The Role of the Industry in the Norwegian Safety Regulation Regime and New European Regulation

The Regulation of Continental Shelf Development

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The petroleum Sectors Role in the Norwegian Economy
Percentage shares in 2009

Gross Domestic Product (GDP)
- 21.9%

Gross Fixed Capital Formation
- 26.5%

Government net cash flow from petroleum activities as share of total state revenues
- 26.6%

Total Exports ¹)
- 47.4%

Source: Statistics Norway and Ministry of Finance
¹) Includes oil, gas and pipeline services
Map of the Norwegian continental shelf
Agreed Delimitation Line

The maritime delimitation line between the Russia in the Barents Sea and the Arctic Ocean

Prime minister Jens Stoltenberg
The industry has undergone major technical changes last 40 years.

More and more fields are being developed with underwater installations.
Historical developments

A regulatory reform initiated in the wake of the Alexander L Kielland accident resulted in extensive use of performance requirements in the regulations. Requirements for system control and management systems were also introduced.
The Role for the Industry
Performance-based regulation

Characteristic of the way the Norwegian authorities apply performance-based regulation is the provision of guidelines to the regulations which specify a recommended solution, often by referring to a recognized national or international standard covering the area concerned.

These standards may be issued by the CEN, Cenlec, the ISO and the IEC, or by industry bodies such as NORSOK or the API, and are then to be regarded as a recognized norm.
Management System

• Viewed overall, following up and continuing to develop a management system represents an important instrument for ensuring that the principle of a high level of safety is met.

• By specifying a duty to establish a management system, the government sets requirements for management and control.

• This management principle assumes that the players have organizational and technical expertise as well as a good HSE culture.
Authority’s supervision

Authority’s supervision has accordingly moved from an inspection role to a system-oriented approach.

This means that supervision is primarily directed at internal management systems in the companies and not to the same extent at the specific installation.
Summary - Norwegian regulation

- It is important to note that the Norwegian regulatory regime has developed from prescriptive to be performance-based.

- The development of the regulations has been carried out by the authorities in close cooperation with the industry and the employee’s organizations.

- The regulatory regime is based on the main principle that the legislation sets the broad safety goals.

- The operator - and not the regulator - is responsible for safe operation.
Deepwater Horizon
Proposed EU regulation on offshore safety

The aim according to the EU commission will be achieved through the following four specific objectives:

• ensuring a consistent use of best practice for control of major hazards in offshore oil and gas operations potentially affecting EU waters or shores

• implementing best regulatory practice in all European jurisdictions with offshore oil and gas activities

• strengthening the EU’s preparedness and capacity to respond to emergencies potentially affecting its citizens, its economy or the environment

• improving and clarifying existing EU liability and compensation provisions.
Britain’s energy minister, to Norwegian daily Aftenbladet.

“I have been in contact with Norwegian petroleum and energy minister Ola Borten Moe about this matter, and we share a common line. Norway and the UK can confirm that we have the most robust safety regime in the world. This dynamic work must in no way be undermined or put at risk.”

Charles Hendry, Minister of State of the Department of Energy and Climate Change
30 January 2012: Position paper from the Norwegian trade unions and industry associations

• The Regulation may lead to reduced safety level offshore in Norway
  • Inadequate awareness of the complex challenges the offshore industry
  • Draft Regulation has many prescriptive articles
• Lack of cooperation regime for industry, unions and authorities
  • Tri-partite vital for continuous improvement of authorities’ functional rules
• Unclear distribution of responsibility
  • Transfer of responsibilities from the industry to authorities
  • Commission gets delegated authority to adopt changes to Annexes
  • Democratic shortfall - no consultation with industry and trade unions
• Commission’s Impact Assessment:
  • Flawed assumptions and implications
  • Reduction of risk in Europe and Norway by 50% is incorrect and unrealistic