

**PUBLIC CONSULTATION**  
**Improving offshore safety, health and environment in Europe**

**Questions for the public**

Please use this response form for your replies. Thank you for respecting the maximum length for the replies as indicated after each question. This will ensure that your responses are taken into account in their entirety.

Please send the filled response form to the [ENER-CONSULT-OFFSHORE mailbox](#)

**Authorisations**

As described in the consultation document, the competent authorities of the EU Member States define the concrete regulatory requirements and conditions for starting, pursuing and terminating offshore activities within the broader boundaries of EU legislation. These authorities govern also the authorisations for offshore activities in a given area (both in terms of access to exploit a certain geographical area, and in terms of approval to perform concrete activities), regulatory requirements on ongoing activities and closing of operations.

1. Which changes, if any, would you recommend to the authorisation conditions for offshore prospection or exploration or production activities? Please specify which authorisations your recommendations concern (all authorisations, those in a specific country, those authorising only a certain stage(s) such as prospection, exploration or production etc) (Please limit your response to maximum 1000 words)
2. European law <sup>1</sup>foresees that the competent national authorities shall ensure that authorisations are granted on the basis of selection criteria which consider, among other things, the financial and technical capability of the companies wishing to carry out offshore oil or gas operations.
  - a) What key elements<sup>2</sup> should this technical capacity requirement include in your view?  
Please limit your response to maximum 500 words
  - b) Similarly, what key elements should the financial capability requirement include in your view? (Please limit your response to maximum 500 words)
3. How (such as through legislation or voluntary measures at international, EU or national levels or by industry) should the adoption of state-of-the-art authorisation practices be best achieved throughout the EU? Should neighbouring EU Member States be consulted on the award of authorisations? (Please limit your response to maximum 1000 words)

**Response Q1-3**

**Chevron recognises and fully supports the Commission's goal to promote high standards for offshore safety and environmental protection throughout all European countries. In the North Sea countries in which we operate in Europe, we work within a framework of robust regulation by knowledgeable technical experts representing the various national regulatory bodies. We**

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<sup>1</sup> Directive 94/22/EC of the European Parliament and of the Council of 30 May 1994 on the conditions for granting and using authorizations for the prospection, exploration and production of hydrocarbons

<sup>2</sup> Focus is only on the main elements of this capability as opposed to detailed requirements which vary according to the different geological, geophysical, technical and other circumstances of each individual case.

believe that the North Sea regulatory regimes set world class standards and we are fully supportive of the EU working with individual member states with less mature or developing regulatory regimes to bring standards up to this level. The North Sea Offshore Authorities Forum (NSOAF) is a best practice collaborative initiative which was formed in 1989 to deliver continuous improvement in health safety and the environmental performance in petroleum activities in the North Sea. This may prove a useful model for a Pan-European regulatory forum through which the EU could facilitate an exchange of knowledge, lessons learned and best practices. We believe that the focus should be placed on developing mechanisms to ensure that the national authorities have the technical, logistical and financial resources required to fulfil their functions as a more effective means of achieving the Commission's goals than additional regulation.

The regulatory regime in the UK is stringent and has resulted in world class standards, largely because of the changes brought about by the Cullen Report and by the subsequent twenty years of industry and government collaboration to bring about continuous improvement. In the UK we have strong and competent regulators; the Department for Energy and Climate Change (DECC) and the Offshore Safety Division of the Health & Safety Executive (HSE) preside over a robust regulatory regime borne out of the Cullen recommendations. This dynamic, goal setting safety regime has served us well for over twenty years of operations during which time nearly 7,000 wells have been successfully drilled in the UK continental shelf. The goal-setting nature of the regime places the onus on the operators to continually demonstrate to HSE that they are complying with their own operating procedures and commitments. In the UK, responsibility within Government for licensing is separate from that for safety. This is equally true in Norway, where we also operate, and where the Norwegian Petroleum Safety Authority presides over a safety regime recognised for its strength.

