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CRITICAL OPERATIONS AND CURTAILMENT PLAN

Chukchi Sea, Alaska

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Shell Gulf of Mexico Inc.

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Reference Documents:

- 30 CFR Part 250.417 (e)
- Shell Gulf of Mexico Inc. Drilling Ice Management Plan, Chukchi Sea, Alaska

ACRONYMS & ABBREVIATIONS

API	American Petroleum Institute
BOEM	Bureau of Ocean Energy Management
BOP	Blowout Preventer
CFR	Code of Federal Regulations
COCOP	Critical Operations and Curtailment Plan
DIMP	Drilling Ice Management Plan
<i>Discoverer</i>	<i>M/V Noble Discoverer</i>
DNV	Det Norske Veritas
ft.	feet (foot)
HSSE	Health, Safety, Security and Environment
HT	Hazard Time
IMO	International Maritime Organization
LMRP	Lower Marine Riser Package
m	meter(s)
MT	Move-off Time
M/V	Motor Vessel
OIM	Offshore Installation Manager
Plan	Critical Operations and Curtailment Plan
<i>Polar Pioneer</i>	Mobile Offshore Drilling Unit (MODU) Transocean <i>Polar Pioneer</i>
PSO	Protected Species Observer
RARs	Rig Anchor Releases
RS/FO	Regional Supervisor, Field Operations
Shell	Shell Gulf of Mexico Inc.
SIWAC	Shell Ice and Weather Advisory Center
ST	Secure Time
TA	Temporarily Abandoned
T-Time	Total Time
USCG	U.S. Coast Guard
VMT	Vessel Management Team

1. **Introduction**

The primary purpose of this Critical Operations and Curtailment Plan (COCP) is to document precautionary measures to minimize the likelihood and consequence of an oil spill while drilling exploration wells in the Chukchi Sea and to protect personnel, equipment and the environment. The COCP is arranged to:

- Identify critical operations
- Identify circumstances that may cause curtailment
- Identify relationships between the COCP and the Drilling Ice Management Plan (DIMP)
- Comply with all regulatory requirements.

Drilling operations can be interrupted for a variety of reasons. Some factors affecting curtailment include:

- Adverse ice movement, weather conditions, sea states and other environmental conditions that add risk to ongoing operations.
- Time requirements for bringing support vessels to bear on a particular issue.
- Loss of ice management vessel support due to mechanical issues or as a result of temporary reassignment of vessel(s) to another area (for example, to provide rescue, supply/logistics support, etc.).
- Communications loss between vessels and/or between vessels and the shorebase(s).

This plan identifies certain drilling activities designated as critical operations and discusses plans to delay, limit or cease these operations when hazards develop with the potential to harm personnel; damage vessels, equipment or the well; or result in a spill that could adversely impact the environment. This plan describes the decision-making process and identifies the lines of authority, responsibility and accountability for successfully handling critical operations.

A companion plan to the COCP is the DIMP, which details the process for making these critical decisions with regard to ice conditions. The DIMP describes ice management operations, the flow of ice information, and how direction of the ice management vessels is accomplished. The “Ice Alert Procedures” contained within the DIMP describe the ice alert levels, the decision process leading to their change, and the decision to return to the site. It also deals with well suspension operations, mooring system recovery, and well re-entry decisions associated with ice hazards in the Chukchi Sea. No critical operation will be started, or continued if already in progress, until the required time to perform the task is properly determined under the circumstances and that time is deemed to be sufficient for safe completion of the operation.

Certain drilling operations are more likely than others to generate conditions that could lead to a well control incident or other incident that could result in harm to people, assets or the environment. This is particularly the case when subsurface formations capable of flowing formation fluids into the wellbore are exposed, or when the well has encountered abnormal pressures.

This COCP in conjunction with the DIMP also satisfies 30 Code of Federal Regulations (CFR) Part 250.417 (e) as required for a “floating drilling unit contingency plan for moving off location in an emergency situation.” No contingency plan can adequately cover all conceivable situations and circumstances, nor is this plan intended to be a substitute for good judgment and experience in dealing with unexpected situations.

