

NW Europe regulations affect contractor operations

NUMEROUS GOVERNMENTAL REGULATORY agencies in the European Union influence regulations that affect the contract drilling industry. IADC works with these agencies on the industry's behalf to help avoid onerous regulations that affect the industry's operations as well as its cost of doing business.

Dominic Cattini was recently named IADC Director, European Operations based in London. He was most recently Head of Strategic Policy and Advice for the State Supervision of Mines, the primary regulatory agency for hydrocarbon exploration and development in The Netherlands.



Dominic Cattini

Prior to that he was Manager of Health, Safety and Environment for Ultramar Exploration Ltd in London. His experience on both sides of the fence will be invaluable to IADC.

Drilling Contractor was able to catch up with Mr Cattini, not an easy task due to his very busy schedule, and talk with him about several of the issues that affect drilling contractors in Northwest Europe.

GOVERNMENT INFLUENCE

The key issues within the European region relate to two main items. Those are government influences on the issues, and then the issues themselves that are being raised by the various government agencies and also by the industry.

Within the sphere of government is the European Union and the three main directorates that influence the way not only industry functions but also how national governments enforce their regulatory issues that affect health, safety, environment, and the economics of operations.

Those are the Directorate General for Social Affairs, which looks at labor con-

ditions, health and safety, and other welfare issues; the Directorate General for Enterprise, which looks at the economics of business activities within Europe, the free flow of companies and personnel around Europe; and the Directorate General for Environment, which deals primarily with the aspects of special planning and protection of the wider society, not just those that are working in the industry but those that are affected by the industry.

"The European Union lays down broad directives and identifies what national government should put into legislation," Mr Cattini explained, "so the principles of legislation within Northwest Europe are basically the same."

"However," he continued, "the way that these principles are interpreted and enforced varies from one country to another."

"At the high level one should be able to see a complete harmonization of all requirements for health and safety, in particular, across Europe."

Taxation is a different matter, he notes. There is no consensus as each country is able to make its own taxation laws.

In addition to the five key countries where oil and gas activities are preeminent in Northwest Europe (UK, Netherlands, Norway, Denmark and Germany), there are multi-national government influences in the form of the North Sea Offshore Authorities Forum (NSOAF) and the International Regulators Forum (IRF).

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—Dominic Cattini

"The NSOAF is very influential in two key areas," Mr Cattini said. "One is mobile offshore units, which has a major

affect on drilling contractors, and the other area is on training, which also has a major effect on drilling contractors because they are looking at harmonizing training to assist drilling contractors to move their personnel throughout the Northwest European continental shelf."

Within the IRF are countries from the US to Australia and in between.

"Their key areas are harmonizing the way accidents are reported throughout the oil and gas sector, and also on performance measurement in terms of health and safety."

PRIORITY ISSUES

There are several issues that affect the oil and gas industry and particularly drilling contractors operating in Northwest Europe. These include safety case, management systems, charges for regulatory tasks, two-man accommodations, and fixed penalties.

NW EUROPE HSE CASE

HSE cases are a major investment for contractors in terms of resources, not only financial but human resources in pulling together specific documents to satisfy regulators throughout Northwest Europe.

"What IADC has managed to achieve via its North Sea Chapter is to develop the Northwest European Health, Safety and Environmental Case Template," Mr Cattini said, "which is a document designed to assist drilling contractors in satisfying all of the regulatory requirements of the five primary Northwest Europe countries in a simple format."

Representatives of all five countries have endorsed the template and sent a letter to IADC confirming that they endorse it and they expect the drilling industry to use that document in the future.

What has happened in The Netherlands is one drilling contractor's safety case has been reviewed by three government agencies at the same time.

Representatives from The Netherlands, Denmark and Germany attended a meeting whereby drilling contractors

and the three regulatory representatives reviewed and accepted a safety case document, the first time this has occurred.

"The Netherlands took the initiative and invited the other regulatory bodies to a meeting to enable the contractor to use the one document, one template for its units throughout those three countries," Mr Cattini said, "cutting cost, time and everything else."

MANAGEMENT SYSTEMS

Another priority issue relates to management systems, how companies control their activities.

There are two key areas that are the center of focus by regulatory agencies throughout Northwest Europe: management of maintenance, and how lifting operations are managed on mobile offshore drilling units.

"The reason for this is there have been a number of accidents that have taken place," Mr Cattini explained.

"Several multinational audits have identified weaknesses in these areas and the regulators are now focusing their attention on these weaknesses."