We believe that the North Sea national regulators with whom we work are highly competent, technically knowledgeable and professional and the regulatory framework is very robust. We would therefore recommend that the EU draw upon this knowledge, within the framework of a Pan-European regulatory forum, to assist other EU member states with less mature or developing oil and gas industries to help raise their regulatory standards.

#### **Prevention of accidents**

4. Please describe here any recommendations or changes (to the current regulatory framework or practices) - if any - that you consider important to improve the prevention of accidents affecting the health or safety of workers on offshore oil and gas installations in the EU: (Please limit your response to maximum 1000 words)
5. Please describe here any recommendations or changes (to the current regulatory framework or practices) – if any – that you consider important in order to better prevent damage to the natural environment from accidents on offshore oil and gas installations: (Please limit your response to maximum 1000 words)

#### **Response Q4-5**

We believe that the European Commission's aspiration to achieve high standards in safety and environmental protection standards is highly commendable. At Chevron we are intensely focused on our goal of achieving zero incidents. We strive to achieve this by combining

internal processes and culture, all within the framework of adherence with the regulations of countries in which we conduct business.

Chevron shares the Commission's vision of world class standards throughout the EU, as such we view compliance with regulation as a minimum requirement for our operations and we have stringent processes in place to ensure that we comply with not only our legal obligations but with our own high global standards.

**Internal Processes:** Chevron's Operational Excellence Management System is our standard approach for achieving world-class performance. This governs how we systematically manage safety, health, environmental stewardship, reliability and efficiency, ensuring we achieve best practice in our daily operations wherever we are in the world. This means we have stringent processes and procedures for risk management, emergency preparedness and compliance assurance and internal audit processes that ensure that we are meeting our own high standards. These processes and procedures have helped us to build our excellent record of safe operations and we continually work to ensure that our processes and safeguards are fully utilised, updated and improved in the light of lessons learned, new challenges and new technologies.

The overall approach to managing safety and environmental protection is based on extensive detailed risk analysis. Risk assessment and management activities are applied throughout the oil and gas activity life cycle. Well, subsea and installation design are subject to rigorous risk assessment and review by technical authorities. Similarly, various forms of detailed risk assessment and management are required before operational activities commence. Changes in operational conditions or design are governed by our Management of Change process. Task risk management approaches are used whilst operations are ongoing and look-backs are used following completion of operations to capture lessons learned.

The environmental impact assessment (EIA) is a significant part of the risk assessment process implemented by the industry prior to commencing any development. EIA is analogous to the risk analysis associated with safety. In addition and complementary to the regulatory requirements for environmental impact assessment and the production of comprehensive environmental statements and oil spill response plans, Chevron has developed a number of processes within its Operational Excellence Management System for environmental stewardship. These include our Environmental, Health and Social Impact Assessment process (ESHIA) which is applicable to all major capital projects and exploration activities. The ESHIA process sets out a rigorous system for identifying potentially significant impacts and the means of avoiding, reducing or mitigating them and for enhancing project benefits. The process is iterative and requires engagement with and input from stakeholders from the earliest stages of the planning process and has been successfully applied in over 690 major capital projects worldwide.

**Culture:** Central to Chevron's Operational Excellence Management System are our Tenets of Operation and Stop Work Authority. Any employee or contractor involved in our operations has not only the right but the obligation to call a halt to work if he or she believes that there is risk to safety or the environment. There are many instances of our people being recognized by the company for exercising that authority. Our Tenets of Operation are the heart of a code of conduct used by employees and contractors as a tool to guide daily decisions. They are based on two key principles – 'Do it safely or not at all' and 'There is always time to do it right' and are used throughout Chevron as the foundation for our operational excellence culture.