Shell plans to use the drillship Motor Vessel (M/V) *Noble Discoverer* (*Discoverer*) and the Mobile Offshore Drilling Unit (MODU) Transocean *Polar Pioneer* (*Polar Pioneer*) to drill the proposed wells described in the revised Chukchi Sea Exploration Plan. The *Discoverer* is a true, self-contained anchored drillship. Station keeping is accomplished using the turret-moored, eight-point anchor system. The underwater fairleads prevent ice fouling of the anchor lines. Turret mooring allows orientation of vessel’s bow into the prevailing metocean conditions to present minimum hull exposure to drifting ice. The vessel is rotated around the turret by hydraulic jacks. Rotation can be augmented by the use of the bow and stern tunnel thrusters. Ice strengthened sponsons have been retrofitted to the ship’s hull. The *Discoverer* is classed by Det Norske Veritas (DNV) as a MODU for worldwide service. It is a “1A1 Ship-Shaped Drilling Unit I” and is capable of performing drilling operations offshore Alaska. The *Discoverer* has been issued with a DNV Appendix to Class stating:

“the structural strength and material quality of the ‘Ice Belt’ formed by the sponsons below the 8950mm A/B level, have been reviewed against the requirements for the DNV ICE-05 Additional Class Notation and found to meet those requirements (as contained in DNV Rules for Classification of Ships, Pt 5 Ch. 1, July 2006) for a design temperature of -15 degrees C.”

The *Polar Pioneer* is classes by DNV as MODU for worldwide service. It is a non-self-propelled, “SPM thruster assisted” semisubmersible offshore drilling unit of twin-hull configuration. The rig is a “+A1 Column Stabilized Unit” and is capable of performing drilling operations offshore Alaska.

Positioning is accomplished with a combination of an eight-point all chain catenary mooring system and dynamic positioning system.

The *Polar Pioneer* was built in 1985, with unlimited operation area, in accordance with the “Norwegian Maritime Directorate” and to “Det Norske Veritas regulations” current at that time. While operating in Norwegian waters, the installation, with its inventory, equipment, crew and machinery is required to comply with current rules and regulations for operation on the Continental Shelf of Norway.

The *Discoverer* and the *Polar Pioneer* will comply with the requirements of 30 CFR Part 250.417, the IMO, the USCG and DNV. All exploration drilling operations will be conducted under the provisions of 30 CFR Part 250 Subpart D, API RP 53, 65 Part 2 and 75 and other applicable regulations and notices including those regarding the avoidance of potential drilling hazards, safety and pollution control.

2. Planned Critical Operations

Planned critical operations are those operations that are designed to occur during the exploration drilling program in the Chukchi Sea. Planned critical operations include, but are not limited to:

- Drilling into a zone capable of flowing oil and/or gas
- Conducting certain operations in a well where zones capable of flowing oil and/or gas are exposed or are anticipated of becoming exposed such as:
 - Coring (whole or sidewall cores)
 - Pulling out of the hole with the drill string
 - Wireline logging in the open hole
 - Running casing, circulating and cementing
 - Continuing to drill after a well-related event (e.g., a kick)

Not all of these planned critical operations will necessarily be conducted or encountered on each well during the exploration drilling program. Data collection and testing requirements will vary from well to well depending on previous results from offsets and the defined exploration objectives for the new well.

3. Unplanned Critical Operations

Certain operations are not planned in the normal course of drilling exploration wells, but they could be undertaken should situations arise in which they are required. If these unplanned operations are deemed to increase the risk of harm to people, assets or the environment they may be curtailed depending on the level of risk involved. Such operations could include:

- Fishing for lost items in the well
- Cutting and pulling casing/ milling casing window
- Open hole sidetracking
- Drilling into a lost circulation zone
- Perforating
- Remedial well work
- Conducting well control operations (e.g., circulating a kick out of the hole)

4. Other Potentially Critical Operations

These are operations that could be considered critical depending on the well status and conditions at the time:

- Moving back over a well after an emergency evacuation
- Re-entering a suspended or temporarily abandoned (TA) well
- Anchor line tensioning
- Accidental or unintentional riser disconnect
- Oil or fuel spill
- Heavy load lifting and handling during re-supply activities
- Refueling
- Shipboard fire

Should these conditions be encountered, severity and potential impact will be evaluated on a case-by-case basis and operations may be curtailed while dealing with them using safe methods and procedures. Again, good judgment is the key for dealing with such situations.

