

# Implications of Deepwater Horizon - where next for offshore safety?

**WIG Event – Forest Pines 10 March 2011**

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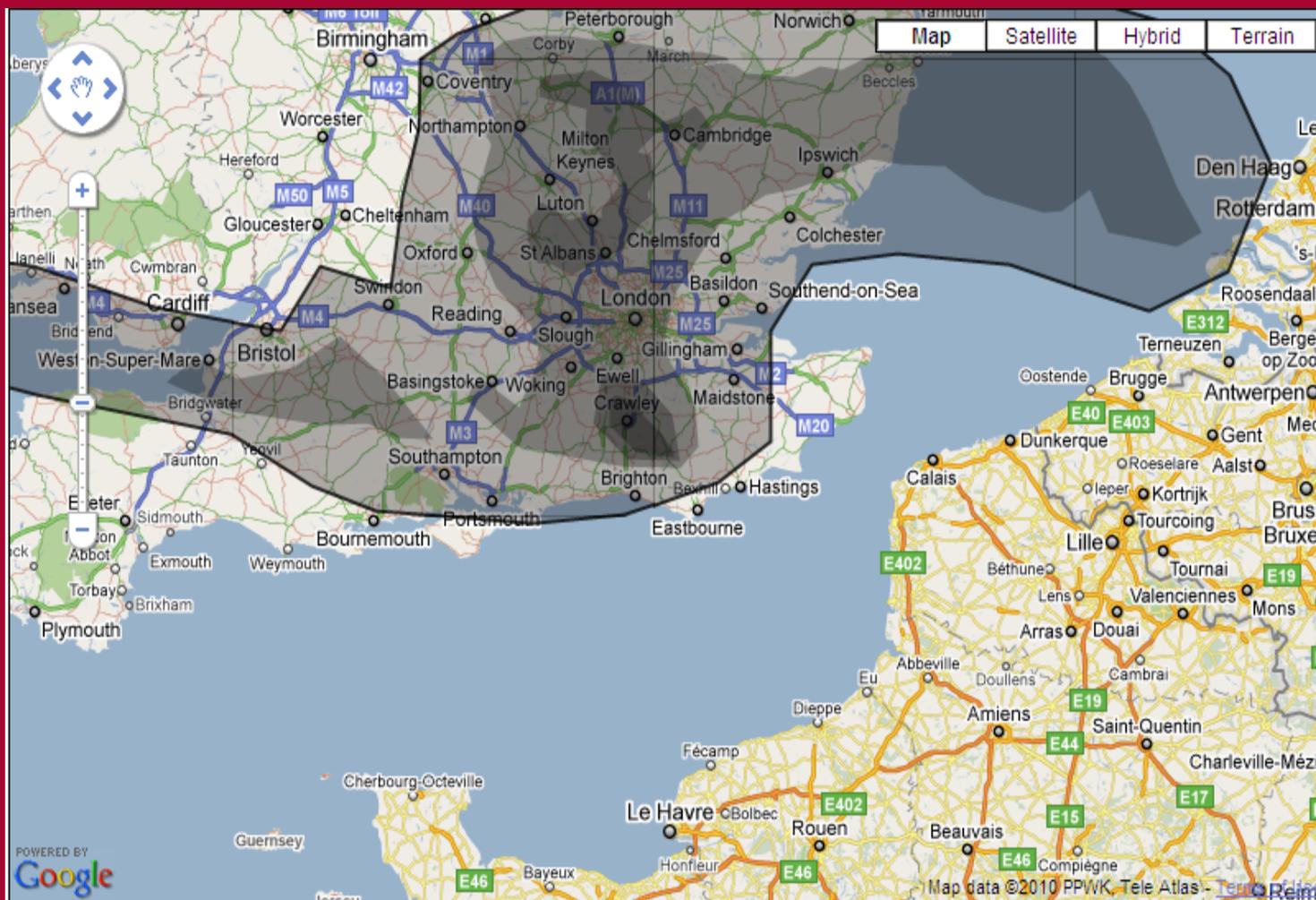
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# Impact of Deepwater Horizon/Macondo

- Summarise what's happened so far
- Key differences between North Sea and GoM
- Describe the wide “political” environment, and who is involved
- What can we expect in the future?
- What can you do?