**While we believe that the present offshore environmental and safety regimes in the North Sea states in which we operate are strong, we are supportive of incorporating lessons learned, based on strong technical foundations. This is already being undertaken at national level in certain Member States; in the UK DECC has announced that they will be leading a comprehensive review into the UK's offshore oil and gas regulatory regime. We fully subscribe to OGP's position in cautioning that recommendations for change at the EU level must be based on a clear identification of shortcomings in the way operations are regulated and must not be designed or implemented in a way which may impact safety standards in those Member States which already have fit-for-purpose offshore regulatory regimes. We would be very willing to engage with the European Commission to explain how we operate under the stringent regulation in the North Sea, as well as elucidating the company's processes and procedures for ensuring high safety and environmental protection are achieved in other jurisdictions.**

### **Verification of compliance and liability for damages**

The enforcement of offshore health and safety regulations is the general responsibility of national public authorities. The enforcement measures include various activities such as on-site inspections, safety audits and reporting requirements for companies. The organisation, scope and frequency of these measures vary in the different Member States depending on national practices, laws and the local conditions.

While focus on compliance should prevent accidents, a robust liability regime needs also to be in place as accidents resulting in major oil spills may cause extensive environmental, economic and social damage. The financial consequences on the entities found liable for the accident may be significant. EU legislation defines the common principles (e.g. 'polluter pays - principle') and goals for ensuring liability for environmental damages while national laws and courts put them in practice. Concerning environmental liability, the applicable EU law (Directive 2004/35/EC) addresses pure ecological damage in terms of protected species and natural habitats (biodiversity damage), water pollution damage and land damage. As regards affected waters, the ELD covers the territorial waters (up to 12 nautical miles off the shoreline), but not all marine waters under the jurisdiction of EU Member States (up to 200 or 370 nautical miles).

Responsibilities for traditional damage (such as loss of life; personal injury, health defects; damage to property and economic loss affecting for example fishermen) are usually determined by civil courts or tribunals in accordance with national laws and/or case law following goals and principles defined at national level.

Closely linked with the liability is the competence of the liable parties to actually stand up to their obligations. Insurance coverage in the offshore oil and gas sector is partial, with some companies insuring risks to a certain degree and others not. The insurance market does not currently provide products sufficient to cover damages of the magnitude seen in the Deepwater Horizon accident. Moreover, there are no international or EU-wide funds similar to those in maritime transport that would cover environmental or traditional liability.

6. Please describe here any recommendations you would like to make on how to improve compliance of the offshore oil and gas industry with applicable offshore safety legislation and other regulatory measures in the EU. (Please limit your response to maximum 1000 words)
7. In your view, which are the key measures to supervise and verify compliance of the

industry with offshore health, safety and environmental rules and who should do the supervision and verification? (Please limit your response to maximum 1000 words)

8. In your view, should the existing environmental liability legislation (Directive 2004/35/EC) be extended to cover environmental damage to all marine waters under the jurisdiction of the EU Member States? (Please limit your response to maximum 1000 words)
9. In your view, is the current legislative framework sufficient for treating compensation or remedial claims for traditional damage caused by accidents on offshore installations? If not, how would you recommend improving it? (Please limit your response to maximum 1000 words)
10. In your view what would be the best way(s) to make sure that the costs for remedying and compensating for the environmental damages of an oil spill are paid even if those costs exceed the financial capacity of the responsible party? (Please limit your response to maximum 1000 words)

#### **Response Q6-10**

**Chevron views compliance with regulation as a minimum requirement for our operations and we have stringent processes in place to ensure that we comply with our legal obligations. In addition, this is complemented by a comprehensive suite of internal processes and procedures, the products of Chevron's aforementioned Operational Excellence Management System, which set the standards for and guides our operations. Compliance is deeply embedded within our operations as we are firmly committed to ensuring that high standards are adhered to throughout all our operations.**

