

A stylized graphic of a globe, composed of several overlapping, light blue curved lines that form a grid-like pattern across the left side of the slide.

Global Industry Response Group (GIRG) Overview

(Not Business as Usual)

IADC Annual Conference,
Copenhagen

Steve Cromar, ConocoPhillips
Annabel Holroyd, OGP

OGP background

International Association of Oil & Gas Producers

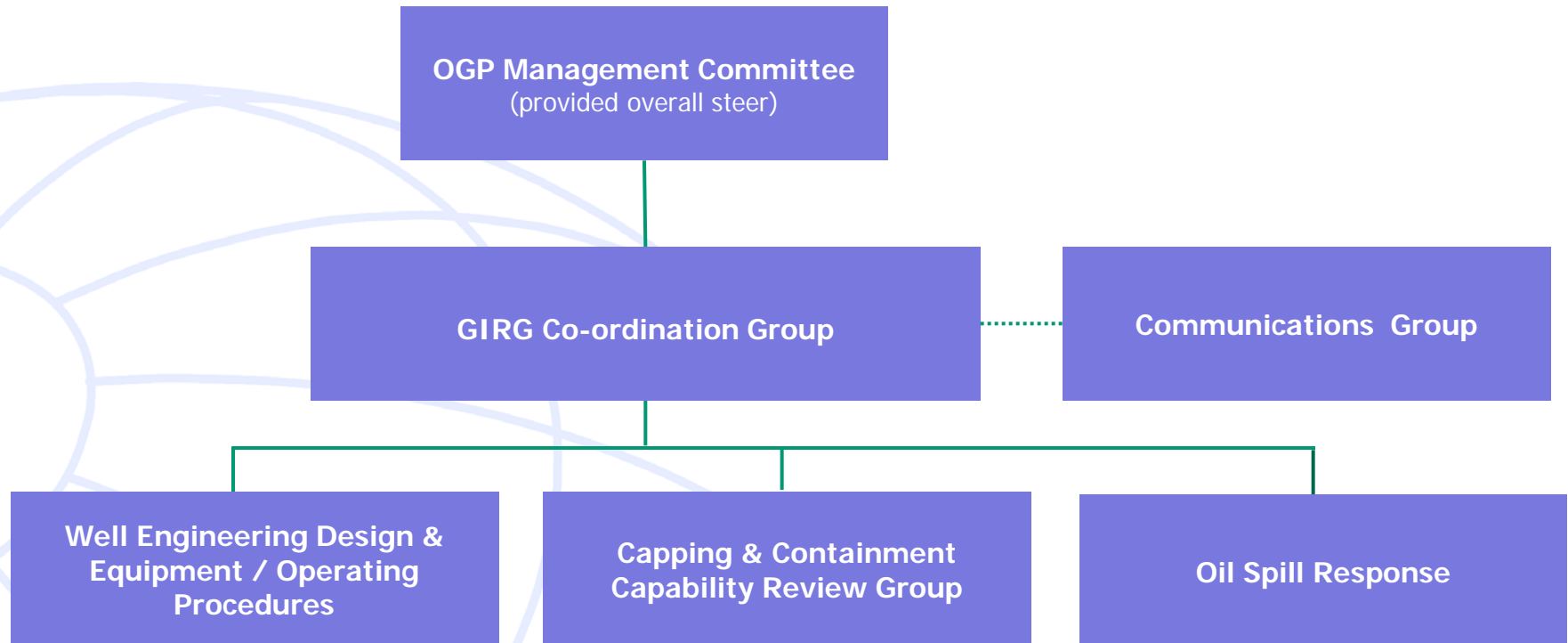
- **More than 70 members** around the world
 - Integrated oil & gas explorers/producers
 - Small independent oil & gas companies
 - National oil companies
 - Service sector companies (associate members)
- **15 national and other associations**
 - Including API, IADC, APPEA, IPIECA, OLF, NOGEP, IBP, O&G UK
- **Based in London with an EU office in Brussels**

The GIRG response

GIRG's task

To improve the industry's well incident prevention, intervention and response capability to reduce materially the likelihood and impact of future well incidents

GIRG organisation



The GIRG response cont'd

Three dedicated teams – brought together from some 20 companies, comprised of more than 100 technical experts and management – developed recommendations that will deliver:

- Better capabilities and practice in **well engineering design and well operations management** in order to reduce the likelihood and impact of future well incidents
- Improved **capping response** readiness (in the event of an incident) and to study further the need for, and feasibility of, global containment solutions
- Effective and fit-for-purpose **oil spill response** preparedness and capability

