/4	Burden included in pending OMB approval of revised subpart E, 1010-0067.
524(a)	Submit procedure for remediation of SCP on form MMS-124.	N/A	Burden covered under current approval of form MMS-124, 1010-0045.
524(c)	Appeal departure request denial	N/A	Burden covered under approval for 30 CFR part 290, 1010-0121.

BURDEN BREAKDOWN—Continued

30 CFR 250 section	Reporting and recordkeeping requirement	Hour burden (in hours)	Annual burden hours or explanation of current OMB approval
530 NEW	Provide report on status of all SCP to MMS and new owner/operator upon transfer of lease.	2	650 Reports = 1,300 annual burden hours.
532	Submit form MMS-124 to report workover and notify MMS of results of workover repairs to eliminate SCP.	N/A	Burden covered under current approval of form MMS-124, 1010-0045.

MMS district and regional offices will use the information collected to determine whether production from wells with SCP continues to afford the greatest possible degree of safety under these conditions. MMS will base decisions to grant or deny departures based on the information submitted.

As part of our continuing effort to reduce paperwork and respondent burdens, MMS invites the public and other Federal agencies to comment on any aspect of the reporting burden in the proposed rule. You may submit your comments directly to the Office of Information and Regulatory Affairs, OMB. Please send a copy of your comments to MMS so that we can summarize all written comments and address them in the final rule preamble. Refer to the **ADDRESSES** section for mailing instructions.

The PRA provides that an agency may not conduct or sponsor a collection of information unless it displays a currently valid OMB control number. Until OMB approves the collection of information and assigns a control number, you are not required to respond. OMB is required to make its decision on the information collection aspects of this proposed rule between 30 to 60 days after publication in the **Federal Register**. Therefore, a comment to OMB is best assured of having its full effect if OMB receives it by December 10, 2001. This does not affect the deadline for the public to comment to MMS on the proposed regulations.

a. We specifically solicit comments on the following questions:

(1) Is the proposed collection of information necessary for MMS to properly perform its functions, and will it be useful?

(2) Are the estimates of the burden hours of the proposed collection reasonable?

(3) Do you have any suggestions that would enhance the quality, clarity, or usefulness of the information to be collected?

(4) Is there a way to minimize the information collection burden on those who are to respond, including the use of appropriate automated electronic,

mechanical, or other forms of information technology?

b. In addition, the PRA requires agencies to estimate the total annual reporting and recordkeeping “non-hour” cost burden resulting from the collection of information. We have not identified any and solicit your comments on this item. For reporting and recordkeeping only, your response should split the cost estimate into two components: (1) The total capital and startup cost component, and (2) annual operation, maintenance, and purchase of services component. Your estimates should consider the costs to generate, maintain, and disclose or provide the information. You should describe the methods you use to estimate major cost factors, including system and technology acquisition, expected useful life of capital equipment, discount rate(s), and the period over which you incur costs. Capital and startup costs include, among other items, computers and software you purchase to prepare for collecting information; well control simulators, and testing equipment; and record storage facilities. Generally, your estimates should not include equipment or services purchased: before October 1, 1995; to comply with requirements not associated with the information collection; for reasons other than to provide information or keep records for the Government; or as part of customary and usual business or private practice.

Federalism (Executive Order 13132)

According to Executive Order 13132, this rule does not have Federalism implications. This proposed rule does not substantially and directly affect the relationship between the Federal and State Governments. The rule applies to lessees that operate oil and gas facilities on the OCS. This rule does not impose costs on States or localities. Any costs will be the responsibility of the lessees.

Takings Implication Assessment (Executive Order 12630)

The proposed rule expands upon existing operating regulations and proposes to codify current MMS procedures now in effect in the GOM

OCS Region. It does not prevent any lessee or operator from performing operations on the OCS, provided they follow the regulations. We have determined that this rule does not represent a governmental action capable of interference with constitutionally protected property rights. Thus, MMS did not need to prepare a Takings Implication Assessment according to Executive Order 12630, Governmental Actions and Interference with Constitutionally Protected Property Rights.

