



# **UNDERWRITING CONTROL OF WELL FROM AN ENGINEERING PERSPECTIVE**

# Blowout

# If I were an underwriter



- As an Underwriter what information do I get at the time I write a Control of Well Risk?
- 1. Area of operation.
- 2. Depth of well.
- 3. Approved Financial Expenditure (AFE).
- 4. Assured's loss record.
- 5. Contractors names.

# Risk Held Covered?



- Sufficient information?
- Reliance on “Due Diligence” clause.
- Legal successes of “Due Diligence” court cases.

# Risk Held Covered? (cont)



- Lloyds JRC 2009/002. Surveyors “Code of Practice”.
- If the risk is much greater than what?
- Warranted  
“All Recommendations complied with”
- Breach of Warranty.

# The Answer?



- Satisfactory drilling programme review?
- Before the risk is written?
- Assured to submit?
- Who should retain the surveyor?

# A Thorny Question



- Recently held at Lloyds.
- Who requires the report?
- If it is the Assured?
- Clearly an Underwriting appointment?

# The Drilling Programme Review



- Underwriter's protection from a "Drilling Programme review"?
- Establish professional conduct.
- Establish Assured's Senior drilling personnel are certificated.
- Is it an unreasonable Underwriter's request?



# The Drilling Programme Review (cont)



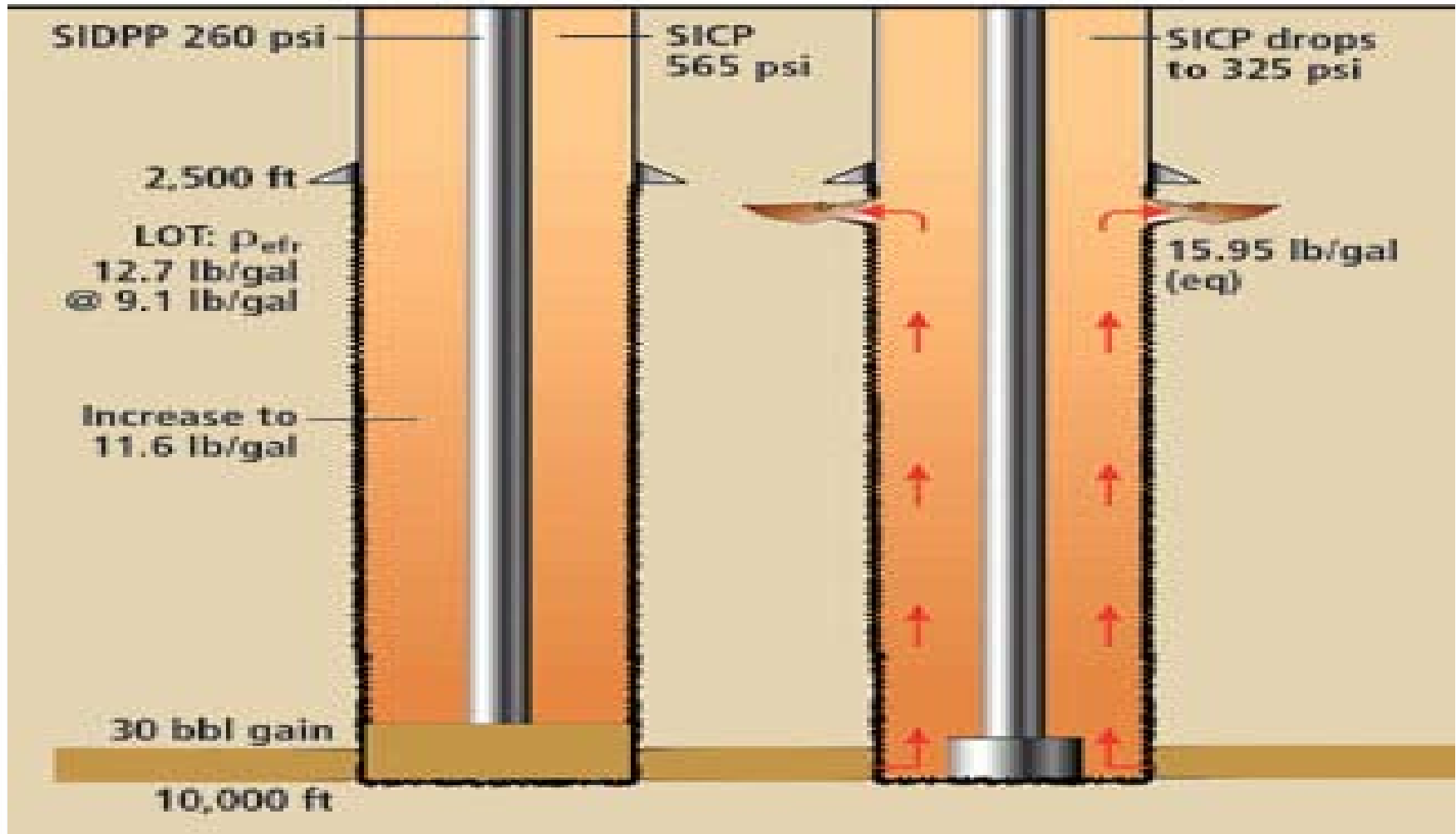
- ALARP – As Low As Reasonably Practicable.
- Why insure?
- What can go wrong?

# The Drilling Programme Review (cont)



- Underground Blowout
- How caused?

# Illustration of Underground Blow-Out



- Establishing the cause of an Underground Blowout.
- How do Underwriter's protect themselves?
- Include technical requirements into policy wording.

# Finally Rating

- Established on Lloyds EED 8/86 guidelines.
- Low and High AFE's.
- Applying an AFE multiplier.

# Finally Rating (cont'd)



- Area of operation.
- Depth of Well.
- AFE – What does it contain?
- Loss records of Assured and Contractors.
- Drilling Programmes.

# Conclusions



- Better Underwriter's protection.
- Incorporate some technical wording into policies.
- Recognise where the real fortuity lies.

# Conclusions



- Establish the legal position of the surveyor.
- Recognise that drilling crew competence cannot be ascertained within the scope of a drilling programme review.
- For further information please contact:
  - David Noble-Smith: [davidnoblesmith@nsurv.com](mailto:davidnoblesmith@nsurv.com)
  - Thane Pitt Roche: [thanepittroche@nsurv.com](mailto:thanepittroche@nsurv.com)