

WIRELINE

ISSUE 31 - SPRING 2015

THE THREE FRONTS

With the fiscal changes laying strong foundations for UK North Sea regeneration, cost efficiency improvements and swift regulatory reform are also crucial

p15 to p21

UNDERWATER ROBOTICS *p23*

Remotely operated vehicles have an ever important role to play in subsea construction and maintenance. *Wireline* reports on these stalwarts of the offshore industry

OPEN DOORS *p27*

UK oil and gas chaplain Reverend Gordon Craig chats about his experiences in the RAF, the role of the chaplaincy and why he enjoys working at the heart of the industry

HEALTH AND SAFETY *p30 to p38*

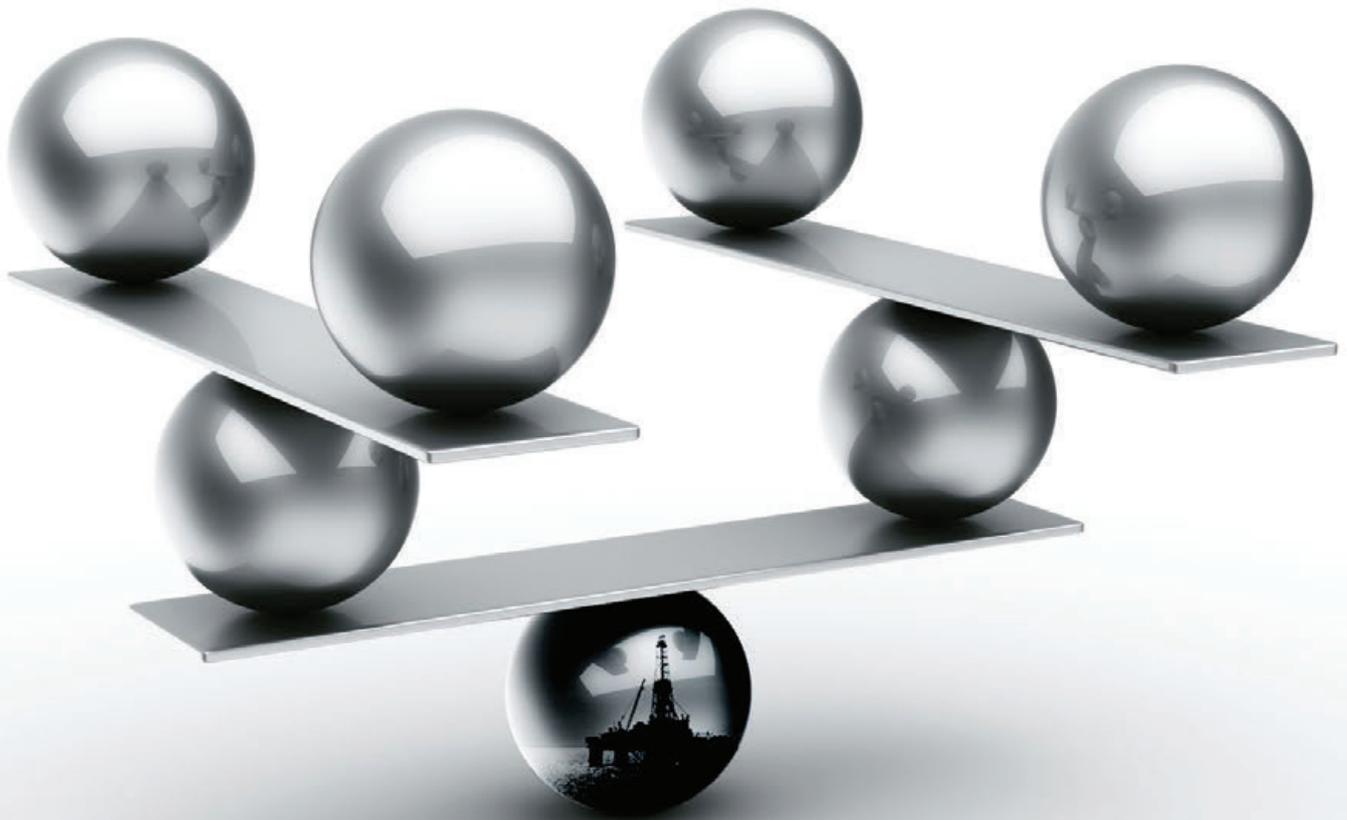
Implementation of the EU Offshore Safety Directive, while Nexen, Maersk Oil UK and Total E&P UK talk about their journeys to drive their health and safety programmes