**Member States in which we operate all have highly competent, technically knowledgeable and professional national regulators. These expert offshore oil and gas inspectors are a scarce resource, with their high level of technical competence and knowledge of the industry taking much time and effort to develop. Given their credentials these expert inspectors are clearly best placed to supervise, inspect and verify industry compliance and we support the assertion that this should be carried out in their capacity as national regulatory bodies as they are close to the operational interface, thereby applying the greatest scrutiny and impact. Chevron recognises that it may be appropriate to take steps to assist national regulatory bodies in EU Member States with less mature, developing oil and gas industries to raise their regulatory standards to the levels of the European States with more developed offshore sectors. It would perhaps make sense for the EU to facilitate the exchange of information between the national regulatory bodies, helping those Member States with developing oil and gas industries to draw upon the knowledge of those countries with a mature oil and gas sector.**

**The Environmental Liability Directive and additional national legislation already clearly define the responsibility of operators in the case of environmental or other material damage resulting from accidents or critical situations.**

**Chevron has in place a comprehensive set of instruments in order to be in the position to meet our obligations in the unlikely event of an incident. Firstly, we have in place a global corporate insurance package which includes coverage for property damage, well control and third party**

liability appropriate for a company of our size. The insurance amounts are benchmarks against other similarly sized companies. Secondly, we have fairly high self-insured levels consistent with our ability to pay.

Under UK law, there is no statutory financial limit on the liability of offshore operators. Our company, as other offshore operators, is a party to the industry operated Offshore Pollution Liability Association Limited (OPOL) which has been in operation since 1975 and is accepted as the committed response of the oil industry in dealing with compensation claims arising from offshore oil pollution incidents. Initially applied in the UK, the agreement was subsequently extended to cover other offshore areas in the North Sea and has the support of other littoral countries. Only when the operator is unable to pay the full amount of the claims, all other members of OPOL would contribute (in proportion to their operations) to meeting these costs up to a limit of US\$250 million per incident and annual aggregate of US\$500 million. The upper limit for settlements is subject to regular review.

The UK government requires all operators to be members of the OPOL. Each operator provides the OPOL Association with evidence of its financial responsibility to meet these obligations in the prescribed form, which is checked by the Association. The Commission may wish to consider whether adoption of a similar system in other member states might be of value.

#### **Transparency, sharing of information and state-of-the-art practices**

Transparency of an offshore regulatory regime means the policy and practices on how the regulatory authorities and offshore industry share information with each other, between peers or with the civil society. The degree of transparency affects the awareness of the public authorities, the industry and the civil society, i.e. on offshore oil and gas activities and the way they are managed and controlled. It may also affect the nature of communication, commercial interests of companies, spreading of technologies, lessons learned and cross-border cooperation. An example of transparency in the offshore sector is the practice of some EU national regulatory authorities to publish information such as accident statistics and license award decisions concerning offshore operations.

11. What information on offshore oil and gas activities do you consider most important to make available to citizens and how? (Please limit your response to maximum 1000 words)
12. What is the most relevant information on offshore oil and gas activities that the offshore companies should in your view share with each other and/or with the regulators in order to improve offshore safety across the EU? How should it best be shared? (Please limit your response to maximum 1000 words)
13. What information should the national regulators share with each other and how to improve offshore safety across the EU? (Please limit your response to maximum 1000 words)
14. Which means, if any, would you recommend using to promote, across the EU, the use of state of the art practices to protect occupational health and safety during offshore oil and gas operations? (Please limit your response to maximum 1000 words)

15. Which means, if any, would you recommend using to promote, across the EU, the use of state of the art practices to protect the environment against accidents caused by offshore oil and gas operations? (Please limit your response to maximum 1000 words)

### **Responses to Q11-15**

**Companies operating offshore installations, including fixed and floating platforms and rigs, are already required by the International Convention on Oil Pollution Preparedness, Response and Co-operation to have contingency plans for emergency spill events. These are developed in a transparent process and in consultation with the appropriate national regulatory agencies. Subject to the relevant regulator's views, such plans can be shared, provided that all commercially sensitive data have been removed and other relevant restrictions are observed. Additionally, in the UK there is a high degree of transparency with regard to information relating to environmental protection and performance. Environmental Impact Assessments, as well as the Oil Pollution Emergency Plans, are public documents and may be obtained upon request.**

