

Draft PAME Concept Paper Final 11/2/2012

## Concept Paper

### International Offshore Oil and Gas Standards in the Arctic

#### Background

The Arctic Council's six working groups are developing possible project proposals for their 2-Year Work Plans that will be in effect during the Canada Chairmanship of the Arctic Council, which begins on May 15, 2013. At its September 2012 meeting, the Protection of the Arctic Marine Environment (PAME) working group requested its members to submit possible proposals for its 2013-2015 Work Plan by November 1, 2012. The oil and gas contact group within PAME was asked to consider new projects that would further the effectiveness of PAME's already existing (AOOGG 2009) and forthcoming (HSEMS) guidance. In light of the various recent calls for common standards for offshore oil and gas operations in the Arctic<sup>1</sup>, the contact group discussed the general feasibility and appropriateness of such a project. After summarizing these discussions in plenary, PAME requested a concept paper by October 31, 2012, on the possibility of developing a project that would look into the possibility for harmonizing selected oil and gas standards for offshore oil and gas operations in the Arctic.

A project on International Standards would help address the needs of the national authorities who are increasingly dealing with the same issues and the same international players in offshore oil and gas operations and activities and who need a more collective approach to maximize their knowledge of Arctic operations, activities, standards and practices, where institutional knowledge is currently lacking.

A project would likely have to be carried out in two Phases:

Phase I would 1). Select type of activities or operations that should be focused on 2). Perform an overview of standards, 3). Conduct a comparison between standards and regulations and 4). [explore a process to identify effective standards and practices, as well as, gaps or needs.](#)

Phase II would be based on the outcome of Phase I but could consider standards and practices that might be harmonized and a process for harmonization. It may be that gaps are identified and opportunities for working with industry and standards organizations to develop or refine these can be explored.

#### *Development of standards*

The PAME member states' offshore oil and gas authorities do not generally develop or update standards and practices, even though many member states' experts are participants in the work of international standards and classification societies. Any work on already established standards or possible encouragement of the development of unified or harmonized standards across the Arctic would require close partnership with industry. In many cases national authorities drive

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<sup>1</sup> Such as the draft recommendation of the National Commission on the BP Deepwater Horizon Oil Spill recommendations, the Harvard Law School White Paper on Arctic standards, the EC's 2011 Offshore Oil and Gas regulatory initiative

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development and adoption of standards. The requirement for an operation to be done in a safe and environmentally sound way is often met by industry establishing technologies and techniques that satisfy the regulations. In other cases, industry or specific companies develop technologies and practices on their own to enhance safety and environmental performance. The best of these technologies and practices can form the basis for common industry standards.

There are many sets of standards developed for all phases of the offshore oil and gas industry by many organizations, associations, and technical societies. However, very few are specific to Arctic offshore oil and gas operations, and we have only limited experience from projects such as the Barents 2020 project<sup>2</sup> to draw upon for developing such standards and practices.

### **Description of the project**

Any project considering international oil and gas standards or practices that could be applied across the marine Arctic must start with a clear understanding of the interplay between national requirements, company standards and practices, and international standards and practices. It is important to know what international industry standards already exist, if these are used by individual companies, if any are being developed, and whether they are adequate to meet the requirements of the Arctic countries. A project may also require the selection of specific areas or sectors of operations or activities to focus on.

### **Phase I (2013-2015)**

#### ***Activity 1: Select type of activities or operations that should be focused on.***

The type of activities or operations that are chosen for a project will be important to the likelihood of success. Possible activities and operations could include:

- Environmental Monitoring
- Quantitative risk assessment
- Oil Spill Prevention, Preparedness and Response
- Handling of subsea blowouts
- Drilling
- Well construction
- HSE Elements (i.e. Safety Culture, Mechanical Integrity, Management of Change, Operational Procedure, Hazard Assessment/analysis, Training and Competence for Arctic, Accountability)
- Mobile Offshore Drilling Units
- Offshore Structures
- Ice management;
- Evacuation, escape and rescue

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<sup>2</sup> Barents 2020 Project between Russia and Norway recommended 130 offshore standards for common use in the Barents Sea and recommended practices for consideration by the newly established ISO Technical Committee 67, Sub Committee 8; Arctic Operations. <http://www.dnv.com/resources/reports/barents2020.asp>

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***Activity 2: Overview of standards***

Make an overview of the standards for the selected type of operations or activities that different companies are using in current Arctic marine operations. This would include a list of the standards and practices currently used in e.g. the Chukchi and Beaufort Seas, Barents Sea, Pechora Sea, and Davis Strait, and whether they are internationally recognized standards and practices (ISO, DNV, NORSOK, IADC, OGP etc.) or company standards and practices.