TRAINING

Another area with respect to training is competency of the workforce to undertake the activities that they are employed to fulfill.

A key issue here is to try and harmonize the types of training and the competency requirements across the entire North Sea so that employees are free to move from one country to another without unnecessary additional training.

"The multiplicity of training seems to be a hindrance, not only a hindrance but also a turnoff for the employees in so far as they become very complacent because they are going through the same training time and time again," Mr Cattini said.

PERFORMANCE INDICATORS

Another issue that comes not only from the IRF but also from the European Union is continuous HSE improvements. The European Union has identified a strategy for the next five years that member states have to implement within their legislation, according to Mr Cattini.

The IRF is also looking at how continuous improvement can be identified. The one common area that both of the enti-



Transocean's semisubmersible Jack Bates is working for Shell offshore Ireland, with a well in the UK North Sea, also for Shell, scheduled following its current job.

ties have identified is measuring the performance, laying down indicators that can be documented as to how companies are performing in terms of health, safety and environment.

"With any benchmark one has got to have a data set to start off with to compare against," Mr Cattini said.

"The IRF is trying to work out how they can collect information to create this data set and the European Union and member states are doing a similar task."

REGULATORY TASKS

Another hot issue for the industry is being charged for regulatory tasks. Some regulatory agencies charge individual companies for the work that they undertake in terms of safety case and inspection regimes.

This issue is being reviewed currently in the UK because of the extensive charges that accrue on an hourly basis.

"The industry would prefer to see a levy, a one off levy, to assist them in budgeting for their forthcoming year's expenses," he said, "but the regulatory agencies at the moment send invoices out on a monthly basis."

"Within the UK this whole concept of charging is under review to try to make it more efficient and more effective, but also to streamline it to enable companies to understand what their financial burden will be over the year."

Mr Cattini has been actively working with the HSE authorities in the UK to try to change their method of collecting these fees.

"What we have to do is try and ensure that the government agencies are more effective and efficient in the operations and that they charge realistic figures or fees for their work," Mr Cattini said.

"They also should provide the industry with an overview as to what each individual company is likely to be charged over a 12-month period."

ACCOMMODATIONS

A key issue for many of the contractors coming into Europe is that the regulatory agencies are looking at two-man cabins in the accommodation units.

"The reason is that various countries around Northwest Europe feel that it is time that the older drilling units, those that are 15 or more years of age, left the North Sea and went elsewhere."

The regulatory agencies want up-to-date drilling units working in the region. The up-to-date units generally have the latest in accommodations and the latest in rig mechanization, according to Mr Cattini.

The European authorities are eager to have newer units with a high level of rig mechanization to reduce the burden on the workforce, and also improve accommodation standards, which improve the welfare of the employees.

The bottom line is health and safety for the workforce but also their welfare conditions as well.

“A lot of companies in the Gulf of Mexico seem to think that Europe is a welfare state, a social welfare state, and maybe it is,” he said.

“But by virtue of the culture of the countries here, they prefer to see two-man cabins maximum.”

“If one looks at some of the production facilities certainly in Denmark and in

Norway they are going to one-man cabins purely for privacy.”

FIXED PENALTY FINES

Most of the countries around Northwest Europe are moving towards fixed penalty fines in lieu of prosecution in a court.

The Netherlands currently has such a plan in place; Denmark has it to a degree, as does Norway. The UK is beginning to look at the concept.

By having fixed penalty fines, the regulatory agencies don't have to spend as much time on preparing reports for prosecution.

If they can demonstrate that there has been a contravention of a piece of legislation and that legislation doesn't necessarily warrant the company being taken to court, then the regulatory agency can issue a fixed penalty fine, similar to a parking ticket or a speeding ticket.

The contractor is required to pay the fine unless he objects to it, and then he

can appeal and the whole process can either go to court or an independent tribunal can review the appeal.

IADC EFFORTS

IADC has several key people whose responsibility it is to work with regulatory agencies and governmental associations worldwide to help assure that proposed regulations are fair when they apply to drilling contractors.

These key IADC employees include, in addition to Mr Cattini, **Dr Lee Hunt**, President; **Brian Petty**, Senior Vice President-Government Affairs; **Ken Fischer**, Vice President-Operations; **Alan Spackman**, Director-Offshore Technical and Regulatory Affairs; **Steve Kropla**, Director-Accreditation & Certification Programs; and **Joe Hurt**, Director-Land Operations.

They are all working on the drilling contractors' behalf, just a part of the benefits that contractors around the world receive as IADC members. ■