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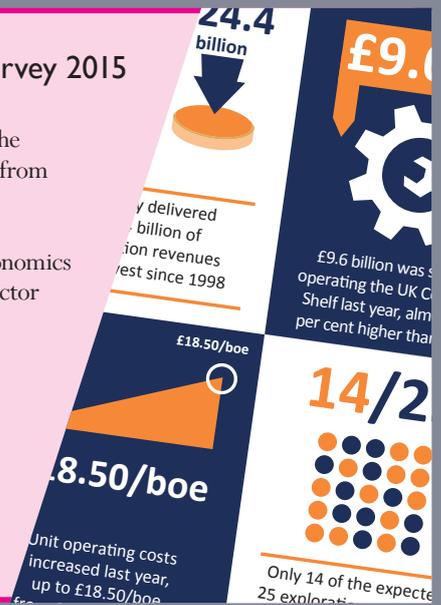
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To say that the first quarter of this year has been challenging for our industry, is an understatement. The collapse in the oil price brought into sharp focus the need for urgent action if the UK is to maximise economic recovery of its still significant untapped resources and to improve the UK Continental Shelf's (UKCS) international competitiveness and attractiveness to investors.

However, whilst the oil price drop exacerbated the serious challenges facing the basin, it is not at the root of the problem, as revealed in our 2015 *Activity Survey* (p5 and p20); the industry for too long has grappled with rising operating costs, high taxes and inadequate regulation.

Oil & Gas UK, on behalf of its members, has engaged with politicians cross-party

and at the highest level to press for fundamental changes to the tax regime and swift implementation of regulatory reform.

And we therefore warmly welcome the Chancellor's decisive move to restructure the UK North Sea tax regime announced recently in the Budget (p5 and p20).

We are also pleased to see the 'Call to Action' report from our new regulator (p6), the Oil & Gas Authority (OGA). The OGA must be rapidly resourced with the right capability and capacity to swiftly implement the recommendations of the Wood Review and provide robust stewardship to the UKCS.

And of course industry must play its part too, from operators to right across the supply chain. Our cost base is unsustainable and steps are being taken to improve cost efficiency. In this issue, we present the 'case for change' (p15); however, we must of course get the balance right between investment and cost control.

We must also maintain our focus on our world-class safety regime.

THE CASE FOR CHANGE – IMPROVING COST EFFICIENCY

p15

The EU Offshore Safety Directive comes into force in July as one of the biggest changes in many years. In this edition, our health and safety director, Robert Paterson, provides an update on its implementation (p30).

We also put a spotlight on the stories behind the health and safety programmes rolled out at Nexen, Maersk Oil UK and Total E&P UK (p34). And our annual Oil and Gas Industry Safety Awards (p9) continue to reward the considerable efforts across the sector to make the UK the safest place to work.

Malcolm Webb, Chief Executive, Oil & Gas UK

Wireline is published by Oil & Gas UK, the leading representative organisation for the UK offshore oil and gas industry.

Contact the editorial team on editorial@oilandgasuk.co.uk.

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I. BUDGET LAYS STRONG FOUNDATION FOR UK NORTH SEA REGENERATION

Oil & Gas UK welcomes Chancellor George Osborne's decisive move to restructure the UK North Sea tax regime to promote investment in the nation's vital and considerable remaining oil and gas resource.

In the March 2015 Budget, the Chancellor confirmed a ten per cent reduction in the Supplementary Charge, bringing the headline rate of tax to 50 per cent. The rate of Petroleum Revenue Tax (PRT) will also be cut by 15 per cent from next year, resulting in a headline rate for PRT-paying fields of 67.5 per cent. And the new simplified Investment Allowance will provide a further engine for growth and investment. Oil & Gas UK estimates that, in the near-term alone, these measures could incentivise an additional £4 billion of capital investment, enabling the development of 500 million barrels of oil equivalent that at today's prices are worth £20 billion.

Malcolm Webb, Oil & Gas UK's chief executive, adds: "We also welcome the government's support for exploration. With exploration drilling having collapsed to levels last seen in the 1970s, the announcement of £20 million for the newly formed Oil and Gas Authority to commission seismic and other surveys on the UK Continental Shelf is a very positive step."

Read Oil & Gas UK's response to the Budget at www.oilandgasuk.co.uk/news. For more information on the Investment Allowance visit <http://bit.ly/1FMxGXc>.

1. UK Business Tax Rates - Announced Budget 2015



Deirdre Michie will take up her role as the new chief executive of Oil & Gas UK on 1 May

2. OIL & GAS UK APPOINTS NEW CHIEF EXECUTIVE

The Board of Oil & Gas UK is pleased to announce the appointment of Deirdre Michie as the association's new chief executive. Deirdre joins Oil & Gas UK from Shell where her career has spanned almost 30 years in senior UK and global upstream and downstream management positions. Having worked extensively in both operator and supply chain orientated roles, she brings significant experience of the upstream oil and gas industry, with a strong and proven background in strategic contracting and procurement, commercial negotiation and communications. Based in the association's Aberdeen office, Deirdre will take up her position from 1 May, replacing the current chief executive Malcolm Webb who formally retires on 31 May.

