This document is scheduled to be published in the
Federal Register on 05/04/2012 and available online at
http://federalregister.gov/a/2012-10669, and on **FDsys.gov**

9110-04-P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

[USCG-2011-1106]

Mobile Offshore Drilling Unit Dynamic Positioning Guidance

AGENCY: Coast Guard, DHS.

ACTION: Notice of Recommended Interim Voluntary Guidance.

SUMMARY: On December 29, 2011, the Coast Guard published a notice of availability and request for comments regarding a draft policy letter on Dynamic Positioning (DP) Systems, Emergency Disconnect Systems, Blowout Preventers, and related training and emergency procedures on a Mobile Offshore Drilling Unit. We received comments both as submissions to the docket and at a public meeting held on February 9, 2012, at Coast Guard Headquarters. Based on the comments received, the Coast Guard intends to adjust the scope of the policy described in that notice. The Coast Guard is publishing this notice to recommend interim voluntary DP system guidance and recommend DP incident reporting criteria.

DATES: The policy outlined in this document is effective [**INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER**].

ADDRESSES: Comments and material received from the public, as well as documents mentioned in this preamble as being available in the docket, are part of docket USCG-2011-1106 and are available for inspection or copying at the Docket Management Facility (M-30), U.S. Department of Transportation, West Building Ground Floor, Room W12-140, 1200 New Jersey Avenue SE., Washington, DC 20590, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. You may also find this docket on the Internet by going to http://www.regulations.gov, inserting USCG-2011-1106 in the "Keyword" box, and then clicking "Search."

FOR FURTHER INFORMATION CONTACT: If you have questions on this notice, call Commander Joshua Reynolds, U.S. Coast Guard, Office of Design and Engineering Standards, Human Element and Ship Design Division (CG-5211), telephone (202) 372-1355. If you have questions on viewing the docket, call Renee V. Wright, Program Manager, Docket Operations, telephone 202-366-9826.

SUPPLEMENTARY INFORMATION:

I. General

A. Background and Intent to Publish Rule.

Over the past several decades, the expansion of offshore exploration, development and production into deeper water has transformed an industry once characterized by relatively simple, domestic shallow water fixed platforms and small logistical

vessels into an industry with complex, international floating vessels supplied and serviced by other large, international multipurpose vessels. This has given rise to the use of DP as a practical means for keeping these vessels within precise geographic limits. Failure of a DP system on a vessel conducting critical operations such as oil exploration and production could have severe consequences including loss of life, pollution, and property damage. This is particularly true for Mobile Offshore Drilling Units (MODUs), where a loss of position could result in a subsea spill and potentially catastrophic environmental consequences. The Deepwater Horizon incident demonstrated the serious challenges associated with subsea spill response. In a preliminary effort to better understand critical systems, training, and emergency procedures put in place to prevent or mitigate a loss of position on a dynamically positioned MODU and inform any related future rulemaking, the Coast Guard published a notice in the Federal Register (76 FR 81957) requesting public comment on a draft policy. We received comments both as submissions to the docket and at a public meeting held on February 9, 2012. The Coast Guard was encouraged to publish a rule for areas where no standard has been set and to consider industry standards and guidance when developing the rule. The Coast Guard agrees and intends to initiate a rulemaking that

addresses DP incident reporting requirements and minimum DP system design and operating standards.

B. Immediate Areas of Concern.

As discussed in the draft policy letter published with the notice of availability on December 29, 2011, there have been several DP incidents in the Gulf of Mexico involving both DP system equipment failures and human error on MODUs. Because of the consequences associated with a deepwater subsea spill, the Coast Guard believes DP incidents on MODUs engaged in drilling represent the most immediate concern and chooses to address them first.

To ensure sufficient safety measures are developed, the Coast Guard needs to improve its awareness of DP incidents on MODUs. The existing regulations on the reporting of marine casualties have proven ill-suited for reporting of DP related incidents, as they do not require a MODU (either U.S. or foreign) to report DP incidents to the Coast Guard. There are also reporting disparities between U.S. and foreign flagged MODUs. For example, U.S. flagged MODUs are required by 46 CFR 4.05 to report some equipment failures to the Coast Guard, but there is confusion and ambiguity over how these requirements apply to DP related incidents, and they do not apply to foreign flagged MODUs. Some MODU vessel operators have voluntarily reported some DP incidents to the Coast Guard, but the Coast

Guard believes this practice is not universal. The Coast Guard is considering updates to its marine casualty reporting requirements, and will consider past recommendations, including public comments on a notice of proposed rulemaking, "Outer Continental Shelf Activities," published on December 7, 1999 (64 FR 68416) and the recommendations of the National Offshore Advisory Committee (NOSAC) subcommittee on incident reporting, and will provide further opportunity for public comment.