# Deepwater Horizon Incident Gulf of Mexico 22 April 2010





# Initial response from HSE

- Quick review of safety regulatory regime
- Multiple layers of regulatory protection
  - Established Safety Case regime for MODUs
  - Wells notification to HSE
  - Independent wells examiner
  - Independent verification of safety critical elements (e.g. BOPs)
  - Duty Holder focused intervention by HSE wells specialists and other offshore HSE inspectors
  - Weekly drilling operations reports to HSE
  - Mature, goal setting safety regime
- Safety culture/work force involvement in North Sea

## Initial response from HSE, continued

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- Conclusion = Robust
- Decision for no “knee jerk” reaction
- BUT, sensible reinforcement of our rigorous approach done:
  - Checks that existing systems were working (we were doing what we said we were doing!)
  - Increased level of peer review of well design assessments and auditing of Safety Case acceptance for MODUs
  - Basic well control assessment introduced for all MODU offshore inspections

# Initial response on environmental issues - DECC

- HSE (safety integrity) v DECC (environmental protection/response)
- DECC review of environmental and pollution response regulatory regime
- Doubling number of MODU environmental inspections by DECC inspectors (requiring additional resources)
- Increase in HSE/DECC joint inspections of MODUs
- All E&A wells and in particular deepwater wells (>300 metres) are being reviewed and consented on a case by case basis taking into account the above factors
- DECC Ministerial activity
- HSE/DECC commitment to review offshore regulatory systems once clear lessons emerge from GoM

# Initial response - Industry

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- Key area was the quick creation of OSPRAG, the Oil Spill Prevention & Response Advisory Group. Has strong support from HSE and DECC:
  - Technical Review (containment and well control issues)
  - Oil Spill & Emergency Response
  - Insurance and Indemnities
  - European Issues
- Subsequently, spawned the Wells Life Cycle Practices Forum – more later

# The wider environment – media and public attention

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- First few days, interest in UK was relatively narrow
- Media attention quickly developed because of :
  - Focus on BP as a “British” company in USA
  - Waking up of public awareness of environmental oil spill issues
  - Public/press realisation of deep water drilling in UK West of Shetland
  - Growing sophistication of stories following FOI requests, Greenpeace activities etc
  - Appreciation of financial and economic aspects - > moved to the financial pages!

# “Politics”

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- Initially quiet on political front (new Government, Parliament in recess), but then:
  - Succession of Parliamentary Questions
  - Parliamentary Select Committee regarding deep water drilling in UK – reported January 2011
  - House of Lords debate planned

# European Commission

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- Deepwater Horizon initiated significant ramping up of European Commission interest in offshore matters
- Currently, there is an Extractive Industries Safety Directive, covering offshore safety
- Realisation of potential vulnerability from other parts of the Commission (Energy, Environment etc) – learning curves
- Green MEPs very concerned

# European Commission involvement

- Meetings between EC Energy Commissioner with industry representatives – very bullish
- Subsequent statement in European Parliament calling for
  - deep water moratorium
  - “control of controllers”
  - Regulation
- Meetings of offshore regulators, with key areas being
  - Relative comfort in North Sea regulation, but concern about Mediterranean
  - Liability issues
  - Adequacy of cross-Europe oil spill response
  - Transparency /openness issues
  - Emphasis (from UK and others) on need to base actions on evidence
- European Commission communication in October set out their views on way forward - no moratorium, but review of Directives by mid-2011

# Anyone else influencing?

- G20
  - G20 Global Marine Environment Protection Initiative, an Expert Group/forum to exchange best practise in “prevention, safety and response” for offshore exploration and development.
  - Been steered away from international legislation.
- OSPAR
- Other key countries (Norway, USA, Brazil etc), but hopefully influenced themselves by NSOAF (North Sea Offshore Authorities Forum) and IRF (International Regulators Forum)
- OGP – reports of OGP GIRG groups due Spring 2011
- Various investigations in USA
  - Presidential Commission report published January 2011
  - US Marine Board, Chemical Safety Board, Dept of Justice, etc all to come!

# What to expect in the future?

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- Things are now different!
  - Much more challenging environment, especially deep water
  - Spotlight on containment and response issues
    - OSPRAG containment system
    - UK National Contingency Plan and oil spill response exercises due shortly

# What to expect in the future - continued

- Standards/Procedures - real need to learn from Macondo
- Role of OSPRAG for UK
  - Wells Life Cycle Practises Forum – five sub-teams
    - BOP Issues
    - Relief Well Planning Requirements
    - Well Life Cycle Integrity Guidelines
    - Competency/Behaviours/human Factors
    - Well examination/verification
- Increasing international activity on Standards and “best practise” – e.g BOPs, cementing design etc?
- Still a lot more to come out of the USA investigations – watch this space!

# What to expect in the future continued

- Legislative changes
  - UK safety legislation = benchmark
  - Pressure from Europe
    - Financial liability
    - More sophisticated cross- Europe legislation
    - Continuing environmental pressures
    - Draft proposals from Commission emerging
- Regulatory changes
  - More transparency (via EU)
  - More consistency across national boundaries (via NSOAF & IRF) – hopefully not via the Commission
  - Recommendations from the Select Committee
  - Review of HSE/DECC system in 2011

....but what can you do?



- We must all learn the lessons from Macondo
- Multiple barriers breached
- “Most of the mistakes and oversights at Macondo can be traced back to a single overarching failure – a failure of management.”
- Change any feelings of invulnerability -> chronic unease