5. Circumstance/Conditions Requiring Curtailment

Several situations arise under which critical operations may be terminated, limited, or not commenced. These are listed and discussed briefly below:

5.1 Severe Weather

Wind and sea states can affect vessel motion (e.g., pitch, roll, and heave) beyond safe operating limits and/or create conditions that make certain operations unsafe. Wind and currents can also result in ice movement that creates an unsafe condition for the vessel.

Conditions for curtailment activities will depend on the performance of the drilling unit in the open water of the Chukchi Sea. The drilling unit behavior will be thoroughly analyzed upon mooring on the first drill site location, and it will be re-evaluated as needed during drilling operations. Thresholds will be established for weather and sea conditions that will control:

- Equipment preparation to curtail operations
- Decision to cease drilling
- Hanging off drill string or otherwise suspending the well
- Disconnecting riser
- Moving the drilling unit off the drill site

5.2 Sea Ice

Ice conditions that impact vessel station-keeping limitations (e.g., maximum horizontal displacement off well center) or endanger the vessel hull, will lead to curtailment of critical operations. Ice Alert Level details outlined in the DIMP identify timelines as well as roles and responsibilities for action before the arrival of hazardous ice and are reviewed and evaluated daily in order to determine allowable operations. If there is insufficient time to complete a critical operation, or if a routine operation becomes critical before the arrival of the ice hazard, curtailment will be required.

5.3 Sea Spray

Freezing precipitation or sea spray on the vessel can quickly affect the Vertical Center of Gravity and possibly destabilize the drilling unit. Wind exacerbates the situation by increasing ice accumulations on the windward side of the drilling unit. Such ice loading could lead to curtailment of critical operations. The prediction of ice loading under adverse conditions is required to determine whether certain operations can begin or continue before this hazard becomes acute. Information for developing ice loading predictions is provided through the consideration of actual on-site conditions in conjunction with forecasted weather advisory information from the Shell Ice and Weather Advisory Center (SIWAC) in Anchorage. The prediction of ice loading is the responsibility of the Drilling Unit Master/OIM with input provided by the drilling units Ice Advisor.

5.4 Unavailability of Materials, Personnel, and / or Equipment

Curtailment of critical operations may result from any of the following developments, or combinations thereof:

- Limited availability and/or capability of critical oil containment and cleanup equipment
- Significant increase in oil spill control system response time
- A lack of trained personnel or equipment for conducting a particular critical operation
- Insufficient supply of drilling mud materials at the drill site for emergency well control purposes
- Transportation for personnel, supplies and oil spill containment and cleanup equipment not readily available
- Well control equipment, marine safety systems, fire detection, firefighting or any other health, safety, security and environment (HSSE) critical systems that become inoperable or do not meet minimum standards
- Loss of ice management vessel(s)
- The absence of critical information and/or communications (e.g., ice data, weather forecasts, logistics)

The curtailment of critical operations due to the unavailability of materials, personnel or equipment is the responsibility of the Shell Drilling Supervisor. The decision to curtail activities

as a result of diverting ice management resources away from the drilling unit shall be made jointly by the Shell Drilling Supervisor and the Drilling Unit Master/OIM. The onshore Shell Wells Operations Team Leader (in consultation with the drilling contractor's Rig Manager) will endorse the plan or set priorities if agreement cannot be reached at the field level. The plan will be communicated with the Arctic venture to ensure SIMOPS involvement as required.

5.5 Well Control

Critical operations, other than efforts to restore primary well control, will not be undertaken during a well control event (e.g., drilling will cease pending circulation of a kick out of the hole and adjusting mud density to prevent further kicks from entering the wellbore). The curtailment of critical operations due to a well control event is the responsibility of the Shell Drilling Supervisor.

6. Time Requirements

The DIMP describes the color-coded alert levels associated with forecasting the arrival of a hazard (described below as Hazard Time [HT]). The DIMP likewise describes how those time forecasts are used for deciding when to curtail or cease critical operations and it identifies various well securement methods as well as the applicable roles and responsibilities of key personnel involved. The definitions below describe the time elements used in the DIMP alert level chart.