**Regarding the issue of how to promote the use of state-of-the-art practices across all member states in order to protect occupational health and safety and the environment, Chevron supports OGP's belief that cooperation and exchange of information between the regulators would be very valuable. As stated previously this could be achieved through a pan-European consultative and advisory body of national experts, modelled on the NSOAF.**

### **Emergency response and International activities**

The emergency response capacity at present consists of resources and contingency plans on the level of the industry, national administrations and of the EU. In general, contingency plans are required for all offshore installations and are complemented by national and EU contingency plans to respond to large scale accidents. Adequacy of resources and their coordination, both affect the effectiveness of response to offshore accident. In response to recent accidents, particularly the one of the Deepwater Horizon drilling rig in the Gulf of Mexico, the emergency capacities are being strengthened. For instance, new response devices are being developed for use in deepwater conditions.

In the Mediterranean and the Black Sea offshore, oil and gas activities are underway both on EU and adjacent non-EU waters. This causes a risk for cross-border environmental damages from a possible offshore accident, not only across internal EU borders, but also across EU's external border. Apart from an interest in promoting high offshore safety practices also in adjacent regions, the EU participates in international activities to increase safety of offshore activities.

In response to the differing regulatory requirements both within the EU and internationally, some oil and gas companies have adopted company practices or standards that they apply to their activities in the EU and outside. Others adjust their practices more substantially to suit local conditions in the given country.

16. In your view what should be the role of the EU in emergency response to offshore oil and gas accidents within the EU? (Please limit your response to maximum 1000 words)
17. Please describe any recommendations you may have concerning cooperation with non-EU countries to increase occupational safety and/or environmental protection in

offshore oil and gas operations internationally? (Please limit your response to maximum 1000 words)

18. Please describe here any recommendations you may have on how to incentivise oil and gas companies with headquarters in the EU to apply European offshore safety standards and practices in all their operations worldwide: (Please limit your response to maximum 1000 words)

## **Response to Q16-18**

**Recognising that an oil spill incident in one member state may impact the coastlines of other Member States, Chevron supports the initiative to assess whether the effectiveness and efficiency of oil spill capacity existing in Europe can be further enhanced, possibly through the European Marine Safety Agency (EMSA). Further strengthening of the capability of member states to respond to oil spill incidents would be welcomed, to the extent that appropriate mechanisms ensure that any additional measures at the EU level would add value to the established procedures and processes in place for responding to incidents, as outlined in both OGP and Oil and Gas UK's responses.**

**As previously suggested the way to ensure the bar is raised for safety standards in the EU may be through the establishment of a Pan-European forum, modelled on the NSOAF. This forum could be further extended to bring in and engage with other non-EU coastal states (e.g. in the Mediterranean and Black Sea), assisting those countries with less developed oil and gas regulatory regimes to raise their regulatory standards to the levels which exist in the countries with more mature offshore sectors. Chevron has strong processes and practices which are applied wherever we operate in the world; as such as we would be pleased to engage with the Commission to share our experience.**

## **In summary:**

- We believe that the robust and highly effective regulatory regimes which have developed in the North Sea oil and gas producing nations set world class standards.**
- We suggest that the NSOAF may be a useful model for a Pan-European regulatory forum through which the EU could facilitate an exchange of knowledge, best practice and lessons learned; This could be an effective means of assisting EU member states with less mature, developing oil and gas industries to raise their regulatory standards to the levels which exist in the European states with developed offshore sectors. This forum could be extended to bring in and engage with other non-EU coastal states.**
- The Commission may wish to consider whether the adoption of a system similar to OPOL might be of value to other member states.**