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**European Commission
DG ENER- B.3**

**RESPONSE TO THE PUBLIC CONSULTATION
“Improving offshore safety in Europe”**

FOREWORD

Edison is an independent energy Corporate based in Milan, Italy, with interests in the oil & gas E&P sector.

The main assets are located in the Mediterranean area, notably Italy, Croatia and Egypt.

In Italy, Edison operates with 3 oil fields and 4 gas fields. Other off-shore assets in the Mediterranean are located in Croatia and Egypt.

Edison has non operated production and exploration activities off-shore in UK and Norway.

Edison welcomes the Commission initiative in improving standards of the off-shore safety and environmental aspects of the E&P sector in Europe.

Authorisations

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)

We consider the present rules based upon the EU Hydrocarbon Licensing Directive 94/22/EC adequate to oversee the authorisation conditions for the off-shore E&P activities.



National EU legislation should be harmonized upon such Directive, although maintaining distinctive characteristics to take into account specific conditions and peculiarities.

Regarding some specific aspects related to the issue of the authorizations, we would like to draw the attention on the approval of off-shore rigs working in EU waters.

In order to ensure a common, high standard of safety and reliability, it is suggested that regulations and procedures are established and harmonized among the EU Member States to ensure compliance of the drilling/work over rig with EU E&P standards and requirements (to be defined, with special focus on safety equipment and rig structural integrity) for the Drilling Contractor to be granted with a certificate allowing to operate in all EU waters.

An example of this process is provided by the Norwegian AOC (*Acknowledgement of Compliance*) procedure, granted by the Norwegian Petroleum Safety Authority.

A similar process, should be established and harmonized at EU level to demonstrate that the drilling/work over programs are drafted, in the care of the Operating Oil Companies, in compliance with EU (or National or statutory approved Company's internal policy) requirements as far as the robustness of design, safety case and contingency program are concerned.

2. European law 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 should this technical capacity requirement include in your view?

(Please limit your response to maximum 500 words)

It would be suitable that any Operator allowed to perform E&P activities in EU waters, upon non discriminatory criteria as stated in Directive 94/22/EC, can demonstrate technical capabilities in respect of EU (or national) minimum requirements.

The technical capability criteria should include the qualification of Operators based on proven track record, traceable documentation, (e.g. Company's integrated management system, approved policies, manuals and procedures, organization structure dedicated to



operations, etc.), and qualification of personnel throughout the planning-executing cycle of activities.

The Operating Company technical qualification and its compliance versus the applicable requirements should be assessed and verified by Independent and Competent organizations based on the above mentioned criteria.

We deem that this verification should be under the responsibility of the individual States organization(s) rather than a centralized EU body.

b) Similarly, what key elements should the financial capability requirement include in your view? (Please limit your response to maximum 500 words)

Financial capability criteria, to be assessed through financial audits, should include the demonstration of financial capability versus the type of operation to be carried out i.e. the budget for the relevant operation, the demonstration of significant insurances certificates and the participation in voluntary or statutory fund set up to respond to emergency situations.

We deem again that this verification should be under the responsibility of the individual States organization(s) rather than a centralized EU body.

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)

The definition of an EU specific directive on authorization practices could be useful to assess and ensure the respect of both technical and organizational minimum requirement for the off-shore E&P activities.

A starting point could be the review of already existing similar procedures among some EU member States as well as other States with significant and advanced off-shore operations (e.g. UK, Norway, Denmark, Italy).

Leading E&P Co's may also provide reference for the formulation of state of the art authorization practices.



An example of the present diversity of the authorization practices is the drilling rigs acceptance by National inspection organizations even within the EU.

Nowadays, equipments and machineries are manufactured and installed according to many different certification standards. So that many EU Member States developed national procedures allowing the owners to adapt and fix such equipment and machineries to national H&S standards and regulations, in particular for equipment and machineries coming from non EU Member States.

The adaptation process often requires for technical fixings in order to positively pass the inspection by National Competent Authority (in Italy named “UNMIG - Ufficio Nazionale Minerario per gli Idrocarburi e le Georisorse”).

The same applies, although in broader terms, to the technical / operational documentation issued in order to get the proper authorizations.

The definition of an EU general framework for the authorization process and for National regulations / legislation to detail within the limits of such an EU framework, could be useful to assess and ensure the respect of both technical and organizational relevant HSE standards.

Furthermore in the EU there are different local certification and authorization processes which constitute significant barriers for cross using equipment and machineries within the EU. The harmonization of certification and authorization procedures by EU and the full implementation of the reciprocity principle could be an important tool to remove the abovementioned barriers and could help to define commonly accepted technical H&S standards for use in E&P operations within the EU.

The consultation with neighbouring EU Member States should be sought if reciprocity of rules and regulations is established.

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)

Answers to questions # 4 and 5

Health and safety of the offshore E&P activities are quite widely covered by the present legislation in Italy as well as by the EU Extractive Industries Directive 92/91/EEC.

In addition, in most of the cases and especially when major oil & gas Co's are concerned, the HSE rules and procedures go far beyond the legislative requirements.

As far as Italy is concerned, there are sufficient regulatory requirements aimed at ensuring a good level of HSE culture and performances. Improvements could be introduced throughout the approval process as mentioned above (see points 1 and 2).

The actual approval process requires the Operator to draft the drilling/well intervention program based upon internal safety and environmental standards and policies. Such internal standards and policies, although well established and fundamentally similar among Operators, are not standardized and harmonized at EU level as yet.

The harmonization and the definition of EU standards for drafting and reviewing the drilling/well intervention programs could be useful to enhance the approval process versus adequate HSE standards.

The drilling operations are the most critical and risky; thus the authorization process should provide for evaluation, among the others, of technical capabilities as far as HSE standards are concerned and competency and qualification of drilling operation personnel.