***Activity 3: Comparison between standards and regulations***

It is assumed that whatever standards and practices currently in use by companies operating in the Arctic offshore at least meet the requirements of the countries where they operate. But two important issues must be understood 1) are country requirements for standards and practices adequate? and 2) do the companies exceed any of those requirements? A company may fully meet the requirements of one country but have to operate under a stricter set of standards and practices in another. Likewise, a company may exceed the requirements that exist in all countries. This assessment (gap/overlap/exceedance analysis) of requirements across countries and comparison to current standards and practices must be done before entering into a discussion on how the Arctic Council could seek to encourage harmonized standards and best practices Arctic wide.. This assessment could utilize findings and recommendations of the HSE Management Systems, RP3, and AOR projects and the results of the Barents 2020 project.

***Main Components and Implementation***

Discussions must be held in the PAME working group on the scope and feasibility of such a project approach.

A mapping of existing standards and comparison with national regulations and requirements would require a lot of resources. In addition, the majority of standards are the purview of the industry, not the authorities. Thus the main bulk of work within the project would have to be done by a consultant. How to fund and procurement of the services of a consultant would therefore have to be included in a project document.

A workshop might be convened early in the process with experts to discuss possible types of activities or operations that could be focused on for international standards and practices and to identify the process by which to select those standards and practices.

***Budget***

Workshop: \$50,000 USD  
Consultant \$100,000 USD

***Timeline?***

Start?

End: Ministerial 2015 or 2017?

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***Preliminary List of Tasks/Activities***

1. Select the scope or type of operations or activities to focus on.
2. Compile regulations from the Arctic countries covering the type of operations or activities decided upon above.
3. Compile company best operating practices and technological solutions in use today in the Arctic Offshore.
4. Compile Arctic specific standards from industry associations and organizations such as ISO, IADC, API, etc.
5. Conduct gap/overlap/exceedance analysis with current operating practices and technological solutions being used in various Arctic offshore operations, against the regulatory requirements (for each country), and against current industry/international standards.

**Phase II**

The Goal of Phase II, if it is determined to pursue it after Phase I, would be to explore opportunities for addressing gaps or missing standards and opportunities and processes for pursuit of common or harmonized standards across Member states.

The first step in Phase II would be to agree on a process to assess which standards and practices are the most effective and efficient for the chosen operation or activity and whether their intended outcome is met through existing regulatory requirements. This can be done by compiling the identified standards and practices that exceed the strictest national requirements, either from companies or international organizations or societies. This could be in consultation with international regulatory bodies (IRF, NSOAF, ICRAD, OSPAR, EC, etc.), with industry (i.e. OGP, NORSOK, IADC, API, CPPA, etc.), classification societies (i.e. DNV, ABS), and with standards organizations (i.e. ISO, IMO). It can be aided by the recommendations of the Barents 2020 project, and by utilizing the guidance and recommendations found in other Arctic Council reports such as the RP3 and HSE Management Systems projects, the AOR and AOOGG.

The AOOGG are voluntary and generally countries would not agree to any recommendation that was stricter than what they employed domestically. As such, the guidelines have been criticized as being the “lowest common denominator.” Any new project for international standards or regulations will face these same issues. The work on voluntary standards and practices can be considered an extension of the existing AOOGG, AOR, HSE and RP3 projects, and EPPR could be asked to partner with PAME if appropriate.

It must be recognized that any efforts to promote the development and adoption of a common standard does not diminish any Arctic Council member States responsibilities related to oil and gas activities to which various legislation, regulations or standards apply. But rather seeks to coordinate them into a comprehensive approach to offshore risk management across the Arctic. Any recommendation made by project in relation to adoption of a common standard must not interfere with the existing authorities or responsibilities of participating departments and agencies.