Mick Borwell
Environmental Issues Director
• Formerly UKOOA
• Membership Organisation
• Operators and Contractors
• Upstream (oil and gas exploration and terminals)
• Purpose
• To strengthen the long term health of the offshore oil and gas industry in the UK
Importance of oil and gas from the UKCS

• Companies – shareholders – pension funds
• UK
  – Taxation
    • Tax rates 50 – 75% depending on field
    • £7 billion paid in 2009 (20% of all UK corporation tax)
    • £5 billion paid by supply chain
  – Employment
    • 34,000 direct
    • 230,000 supply chain
    • 89,000 induced

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Importance of oil and gas from the UKCS

- **Security of Supply**
  - Oil and gas constitutes more than 75% of UK primary energy demand
  - UKCS provides 97% oil demand and 73% gas demand
  - In 2020 oil and gas will still provide 70% of UK primary energy demand even if the 20% renewables target met
  - UKCS could provide 40% of UK demand in 2020
    - 38 billion boe already produced
    - 15 – 25 billion boe remaining
  - Current contribution to UK balance of payments is £30 – 40 billion
The Oil Spill Prevention And Response Advisory Group

OSPRAG
Oil Spill Prevention and Response Advisory Group
Implications of the Macondo Incident for the UK

• Perception of Risk

• Comprehensive Review

• OSPRAG Priorities
UKCS Response: Creation of OSPRAG

• Created 25 May; first meeting 2 June
• Precedent – Helicopter Task Group
• Objectives:
  • Review UKCS regulation and arrangements for pollution prevention and response
  • Assess the adequacy of financial provisions for UKCS response
  • Monitor and review findings from the Deepwater Horizon incident and facilitate implementation of pertinent recommendations
  • Establish active liaison with European and international regulatory, technical and industry bodies in order to share information and learning
OSPRAG Steering Group Composition

HSE
Health & Safety Executive

DEPARTMENT OF ENERGY & CLIMATE CHANGE

Fairfield Energy

ExxonMobil

mca
Maritime and Coastguard Agency

IADC
International Association of Drilling Contractors

RMT

KCA Deutag

Chevron

ConocoPhillips

Oil Spill Response

unite
the UNION

bp

TOTAL

Transocean

CNR International

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Initial Work Streams

• Technical Review Group

  – Well capping and containment
  – Well examination, verification, primary well control
  – BOP inventory
  – Competency, behaviours and human factors
  – Flowing well status
Initial Work Streams

• Oil Spill Response Review Group
  – Oil Pollution Emergency Plans
  – Counter Pollution Strategy
  – Sensitivity and Protection Mapping
  – Clean up and restoration protocols
  – Exercise
Initial Work Streams

• Indemnity and Insurance Review Group
  – Financial and administrative currently in place
  – Future requirements
  – Adequacy of the OPOL levels
  – Operators Cooperative Emergency Services
Initial Work Streams

• European Issues

  – Coordinating OSPRAG activities with other initiatives
  – European National Oil Industry Associations
  – OGP – Global Industry Response Group
  – IPIECA
  – API
Intended Outcomes

- Demonstrably effective primary, secondary and tertiary well control
- Oil spill response strategy and capability that are robust, justifiable and sustainable
- Robust financial and cooperative mechanisms