Deirdre says: "I am really delighted to have been appointed to this important industry role. The association has a crucial role in helping the industry to emerge from the current downturn on a stronger, fitter and more sustainable footing that will see the UK producing oil and gas from its offshore areas for decades to come. It is a role I will greatly relish."

3. ACTIVITY SURVEY LAUNCHED ACROSS THE UK

Oil & Gas UK's *Activity Survey 2015* gives insight into offshore exploration, investment and production and provides striking evidence of how rising costs, taxes and inadequate regulation have taken their toll on the UK industry's international competitiveness. With fiscal policy changes being made (see story above on the Budget), measures are needed to improve industry's cost efficiency and for swift implementation of the Wood Review's recommendations. Over 600 delegates turned out to hear the *Activity Survey* findings at events throughout the UK in what was Oil & Gas UK's most extensive roadshow yet.

The full report is available to download at www.oilandgasuk.co.uk/activitysurvey.

See p20 of this issue for a summary of the key facts and figures plus a Q&A with economics and commercial director Mike Tholen.

Also see p15 for an article on how the industry is tackling its rising cost base.



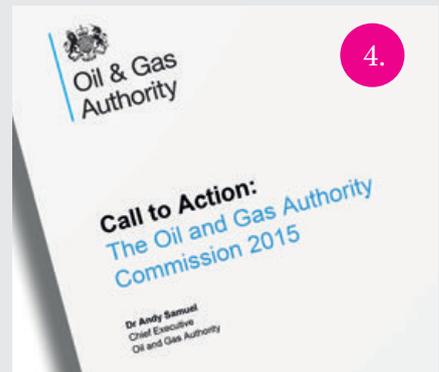
Oil & Gas UK staff presented the key findings of the *Activity Survey 2015* at five briefings in Aberdeen, Inverness, Newcastle, Norwich and London

4. OIL AND GAS AUTHORITY ISSUES CALL TO ACTION

The new regulator, the Oil and Gas Authority (OGA), has released a report titled *Call to Action: The Oil and Gas Authority Commission 2015*. In the document, OGA chief executive Andy Samuel reports his early findings from an urgent commission requested by energy secretary Edward Davey MP on the impact of the sharp decline in global oil prices on the UK oil and gas industry. The UK government has responded to this report, proposing a range of powers to be given to the OGA.

This is an example of the progress being made to implement the Wood Review's recommendations and follows the Royal Assent of the Infrastructure Bill on 12 February. The new Infrastructure Act 2015 enshrines in law the principles of maximising economic recovery from the UK Continental Shelf (MER UK) and provides the legal foundation for the OGA.

*The OGA's report is available to download at <https://bit.ly/1AAORZI>.
See the UK Government's response at <http://bit.ly/1AP3u8i>.*



The Oil and Gas Authority has published a call to action



Malcolm Webb, Oil & Gas UK's chief executive, speaking at the All-Party Parliamentary Group Reception in Westminster

6. EXPLORATION SPECIALISTS SHARE BEST PRACTICE

Over 150 delegates attended the Pitfalls in Exploration Conference to share best practice and discuss the successes and challenges of exploration over the last ten years.

The event on 5 February, organised by Oil & Gas UK in association with government-industry forum PILOT, was back for a second year and is designed to help improve the success of exploration drilling on the UK Continental Shelf.

Delegates heard initial results from analysis of exploration wells drilled over the last ten years in the Moray Firth and central North Sea.

For more information, please contact Karis Vieira on kvieira@oilandgasuk.co.uk.

5. POLITICIANS MEET OIL & GAS UK TO DISCUSS INDUSTRY'S FUTURE

Over the first quarter of 2015, in light of the sharp fall in oil price and increasingly difficult business environment, Oil & Gas UK, on behalf of its members, has sought to engage with politicians across all parties and at the highest level to press for the need for urgent reforms to the tax regime, swift implementation of regulatory reform, and to highlight that the industry itself is resolutely focused on tackling its cost efficiency challenges.

This has included meetings with Prime Minister David Cameron, Chancellor George Osborne MP, Shadow Chancellor Ed Balls MP, Labour Leader Ed Miliband MP, First Minister of Scotland Nicola Sturgeon MSP, Deputy First Minister John Swinney MSP, Energy Secretary Edward Davey MP, Shadow Energy Minister Tom Greatrex MP, Scottish Secretary Alistair Carmichael MP, Shadow Scottish Secretary Margaret Curran MP, Chief Secretary to the Treasury Danny Alexander MP, Shadow Chief Secretary Cathy Jamieson MP, Leader of Scottish Labour Jim Murphy MP, Liberal Democrats Sir Robert Smith MP and Sir Malcolm Bruce MP, leader of the Scottish Conservatives Ruth Davidson MSP, and the leaders of Aberdeen City Council, Councillor Jenny Laing, and Aberdeenshire Council Jim Gifford.