It should be useful to establish a qualification process for the personnel involved in well operations. Some of these qualifications already exist (e.g. the IWCF certification for well control). Other qualifications aimed at ensuring a more sound and better control over the well operations may be achieved through critical examination of programs and operations by independent and competent organisms.

The O&G industry has already established consortium and mechanisms, on a voluntary basis, to share experience and provide advice on the E&P operations, especially focusing on the safety aspects of the off-shore operations. The EU should promote such mechanisms by harmonizing individual initiative into a wider context (e.g. an EU Forum?).



Finally the R&D remains fundamental to promote the improvement in HSE standards and to find innovative technical solutions to manage environmental incidents.

Verification of compliance and liability for damages

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)

As described in answers # 1, 3 and 4, the definition and harmonization at EU level of offshore technical standards and national legislation (which could include the Safety Case Approach) could be useful to provide an adequate surveillance framework which will help Competent Authorities to assess and verify Companies / Operators to demonstrate compliance to EU regulations versus HSE harmonized standards.

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)

We deem that national Authorities should be responsible for inspecting and ensuring compliance within the applicable laws and regulations.

However, it could be suitable to establish a Super-National Safety Agency, with directive functions, similar to other Super-National Safety Agencies such as AIEA or EMSA, in charge of directing, verifying and auditing the H&S standards and requirements to ensure the compliance with relevant EU regulations.

It is recommended that either the national supervising authority and, in case, the super national agency, are properly funded and staffed with competent and expert inspectors.

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)

Italian legislation already provides for the accountability of the Concession holder for environmental accidents and damages caused by operations within the concession.

It should be useful to establish a Forum among all Mediterranean Countries consolidating solutions already in place in different countries for the environmental protection with the aim of coordinating and supervising E&P operations, in particular as regards technical aspects, and to share information and best practices in order to reduce environmental risks.

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)

Answers to questions # 9 and 10

The environmental insurance market in the EU does not seem to be, for the time being, ready to provide solutions to covers all risks related to environmental damages. Thus the costs for remedying and compensating for the environmental damages of an oil spill could be covered by establishing a dedicated fund in case the costs exceed the financial capacity of the responsible party.

The fund should be subsidized by O&G Companies and related authorised organizations, and it should be made mandatory for Companies (and related organizations) operating in EU to participate to such a fund. The authorization process should be designed, as discussed in the previous answers, for Companies to operate within the EU.

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

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)



The EIA process, as provided by the Italian regulations for exploration and drilling authorizations, already envisages a strong involvement of local authorities and local stakeholders by issuing, publishing and making available to the public all the relevant documentation.

The process of sharing information during E&P operations is weaker compared to the authorization process, thus the local stakeholders have less information about the role of the HSE culture within the Oil & Gas industry. The level of sensitiveness versus the HSE issues is higher within the Oil & Gas E&P compared with other industrial sectors which have a better communication process.

It should be useful to improve communication and transparency in a simple but effective manner in order to honestly co-operate with environmentally oriented NGO's and provide statistics about incidents, accidents, environmental impact, etc. in the Oil & Gas patch as compared vs. other industries, especially high risk, that are better known to the general public (e.g. similar to air transport statistics as compared with other means of transport).

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)



Answers to questions # 12, 13, 14 and 15

The O&G industry has already established formal and unofficial mechanisms to share information and best practices by means of dedicated and specialized Fora.

It would be useful to promote and to make permanent and official such mechanisms among O&G operators through a specialized Fora at European level (e.g. drilling managers Forum, HSE manager Forum, etc., an example may be the specialized Forum held monthly among the Companies operating in Norway, under the patronage of OLF) to share incident reports results, near misses, methods, best practices and techniques adopted to reduce risks, proposing regulatory modification, promoting joint industry studies/research, cooperate with the Statutory Organizations.

The same mechanisms should be established to share and publish the reports issued by Competent Authorities at European or Local level after periodic assessments and inspections and particularly after inspections due to breakdowns or malfunctioning of equipments and machines in order to highlight relevant and significant aspects and issues that could be useful for Operators in order to facilitate and share best practices and safety benchmarks (as already performed in Norway by Petroleum Safety Authority).

Emergency response and International activities

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)

The EU should promote the creation of an integrated Emergency Agency at EU level, coordinating National (or area) emergency response system, as already established in many areas, making the participation of the O&G Companies mandatory for the relevant emergency response system.

In Italy, for instance, an integrated emergency response system (SInGER) was established ago 20 years under the patronage of "Assomineraria", seeing the participation of the major Italian operators



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)

International Conventions and Agencies are the most efficient way to facilitate the collaboration and cooperation in many critical or high risk industrial sectors.

In the E&P industry such initiatives are often established on a voluntary basis; thus it should be useful to promote this kind of regional initiatives (Agencies or Conventions) on a permanent basis, in particular where high level of operations and cross country activities are performed to increase cooperation amongst EU and non-EU countries.

The EU should drive, also at a political level, the harmonization of non-EU states regulations in accordance with the state of the art regulations as adopted in the EU.

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)

Establishing H&S standards at European level by issuing European legislations could not lead to the implementation of the same standards outside the EU boundaries. Nevertheless most E&P operators already apply their internal HSE standards, which are high stringent, even operating outside the EU boundaries.

It could be useful to consider the implementation of international convention focused on EU H&S standards compliance (taking as a model IAEA) or “reward systems” to Operators which apply EU H&S standards outside EU boundaries (e.g. EU “Quality Award” for Companies that match the HSE requirements established by the EU). This kind of incentives should be promoted internationally as a warranty of “best in class” operatorship.

Best regards,

Marco Margheri
Svp Public and EU Affairs
Edison EU Liaison Office