

GULF OF MEXICO: WRECK REMOVAL – A SALVOR'S PERSPECTIVE:



Douglas Martin: General Manager,
Smit Salvage Americas, Inc
E-mail: d.martin@smitamericas.com

Hurricane Katrina devastated New Orleans and wreaked havoc across a large section of the Offshore Oil Patch on and prior to Monday August 29, 2005. The local SMIT SALVAGE office and warehouse is located in Houston, Texas. That Monday, Houston experienced a typical hot summer day as the Louisiana coast was being dealt a catastrophic blow. The first marine casualty calls received were on Tuesday, the day after the storm made landfall. Soon after, as the world was dealing with the news, the Smit office became very busy working with bluewater parties from Japan, Greece and Italy, and offshore interests from the US. Emergency response contracts were awarded and dealt with first and then a very exciting period of complicated wreck removal work ensued.

Wreck removal in the United States Gulf of Mexico (USGOM) can be an overwhelming process for those responsible. A significant and unique consideration is the incredibly high number of stakeholders due to the extensive oil and gas network, subsea infrastructure, potential third-party damages, and regulating bodies and their interwoven roles.

The USGOM entire outer continental shelf is divided into blocks that are leased to various parties for a relatively long term from the US government for oil and gas exploration. The government agency overseeing the leased block is the Minerals Management Service (now Bureau of Ocean Energy Management, Regulation and Enforcement). Lease block holders are required to return the lease block in the same condition that it is received in (i.e. bottom clear and wreck-free). The lease holder can be a significant stakeholder during a wreck removal case especially if the lease has been developed. An interesting situation exists when wreck removals occur outside territorial waters. Voluntary wreck removal is not typically insured. What is voluntary, what is mandatory, and who is legally responsible and recognised to issue the wreck removal order? Frequently, on the outer continental shelf beyond territorial waters, it is the leaseholder who demands the wreck removal. Often, marine offshore drilling units carry typical P&I insurance cover during sea transits, which clearly covers wreck removal when required by law or when the wreck is a hazard, but when on site working, the insurances change to a blend of energy sector and marine coverage which may be less clear cut. Common sense has prevailed in all of the cases that we have been involved with; however, the complexities from time to time have had to be considered. In one case we are familiar with, the excess liability coverage was called upon, which it has since been suggested was like fitting a round peg in a square hole: force it hard enough and you will make it fit.

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Parties with right-of-way passage through leases, such as pipeline companies, are another example of a significant stakeholder. We have first-hand experience of a number of scenarios in which pipelines suffered from wrecks landing on them, resulting in undamaged, damaged or completely severed pipelines. In one of the more challenging situations, we faced a wreck that sank and was sitting on top of nine pipelines where the 'Big Daddy' of all was from an otherwise innocent party. The 'Big Daddy' was a 24-inch gas pipeline that reportedly transported gas worth \$1bn per month. Eight of the nine pipelines were shut in relatively without fanfare, but the 'Big Daddy' was pressure-tested and restarted days after the sinking with the wreck still on top of it! Co-ordinating this operation and removing the wreck section as planned was a particularly rewarding experience operationally for the salvage team and financially for all stakeholders.

From time to time, sea experiences occur that differentiate themselves from those in our portfolios. Last year, we were called to an emergency response case for a tanker laden with 160,000 mt of crude oil that experienced an immediate and significant list while approaching an offshore lightering area. The casualty was about 70 miles off the coast of Galveston and experienced water ingress into a number of port-side double hull tanks, posing a huge environmental threat. Once on site, we stabilised, lightered, inspected the casualty by remotely operated vehicle (ROV) and investigated the site where a subsea collision was suspected. Much to our surprise, we found a capsized sunken rig that had been missing since Hurricane Ike. The rig was nearly 100 miles from where it was lost and far from where an exhaustive search for it had been conducted. The precarious lurking of this wreck just below the surface, in a designated offshore tanker lightering area, was incredible.

This summer, we are engaged in the wreck removal of this rig, which upon completion will close another wreck removal chapter in the USGOM. Finding this one will be a sea story that will withstand the test of time.