"I have been encouraged by their well-informed understanding of the current situation," says Malcolm Webb, Oil & Gas UK's chief executive.

The British Offshore Oil and Gas Industry All-Party Parliamentary Group and Scottish Parliament's Cross Party Group on Oil and Gas have also held specific meetings and receptions with speakers from government and the political parties, industry, and Oil & Gas UK to discuss the challenges facing the sector.



7.



Image courtesy of Shell

8. FABRICATORS DIRECTORY PROMOTES UK-WIDE CAPABILITIES

The *2015 UK Offshore Oil and Gas Fabricators Directory* promotes the sector's capabilities and capacities to potential customers both in the UK and the global oil and gas industry.

Oonagh Werngren, Oil & Gas UK's operations director, says: "As the industry tackles increasing costs and declining production against a backdrop of falling oil and gas prices, we must take action to ensure that UK companies are competitive. The UK fabrication sector has more than 40 years of experience and has accumulated an impressive level of knowledge and expertise. It is vitally important that we continue to promote these indigenous engineering skills."

The Fabricators Directory 2015 is available to download at www.oilandgasuk.co.uk/fabrication.

9. REPORTING TEMPLATES TO BE ISSUED FOR EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE

An independent administrator has been appointed to collect data for the UK's submission to the Extractive Industries Transparency Initiative (EITI) and reporting templates will be sent out to licence holders in mid-April. Companies will be asked to provide information by the end of July 2015 about the payments they made for upstream taxes on a 'cash paid' basis for the 2014 calendar year. The UK now has until April 2016 to produce its first EITI report and until April 2017 to undergo validation to become a fully compliant country.

To ensure that the independent administrator sends the EITI documents to the correct person in your company, please send the relevant individual's contact details to business.transparency@bis.gsi.gov.uk.

More information on EITI can be found at <http://bit.ly/UKeiti> or contact Mike Earp on mike.earp@decc.gsi.gov.uk.

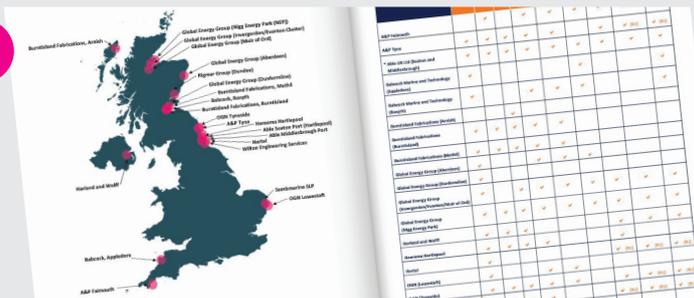
7. CHANGE TO DOWNSTREAM GAS DAY

On 1 October, the gas day in the downstream National Transmission System (NTS) gas network will change from 6 am to 6 am to 5 am to 5 am to comply with the new EU network codes. Since most onshore terminals delivering UK Continental Shelf gas to the NTS will remain on the existing gas day, shippers will face a new commercial balancing risk at the upstream-downstream interface that could cost them an estimated £20 million per year.

On 19 March, Oil & Gas UK and the shippers' Gas Forum were notified by ACER that its proposed amendment to retain the existing gas day throughout the UK had not been successful. Oil & Gas UK is now engaged with NTS shippers to investigate a new commercial and legal arrangement at the UK upstream-downstream interface to mitigate the financial cost of operating with two gas days and two sets of data.

For more information, please contact Marshall Hall on mhall@oilandgasuk.co.uk.

8.



The UK Offshore Oil and Gas Fabricators Directory 2015 contains comprehensive information showcasing the sector's capability and capacity

10. OIL AND GAS TECHNOLOGY LEADERSHIP BOARD OUTLINES PRIORITY AREAS FOR 2015

The Oil and Gas Technology Leadership Board (TLB) has announced its three priority areas for 2015. These are: using proven exploration and production technologies to improve recovery from small discoveries through increased collaboration; innovations in well construction, reducing costs through promoting standardisation; and using remotely operated robotic devices to increase the efficiency and safety of installation inspections.

The focus areas were revealed at the Technology Showcase event in Aberdeen on 4 March, which brought the industry together to hear about the latest technological development opportunities specifically in drilling, water injection, imaging and digital monitoring.

For more information on the TLB, please see the autumn 2014 issue of Wireline for a Q&A with its chairman, Paul Warwick of Talisman Sinopec Energy UK at <http://cld.bz/j6xBsju#28>.

9.



10.