Energy Supply, Distribution, or Use (Executive Order 13211)

This proposed rule is not a significant rule and is not subject to review by OMB under Executive Order 12866. The rule does not have a significant effect on energy supply, distribution, or use because it essentially only codifies procedures that have been in effect for nearly a decade. Companies operating on the OCS in both the Gulf of Mexico and Pacific OCS Regions have been following similar requirements since 1991, when comparable procedures were provided to them by a Letter to Lessees. This proposed rule has very few new requirements, and the incremental costs will be low.

Clarity of This Regulation (Executive Order 12866)

Executive Order 12866 also requires each agency to write regulations in plain, understandable language. This proposed revision of subpart E, “Procedures For Dealing With SCP,” uses “plain English” structure and text. We realize that it will differ from the style of the surrounding text. Eventually, all MMS regulations will be written in this new format. These changes include:

- Breaking down lengthy sections into multiple sections;
- Using lists in place of lengthy paragraphs;
- Using tables where possible; and
- Using “you” to refer to the lessee, operator, or person acting on behalf of a lessee.

We encourage your comments on any of these innovations. We further invite

your comments on how to make this proposed rule easier to understand, including answers to questions such as the following:

- (1) Are the requirements in the proposed rule clearly stated?
- (2) Does the proposed rule contain technical language or jargon that interfere with its clarity?
- (3) Does the format of the proposed rule (grouping and order of sections, use of headings, paragraphing, etc.) aid or reduce its clarity?
- (4) Would the proposed rule be easier to understand if it were divided into more (but shorter) sections?
- (5) Is the description of the proposed rule in the **SUPPLEMENTARY INFORMATION** section of this preamble helpful in understanding the proposed rule? What else can we do to make the proposed rule easier to understand?

Send a copy of any comments that concern how we could make this proposed rule easier to understand to: Office of Regulatory Affairs, Department of the Interior, Room 7229, 1849 C Street, NW., Washington, DC 20240. You may also e-mail the comments to this address: Exsec@ios.doi.gov.

Civil Justice Reform (Executive Order 12988)

With respect to Executive Order 12988, the Office of the Solicitor has determined that this proposed rule does not unduly burden the judicial system and does meet the requirements of sections 3(a) and 3(b)(2) of the Executive Order.

National Environmental Policy Act (NEPA) of 1969

This proposed rule does not constitute a major Federal action significantly affecting the quality of the human environment. A detailed statement under the NEPA is not required.

Unfunded Mandates Reform Act (UMRA) of 1995 (Executive Order 12866)

This proposed rule does not impose an unfunded mandate on State, local, or

tribal governments or the private sector of more than \$100 million per year. The proposed rule does not have any Federal mandates nor does the proposed rule have a significant or unique effect on State, local, or tribal governments or the private sector. A statement containing the information required by the UMRA (2 U.S.C. 1531 *et seq.*) is not required.

List of Subjects in 30 CFR Part 250

Continental shelf, Environmental impact statements, Environmental protection, Government contracts, Investigations, Mineral royalties, Oil and gas development and production, Oil and gas exploration, Oil and gas reserves, Penalties, Pipelines, Public lands-mineral resources, Public lands-rights-of-way, Reporting and recordkeeping requirements, Sulphur development and production, Sulphur exploration, Surety bonds.

Dated: October 25, 2001.

J. Steven Griles,

Assistant Secretary, Land and Minerals Management.

For the reasons stated in the preamble, the Minerals Management Service (MMS) proposes to amend 30 CFR part 250 as follows:

PART 250—OIL AND GAS AND SULPHUR OPERATIONS IN THE OUTER CONTINENTAL SHELF

1. The authority citation for part 250 continues to read as follows:

Authority: 43 U.S.C. 1331 *et seq.*

2. In § 250.517, paragraph (c) is revised to read as follows:

§ 250.517 Tubing and wellhead equipment.

