

OFFICIAL MAGAZINE OF THE INTERNATIONAL ASSOCIATION OF DRILLING CONTRACTORS

DRILLING CONTRACTOR

JANUARY/FEBRUARY 2013

WWW.DRILLINGCONTRACTOR.ORG

Critical Issues in Drilling & Completions

*Industry leaders: Stakes
run high in competence
assurance, risk management,
equipment reliability – p.18*

ALL DRILLING • ALL COMPLETIONS • ALL THE TIME

ASIA PACIFIC: DEEPWATER,
LNG GAIN MOMENTUM

Region shifts to more complex
operations as dayrates increase
in tight market – p.118

COMPLETING THE
SHAPE PUZZLE

Fracturing, stimulation advances
zero in on increasing overall, IP
rates – p.128

UK allows exploratory hydraulic fracturing to resume with new requirements

The UK Department of Energy & Climate Change (DECC) has announced that exploratory hydraulic fracturing for shale gas can resume in the UK. DECC has introduced new regulatory requirements intended to ensure that seismic risks are effectively mitigated in hydraulic fracturing operations.

Fracturing had been suspended since May 2011, pending the investigation of two seismic tremors experienced near

Preese Hall, Lancashire.

DECC has also responded to the Maitland Report, an independent review on the strength of the UK's offshore oil and gas safety and environmental protection regime.

Many of the government recommendations have been implemented. Key responses to the recommendations include:

- A pan-industry forum to share best

practice and develop guidance and standards for well management and design will remain in place permanently;

- Guidelines for improved management systems to give assurance that safety and environmental plans are implemented robustly; and

- Increased requirement for operators to carry out offshore emergency response exercises from every five years to every three years.

Shelf Drilling stakes claim in shallow-water markets

Shelf Drilling was established in September 2012 upon reaching a definitive agreement with **Transocean** to acquire 37 independent cantilever jackups and one swamp barge for approximately US \$1.05 billion. The deal officially closed on 30 November 2012.

Although a good portion of the E&P industry has set its sights on deepwater as the next frontier, **David Mullen**, Shelf Drilling CEO, points out that shallow water still accounts for 70% of today's offshore production and notes that his company has no plans to divert focus away from jackup operations.



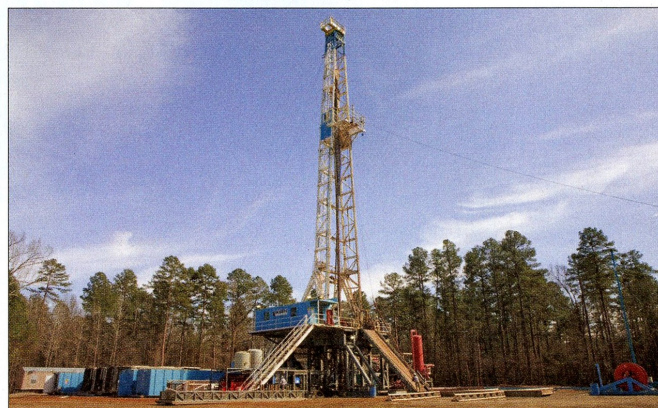
Scan to read an exclusive interview with Shelf CEO David Mullen on DrillingContractor.org.

Seadrill acquires Songa Eclipse ultra-deep semisub

A subsidiary of **Seadrill** has acquired the ultra-deepwater semi-submersible **Songa Eclipse** from **Songa Offshore** for US \$590 million. The rig is currently operating for **TOTAL** offshore Angola on a fixed contract ending in December 2013.

Seadrill has also received a Letter of Award from **Husky Oil Operations** for a five-year contract for the new-build harsh-environment semi-submersible **West Mira** for operations in Canada and Greenland. The rig is under construction, and delivery is scheduled for Q4 2014.

Keen Energy Services' Rig 29, which has been acquired by Latshaw Drilling, is a 1,000-hp SCR rig. Latshaw Drilling now has 41 rigs in its fleet.



Latshaw Drilling acquires Keen Energy Services

Latshaw Drilling Company has acquired **Keen Energy Services**. Latshaw Drilling is now made up of 41 rigs and 1,000 employees, making it the second-largest privately owned drilling contractor in the US. Most of the rigs are late-model, diesel-electric units. Thirty-two rigs are equipped with top drives for horizontal drilling, and seven

are AC-power rigs.

The acquisition makes Latshaw the second most active drilling contractor in the emerging Mississippi Lime unconventional play between Oklahoma and Kansas. Latshaw operates rigs in Oklahoma, Texas, New Mexico, Louisiana and Arkansas, predominantly in the unconventional horizontal plays.

Frigstad T70 semi features 30,000 dwt displacement

The **KM-3**, a **Frigstad T70** semi-submersible tender-assisted drilling unit, is the largest of its kind with a displacement of approximately 30,000 dwt. Norway's **Frigstad Engineering** has secured a contract with **SapuraKencana Petroleum** to provide detailed engineering services for the construction of **KM-3**. The unit is equipped with three large cranes, including one 400-ton crane capable of lifting the drilling equipment set in predesigned modules onto offshore jackets.

Vantage, Sigma JV to build ultra-deepwater drillship

Vantage Drilling and **Sigma Drilling** have entered a joint venture to construct a high-specification drillship at **STX Offshore & Shipbuilding**. The ultra-deepwater rig will be equipped to operate in up to 12,000-ft water depth and outfitted with a dual-activity derrick. Delivery is expected in November 2015.

Vantage Drilling's ultra-deepwater drillship **Titanium Explorer** also commenced operations in the Gulf of Mexico on 7 December 2012. The drillship is contracted to **Petrobras** for eight years.