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European Commission
Via email

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Dear Sir / Madam,

Response to the Public Consultation on improving offshore safety in Europe

I write in response to the Commission public consultation on improving offshore safety in Europe. This letter follows on from ConocoPhillips' December 2010 response to the Communication from the Commission - 'Facing the challenge of the safety of offshore oil and gas activities'. In addition, ConocoPhillips made two submissions to the Commission last summer in response to questions concerning the consequences of the Gulf of Mexico disaster for the EU and in response to the questions concerning safety and environmental sustainability of upstream oil and gas operations in the Mediterranean and Black Seas.

Separate to this letter, ConocoPhillips will respond as part of industry through the International Association of Oil and Gas Producers (OGP) and through national oil industry associations such as Oil and Gas UK and OLF.

You will note the various above responses address a number of the areas that the Commission raises in its consultation. The intent of this letter is to update the detailed ConocoPhillips response of December 2010, focusing on the area of activity within the industry associations.

Continuing intense engagement with stakeholders

The level of engagement between industry and stakeholders has continued to be very high in 2011, just as it was in 2010. OGP, where ConocoPhillips chairs both the Management Committee and the EU Committee, has been involved in a number of meetings with the Energy Commissioner and his staff, particularly through February and March. In addition, OGP has been involved in a number of workshops with the North Sea Offshore Authorities Forum (NSOAF) / EU, the European Maritime Safety Agency / DG ECHO and CEN / ISO concerning industry standards.

Progress of industry activities

In our December 2010 response to the Communication we advised on the progress of international industry activities through OGP, but also those taking place in the United States and regionally including those in the UK and Norway.

In the United States, significant progress is being made via the Marine Well Containment Company (MWCC) and the American Petroleum Institute (API) Joint Industry Task Forces. The MWCC, for example, is now a fully-functioning organisation with a senior and experienced management team in

place. ConocoPhillips has provided the Chief Operating Officer for the new company through its former operations manager of the Gulf of Mexico and Louisiana. New members continue to join the company, which launched its interim containment system on 17 February. Work continues on the expanded containment system for delivery in 2012. Further details of the MWCC can be found at <http://marinewellcontainment.com/index.php>.

The API Joint Industry Task Force is working on the start up of the "Centre for Offshore Safety". This entity will oversee and promote the highest level of safety for offshore drilling, completions, and operations through effective leadership, communication, teamwork, utilisation of disciplined management systems and independent third-party auditing and certification. The "Centre" was developed using qualities from the following programs: "Responsible Care (Chemicals)", Institute of Nuclear Power Operations (INPO), VPP (Voluntary Protection Programme Occupational Safety & Health Administration), Step Change in Safety (UK), Safety Case Regime (Europe). This is already approved by the API Board of Directors and is proposed to start up in July 2011. As part of this, ConocoPhillips championed a sub team chartered to develop an audit checklist for API Recommended Practice 75. This is complete and pilot audits are being scheduled to fine tune it. We welcome this 'Safety Institute' and are providing personnel to the Task Force.

OGP / Global Industry Response Group (GIRG) continues its intense efforts. OGP announced the setting up of GIRG on 14 July 2010. It is led by senior executives from OGP member companies and involves national industry associations, such as API, NOGEPa in the Netherlands, OLF in Norway but also associations in Australia and Brazil, who are working alongside their national regulatory bodies, and Oil and Gas UK's joint industry, government and workforce OSPRAG initiative (Oil Spill Prevention and Response Advisory Group). The primary objective is to improve the industry's well incident prevention and intervention capability and to continue to reduce the risk of future subsea well incidents.

Three dedicated teams were set up with staff brought together from some 20 companies, comprised of more than 100 technical experts and management. Work was carried out in three areas – prevention, intervention and spill response. The recommendations from the three groups are described below and will be contained in reports for issue in May. The recommendations will deliver:

- Better capabilities and practices in well engineering design and well operations management that will reduce the likelihood of incidents
- Improved capping response readiness and further studies into the need for, and feasibility of, containment solutions
- Effective and fit-for-purpose oil spill response preparedness and capability

Well Engineering Design & Well Operations Management – the aim of this group was to reduce the likelihood of well control incidents and share learnings and to create a new, permanent, Wells Expert Committee to analyse incident report data, advocate harmonised standards, communicate good practice and promote continued R&D – under OGP governance. Recommendations are:

- A 3-tier review process for well design
- The promotion of human competence management systems to ensure individual staff and management teams always have the skills they need
- The promotion of a culture that fosters adherence to standards and procedures
- Recognition of existing internationally and nationally agreed standards as a baseline for industry improvements
- New and improved technical and operational practices for the overall governance of well construction – under OGP governance
- Recommend to industry and regulators that they insist upon a "two (independent and physical) barrier" policy during the life of the well