* * * * *

(c) When the tree is installed, you must equip the wellhead so that all annuli can be monitored for sustained pressure. You must not operate a well that has sustained casing pressure (SCP) in any casing annulus unless:

- (1) You immediately notify the District Supervisor when you first observe SCP in the well; and

(2) You obtain permission from the District Supervisor to operate the well as described in § 250.521.

* * * * *

3. Sections 250.518 through 250.532 are added to subpart E to read as follows:

§ 250.518 How does MMS define pressure found in a well?

MMS defines pressure found in a well as follows:

(a) Unsustained casing pressure is pressure in a well that is self-imposed (e.g. gas-lift pressure, gas or water-injection pressure), or pressure that is entirely thermally induced.

(b) SCP means a pressure that is:

(1) Measurable at the casinghead of an annulus that rebuilds when bled down;

(2) Not due solely to temperature fluctuations;

(3) Not a pressure that has been applied deliberately; and

(4) A result of one or more leaks.

§ 250.519 What is the MMS policy for the prevention of sustained casing pressure (SCP)?

You must design and maintain your casing, completion, and tubing programs according to the requirements of subparts D, E, and F of this part, to prevent the occurrence of SCP on wells.

§ 250.520 What are the MMS requirements for monitoring casing pressure?

(a) You must monitor all of your wells for casing pressure. This includes wells that have never exhibited SCP. You can achieve this by using either a Supervisory Control and Data Acquisition system or equipping each casing annulus so that a pressure gauge can be used. If any casing annulus in your well exhibits SCP for the first time, you must immediately notify MMS and request approval to operate the well as prescribed in § 250.521.

(b) You must monitor your wells for casing pressure according to the following table:

If your well . . .	Then you must . . .
(1) Shows no sustained or unsustained casing pressure when checked	Monitor each annulus at least once every 6 months in conjunction with the test of the surface controlled subsurface safety valve to ensure the continued absence of pressure.
(2) Exhibits SCP	Monitor the well at least daily on a manned structure and at least weekly on an unmanned structure.
(3) Exhibits unsustained casing pressure	Monitor the well at least daily on a manned structure and at least weekly on an unmanned structure.
(4) Is part of a nonconventional (tension leg platform, SPAR, etc) or subsea (wet tree) development.	Monitor the well according to § 250.529.

§ 250.521 How do I obtain permission to operate with SCP?

(a) When you first determine that a well exhibits SCP in one or more casing annulus, you must notify MMS immediately. You must then conduct a diagnostic test of the casing pressure in all annuli as required in § 250.527. To obtain permission to operate the well with SCP, you must then submit the diagnostic test results along with a departure request to MMS within 10 working days of the date of the test. You must submit pressure information on each annulus in the well, because any MMS approval to operate a well that has SCP is granted for the entire well.

(b) Your departure request must include all of the following.

(1) A request for a departure from the requirement that you must not operate a well that has SCP in any casing annulus (30 CFR 250.517(c)).

(2) A summary containing information about you and your facility, such as: operator name, address, lease, area/block, facility type and whether it is manned or unmanned, and the number of wells on the facility. The summary should also give the well particulars, such as well name, API

number, well status, current well production data, and current shut-in and flowing tubing pressures.

(3) A current wellbore schematic with all tubing, cementing, and casing data including: size, weight and grade, minimum internal yield pressure (MIYP) of each string, and depths of each tubing and casing string. This information is only required for your initial submittal on each well and following a major workover or sidetrack procedure which changes the wellbore.

(4) The casing pressure on each annulus (including those with zero pressure before diagnostic testing); percent of internal yield pressure; origin of pressure, if known; any known casing damage or wear; and any known cementing problems.

(5) A complete record of the diagnostic test, conducted as required by § 250.527.

(6) Any specific operational information that is needed to explain unusual occurrences, such as a large increase or decrease in casing pressure(s) from the previous report, presence of oil in the fluids bled, pressures imposed on production casings, and delays during diagnostic

testing due to weather or equipment failure.