Coast Guard regulations currently do not include specific DP system design and operating standards. In addition, there is a disparity between requirements for U.S. and foreign flagged MODUs. For U.S. dynamically positioned MODUs, the Coast Guard views a DP system, as defined in International Maritime Organization (IMO) Maritime Safety Committee Circular 645 paragraph 1.3.2, as a vital system under our regulations in 46 CFR Part 62. While Part 62 contains a "failsafe" concept that could be directly applied for an Equipment Class 1 DP system, it does not have an equivalent concept that directly applies to DP system reliability for Equipment Class 2 or 3 as discussed in paragraph 2 of the Circular. Because the Coast Guard believes that a dynamically positioned MODU engaged in drilling should meet a minimum of Equipment Class 2 as defined in paragraph 2.2 of the Circular, Part 62 should be updated to make it more directly applicable to U.S. dynamically positioned MODUs.

Foreign flagged MODUs have several options for compliance with coastal state regulations in 33 CFR 143.207, one of which is compliance with the 1979 MODU Code (IMO Assembly Resolution A.414(XI)). This Code does not contain any standards applicable to DP systems. Although more recent versions of the MODU Code reference IMO circulars with DP system guidelines, the Coast Guard has not yet adopted these Codes in its regulations. The Coast Guard is considering adopting updated versions of the MODU code, including any DP circulars referenced by these versions, and any DP related recommendations by the NOSAC. These areas of concern are likely to be the subject of a future rulemaking.

II. Interim Voluntary DP System Guidance

On July 7th, 2010, in response to a request from the Coast Guard, NOSAC issued the report "Recommendations for Dynamic Positioning System Design and Engineering, Operational and Training Standards." The report contained draft guidelines from the Marine Technology Society (MTS) Dynamic Positioning Committee, which the MTS has since completed. The Coast Guard has reviewed the guidance, referred to it when responding to known DP incidents and found it to be comprehensive and highly useful. Until the Coast Guard publishes a DP Rule, the Coast Guard recommends owners and operators of dynamically positioned MODUs (not leaseholders who contract MODUs) operating on the

U.S. Outer Continental Shelf (OCS) voluntarily follow guidance provided in the

> "DP Operations Guidance Prepared through the Dynamic Positioning Committee of the Marine Technology Society to aid in the safe and effective management of DP Operations", March 2012 Part 2 APPENDIX 1 (dynamically positioned MODUs), available at http://www.dynamic-positioning.com/dp_operations_guidance.cfm.

It is particularly important they identify the DP System's Critical Activity Mode of Operation (CAMO) and ensure Well Specific Operating Guideline (WSOGs) are developed for operations at every well and location. A MODU attached to the seafloor of the U.S. OCS should be operated in accordance with the appropriate WSOG. The WSOG should clearly state which well operations are critical and require the DP System configured in its CAMO for these operations.

In addition to following the MTS DP Operations Guidance, MODU owners or operators are encouraged to voluntarily report to the Coast Guard reactive changes of DP status from "green" to "red" as described paragraph 4.11 using the procedures listed in 46 CFR 4.05.

III. Authority

This document is issued under the authority of 5 U.S.C. 552(a), 43 U.S.C. 1331, et seq., and 33 CFR 1.05-1. The guidance contained in this notice is not a substitute for applicable legal requirements, nor is it itself a regulation. It is not intended to nor does it impose legally binding requirements on any party. It represents the Coast Guard's current thinking on this topic and may assist industry, mariners, the general public, and the Coast Guard, as well as other Federal and State regulators, in applying statutory and regulatory requirements. You can use an alternative approach if the approach satisfies the requirements of the applicable statutes and regulations.

Dated: April 27, 2012

J.G. Lantz,
Director of Commercial Regulations and Standards,
U.S. Coast Guard.

[FR Doc. 2012-10669 Filed 05/02/2012 at 4:15 pm; Publication Date: 05/04/2012]