Well Engineering Design & Well Operations Management recommendations



- A 3-tier review process
- 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 agreed standards – both international and national – 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 Response/Intervention recommendations

- The concept selection, design and **development of caps** and associated equipment that can be deployed internationally
- The concept selection, design and development of **subsea dispersant hardware** that can be deployed internationally
- Further study 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 MWC Project, OSPRAG and other equivalent initiatives

- **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**

Implementation of recommendations

To manage the implementation of the GIRG recommendations three new entities were proposed:

- An OGP-governed **Wells Expert Committee** for well engineering design and well operations management in order to reduce the likelihood of future incidents
- An **industry consortium** of nine major companies to enhance capping response readiness and study further the need for, and feasibility of, global containment solutions
- A Joint Industry Project – an industry funded group of oil companies, including OGP and IPIECA* – to manage the recommendations on **oil spill response**

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

*The global oil and gas industry association for environmental and social issues

Implementation - Wells

To reduce the likelihood of well control incidents and share lessons learned, a new, **permanent, Wells Expert Committee** has been formed to analyse incident report data, advocate harmonised standards, communicate good practice and promote continued R&D – under OGP governance

Progress - Wells

- OGP's new Wells Expert Committee consists of **senior technical staff representing 15 upstream operator**, service companies and industry associations
- The Chair is **Steve Cromar, ConocoPhillips's UK Chief Engineer, Well Operations**
- The Committee is now drawing up its terms of reference

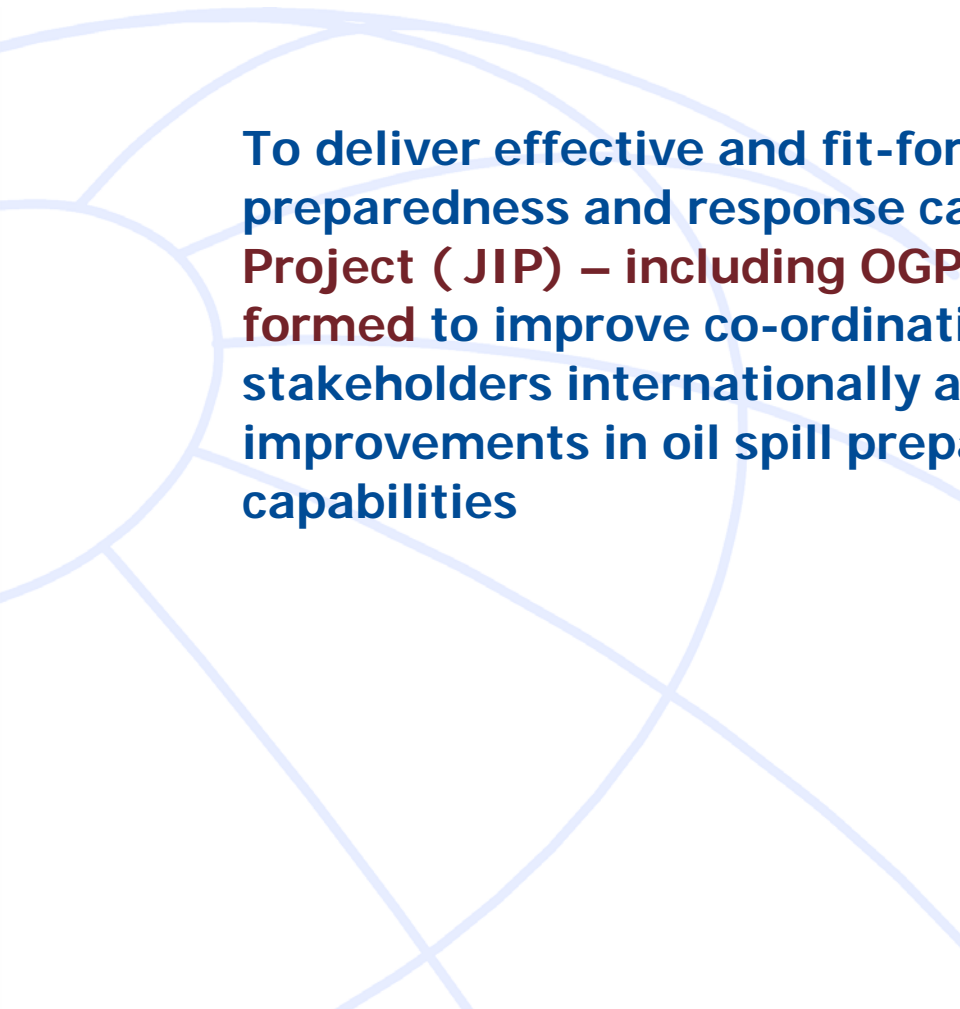
To deliver improved capping response readiness , the industry has formed a consortium* of nine major oil companies (BG Group, BP, Chevron, ConocoPhillips, ExxonMobil, Petrobras, Shell, Statoil and Total) that will study further the need for, and feasibility of, global containment solutions, and will develop an operating model for any equipment

