

Chief Safety Officer Decision (Regulatory Exemption)

Date: 04 June 2015

C-NLOPB Reference: 2015-RQ-0118

Applicant: Seadrill Canada Ltd.

Applicant Reference: WH-DP-31

Installation Name: West Hercules

Authority: *Canada-Newfoundland Atlantic Accord Implementation Act, subsection 151(1)*

Canada-Newfoundland and Labrador Atlantic Accord Implementation Newfoundland and Labrador Act, subsection 146(1)

Regulation: *Paragraph 25(b) of the Newfoundland Offshore Petroleum Drilling and Production Regulations*

Decision:

The Chief Safety Officer concurs with the Applicant's, the owner of the West Hercules, proposal for a temporary exemption from paragraph 25(b) of the *Newfoundland Offshore Petroleum Drilling and Production Regulations* five-year comprehensive inspection requirement for four of the West Hercules thrusters (#3, #4, #6 and #8) with the following conditions:

1. By 30 June 2015, an inspection of the critical elements of each thruster will be performed by the Original Equipment Manufacturer (OEM) in accordance with the Scope of Work (SOW) provided. This will include, but is not limited to:
 - Internal inspection of critical elements of each thruster by endoscopic inspection
 - Additional vibration measurements of each thruster through the full range of operating capacities

The Operator shall provide bi-weekly progress status reports until the completion of the inspection of all thrusters.

2. The OEM inspection reports shall be provided to the C-NLOPB for review. Any findings or recommendations from the OEM will be implemented by the Applicant without delay, inclusive of thruster replacement if necessary.
3. The following operational and environmental mitigating measures will remain in place until thrusters #3, # 4, #6 and #8 have had comprehensive inspections completed to the satisfaction of the OEM:
 - a. Wind Speed:
 - 1) Green status reduced from <20 m/s to <15 m/s
 - 2) Advisory Status reduced from >20 m/s to > 15 m/s
 - 3) Yellow Status reduced from >28 m/s to > 25 m/s
 - b. Significant Wave Height:
 - 1) Green status reduced from 0.0–5.0 m to 0.0–4.0 m
 - 2) Advisory Status reduced from 5.0–9.0 m to 4.0–7.5 m
 - 3) Yellow Status reduced from 9.0 m to 7.5 m
 - c. The Dynamic Positioning Footprint (the allowable rig offset) reduced by 10% for the green, advisory and yellow status.
 - d. In addition to the above, a factor of 25% must be added to the “T-time” calculation, thus requiring any operations onboard the rig to be suspended early in advance of pending weather.
 - e. Until the required inspection is completed, the four thrusters in question will be placed in standby mode and only used on an as required basis.
4. Following completion of the above inspection referred to in condition 1 above, the Applicant will continue to follow the CA-approved PM system, inclusive of the Karsten Moholt Condition-Based Monitoring (CBM) program. The CBM reports shall be provided to the C-NLOPB and any findings or recommendations from the CBM will be implemented (inclusive of thruster replacement if necessary).
5. Notwithstanding any of the foregoing, all thrusters shall be replaced / overhauled no later than the next five-year Special Periodic Survey (SPS) scheduled to begin in July 2017 in accordance with OEM guidance for thruster replacement intervals.



Chief Safety Officer