

EDITORIALS

From the Chairman

WORKING SMARTER WITH TECHNOLOGY

IMPROVING TECHNOLOGY AND enhancing the industry's ability to implement technical advances has long been a mission of the IADC. IADC originated its Rotary Drilling Conference in the mid-1960s to advance drilling technology and disseminate knowledge more efficiently. When IADC teamed up with SPE to transform the original Rotary Drilling Conference into the IADC/SPE Drilling Conference in 1983, the industry benefited from a more comprehensive technical event with a broader scope.



Thomas P Richards, Chairman

consistently employed new technologies to “work smarter”.

Improved bits and drilling fluids are increasing penetration rates and saving time. 3-D seismic has generated new prospects from both rank exploration as well as re-shooting existing fields. At the same time, directional and multilateral wells and enhanced completion techniques, such as acidizing, fracing and gravel packing, all contribute to greater efficiency and an overall reduction in drilling costs. This has been tremendously positive for our cost structures.

Because of improvements in technology, the comparative cost of finding oil has trended down over the past 15 years. The decline in finding costs allowed many operators to maintain some profit margin in spite of long-depressed commodity prices.

Today, further refinements in technology are creating additional cost savings that will build a healthier industry for the long-term. High-tensile drill pipe, higher rotary speeds, improved hydraulics, top drives and better solids control equipment all are contributing to solid productivity gains. The industries record in developing reserves in deep water has also been especially impressive.

We must keep finding costs competitive with other sources of energy and address the overriding challenge our industry has long faced of making enough money to attract investment capital. With today's solid commodity prices

and a positive outlook for drilling activity, we have the ability to make the investments in technology to accomplish this, a fact that will be highlighted at OTC. ■

From the President

LIGHTS OUT!!

THERE IS A SONG, popular several years ago, which intoned “when the lights go out in Georgia.” Well, it happened in California instead. A lot is being thrown around as to the wherefores and whys of the “rolling blackouts” experienced there. The answer is pretty simple: decades of NIMBY (not in my backyard) policies opposing the exploration, development, generation and transmission of reliable energy resulted in serious undersupply in the face of growing demand.

Some have taken a point of view that we should “damn the torpedoes, full speed ahead” in renewed drilling and exploration. Let's not be rash. There should be no hue and cry to abandon the gains of responsible, environmentally sound exploration policies for oil and gas—in the US or elsewhere for that matter—just to get the lights turned on again.

But, we should take a reasoned and rational approach to what accommodation and reconciliation are needed to assure continuous, economical means of providing energy.

One such reasonable accommodation will be for the US government to proceed with OCS Lease Sale 181 in the Eastern Gulf of Mexico. This is an area whose development will provide vital natural gas supplies for vast portions of the US in years to come. It is an offshore area where environmentally responsible practices predominate. But the lease sale is challenged because of opposition from Florida politicians, despite the fact that the sale is primarily off the shores of Alabama. Florida—and the rest of the nation—need the resources in the Sale 181 area.

What stopping the sale would do is almost assure that in a few years there will be rolling blackouts in Florida, a prime candidate for the energy output from this offshore tract.

A reasonable, balanced approach to energy policy is to proceed with Eastern Gulf of Mexico Lease Sale 181: “Damn the politics, turn on the lights.”

Let's keep the lights on in Georgia; and in Florida, Alabama, Louisiana and Mississippi! ■



Lee Hunt, President