Dr Patrick O'Brien, CEO of the Industry Technology Facilitator, opened the Technology Showcase 2015

Image © Shutterstock.com/shutterstock



11. EU OFFSHORE SAFETY DIRECTIVE BECOMES UK LAW IN JULY 2015

Oil & Gas UK and its members continue to work with the Health and Safety Executive (HSE) and the Department of Energy & Climate Change (DECC) on the EU Offshore Safety Directive, which comes into force in July 2015. HSE and DECC are preparing supporting guidance documents and their operation implementation team is also establishing the administrative procedures for industry to submit the required documents, such as safety cases and oil pollution emergency plans.

Visit www.hse.gov.uk/osdr to view documents from the HSE/DECC operational team and register to attend Oil & Gas UK's seminar on the EU Offshore Safety Directive on 19 May in Aberdeen at www.oilandgasuk.co.uk/events.

Also see p30 of this issue for a Q&A on this topic with Oil & Gas UK's health and safety director Robert Paterson.

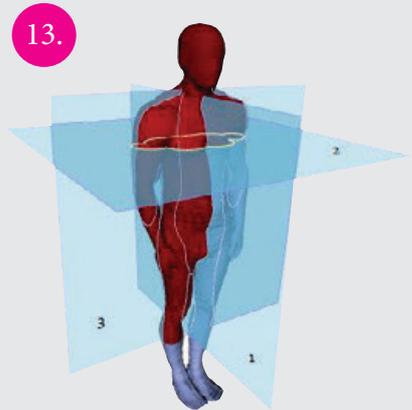
12. UK OFFSHORE HELICOPTER SAFETY

Specially trained medics have now measured over 28,000 personnel travelling offshore. This activity is to meet the Civil Aviation Authority's (CAA) requirement that passengers must sit in a helicopter seat with access to a push-out emergency window compatible with their body size. This requirement is effective from 1 April 2015, with Step Change in Safety responsible for co-ordinating the industry's response. Passengers have been measured for shoulder width, and those greater than 55.9 centimetres (22 inches) are classed as extra broad (XBR) and allocated specific seats. This information will be stored on Vantage POB.

Continuing efforts to improve offshore helicopter safety, Oil & Gas UK has developed a roadmap to tackle four areas for improving helideck team training and competence. These are: helideck operations (including helideck landing officer (HLO) and helideck assistant (HDA) functions); helideck refuelling; radio operations; and meteorological observations and reporting. Oil & Gas UK will work closely with OPITO to update and simplify the relevant HLO and HDA standards and ensure they are applied consistently, whilst ongoing training and assessment will also be improved. Work on the other three areas will be completed towards the end of this year.

Meanwhile, an online portal is being trialled on the Oil & Gas UK extranet, giving helicopter and oil and gas operators access to a range of aviation auditing tools. The aim is to facilitate greater coordination of helicopter operator company audits by installation operators and encourage a more standardised approach to preparing and carrying out audits. This is in response to the CAA recommendation to reduce the audit burden. Feedback is being sought from relevant industry specialists before the portal is rolled out across the UK.

For more information, please contact Robert Paterson on rpateron@oilandgasuk.co.uk.



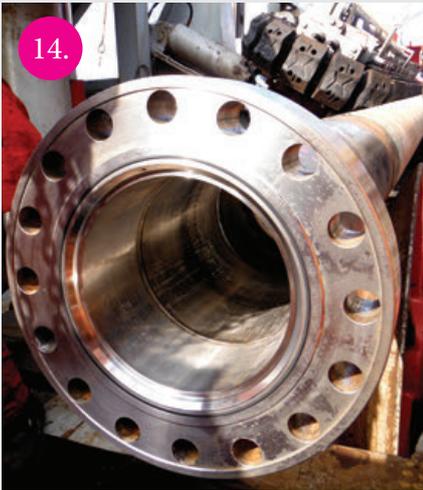
13. STUDY CONCLUDES ON SIZE AND SHAPE OF THE UK OFFSHORE WORKFORCE

The changing body shape of UK offshore workers over the last three decades is revealed in the most comprehensive study of its kind. Oil & Gas UK and researchers at Robert Gordon University analysed data collected from a sample of almost 600 male workers and found that they are now, on average, nearly 19 per cent heavier and two per cent taller than in the mid-1980s. The average weight for male offshore workers is 91 kilogrammes and the average height is 179 centimetres.

Robert Paterson of Oil & Gas UK explains: "This has been a hugely beneficial collaboration between academia and industry. Data collected will inform all aspects of offshore ergonomics and health and safety, including the design of survival suits, helicopter and lifeboat seats, as well as the configuration of offshore work environments."

For more information, please contact Moira Lamb on mlamb@oilandgasuk.co.uk.

Image courtesy of bp



Pipeline flange connector

14. UPDATED PIPELINE AND RISER LOSS OF CONTAINMENT REPORT

Oil & Gas UK and the Energy Institute have collected and analysed new data to update the Pipeline and Riser Loss of Containment (PARLOC) report, which was released on 25 March. The report, which replaces PARLOC 2001, provides improved data for use in quantitative risk assessments and safety cases. The data are presented in an aggregated format and calculated failure rates are in line with those of the 2001 report.

