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MEGA WELL CONTROL TRAINING REVOLUTION

IADC's WellSharp sets new drilling industry benchmark

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Radical sharpening of . . . it's all about competence

IADC's WellSharp programme represents the world's most advanced well control training regime devised to date. Jeremy Cresswell reports

Last month, the International Association of Drilling Contractors . . . arguably the most powerful contractor-side trade body in the global oil & gas industry, launched a revolution in well control training.

IADC's WellSharp programme represents the world's most advanced well control training regime devised to date. It is the hope of its president and CEO Steve Colville that this will set the gold standard . . . and necessarily so.

He told Energy that the industry most certainly does not want a repeat of Deepwater Horizon, but that overcoming the legacy of that tragedy cannot be accomplished overnight. WellSharp's launch, for example, comes five years after what is otherwise known as the Macondo disaster.

This collaborative, industry-wide, industry-led effort to completely redefine well control training is what generated WellSharp, which emphasises rigorous training for every person with well control responsibilities, whether office-based or rig-based. Training providers must meet the new standards too or shut down.

Ultimately, this should cover many tens of thousands of drillfloor personnel, plus several hundred thousand back-office and management staff. Last year, 50-60,000 certificates were issued under the prior WellCAP system.

"The whole of the industry worked together to dramatically improve the safety and reliability of drilling operations," IADC's VP operational integrity, Mark Denkowski told Energy at an exclusive briefing.

"WellSharp represents a root and branch overhaul to address industry concerns with existing programmes,

such as knowledge gaps, practical/theoretical imbalance, variable teaching standards, skill retention and robust testing methods."

In summary, the new programme is designed to ensure that the industry's workforce has the training and knowledge needed to both prevent incidents and respond swiftly and appropriately to unforeseen incidents.

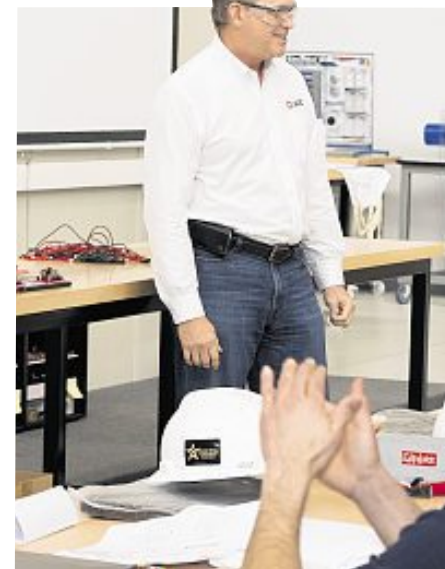
WellSharp is said to provide the tools and supports needed to deliver significantly improved performance in the area of well control.

New upgrades to the training and assessment programme include:

- Focus on training for all personnel involved with well control and ensures that training fits with their role and responsibilities.
- Expanded course levels in line with OGP 476 recommendation to tailor training to the requirements of specific roles and responsibilities.
- There will be five levels of training.
- Centralised electronic testing and grading to ensure global integrity and uniformity.
- Immediate test results with missed question learning objective guidance provided to instructors for each student.
- Improved instructor qualifications.
- Continuous training to maintain currency and increase retention.

Denkowski: "Since Macondo, there's been a great deal of work done by a great many people. As a result of the OGP 476 recommendation, we did a gap analysis of WellCAP (the prior training standard) and adopted most of what was in it, plus there were aspects that we thought we could improve.

"We went back and formed our war committee; various commit-



tees like well control were re-engineered and we got on with it.

"As a result we have created WellSharp, which represents a step change. It addresses all of the concerns of the industry.

"We examined every single learning objective, every curriculum that we delivered (under WellCAP) and completely rewrote them to make them current with today's technology and to start to focus learning objectives to specific positions.

"Like a driller for example.

"What does a driller need to know? A driller needs to know kick detection and shut-ins. That's his role as far as well control is con-

"WellSharp provides the tools and supports needed to deliver significantly improved performance in the area of well control"

cerned. If he does everything else well nicely.

"His responsibility is the well. His responsibility is that there's an issue, then contact the curriculum is so drillers what they

"The simulator the drillers do now the well; its kick shut-in. It's exactly to know.

Denkowski says supervisors the curriculum is unaltered, but up count of new to course units. And will be very specific

"In the past, we would get drillers together and put them in a room and teach them and then give separate tests.

"Now, we're making providers re-accrue them in different there are different

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Well control training competence and safety



Mark Denkowski with a group of drill-training delegates

... that efficiently ... will fall into place ... ability is not to kill ... responsibility is know ... e and get it shut ... e right people. So ... designed to teach ... need to know. ... assessments that ... they don't kill ... detection and ... what they need

... tives and different outcomes. We're insisting that people attend the training that they need to attend. Another thing; derrick hands should not be on a supervisory course. Until now it's been very common to see a derrick hand on a supervisory course. What that does is dilute the learning experience of the people who need to be in that class. And the derrick hand learns

far more than he knows and forgets most of it and can't apply what he needs to know."

