

PUBLICATION

New Offshore Well Control Regulations Unveiled to Mixed Reviews

Authors: Sarah Katherine Casey

April 21, 2016

The U.S. Department of the Interior and the Bureau of Safety and Environmental Enforcement announced final well control regulations for offshore drilling last week. The rules will purportedly make offshore drilling safer and are a consequence of the administration's desire to prevent well control events like the 2010 BP Deepwater Horizon blowout, which killed 11 workers and leaked millions of gallons of oil into the Gulf of Mexico.

A main focus of the rules is the blowout preventer (BOP), a device which failed in the Deepwater Horizon tragedy. The new regulations require that companies use better equipped BOPs and require the devices to be broken down and inspected every five years. In addition, the regulations set forth standards for, among other things, the design, casing and cementing of wells, as well as requiring real-time monitoring of the drilling of complex wells by experts onshore.

Environmental groups have praised the rules, while some industry leaders and politicians have cited potential dire consequences of the increased cost, including a 55 percent drop in exploration, leading to a possible \$70 billion in lost tax revenue and up to 190,000 lost jobs. The government estimates the cost to be \$890 million over the next ten years, while the American Petroleum Institute estimated a daunting \$31.8 billion over the same time period.

Companies will have at least three months to comply with the new rules. New drilling rigs are being constructed in accordance with industry standards that were used as a foundation for the regulations.