

DRILLING AHEAD

Big Crew Change: Repsol YPF, ISE setting the standard in education

Mike Killalea, Editor & Publisher

THE "BIG CREW CHANGE" is on everyone's lips these days, but, like the weather, no one's doing much about it. Repsol YPF is an exemplary exception. In Mostóles, Spain, just east of Madrid, the Repsol YPF Foundation has established the Instituto Superior de la Energía, which is 100% dedicated to post-graduate education in the petroleum sciences. ISE opened in 1999 in a brand-new, 6,500-sq m purpose-built facility. It now educates 100 students annually in four 11-month programs leading to a master of science degree—oil and gas exploration and production; petroleum refining, gas and marketing; petrochemicals; and economics and management of energy companies.

ISE was also the site of the recent Repsol YPF-sponsored conference IADC World Drilling 2002 (5-6 June). More than 180 drilling professionals from 33 countries attended the event.

Roughly half ISE's students hail from Spain, the rest drawn from Latin America and North Africa. Each student is afforded an individual computer work station generously appointed with the latest technology and software. Nearby are several work rooms, their proximity to the workstations designed to induce an atmosphere conducive to strong team building. Other resources include a library, cafeteria and top-notch auditorium that can accommodate 170 people.

The faculty are a diverse lot, hailing from energy and petrochemical companies, as well as universities in Spain or elsewhere in the European Union.

The E&P program consists of 4 successive educational blocks. First is a 2-week Common Block, which gives an overview of all segments of the petroleum and petrochemical industries.

That's followed by a 3.5-month Basic Overview Block, an introduction to the

theory and practice of E&P. The purpose here is to provide students the tools to undertake an E&P project.

ISE has teamed up with Edinburgh's Heriot-Watt University to give students a 3.5-month Specialization Block. In this portion, each student specializes in a particular E&P discipline—petroleum engineering (including drilling), reservoir science, geology or geophysics, attending the requisite post-graduate courses at Heriot-Watt.

For their final 4 months, the E&P students work on their Team Project Block, the core of the course. Here, multicultural and multidisciplinary teams of students work from a database related to a real reservoir to achieve pre-defined objectives. Competition among the project teams is a key element.

Now, 100 MSc's per year may not solve the Big Crew Change dilemma. It's still turning to the right, though, and should serve as an inspiration to the rest of us. ■

THE GAMBLER

Some might contend that any drilling contractor is a born gambler, but IADC stalwart Cary A Moomjian Jr puts his money where his mouth is. The ENSCO VP—who bears only passing resemblance to Kenny Rogers—recently saddled up to the poker table at World Series of Poker Ace to Five Draw Lowball at Las Vegas' Horseshoe Casino. 11 hours into the tournament, the field of 111 had been narrowed to a lonesome 8 survivors, with Cary number 6.

Cary deftly maneuvered to a 4th place finish, pocketing \$9,400 in prize money.

Cary has won many industry awards during his career, including IADC Contractor of the Year. Now he holds the record as the driller who finished highest in a World Series of Poker event.

Cary clearly knows when to hold 'em and when to fold 'em. Ante up! ■

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COVER

Global Santa Fe's Rig 140 is drilling for Shell in the UK sector of the North Sea. A roundup of rig activity in NW Europe, Caspian Sea and the Asia Pacific region begins on page 10. Reports on innovative drilling techniques and how they result in reduced risk and efficient operations begin on page 22.

DRILLING CONTRACTOR



CAPITAL WIRELINES

Lloyd's asks for IADC support on amendments to US terrorism bill

Brian T Petty, Senior Vice President-Government Affairs

Homeland Security (Washington)—The US Congress has been deliberating the "Terrorism Risk Insurance Act of 2002" (S.2600) to provide the insurance industry additional security in the wake of the September 11 attacks in the US. The US industry is very concerned about its capacity for coverage, and so Congress has been developing legislation to preserve that capacity, and to maintain its access to the global reinsurance market. **Lloyd's of London** has asked IADC for its support of key amendments to S.2600 necessary to provide adequate coverage for US OCS oil and gas facilities. The amendments are also supported by the American Petroleum Institute.

The problem centers on ambiguities which exist under the proposed legislation that could leave critical energy production facilities and maritime operations in US waters unprotected by the intended insurance program.

Both the definition of "act of terrorism" and "insured losses" in S.2600 refer, with certain exceptions, to acts and harm occurring "within the United States." How this latter phrase will apply to activities conducted in the jurisdictional waters of the US, if at all, is subject to doubt. Such activities include energy production on the United States OCS, which is estimated to be 28% of US domestic oil and 26% of natural gas production.

Congress specifically foresaw the possibility of terrorist acts against shipping in the US territorial sea (the twelve-mile limit) and against OCS facilities when it passed the Violent Crime Control and Law Enforcement Act of 1994, and made such acts a federal crime, confirming US territorial jurisdiction over such criminal activities. Lloyd's argues that S.2600 should be clarified by incorporating by reference the jurisdictional lines set forth in the 1994 law. Doing so would ensure that all shipping within twelve nautical miles of the US coast, and all oil and gas activities on the US OCS, fall within the geographic scope of the bill. Also, S.2600 should be modified to ensure that the insurers affirmatively accepted by the federal agencies to cover activities in these jurisdictional waters also participate in the terrorism insurance program, specifically the Departments of Interior, Labor and Transportation. S.2600 currently provides that a participating insurer must be (1) licensed in at least one State or (2) a non-US insurer listed as surplus-lines eligible. However, insurance for most maritime activities and OCS E&P is expressly exempt from State insurance regulation. Yet, the acceptability of the insurers of these activities is subject to active oversight by federal agencies regulating the underlying activity, and the insurer eligibility rules or practices vary with each federal agency.

An example is the role played by insurers, including mutual associations, that insure workers' compensation benefits under the Longshoremen and Harbor Workers' Compensation Act and its extensions. Under this Act, the US Department of Labor certifies insurers who provide workers' compensation coverage for claims arising in navigable waters, shore-side areas, the OCS, and other areas which may lie beyond individual States' regulatory authority.

Rising insurance costs for the drilling industry will be the subject of a panel discussion during IADC's Annual Meeting in San Antonio on Thursday, 26 Sept, day two of the three-day event. ■