6.1 Secure Time

Secure Time (ST) is defined as the time in hours required for rig crews to cease critical operations and to secure and temporarily abandon the well in a way that prevents leakage of hydrocarbons, regardless of how long the well will be suspended. It also includes the time it requires to disconnect the Lower Marine Riser Package (LMRP) from the Blowout Preventer (BOP) and to secure the riser and LMRP on deck.

ST varies and depends on the type of operation in progress at the time operations are suspended. For example, if the well is drilling in a zone capable of producing hydrocarbons, the time required to pull out of the hole with the drill string must be considered the maximum pipe speed to avoid swabbing a kick into the wellbore. It is also impacted by the method selected for suspending the well. If plugs are to be set, either mechanical or spotted cement slurries, ST will be greater than if, for example, a casing string has just been cemented and not drilled out. In the latter case additional plugging may not be necessary and the drill string might simply be pulled to the surface or suspended in the wellhead and blind/shear rams subsequently closed.

As noted earlier, various methods for suspending the well are outlined in the DIMP. Detailed procedures for suspending the well will be available on the drillship while drilling. Regardless of which technique is selected, estimates of the time required to suspend the well are experienced-based and must be conservative to allow for unforeseen circumstances. The Shell Drilling Supervisor, with input from the Shell Wells Operations Team Leader and the Shell Wells Engineer will advise the drilling contractor's Rig Superintendent of the well suspension plan to be used. The drilling contractor's Drilling Superintendent is responsible for estimating the

resulting ST and for conveying his determinations to the Drilling Unit Master/OIM, the Shell Drilling Supervisor and the rest of the Unit Management Team (VMT).

6.2 Move-off Time

Move-off Time (MT) commences once the drilling riser and LMRP have been retrieved and secured, it is also defined as the time in hours required to safely store remaining items aboard the drilling unit, recover moorings, and prepare the drilling unit to evacuate the site.

MT, like ST, varies considerably depending on a number of circumstances including sea state, weather conditions, the type of hazard involved, and the method selected for mooring recovery. Horizontal displacement of the rig from the wellbore centerline may complicate release of the LMRP. Inadequate time available for recovering anchors using conventional means may require activation of Rig Anchor Releases (RARs) or allowing anchor wires to spool off winches. These methods are also identified in “Mooring System Recovery / Release”, Section VIII of the DIMP.

The Drilling Unit Master/OIM is responsible for estimating MT. Like the ST estimate, MT will be conservatively designed to allow for uncertainties.

6.3 Total Time

Total Time (T-Time) is the sum of ST and MT, and it is defined as the time required, in hours, to cease operations, secure the well and be ready to move off the drill site.

6.4 Hazard Time

Hazard Time (HT) is the time in hours remaining before the arrival of the hazard, regardless of type, at the drill site. The DIMP outlines how the arrival of ice hazards in particular are predicted, based on observations of ice features by Ice Advisors and Specialists on support vessels and on the drilling unit, combined with ice and weather predictions provided by the SIWAC.

Other hazards (e.g. severe weather and sea spray) are predicted using a variety of sources including, but not limited to, Ice Advisors and the SIWAC as well as the on-site routine observations of the Protected Species Observers (PSO) who also report on environmental conditions as they regard sea state, weather and spray ice conditions aboard and in proximity to the drilling unit. The potential for an earlier-than-forecasted arrival of a given hazard at the well site should be anticipated. Observation and reporting frequency from all sources must increase as HT decreases to ensure that appropriate measures are being employed to protect people, assets, and the environment.

7. Curtailment Decision Process

The decision process and the roles and responsibilities for dealing with ice hazards are addressed in the DIMP. The decision processes and specific procedures for dealing with emergencies in general are in the drilling unit operations manual kept on the drilling unit or reference. In every case, the Bureau of Safety and Environmental Enforcement (BSEE) will be included in the process and will be kept informed of all operations, alerts, and decisions through verbal communications and written reports.

7.1 Key Personnel

The following on-site personnel have significant roles in determining when and how curtailment of critical operations will be undertaken:

- Drilling Unit Master/(OIM)
- Shell Drilling Supervisor
- Rig contractor's Drilling Superintendent
- Rig Chief Engineer/Barge Captain
- Ice Advisors

Together, the key personnel identified above make up the Vessel Management Team (VMT).