The PARLOC report is available to download at www.oilandgasuk.co.uk/PARLOC

15. GUIDELINES FOR SAFE PACKING AND HANDLING OF CARGO

A cross-industry work group has launched a revised version of the guideline on *The Safe Packing and Handling of Cargo to and from Offshore Locations*. This publication provides details on the withdrawal of the BS 7072 code of practice and how this should be handled. It also highlights the potential financial consequences of failing to comply with the other rules for management and movement of dangerous goods by sea and air outlined in the document.

Hardback copies are available to purchase and the pdf version can be downloaded for free at www.onshoreoffshorecargo.com.



16. SAFETY AWARDS FINALISTS ANNOUNCED

The finalists for the 2015 UK Oil and Gas Industry Safety Awards have been announced. Over 80 outstanding entries were received that reflect the considerable effort across the industry to make the UK the safest place to work. Bookings are open for the awards ceremony in Aberdeen on 29 April, which will celebrate the people, teams and companies making a real difference to offshore health and safety.

A full list of the finalists can be found at www.oilandgasuk.co.uk/safetyawards and you can book online to attend the awards ceremony at www.oilandgasuk.co.uk/events.

17.



The FishSAFE Companion App has been designed as an aide to the safety of fishermen

17. NEW APP FOR FISHERMEN

The new FishSAFE Companion App is a reference and educational tool that describes surface and subsea objects used in offshore oil and gas operations. The app, from the Fisheries Offshore Oil and Gas Legacy Trust, is designed as an aide to the safety of fishermen. It is available for download on Android, with the Apple version to follow.

The FishSAFE Information project and the costs of development, production and supply of the FishSAFE Unit are supported by substantial grants from the Scottish Ministers and the European Union through the European Fisheries Fund.

For more information, visit the FishSAFE website at <http://fishsafe.eu/en/home.aspx>.

Also see a video of the app in action at <http://bit.ly/1zeVmfJ>.



18.

18. TELLING THE STORY OF THE UK CONTINENTAL SHELF

The Capturing the Energy initiative, which works with companies and organisations from across the UK offshore oil and gas industry to preserve the sector's historical records, has recently re-launched its website after a redesign. The new site includes details about the project, information about existing collections and explains how companies, organisations and individuals across the sector can contribute to the oil and gas archive at the University of Aberdeen. The initiative is supported by Oil & Gas UK, which provided funding for the development officer post.

Visit the site at www.capturing-the-energy.org.uk, or to get involved please contact Katy Johnson on info@capturing-the-energy.co.uk.

20. SUPPLY CHAIN OPPORTUNITIES IN THE ATLANTIC CANADA BASIN

UK Trade & Investment (UKTI) Canada has identified opportunities for the UK supply chain in the Atlantic Canada basin, which has significant deposits of crude oil and gas. UKTI Canada, with input from local industry experts, has conducted analysis of the market, matching it to the Oil & Gas UK/EY supply chain mapping exercise. The results suggest that companies operating in the following subsectors could develop their export business within Atlantic Canada: reservoirs and geoscience; facilities (including engineering, operation, maintenance and decommissioning contractors, and machinery/plant design and manufacture); and marine and subsea.

For more information, please contact Tracey Grindal on tracey.grindal@mobile.ukti.gov.uk.



21.

21. INDUSTRY'S SHARED DATA MANAGEMENT SERVICE MARKS 20-YEAR MILESTONE

Common Data Access (CDA) Limited, a subsidiary of Oil & Gas UK, celebrated its 20th anniversary in March. Over this time, CDA has evolved into a highly valued data service for exploration and production companies. It provides the industry with the most comprehensive tool for sourcing quality subsurface data and related information about production licences and infrastructure through its integrated web portal, UKOilandGasData.com.

Malcolm Fleming, CDA's chief executive, says: "CDA provides important shared services for secure storage and online access to very large quantities of well and seismic data for the UK Continental Shelf. CDA is a terrific example of successful industry collaboration to deliver cost efficiency and value."

For more information, please visit www.cdal.com.



19. CHARGE INTRODUCED FOR MUTUAL HOLD HARMLESS AGREEMENT

LOGIC, a subsidiary of Oil & Gas UK, now charges £200 plus VAT to sign up to its industry mutual hold harmless agreement, which covers the allocation of risk and liability between offshore contractors in the event of injury or loss. The 2012-launched scheme now has over 825 signatories, which exceeds the sign-ups to the previous scheme by over 100. In addition, from 1 January, LOGIC introduced a charge of £10 plus VAT for each *Standard Contract* downloaded by non-Oil & Gas UK members. The document remains free for Oil & Gas UK members. The LOGIC Standard Contracts Work Group continues to review the suite of contracts.