§ 250.522 What if I believe my well exhibits unsustained casing pressure (self-imposed or thermally induced)?

(a) If you believe that the pressure appearing on a well is self-imposed (e.g., gas-lift pressure, gas or water-injection pressure), you must contact MMS for instructions on providing documentation for the well.

(b) If you believe that the pressure appearing on a new well or new completion is entirely thermally induced, you may conduct a shut-in diagnostic. For this test, you must shut in the well and record the fall of the pressure. If pressure falls to zero, this diagnostic test is sufficient, and no further notifications or submittals to MMS are necessary. You must retain the results of this test on the platform.

§ 250.523 How will MMS respond to my request for a departure to operate my well with SCP?

Your request for a departure to operate your well with SCP will result in one of the results in the following table:

If MMS . . .	Then you must . . .
(a) Denies your request	Follow the procedures outlined in § 250.524.
(b) Places your well in "life of completion" status	Follow the procedures in § 250.525. This means that you have obtained a departure which allows you to operate the well as long as the sustained pressure conditions do not increase more than 200 psig. MMS normally grants this type of departure when the SCP is less than 20 percent of the MIYP, and bleeds to zero for all annuli.
(c) Places your well in "fixed term" status	Follow the procedures outlined in § 250.526. This means that you have obtained a departure that allows you to operate the well for a fixed term, usually 1 year. MMS normally grants this type of departure when the SCP bleeds to zero for all annuli, but the SCP is greater than or equal to 20 percent of the MIYP for one or more annuli.

§ 250.524 What if MMS denies my departure request or cancels an existing departure?

(a) When MMS denies a departure request for cause, we will issue a certified mail denial letter. Within 30 days after you receive the denial letter, you must submit a detailed procedure for remediation of the SCP on form MMS-124 to the applicable District Supervisor. Unless otherwise directed, you must begin remediation operations within 30 days of the District Supervisor's approval of your remediation procedure.

(b) MMS may rescind any departure approval and require you to take corrective measures if casing pressure conditions deteriorate or present a hazard to personnel, the environment, the platform, or the producing formation. Should conditions dictate,

MMS can order the immediate shut-in of the well.

(c) You may appeal a departure request denial as stated in 30 CFR 250.104. However, the filing of an appeal will not suspend the requirement for your compliance with the decision.

§ 250.525 What if MMS places the well in a "life of completion" departure status?

(a) If MMS places your well in a "life of completion" departure status, you must still conduct monitoring and subsequent diagnostic tests. You are not required, however, to submit the results of your diagnostic tests to MMS as long as your well remains in this status. Instead, the results of the diagnostic tests must be kept at your field office nearest the OCS facility.

(b) You must conduct diagnostic tests annually. The test must be conducted sooner if your well monitoring shows

that the pressure in any annulus has increased more than 200 psig over the pressure measured during the previous diagnostic test. Each time you conduct a diagnostic test, the pressures recorded become the benchmark pressures, and they determine the need for the next diagnostic test.

(c) The well remains in the "life-of-completion" status as long as the diagnostic test pressure is less than 20 percent of the MIYP of each of the evaluated casings and bleeds to zero through a 1/2-inch needle valve within 24 hours for all casing annuli in the well. If any diagnostic test fails to meet these criteria, the well is no longer in the "life-of-completion" status. You must then submit a request including the diagnostic information for approval of a "fixed-term" departure.

§ 250.526 What if MMS places the well in a "fixed-term" departure status?

(a) If MMS places your well in a "fixed-term" status, you must still conduct monitoring and subsequent diagnostic tests. Your "fixed-term" status allows you to operate your well with SCP for a length of time determined by MMS. This fixed term is usually 1 year.