IADC is also planning a new engineers course within the Well-Sharp envelope; however, it's not yet developed though will be shortly. The diet will be built around well construction.

Another change ... and a big one to boot ... is the electronic test, which enables standardisation and quality control like never before. Some might not like it, but the IADC is clear that it has to happen and for a very good set of reasons.

Denkowski: "We acknowledge the fact that all the providers had their own tests that they wrote and we technically reviewed them and they were fine.

But there was not a lot of control over that knowledge assessment globally. However, there will be now as we've developed an electronic centralised database and the value of that is off the chart.

"It enables standardised testing knowledge assessments across the

globe. It's incredibly powerful when you can have a standardised test. We'll do it in around 12 different languages ultimately.

"When you do that you force the training providers to teach the entire curriculum. When testing, they won't know what the students are going to get. The questions will be randomised. It's all about quality control.

"We will monitor every question in the test data-set globally at all times, right down to how often a question has been answered incorrectly versus correctly.

"We will be able to apply filters that will enable us to show the question/s that everybody's getting wrong. We can review it and if it's incorrect we can disable it, correct it and put it back into the system.

"The new system also enables us to monitor instructors and to request corrective action if necessary. It adds to the integrity of Well-Sharp."

Roll-out started last month with 167 training providers listed worldwide. However, 30 more chose not to comply with the new system. It cannot be accomplished overnight, but it will be rapid.

Colville adds: "Why has the industry required this step-change across to WellSharp? It's the realisation that there should come a time when no crew on drilling rigs anywhere are not properly competent. Increasingly, it will be written in their contracts. Already we've been talking with regulators like the UK HSE, who were eulogising about it. They see this as a massive change and want to see this introduced. They want it adopted as the global standard.

"It's really important that people understand that IADC is that place where the (drilling) industry comes together to do things better. The industry has chosen this new system as the mechanism to improve well control training.

"We don't own it. The industry owns it. They just chose the IADC as a means of facilitating it."



Well Control Institute re-engineered for strategic reasons

It was originally envisioned as an organisation that would be focused specifically on well control training. But, according to IADC's president and CEO, Steve Colville, it became apparent that there was a broader need for the Well Control Institute to look at all aspects pertaining to well control.

There was also a gap for a high level, pan-industry oversight body of all the key players that could set vision and goals and direction for the industry.

And so the WCI was re-engineered, barely two years after being launched and with its own tiny executive team.

WCI is described as being independent from the IADC, including what it chooses to work on. It has a board comprising the most senior people in the drilling industry, including the wells and drilling heads from the major operators globally, key heads/CEOs of drilling companies, and relevant seniors from the supply chain.

The board's revised task is to take a holistic view of well control. They set recommendations for improvements to the industry, the focus items to be worked on; they can make recommendations, they can also endorse good practice.

But who is doing the donkey-work at WCI now?

In essence it is the industry itself.

Colville: "For example, the BOP (blow-out preventer) reliability database is a JIP (joint industry project) that is being put together with participants from the whole industry. It's an initiative.

"Some things happening globally are commercial activities; some are IADC programmes or IOGP or API, but the point is that the board can look at all the work that's being done, make observations and recommendations. And at the International Regulators Forum they have observer status. So they too can feed information in and make views known to the board.

"Say, for example, for well control training, there is a global standard for all well control that is separate from the delivery mechanisms. The intent is that the ownership of that standard should pass to the WCI under the oversight of the board.

"There is one similarly being done for subsea engineers who will be servicing and maintaining BOPs. The standards for that, with separate accreditation systems, will also go over to the WCI.

"IOGP and others could push things similarly under that WCI board. They could have reviews going forward asking: 'Is such and such a standard still proper?'. They would create work-groups to examine whether that standard is working properly, where could it be improved; and ask whether the delivery mechanisms are working. Then they will come up with recommendations for change."

It boils down to setting standards, but they are industry standards. However, as Colville reminds, what starts out as an industry standard, like well control, can become a global standard. That is the hope.

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Steve Colville, IADC's president and CEO



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Blazing a trail with the BOP database

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Imagine having a database that can call up the entire global population . . . or at least the bulk . . . of blowout preventers, both on- and offshore. Imagine the power that could be derived in terms of raising the safety game by being able to analyse their characteristics, types of incidents and so-forth.

The idea's not new, but there have been a host of practical issues to overcome, not least obstacles raised by zealous lawyers. However, two initiatives did get off the ground, are alive today and now form the core of the project driven by the IADC.

The two organisations are: a group of seven drilling contractors from the US Gulf of Mexico who started building a database and gathering the information some time ago; plus an IOGP JIP aimed at doing something similar.