For more information, contact LOGIC on logic@oilandgasuk.co.uk.



19.

MEMBERSHIP MATTERS

NEW APPOINTMENTS TO THE BOARD

Oil & Gas UK has announced three new appointments to its Board. Craig May, managing director of Chevron Upstream Europe Limited, joins as a representative of the operator community, replacing Andy Samuel, formerly of BG Group. Neil McCulloch, president North Sea at EnQuest Plc, is appointed to also represent the operator community and brings an understanding of the business gained in a variety of upstream companies. Representing the contractor community is Richard Mintern, CEO northern Europe at Babcock Mission Critical Services, who brings his 25 years' experience in the international aviation business.

Malcolm Webb, Oil & Gas UK's chief executive, comments: "It has never been more important that our Board comprises high calibre individuals who can draw on decades of experience to provide counsel and guidance. I am therefore very pleased that the exceptional strength of the Board has been maintained through the appointments of Craig May, Neil McCulloch and Richard Mintern."



New members of the Oil & Gas UK Board L-R:

Craig May, managing director of Chevron Upstream Europe Limited; Neil McCulloch, president North Sea at EnQuest Plc; and Richard Mintern, CEO northern Europe at Babcock Mission Critical Services

NEW MEMBERS JOIN OIL & GAS UK

We are pleased to welcome the following companies that have joined Oil & Gas UK since the last issue of *Wireline*:

Ashurst LLP, Astrimar Ltd, Atlas Copco Ltd, Centrica Storage, Colo Datacentre Consulting, Dron & Dickson Ltd, Exception, Fedassun Petrogas Global, FGB Limited, FourPhase, Gill Jennings & Every LLP, Hercules Britannia Holdings, McLaren Aviation, Oranje Nassau Energie Ltd, Organizational Edge Ltd, Rawwater Engineering Company Ltd, Risktec Solution Ltd, Scrabster Harbour Trust, Subroutine, Subsea Solutions Ltd, Wakefield Acoustics Ltd, Wellsprings Solicitors, Wårtsilå and Xcite Commercial.

Business development executive, Mark Mullins, is committed to ensuring that Oil & Gas UK membership is carefully tailored to members' needs so please contact him on mmullins@oilandgasuk.co.uk with any queries.



