

**STATE OF ALASKA  
ALASKA OIL AND GAS CONSERVATION COMMISSION  
333 West Seventh Avenue, Suite 100  
Anchorage Alaska 99501-3539**

Re: Nabors Alaska Drilling, Inc.  
Rig 9ES Enforcement Action regarding the )  
falsification of blowout prevention equipment ) AOGCC Order No. 34  
test records June 2, 2005

**DECISION AND ORDER**

On May 20, 2005 the Alaska Oil and Gas Conservation Commission issued a Notice of Proposed Enforcement Action (“Notice”) under 20 AAC 25.535(b), finding that an employee of Nabors Alaska Drilling Inc. (“Nabors”) violated rules regarding testing of blowout prevention equipment (“BOPE”) on Rig 9ES by falsifying test results with a practice referred to as “chart spinning”.<sup>1</sup> The Notice proposed a \$10,000 partial cost assessment under AS 31.05.085, and specified corrective actions. The Notice concluded an extensive four-month Commission investigation (more than 1000 net man-hours).<sup>2</sup> Nabors responded to the Notice in writing on May 24, 2005, stating that it spent a considerable amount of time investigating Rig 9ES allegations and concurs with the Commission’s finding regarding BOPE testing allegations.

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<sup>1</sup> The practice of chart spinning consists of pressuring a BOPE component to its test pressure, holding for 1-2 minutes, then moving the chart to the required test time (artificially extending the duration of the test to make it appear that the required 5-minute prescribed test time had lapsed).

<sup>2</sup> An earlier part of the overall investigation pertained to alleged blowouts on wells drilled by Nabors Rig 9ES. There, the Commission, by letter dated February 11, 2005, found “no evidence of an uncontrolled gas kick/blowout occurring in July 2003 or on December 6, 2004 on Rig 9ES” as alleged in a January 20, 2005 letter to Senator Ted Stevens.

A. Summary of Proposed Enforcement Action

In its Notice, the Commission identified a violation by a Nabors employee of BOPE testing requirements, specifically 20 AAC 25.035(e)(10)(E), 25.070(3), 25.526, 25.527(c)(5), and 25.527(f). The violation consisted of the Nabors employee's failure to perform and document BOPE tests accurately.

The Commission proposed to order the following corrective actions by Nabors:

- (1) Within 30 days of final action, Nabors shall post a copy of its BOPE test policy on each Nabors rig, immediately adjacent to the chart recording BOPE testing. The policy shall contain a conspicuous notice on the first page that BOPE testing must be conducted at stable low pressure and stable high pressure uninterrupted for a minimum 5-minute period each, in accordance with API RP 53, Part 17.3.2.1. A copy of API RP 53 shall also be maintained on site at each rig. Nabors may, in its discretion, adopt longer test periods than those prescribed under API RP 53.
- (2) Within 30 days of final action, Nabors shall communicate to all its North Slope rig workers the requirements of BOPE testing described in (1) above. A copy of the policy may be transmitted to the rig workers to satisfy this requirement. The notice accompanying that communication shall say that it is being sent to all rig workers at the direction of the AOGCC.
- (3) Beginning immediately, the Nabors wellsite representative or designee shall personally witness all BOPE tests.
- (4) Beginning immediately, Nabors shall ensure that each BOPE test chart is prepared in a legible format, signed and dated by the test pump operator, tool pusher, and operator

representative. A copy of each test chart shall be available for AOGCC inspection upon request.

In addition, the Notice proposed a \$10,000 cost assessment on Nabors as partial reimbursement for the Commission's costs of investigation. The Notice declined to impose civil financial penalties under AS 31.05.150 because the only violations uncovered were isolated, not condoned or authorized by Nabors, and not harmful to personnel, the environment, or the recovery of hydrocarbons.

