

EU Safety Directive

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The Standard 

EU's Offshore Safety Directive

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the voice of the offshore industry

Offshore Safety Directive: current status

- Directive came into force in July this year and will have to be implemented by 19th July 2015
- Well operations, incl. MoDUs, non-production and planned production installations have only 12 months to comply (i.e. by July '16 = not long!)
- Existing production installations: transitional arrangements: ≤36 months to comply (July '18)
- In UK, HSE and DECC are responsible, with support from others (DfT, MCA etc)

Emerging concerns and uncertainties

- Merging the new requirements with the UK's well established (goal setting) safety regime:
 - gap analysis being undertaken
 - Safety Case Regs will have to be re-enacted to accommodate environmental requirements
 - legal basis for Environmental Critical Elements??
- What is a Corporate Major Accident Plan?
(Safety Cases focus on installations, not companies)
- How to meet requirements for the Competent Authority? – must be separate from licensing

Emerging concerns etc, cont'd.

- International reporting – affects EU-based companies (Shell, Total, BP, ENI etc)
- Well examination requirements: where should these sit within the revised Regulations?
- Transitional arrangements for existing production installations: when should they comply? – “no later than 19th July '18”
- How will Implementing Acts work? (re Annex IX)
- Data: should be consistent and proportionate; should avoid overlaps with other Dirs/Regs.

Financial Liabilities

- Broad provisions under Art. 4 of the Directive
- “Civil Liability and Financial Security for Offshore Oil and Gas Activities” (final report by Maastricht University) – proposes mandatory financial coverage for offshore risks:
 - damage up to €250 mln = OPOL
 - damage from €250-750 mln = insurance/pooling
 - damage above €750 mln = self insurance/captives (for majors), partial re-insurance, retrospective pooling, ... ??

Financial Liabilities, cont'd.

- In UK, DECC requires assurance that operators and their co-venturers have the financial resources for their work programme and to control, respond to and compensate for any unintended and uncontrolled releases of o&g
- “Guidelines to assist licensees in demonstrating Financial Responsibility to DECC for ... E&A Wells in the UKCS” – Oil & Gas UK, Nov. '12 – ref also DECC's own Guidance Note on this subject

Closing thoughts ...

- Directive is much better than a Regulation (a Directive can be combined with existing law)
- However, combining H&S with Env does complicate matters (versus existing law)
- “Implementing Acts”: a possible means of regulation by the Commission?
- Existing prod'n installations = uncertainty!
- Financial liabilities: probably manageable, but still work in progress

Conclusions



- It's better than it might have been
- But, there are various uncertainties, especially re compliance by existing production installations
- Financial liabilities: largely untested
- And there's a lot of work to be done in a short time, when everyone is very busy

Thank you.