Capping and Containment Capability - in order to deliver improved capping response readiness, the industry has formed the Subsea Well Response Project (SWRP) - comprised of BG Group, BP, Chevron, ConocoPhillips, ExxonMobil, Petrobras, Shell, Statoil and Total. The key recommendations and actions are as follows:

- The concept selection, design and planned development of caps and associated equipment that can be deployed internationally
- The concept selection, design and planned development of subsea dispersant hardware that can be deployed internationally
- The equipment will supplement existing intervention capability
- Further studies into the need for, and feasibility of, containment solutions
- Further investigation and development of procedures for specific operational issues related to the capping and containment of hydrocarbons released from a well blowout event
- Activity is being co-ordinated with the Marine Well Containment Project, OSPRAG and other equivalent initiatives

Oil Spill Preparedness & Response - in order to deliver effective and fit-for-purpose oil spill preparedness and response capability a joint industry project with OGP and IPIECA groups will follow up as below:

- Improve co-ordination between key stakeholders (Oil Spill Response Organisations (OSROs), governments and companies) internationally and with all responsible representative bodies (IPIECA, API etc.)
- Establish principles on dispersant use with key stakeholders
 - the effectiveness and value of the use of surface, aerial and, in particular, subsea dispersants
 - recommend how best to deploy dispersants
 - regulatory pre-approval for their use
- Promote research that advances understanding and response methodologies and risk assessment models
- Enhance existing recommended practices for in situ burning

Three new industry entities have been set up to progress the above items (see attached diagram):

- An OGP Wells Expert Committee for well engineering design and well operations management
- An industry consortium (SWRP) of nine major companies to enhance capping response and further studies into the need for, and feasibility of, containment solutions
- A Joint Industry Project with OGP / IPIECA groups to follow up recommendations on oil spill response

These entities will work in close co-operation with National Oil Industry Associations (NOIAs), the Marine Well Containment Project and others.

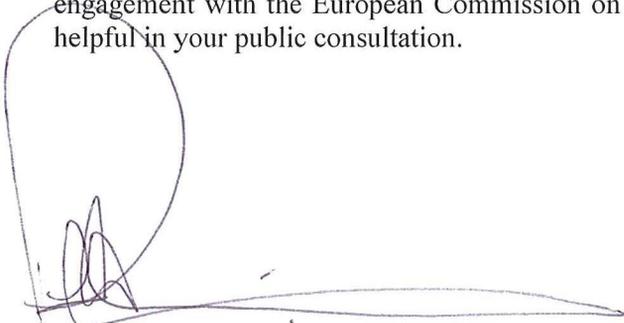
In December we advised that ConocoPhillips is involved with the OSPRAG initiative in the UK that includes countries such as Norway and the industry association OLF. OSPRAG continues to develop its capping device for delivery this year. In addition, it has gone on to create a permanent group to implement recommendations regarding well-related issues and to share best practice in a Well Life Cycle Practices Forum (WLCPPF). Furthermore an emergency response 'enhanced toolkit' has been designed that allows emergency response teams to swiftly 'gear up' with tools, equipment, and personnel necessary to tackle a more serious incident. Here discussions are taking place on the creation of a UK register of trained oil spill responders. Also, steps are being taken to set up briefing sessions for oil spill response companies, local authorities and terminal operators to share the lessons learned from the Macondo accident. OSPRAG also is making sure UK industry has access to

sufficient stocks of response equipment to deal with a range of higher risk, lower impact spill scenarios. Finally, OSPRAG is liaising with the UK Department of Energy and Climate Change (DECC) and the Maritime and Coastguard Agency (MCA) on arrangements to test the National Contingency Plan with a major Operator west of Shetland in May. This test will also carry out an emergency equipment response demonstration.

Industry activities also make progress in Norway through OLF, where a revision of a number of standards has been initiated. Furthermore, a standardised reporting and investigation methodology for well incidents has been proposed and a gap analysis is ongoing regarding improved oil spill response, including expanded cooperation around the North Sea, in-situ burning of oil and use of dispersants subsea. A report will subsequently be issued. This will be followed up by a workshop on working environment and chemical exposure that is currently being planned. Management systems, roles and responsibility and HSE culture/leadership are also being discussed in a specific work group. A number of additional follow up issues will also be progressed. Finally, cooperation continues with OGP and its initiatives described above.

Summary

ConocoPhillips recognises the need to adhere to strict procedures that have been thoroughly reviewed following the Gulf of Mexico disaster, as we described to the Commission in December. Furthermore, ConocoPhillips continues to demonstrate industry leadership through the roles it fulfils, as most recently demonstrated in the MWCC. Finally, we remain committed to continued engagement with the European Commission on this important matter and I trust you find this letter helpful in your public consultation.

A handwritten signature in blue ink, consisting of a large loop on the left and a long horizontal stroke extending to the right.

Paul C Warwick
President UK & Africa