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Our response to Public Consultation on improving offshore safety in Europe.

Norges
Rederiforbund
Norwegian
Shipowners'
Association

Enclosed, please find the Norwegian Shipowners' Association response to the Public consultation on improving offshore safety in Europe.

Yours faithfully,
NORWEGIAN SHIPOWNERS' ASSOCIATION

Hanna Lee Behrens



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Norwegian Shipowners' Association (NSA) response to the Public consultation on improving offshore safety in Europe

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Introduction

The Norwegian Shipowners' Association (NSA) is a trade and employers association representing 160 Norwegian companies engaged in shipping and offshore activities. Of these companies, 20 companies own and operate altogether 47 mobile offshore units (MOU) designed and equipped for operation at the North Sea Continental Shelves and operable on a worldwide basis.

Our comments to the Public consultation on improving offshore safety in Europe refer to questions 4-15 of submitted documentation which we consider to be of particular relevance and interest to our MOU owners.

With regard to comments of particular interest to the shipping industry we support the comments from The European Community Shipowners' Association (ECSA).

For the purpose of clarification we start with some general comments on the different units engaged in offshore exploration and production of oil and gas.

Offshore fields are served by;

a) Fixed/permanent installations which produce oil or gas, and other permanent positioned units for different purposes (flare towers, accommodation units, pumping units etc) connected to main installation by gangways. These permanent installations are of different designs, they are made either by steel or concrete, may stand at the seafloor or float, and are specially designed to operate at the specific field for throughout their lifetime, appx 20-30 years.

b) Mobile offshore units (MOU) which move from field to field on short-time projects. They may be drilling units, they may do construction work, well maintenance work, produce oil/gas (limited/short-time) or act as flotels (accommodation units). There are



mainly three categories of MOU; ship-shaped (drillship and some FPSOs), semi-submersible (as Deepwater Horizon) or jack-ups (which are afloat during transit/towing, set legs at seabed during operation). They operate under flag and have maritime certificates according to IMO (SOLAS or MODU Code) which enable them to work worldwide. However, each shelf state may have add-on requirements which the owners of these units have to fulfill.

c) Offshore service vessels which are supply vessels, anchor handling vessels, construction barges, pipe-laying vessels etc. These vessels are not connected to the well itself at any time, and they operate in accordance with the international maritime regulations (IMO). Some shelf states practice additional national requirements with regard to manning, technical standard etc. As the operation of such vessels is not questioned in the Public Consultation, we have not discussed such vessels further in our document.

Prevention of accidents (Q. 4-5)

With almost 40 years of oil and gas activities the Norwegian offshore industry has gained extensive knowledge and experience in managing risk. The safety level is considered very high and considerable efforts are made at enterprise level to monitor and manage risk.

The North Sea is regulated by the shelf states, and is regarded as one of the most regulated shelves worldwide. This goes both with regards to safety of offshore workers and safety of units/installations and with regards to prevention of oil spill, spill of other hazardous compounds, and emissions to air and sea. In addition, part of the IMO MARPOL Convention regulates emissions to air and sea, independent of kind of installation/unit.

MOUs operate worldwide and they meet inhomogeneous regulations, requirements and expectations at the different continental shelves. The Norwegian Shipowners' Association is of the opinion that it would gain all stakeholders if a global international instrument is established with the aim to harmonize shelf state regulations for MOUs with regards to safety of workers and units/installations.

Risk based safety management system

The regulatory requirements for the Norwegian petroleum industry have developed from prescriptive to performance based regulations. The regulations are formulated mainly on functional requirements which specify the prudent HSE level that must be attained. The legal regime refers to industry standards or to other normative documents as recommended solutions and standards. These standards are both national and international standards.

It is a common view among the Norwegian offshore operators and MOU owners that performance based regulations, with use of industry norms and standards developed by international organizations, is the preferred way to secure a homogeneous and high safety level for units designed to move from country to country.



Emergency response

Emergency response measures in Norway for dealing with acute pollution incidents comprise three principal elements – private, local authority and central government preparedness. The oil companies organize their activities through the Norwegian Clean Seas Association for Operating Companies (NOFO). Its emergency depots of oil booms and collection equipment are allocated along the coast from Stavanger in the south to Hammerfest in the north.