(b) You must perform a new diagnostic test and submit a request for a new departure prior to the expiration of the term of your current departure. The test must be conducted sooner if your well monitoring shows that the pressure in any annulus has increased more than 200 psig over that measured during the previous diagnostic test. If any annuli fail to bleed to zero through a 1/2-inch needle valve within 24 hours, you must notify MMS immediately.

(c) If all casing pressures fall to pressures that are below 20 percent of the MIYP of their respective casing, you may perform a new diagnostic test and submit the results to MMS. We may then grant you a "life of completion" departure based on the results of the diagnostic test.

§ 250.527 How must I conduct my diagnostic test?

(a) When you determine that any casing annulus in a well requires a diagnostic test, you must bleed the pressure from all casing annuli

exhibiting SCP in that well, unless MMS specifically directs otherwise.

(b) You must not bleed down the casing(s) of wells with SCP, except to conduct required and documented diagnostic tests.

(c) You must record the initial pressures on all annuli of the well before bleed-down. You must then record both bleed-down and buildup pressures graphically or tabularly in at least 1-hour increments for each casing annulus in the wellbore. The graphical or tabular pressure response must be recorded and analyzed to detect possible communication between annuli.

(d) You must bleed down the pressure to zero psig in each annulus through a 1/2-inch needle valve. You must bleed down and build up each annulus separately, while monitoring the adjacent annuli. If the bleed-down takes less than 1 hour, you may simply note the amount of time taken. You must record the rate of buildup of each annulus for the 24-hour period immediately following the bleed-down. During the bleed-down of the production casing, the tubing pressure must be recorded.

(e) If you recover fluid during the bleed-down, you must record the type and amount. You should conduct bleed-down to minimize the removal of liquids from the annulus. This does not mean that you must necessarily stop the

bleed-down when you encounter liquid. Stopping the bleed-down to wait for gas to percolate is permitted, even though this may lead to longer bleed-down times. However, you must document any such "waiting times," preferably with an annotated pressure chart. The total time for a bleed-down, including those waiting periods, must not exceed 24 hours. After the diagnostic test, you must replace the total volume of any removed liquids with a fluid of equal or greater density.

(f) You do not need to diagnose gas-lift pressure(s) caused by active gas- or water-injection as SCP. However, you must monitor gas-lift pressure(s) during the diagnostic test to confirm that there is no communication with another annulus. You must not close subsurface safety valves during a diagnostic test.

(g) You must retain complete casing pressure and diagnostics data on each well for a period of 2 years. Casing pressure records must be maintained at the lessee's field office nearest the OCS facility for review by MMS.

§ 250.528 When must I conduct a diagnostic test?

Your requirements to conduct diagnostic tests are contained in § 250.521 through § 250.530. The following table summarizes your requirements and directs you to the section with full information:

If . . .	Then . . .
(a) You initially detect SCP in any annulus of the well	An initial diagnostic test must be performed after MMS has been notified (see § 250.521).
(b) Your well is in a "life-of-completion" departure status	A diagnostic status test must be performed annually (see § 250.525).
(c) Well is in a "life-of-completion" departure status, and the pressure in any annulus reaches a pressure 200 psig greater than the pressure measured during the previous diagnostic test.	A diagnostic test is required immediately (see § 250.525).
(d) Your well is in a "fixed-term" departure status	You must perform a new diagnostic test and request a new departure prior to the expiration of the existing departure (see § 250.526).
(e) Your well is in a "fixed-term" departure status and the pressure in any annulus is at least 200 psig greater than the pressure measured during the previous diagnostic test.	A diagnostic test is required immediately (see § 250.526).
(f) You conduct workover operations on the well	You must conduct a new diagnostic and submit a departure request if any pressure remains after the workover (see § 250.532).

§ 250.529 What are the MMS requirements for monitoring casing pressure in floating production or subsea developments?

(a) The MMS policy for wells that are located on floating platforms or vessels (Tension Leg Platforms's, Spars, etc.) is as follows:

(1) You must monitor pressures in the production riser on a continuous basis.

