

IADC prepares the latest in drilling contract forms

IADC HAS BEEN busy working on revisions to the US land contracts, the US offshore daywork contract, the Standard Format for Equipment Lists (SFEL) for offshore rigs and has adopted HSE Planning Guidelines for underbalanced operations. A Permian Basin Contracts Workshop is scheduled for this fall.

CONTRACT REVISIONS

Revisions to the US land and offshore contract forms were completed and approved by IADC's Board of Directors last April.

This included revisions of the land and offshore daywork forms, as well as the footage and turnkey forms used onshore. All the forms have been printed and are available for use.

Among the revisions to the land forms is a clause that was added in order for rates to be charged when exotic drilling fluids have been used. Some exotic drilling fluids require extensive cleanup when the job is complete.

Previously there was no provision in the contract for the drilling contractor to be paid either to reimburse his crews for ruined clothing or for the time required to clean the rig.

"A lot of drilling contractors added a clause as a special provision," said **Ken Fischer**, Vice President-Operations for IADC, "but now it is added as part of the contract."

Another revision to the land contract is wording that provides contractors an option to suspend operations for non-payment. Previously, the contractor's only options were to continue operations or terminate the contract.

In the offshore daywork contract, language was added to conform to changes to US Minerals Management Service regulations contained in "Subpart O." The contract now requires the contractor to have a training plan for its employees that complies with the new MMS regulations.

The consequential damages provisions contained in all the forms were substantially strengthened.

"They are strengthened for both parties, operator and contractor," Mr Fischer noted, "because neither wants to be responsible for the other party's consequential damages."



Ken Fischer

A Permian Basin Workshop will take place this fall in Midland to discuss changes in the land forms.

Discussion at the workshop will include the changes that were made to the contracts,

as well as the basic contracting principles reflected in the forms.

The Contracts Committee has recently embarked on a project to update the Standard Format for Equipment Lists (SFEL) for offshore rigs.

Due to the emergence of new technology, plus the fact that some equipment has become obsolete, the SFEL is being revised and will be available as a downloadable Excel template or it can be purchased in hard copy format.

The SFEL is recognized as the industry standard for exchanging rig specifications between operator and contractor and is endorsed for use with the CRINE contract in the UK North Sea and by the Norwegian Oil Industry Association (OLF) and the Norwegian Ship Owner's Association (NR).

UBO HSE PLANNING GUIDELINES

At its recent meeting in Washington DC, IADC's Board of Directors adopted the Underbalanced Operations Committee's HSE Planning Guidelines. **John Ramalho**, **Shell International E&P**, chaired the task group that developed the guidelines, which are intended for use by integrated project teams involved in the design and implementation of underbalanced drilling operations, both onshore and offshore.

The guidelines provide information and guidance on HSE related activities in the planning phase of underbalanced operations that have an impact on the

operation's safety during the execution phase. They are not intended to replace contractors' existing safety policies.

"They should be considered as a starting point for the operator, drilling contractor and UBD service contractor in developing their safety management programs and associated operational plans and procedures," said **Mike DuBose**, **Rowan Drilling (UK) Ltd**, and the UBO Committee Chairman.

The UBO Committee is continuing its work to draft supplements to API specifications and recommended practices to cover underbalanced operations.

When completed, the documents will be submitted to the appropriate API committees for adoption and distribution.

The first documents address technical specifications for rotating control devices and downhole valves. ■