The decision to curtail critical well operations in the face of approaching hazards rests with the Shell Drilling Supervisor with inputs from the VMT, Shell Wells Engineers, Shell Wells Operations Team Leader and the Shell Well Operations Manager. The Shell Drilling Supervisor will be aided in this decision by the Master/OIM of the drilling unit.

The decision to depart the well site for safety reasons rests with the Master/OIM who will be informed by the VMT in regards to well status and threats of severe weather or Hazardous Ice. Nothing in this document takes away the authority and accountability of the Master/OIM.

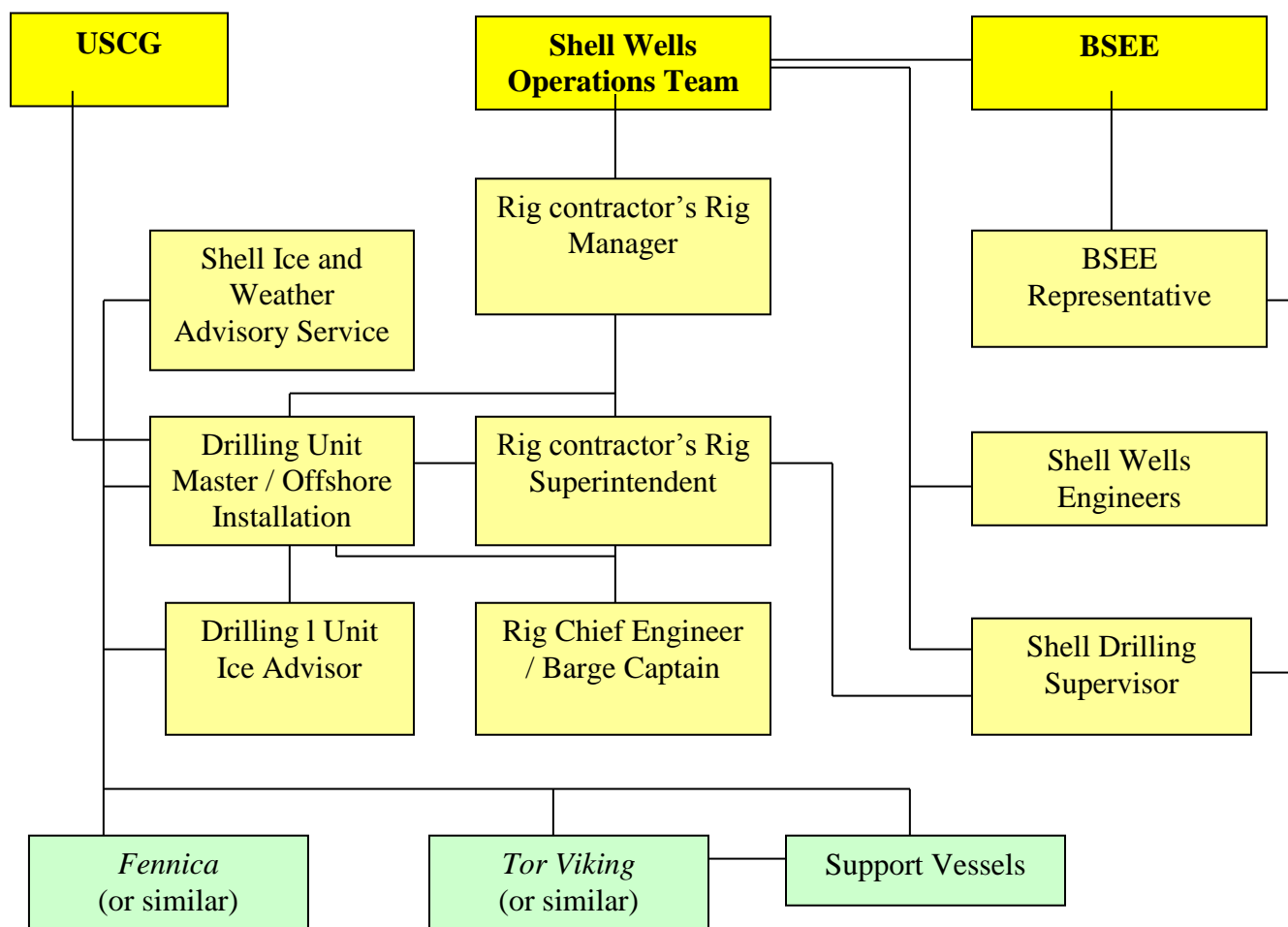
7.2 Curtailment Decision Protocol

The curtailment decision protocol is described below, and covers steps to be taken from the time a hazard is recognized until ultimately, the drilling unit is ready to depart location should the situation require.