If you encounter pressure on the production riser, you must report it immediately to MMS. As part of this notification, you must describe how the pressure will be diagnosed to confirm its magnitude and source.

(2) You must automate pressure monitoring in the tubing/riser annulus above the mud-line isolation, and

establish high- and low-pressure set points to provide an indication of either a tubing or riser leak.

(3) MMS will not grant any departures in the "life-of-completion" category for wells where all annuli cannot be monitored for pressure.

(4) You must meet the requirements of the following table:

If . . .	Then . . .
(i) You have a dual-bore production riser	MMS will allow you to maintain SCP on the inner bore only under the following circumstances: (A) Pressure on the tubing/riser annulus must bleed to zero through a ½-inch needle valve in 4 hours or less. (B) The level of SCP approved will not exceed 10 percent of the MIYP of the inner bore riser. (C) MMS will determine the acceptable rate and magnitude of buildup. (D) You must conduct a diagnostic test at least every 6 months. You must conduct the test immediately if the pressure increases more than 200 psig above the currently approved level. (E) You must cease production if the well experiences formation-related pressure on the outer riser annulus. (F) No pressure may be maintained on the outermost riser bore.
(ii) You have a single-bore production riser and detect pressure in the tubing/riser annulus, and the diagnostic test confirms that the pressure is SCP.	You must either kill the well or set a plug to eliminate the pressure in the tubing/riser annulus.

(b) For subsea wells (wet tree), you must meet the requirements of the following table:

If . . .	Then . . .
(1) You have a subsea well where only the production annulus can be monitored.	(i) You must conduct diagnostics as indicated in § 250.526, except that the results for adjacent annuli will be limited to monitoring tubing pressure response if the wellhead was installed before January 1, 2005. (ii) You must obtain permission from MMS for maintaining any SCP. (iii) You must monitor the well for casing pressure continuously.
(2) You install a subsea tree after January 1, 2005	According to 30 CFR 250.517(c), you must provide a method for monitoring all casing annuli for SCP.

§ 250.530 What is the MMS policy for SCP during transfer of your lease?

Before a lease transfer, the current owner/operator must review all casing pressure on the lease and provide a report on the status of all SCP to MMS and the new owner/operator.

§ 250.531 What is the MMS policy for SCP in non-producing wells?

(a) No casing pressure of any kind is permitted on a temporarily abandoned well. This does not include newly drilled wells that have been temporarily plugged pending the installation of production facilities, pipelines, etc. For

these wells, if you detect SCP, you must contact MMS and submit a plan of action.

(b) For non-producing wells that are neither temporarily abandoned nor continuously injecting, you must meet the requirements of the following table:

If . . .	Then . . .
(1) Your well fails to bleed to zero	You must submit plans for the repair of the SCP condition within 30 days.
(2) You determine the well will not be returned to production	You must submit plans for the repair of the SCP condition within 30 days.
(3) You have not used the well for continuous production or injection for 1 year.	Before the end of the year of non-production/injection, you must have assessed the well and presented a plan to MMS. The plan must include both diagnostic test results and a plan of action. The plan must describe when and how: (i) the well will be returned to production; or (ii) the SCP will be eliminated.

§ 250.532 What if I conduct a workover on a well with SCP?

If you perform a workover requiring the submission of Sundry Notices and Report on Wells (form MMS-124) according to § 250.613, it invalidates any existing SCP departure for that well. When you conduct a workover on a well with SCP, you must make all repairs feasible to eliminate SCP consistent with the use of the equipment used for the workover. You must then notify MMS of the results using form MMS-

124. A new diagnostic test is required on any remaining SCP.

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DEPARTMENT OF TRANSPORTATION

Coast Guard

33 CFR Part 175

[USCG-2001-10530]

Servicing of Inflatable Liferafts Carried on Recreational Vessels

AGENCY: Coast Guard, DOT.

ACTION: Request for comments.

SUMMARY: The National Boating Safety Advisory Council (NBSAC) recommended that the Coast Guard