Consequently, the Norwegian Shipowners` Association is of the opinion that the existing North Sea Agreements cover this matter in a sufficient way. These agreements and (successful) emergency response may serve as example for other regions.

Post Macondo Measures – upgrading and improving standards

As a consequence of the Macondo accident an extensive industrial project, in which both Norwegian operators, MOU owners and equipment suppliers take part, has already been launched. New measures are taken to evaluate current standards for the purpose of further improvement.

Verification of compliance and liability for damages (Q. 6-10)

Liability

The Norwegian liability regime has a clear placement of the responsibility for damages and a strong coordinated supervision from the authorities.

According to The Petroleum Act and the Pollution Control Act the operator (the licensee) is liable for pollution damages regardless of fault. The liability for pollution damage is unrestricted, being joint and several among the partners in a license. This legal system has been fully effective during many year of petroleum production on the Norwegian Continental and is based on the “polluter pays” principle.

The operator can take recourse action towards other liable parties such as an owner of a MOU. If such action is taken, Norwegian maritime law allows the MOU owner to limit his liability in accordance with the provisions in the Norwegian Maritime Code. This legal system has worked successfully for many years and every claim has been met.

With regard to the Environmental Liability Directive 2004/35 (ELD), NSA advice is not to extend the directive to all marine waters under the jurisdiction of EU (EEA) Member States. If any changes are proposed they must be accompanied by a thorough assessment of all consequences.

The issue of liability and compensation for oil pollution damages arising from offshore units is to be included in the agenda of the IMO Legal Committee for discussion and possible decision.



NSA is of the opinion that the existing legal framework and liability system in Norway has proven successful for treating compensation or remedial claims for damages caused by offshore installations.

Verification

NSA is satisfied with the Norwegian regime where the Petroleum Safety Authorities (PSA) is given overall regulatory authority for the petroleum activities. This authority covers technical and operational safety, working environment including emergency preparedness

The PSA HES regulations contain a large degree of functional requirements where standards and norms specify the regulations' level of prudence. PSA focuses on audits, verifications, investigations, consents, meetings with the industry, surveys and professional seminars, which collectively give PSA the basis for deciding whether companies are fulfilling their responsibility to operate acceptably in all phases of the industry. They do not carry out detailed verifications and they do not issue certificates, it is left to the operators to ensure that the regulations are fulfilled.

For Mobile Offshore Units (MOU) it is mandatory to possess a PSA Acknowledgement of Compliance (AoC) to conduct petroleum activities. The owner needs to document compliance and the maritime certificates are accepted as relevant documentation for the maritime equipment and systems. We consider AoC as a convenient and predictable tool.

The results of the annual release of trends study in risk level in the Norwegian petroleum activity shows that, even though improvements are needed, the Norwegian offshore risk level is acceptable.

The PSA is organized in discipline and supervisory sections, with the first of these comprising about 20 small and specialized areas grouped under six main headings. Further information may be found at their webpage www.ptil.no

NSA is of the opinion that it is important that a competent authority, independent from the maritime authorities, and with particular knowledge of offshore oil and gas exploration and production, supervises and verifies compliance.

Transparency, sharing of information and state-of-the-art-practices (Q.11-15)

NSA believes transparency and increased exchange of information and state-of-the-art practices between regulators is important.

We consider the North Sea Activities Activity to be transparent, but improvements are always possible. Accident statistics should be followed by overview of action taken to reduce accident in the future.

Information regarding Best Management Practices – efforts and actions taken which have shown to be effective with regard to improve the safety onboard - should be shared, not only the accidents.



A webpage on experience exchange where the different parties of the offshore industry could share information might give added value.

To promote state-of-the-art practices across the EU one might use IMO MEPC competence combined with the knowledge of the different countries pollution prevention associations as the Norwegian Clean Seas Association for Operating Companies.

NSA sees merits in EU initiatives for improvements with regard to increased exchange of information and best practices between regulators.

Norwegian Shipowners' Association