- If the well needs to be suspended, a suspension procedure will be selected by the Shell Senior Drilling Supervisor and the Shell Wells Engineer and approved by the Shell Wells Operations Team Leader.
- Upon identifying that a hazard exists which may require curtailment, the Drilling Unit Master will notify the Shell Drilling Supervisor. The Shell Senior Drilling Supervisor, with the concurrence of the Shell Wells Operations Team Leader and Shell Wells Engineer, will determine what operations will be curtailed based on hazard type, severity and projected arrival time. This decision will incorporate input from the VMT and will have the concurrence of the Drilling Unit Master/OIM.
- The Shell Senior Drilling Supervisor will advise the rig contractor's Drilling Superintendent of the suspension procedure chosen, and the rig contractor's Drilling Superintendent will estimate ST. The ST calculation will then be distributed to the Shell Senior Drilling Supervisor and the VMT as well as applicable shore support parties.
- The move-off procedure and estimated time required will be determined by the Drilling Unit Master/OIM. An estimate of MT will be provided to the Shell Senior Drilling Supervisor and the rest of the VMT as well as applicable shore support parties.
- The Shell Wells Operations Team Leader will submit the proposed suspension plan and ST details to the BSEE Regional Supervisor, Field Operations (RS/FO) for approval
- When the alert level described in the DIMP reaches yellow status, well suspension procedures will be performed and the drilling unit made ready to move off location as conditions require. The Drilling Unit Master/OIM will ultimately make the decision to move the unit to a safe location until the hazard has passed.
- The decision to execute an emergency well suspension due to an unanticipated acute hazard (e.g., well control incident, shipboard fire) and the procedure selected to do so will be made by the Shell Senior Drilling Supervisor (e.g., drop drill string, cut the drill pipe). Once the well is suspended, the Drilling Unit Master/OIM will make the drilling unit ready to move if necessary. The Shell Well Operations Manager, the Shell Wells Operations Team Leader and the BSEE RS/FO will be notified as soon as practicable after the drilling unit has been made safe.
- The Shell Wells Operations Team Leader with the concurrence of the Shell Senior Drilling Supervisor and the Drilling Unit Master/OIM will make the decision to move back onto the well and resume operations when it is safe to do so.

8. Organization and Reporting Chart

Notification of the decision for curtailments to Shell, USCG and BSEE agency representatives will be made as soon as practical, but in a manner that does not interfere with the safety of the crew, environment, or unit. All operations curtailment decisions will be documented on the Shell Daily Operations Report and conveyed to the on-site BSEE representative as they develop. Operations curtailment decisions will also be formally conveyed to BSEE on a weekly basis via the Well Activity Report and at the end of the well operations as part of the End of Operations Report. The following chart illustrates the lines of communication in the field and from the field to the shorebase.



9. Training

All personnel will be made aware of their roles and responsibilities described within this COCP and the DIMP through a training program to be taught before the drilling unit is on site. All persons with a key position in the COCP will be provided a copy of this document, and training will be provided by Shell prior to deployment. This training will include a table-top exercise that will be carried out prior to initiating operations in the Chukchi Sea.

Anticipated participants will be:

- Shell and drilling unit leadership (Drilling, Logistics and Marine Operations staff)
- Oil Spill Response representative
- Ice Information Center representatives
- BSEE
- Ice Advisors, Ice Observers and Ice Pilots
- Anchor Handlers

If necessary, this document will be updated and reissued, incorporating the lessons learned from the table-top exercise.

Reference Documents:

- CFR 30 Part 250.417(e)
- Shell Gulf of Mexico Inc. DIMP (Chukchi Sea)