



FPSO: PLATFORM OR VESSEL

The challenge of producing and storing hydrocarbon after drilling is completed in the deep waters of the Outer Continental Shelf in the Gulf of Mexico has been addressed with the emergence of Floating Production Storage and Offloading ("FPSO"), Floating Storage and Offloading ("FSO"), and Floating Storage Units ("FSU"). In September 2012, the Houston Marine Insurance Seminar reported on the risks associated with these floating engineering systems anchored to the sea floor. Currently there are 8 deployed in North America and 200 worldwide. The BW Pioneer is the largest FPSO operation in the Gulf of Mexico. The first FSO was used in the Gulf of Mexico in 1998 under contract to PEMEX. In 2011 Royal Dutch Shell announced the planned development of a floating LNG FPSO. These structures are becoming prevalent as remote site drilling increases.

Originally, in 1977, the FPSO was a converted super tanker that was not more or less permanently attached to the ocean's floor and helped to produce and store hydrocarbons from multiple wells where pipeline transport was not practical. Presently, many FPSOs are more or less permanently moored but can be disconnected from a submerged well head in adverse weather. Some FPSOs are positioned and anchored in other manners so that they can be easily moved and redeployed to other developing fields.

In *Mendez v. Anadarko*, 2012 U.S. App. Lexis 6405 (5th Cir. 2012), a worker was injured on a SPAR, a floating production platform, using a mooring system which anchored it to the bottom of the Gulf of Mexico. The Fifth Circuit held that it was not a vessel in navigation under 1 USC 3 or as defined in *Stewart v. Dutra Const. Co.*, 543 US. 481 (2005). The Fifth Circuit focused on whether the structure was designed primarily to serve as a platform; whether it was more or less permanently secured; and whether its transportation function went beyond theoretical mobility and incidental movement as set forth in *Fields v. Pool Offshore*, 182 F.3d 353 (5th Cir. 1999). This fall the U.S. Supreme Court will consider these factors in the context of a floating, but moored, casino in *Lozman v. City of Riviera* Doc. 11-626 (U.S. S. Ct. 2012).

—[Grady S. Hurley](#)



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Remember that these legal principles may change and vary widely in their application to specific factual circumstances. You should consult with counsel about your individual circumstances. For further information regarding these issues, contact:

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