**B. BOPE Test Requirements**

Pursuant to its statutory authority under AS 31.05.030, the AOGCC has promulgated regulations concerning BOPE testing. All rigs must be equipped with BOPE that conforms to the requirements of 20 AAC 25.035. Moreover, "the BOPE must be tested as follows: (A) . . . at time intervals not to exceed each 14 days thereafter, BOPE, including kelly valves, emergency valves, and choke manifolds, must be function pressure tested to the required working pressure specified in the approved Permit to Drill . . .", 20 AAC 25.035(e)(10)(F). Another regulation, 20 AAC 25.527(c), imposes specific standards for the proper testing of BOPE. It provides that: "[w]ell control equipment and fluids must be installed, used, maintained, and tested in a manner that ensures well control and, . . ., that conforms with the applicable provisions of the following documents, which are adopted by reference: (5) API RP 53, Recommended Practices for Blowout Prevention Equipment Systems for Drilling Wells, 3d edition, March 1997 ("API RP 53")." API RP 53, Part 17.3.2.1 requires that all blowout prevention components be tested first to a stable low pressure of 200 to 300 psi for *at least* 5 minutes, and tested next to a stable high pressure for *at least* 5 minutes (emphasis added). An operator shall conduct operations "in a safe and skillful manner in accordance with good oil field engineering practices . . .", 20 AAC

25.526. API RP 53, Part 17.3.7 requires that all BOPE testing be documented, including the duration of the test. Finally, 20 AAC 25.070 requires each operator to submit the results of BOPE testing to the AOGCC within 30 days following completion of the test.

C. Violation

The Commission's investigation uncovered at least 2 instances in which BOPE test records were falsified and submitted to the Commission. Although anecdotal reports of alleged widespread chart spinning were investigated, the Commission was unable to validate such allegations. Interviews of 37 individuals, including several who indicated they had witnessed chart spinning, failed to reveal which specific BOPE tests had been subjected to chart spinning, making the isolation of false BOPE records difficult. Nevertheless, the Commission is convinced, after a thorough investigation, that the practice of chart spinning was, in fact, a rare and isolated occurrence.

The investigation failed to uncover evidence of leaky valves during BOPE tests. Because a BOPE test conducted to a stable pressure for 1-2 minutes should have been as accurate as one conducted for 5 minutes in the absence of leaky valves, the Commission regards the instances of "chart spinning" here as more of a technical violation.

D. Corrective Actions

In its letter dated May 24, 2005 Nabors accepted the Commission's proposed enforcement, and noted that steps had already been taken to implement some of the corrective actions.

E. Findings and Conclusions

For the reasons stated above, the Commission finds that a Nabors employee violated BOPE testing requirements, and the Commission concludes that a cost assessment in the amount of \$10,000 is appropriate.

**NOW THEREFORE IT IS ORDERED THAT:**

1. Nabors shall pay to the Commission \$10,000 within 30 days after the date this Decision and Order becomes final.
2. Within 30 days after the date this Decision and Order becomes final Nabors shall post a copy of its BOPE test policy on each North Slope Nabors rig, immediately adjacent to the chart recording BOPE testing. The policy shall contain a conspicuous notice on the first page that BOPE testing must be conducted at stable low pressure and stable high pressure uninterrupted for a minimum 5-minute period each, in accordance with API RP 53, Part 17.3.2.1. A copy of API RP 53 shall also be maintained on site at each rig. Nabors may, in its discretion, adopt longer test periods than those prescribed under API RP 53.
3. Within 30 days after the date this Decision and Order becomes final Nabors shall communicate to its North Slope rig workers the requirements of BOPE testing described in (2) above. A copy of the policy may be transmitted to the rig workers to satisfy this requirement. The notice accompanying that communication shall say that it is being sent to all rig workers at the direction of the AOGCC.
4. Beginning upon the date this Decision and Order becomes final the Nabors wellsite representative or designee (tool pusher, driller, operator's company representative, or equivalent or higher) shall personally witness all BOPE tests.

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5. Beginning upon the date this Decision and Order becomes final Nabors shall ensure that each BOPE test chart is prepared in a legible format, signed and dated by the test pump operator, tool pusher, and operator representative. A copy of each test chart shall be available for AOGCC inspection upon request.

6. This Decision and Order shall become final on June 13, 2005 unless a written request for a hearing is filed with the Commission, in which case, the Commission will schedule a hearing under 20 AAC 25.540.

**Done at Anchorage, Alaska** this 2nd day of June 2005.

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John K. Norman, Chairman  
Alaska Oil and Gas Conservation Commission

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Daniel T. Seamount, Jr., Commissioner  
Alaska Oil and Gas Conservation Commission

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Cathy P. Foerster, Commissioner  
Alaska Oil and Gas Conservation Commission