**The Subsea Well Response Project (SWRP)*

Progress - Capping

The project team is working on:

- Designing a **capping toolbox** with a range of equipment to allow wells to be shut in
- Designing additional hardware for the subsea **injection of dispersant**
- Further assessing the need for and feasibility of a **containment system** for shared use

A faint, light blue graphic of a globe is visible in the background, showing latitude and longitude lines.

To deliver effective and fit-for-purpose oil spill preparedness and response capability a **Joint Industry Project (JIP)** – including **OGP** and **IPIECA** – is being formed to improve co-ordination between key stakeholders internationally and advance continuous improvements in oil spill preparedness and response capabilities

Key conclusions

- Action on prevention will yield the most effective outcomes
- **Implementation of these recommendations by OGP member companies will improve industry prevention and intervention capabilities – and OGP will encourage their wider adoption**
 - Rigorous adherence to standards and practices is central to the prevention.
 - With specific enhancements, current standards will be effective if applied and rigorously observed. We strive to ensure greater alignment between standards internationally.
 - Verification of adherence to standards and practices is essential.
 - Also vital are sharing and expediting learning from well incident analyses.

Key conclusions (cont'd)

- An on-going commitment from the industry is required to work together for continuous improvement in skills development, competence and a culture of compliance
- Active co-ordination and collaboration with NOIAs, the MWCC, other private contractors and various international bodies is essential

European Parliament

called for EU action in various areas in:

Resolution on EU action on oil exploration and extraction in Europe

Adopted on 7 October 2010



European Commission

Set out areas for action by EU, Member States and industry in:

Communication to the European Parliament and the Council “Facing the challenge of the safety of offshore oil and gas activities”

Adopted on 12 October 2010



EU response – Who ?

Council

„invites the Commission to present as early as possible in 2011 concrete initiatives, incl. Proposals to amend EU legislation, as appropriate“



Council conclusions on safety of offshore oil and gas activities

Adopted at the Transports, Telecommunications and Energy Council meeting on 3 December 2010

European Parliament

is preparing Report
on the Commission's
Communication

For adoption in
July 2011



European Commission

is preparing legislative /
non-legislation proposals

For adoption possibly
in July - September 2011



Health & Safety?

Directive 92/91 on minimum requirements for improving the safety and health protection of workers in the mineral-extracting industries through drilling

Issue: Safety case



EU response – Which areas ?

Environmental safety?

Regulated at national level

**Issue: Equipment in place
Procedures**



EU response – Which areas ?

Environmental liability?

Directive 2004/35 on environmental liability with regard to the prevention and remedying of environmental damage

Issues: Scope
 Financial cover



EU response – Which areas ?

Product safety / Standards?



Directive 2001/95 on general product safety

- Directive 2006/42 on machinery
- Directive 97/23 on the approximation of the laws of the Member States concerning pressure equipment
- Directive 94/9/EC on equipment and protective systems intended for use in potentially explosive atmospheres (ATEX)

Issues: Exclusion used on mobile units
 Specific exclusions
 Bringing standards under the Directives

EU response – Which areas ?

Licensing?

Directive 94/22 on the conditions for granting and using authorisations for the prospection, exploration and production of hydrocarbons

Issue: Safety case
Financial capacity
Technical competence

EU response – Which areas ?

Controls / Inspections?

Regulated at national level

**Issue: Independent audits
National inspections**

Cooperation between Member States?

- NSOAF
- OSPAR
- Barcelona Convention

Issue: Sharing of experience and good practice

International cooperation?

- International Regulators Forum
- G20
- IMO
- OSPAR Convention
- Barcelona Convention

Issue: Sharing of experience and good practice

Transparency?

Publication of information at national level

Issue: Information on offshore safety to the public



Thank you for your attention !