"They were running on parallel tracks; the good news is that they weren't duplicating," says IADC's Steve Colville.

"Unknown to us, both of those groups had a view that they would pass that work over to IADC in due course.

"When it became apparent that was what they were wanting to do, we brought the process forward by creating a group to decide the way forward now and to make sure the two pieces of work done so far dovetailed.

"Right now, a new JIP is being forged. We've just about got to signing the legal initiatives. IADC will be the facilitator and carry it out. There will still be the group of seven and IOGP as owners of this thing but IADC is where it will be held and undertaken.

"What's happening now? The legal framework is around the structure of ownership of all the data; but then how will it be gathered, what will the information be that's being gathered, how is it to be shared with regulators and others? There's a lot happening on it right now."

First focus will be offshore, but with recognition that onshore should be added later.

And the *raison d'être*?

"Let's be clear, this is about reliability and operability; for people to know that they can do shut-in wells when they need to; it's about when you need to do out maintenance and all the things that hit the costs of our industry," says Colville. "It's about safety. We've got to get a handle on it.

"We don't need to get 100% of the BOP population to really understand where the major incidents are coming from. The database is starting out with the two groups that began to build it, but others are being invited and encouraged to join.

"In time, one can imagine a situation where everyone with a BOP would be obliged to supply data. It's about encouragement. This would help deliver greater safety, more up time, better operability and drive out cost."

Global Trade: Be prepared for the Union Customs Code

EY Scotland's head of indirect tax Niall Blacklaw and Gerard Koevoets, of EY's Global Tax Team, look at the forthcoming changes

INDEPENDENT THINKING

EY

Building a better working world

New EU customs legislation to simplify customs systems and procedures is coming into effect in May next year. This new legislation will replace the current Community Customs Code.

EY Scotland's head of indirect tax, Niall Blacklaw, discusses the forthcoming changes and the implications for oil and gas companies with Gerard Koevoets of EY's Global Tax Team.

Koevoets: Why is legislation changing?

Blacklaw: The Union Customs Code (UCC) is replacing the current Community Customs Code (CCC). Since the CCC was introduced more than 20 years ago, the world of international trade

and commerce has changed significantly.

The new customs rules and procedures address the increasing complexity of supply chains and, being fully electronic, satisfy modern-day needs.

Koevoets: What are likely implications?

Blacklaw: As a major port servicing the North Sea offshore industry, Aberdeen is a base for many companies which deal regularly with customs and excise duties, and are required to hold several customs licences and authorisations. These licences allow companies to fully benefit from the reliefs and operational simplification under the current customs legislation.

But not every change will have the same impact on everyone. For instance, the oil and gas industry is unlikely to feel the changes in customs valuation where the rules about royalties will become more stringent.

However, we expect the integration of the various customs processing facilities to be a major implication. Furthermore, new conditions will be introduced for the customs end-use procedure. This will be combined with an increased focus



EY Scotland's head of indirect tax Niall Blacklaw



Aberdeen is a base for many companies which deal regularly with Customs & Excise duties

by HMRC on the quality and documentation of customs processes and controls for operating special procedures such as customs warehousing, end use, customs processing, etc.

In this respect, HMRC will likely stipulate that the Authorised Economic Operator (AEO) criteria must be met when using these special procedures.

The major change involving guarantees will also have an immediate effect on companies' finances. For many years HMRC did not require guarantees for most customs procedures because they were discretionary. From May 2016 onwards, guarantees become mandatory and companies using customs duty suspension procedures will require a guarantee as security for the potential customs debt.

As a result, companies will be faced with the cost of bank guarantees, which on average is about 1.5% of the duty suspended or deferred. However, whenever a company meets certain AEO criteria, or even better, when a company is AEO certified, they qualify for a reduction or waiver of the guarantee required.

These forthcoming changes, coupled with the uncertainty they will bring, come at a time when there are already significant challenges on reducing costs in the supply chain.

Koevoets: How can companies prepare for this change?

Blacklaw: The UCC places considerable emphasis on meeting AEO criteria and even becoming AEO certified. Therefore, companies will have to review and update their processes and controls. Taking the guarantee requirements into consideration, companies may benefit from applying for AEO status. Companies may also need to invest in their IT systems to ensure they can accommodate the move to an entirely electronic system.

Koevoets: When do these legislative changes come into effect?

Blacklaw: The European Union was expected to announce their final drafts at the end of May 2015, which allows a year for both HMRC and all affected companies to prepare themselves for the changes the UCC will bring. Although the new legislation comes into effect in May 2016, companies need to be prepared way ahead of this date. It is realistic to assume that HMRC needs quite some time to process all applications. So to avoid delays and unexpected surprises, timely action should be considered.

Niall Blacklaw is EY Scotland's head of indirect tax; Gerard Koevoets is with EY's global tax team

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