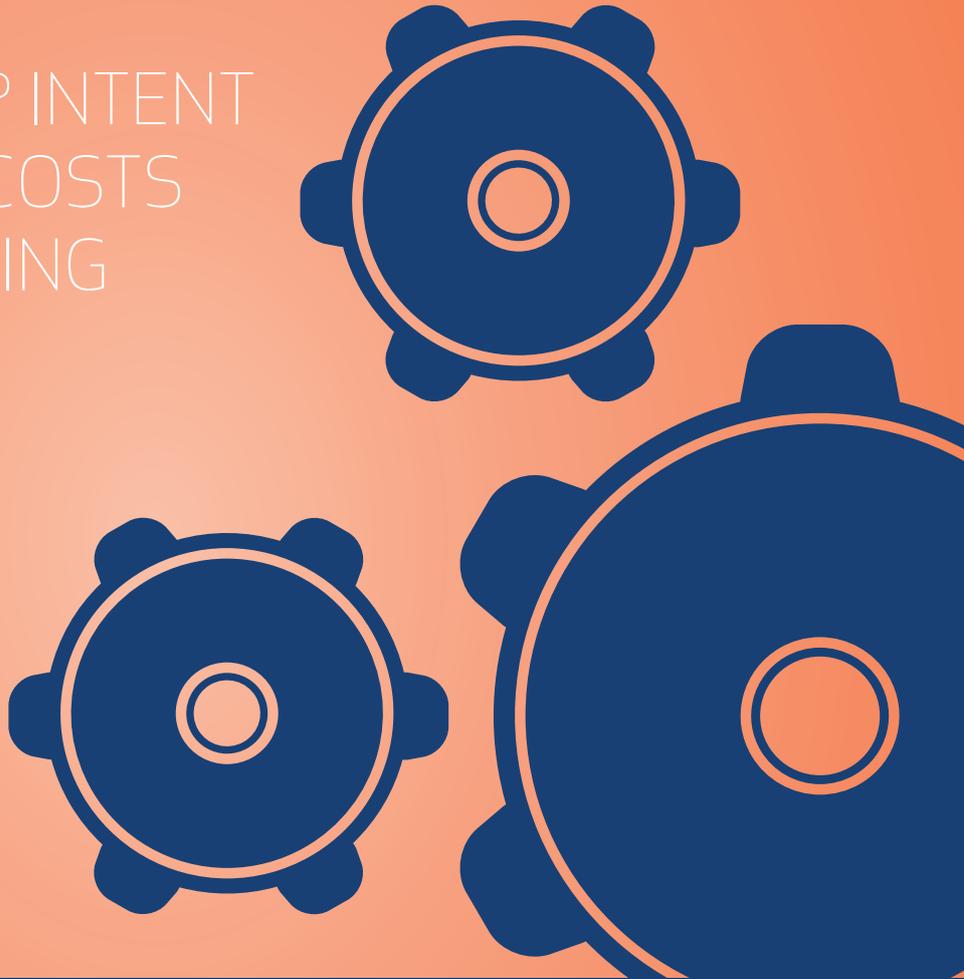


WE HAVE BETTER THINKING

RESTRUCTURING? INTENT ON CORRALLING COSTS WHILST MAINTAINING SERVICES?

We can take the strain operationally and financially across all our business offerings.

Flexible & differential commercial models available.

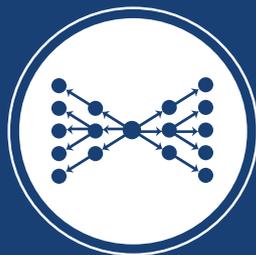


MANAGED SERVICES

INFORMATION MANAGEMENT

PROCESS SAFETY

PROCESS SECURITY



Dates for your diary

Raise your company's profile and be better informed about the important issues of the day by attending Oil & Gas UK's industry-leading events and training courses.

EVENTS

29 April
The UK Oil and Gas Industry Safety Awards
Aberdeen



17 to 18 June
The Oil and Gas Industry Conference
Aberdeen

23 September
Legal Conference
Crieff Hydro, Scotland

4 November
PILOT Share Fair
Aberdeen

5 November
Oil & Gas UK Awards
Aberdeen

Principal sponsor



17 to 19 November
Offshore Decommissioning Conference 2015
St Andrews

SEMINARS

19 May
EU Directive Seminar
Aberdeen

Sponsored by



2 June
Aviation Seminar
Aberdeen

Sponsorship opportunities available

30 June
Supply Chain Seminar
Aberdeen

Sponsorship opportunities available

29 September
Security Seminar
Aberdeen

Sponsored by



1 October
Occupational Health Seminar
Aberdeen

Sponsored by



25 November
Environmental Seminar
Aberdeen

Sponsored by



TRAINING COURSES

21 May
Supply Chain Solutions
Aberdeen



27 May
Oil and Gas Overview
London

17 June and 9 November
Introduction to Industry Guidelines on Well Life Cycle Practices
Aberdeen

3 September and 10 September
Effective Use Of Master Deed
London and Aberdeen, respectively

15 September and 17 September
Infrastructure Code of Practice, Regulatory Framework and Practical Commercial Negotiations
London and Aberdeen, respectively

7 to 8 October
Fundamentals in Oil and Gas
Aberdeen

BREAKFAST BRIEFINGS

Aberdeen Breakfast Briefings

- 6 May – Cost Efficiency
- 2 July
- 9 September – The Economic Report
- 6 October
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Oil & Gas UK's Cost Efficiency Task Force aims to tackle the fundamental behaviours driving cost escalation on the UK Continental Shelf

The case for change

Improving the industry's cost efficiency is essential to secure the long-term future of the UK Continental Shelf. *Wireline* provides an insight into the sector's proposals to achieve this step change through collaboration across the board.

Oil & Gas UK's recent *Activity Survey* report revealed 2014 as yet another challenging year for the UK offshore oil and gas industry. Rising operating costs, high taxes and inadequate regulation have taken their toll on the industry's international competitiveness, a situation that was exacerbated by the collapse in oil price.

While the industry has weathered the oil price peaks and lows of the past, it is

now facing a very different combination of factors that mean the UK Continental Shelf (UKCS) is costing more money than it generates. As a maturing province, the basin was already high cost, characterised by a large number of complex, technically challenging fields, as well as ageing platform and pipeline infrastructure. But this has been compounded by significant inflation in the cost of goods and services required to produce oil and gas. >

“ Achieving cost efficiency is not about halting expenditure, it's about changing organisational behaviours to improve the efficiency of business models and working collaboratively. ”

Oonagh Werngren, Oil & Gas UK's operations director, explains: "Operating expenditure on the UKCS rose by almost eight per cent to £9.6 billion in 2014, while production continues to decline. At oil prices of around \$50 per barrel, a third of fields – about 20 per cent of UKCS production – are loss making. There has also been a serious slump in exploration as well as cost over-runs on some ongoing development projects.

"The remaining resource of up to 23 billion barrels of oil equivalent on the UKCS represents a substantial prize to be developed over the long term. By making fundamental changes to tackle costs and improve efficiency, we can channel our collective efforts to create a leaner, stronger business model that is more resilient to future economic challenges."

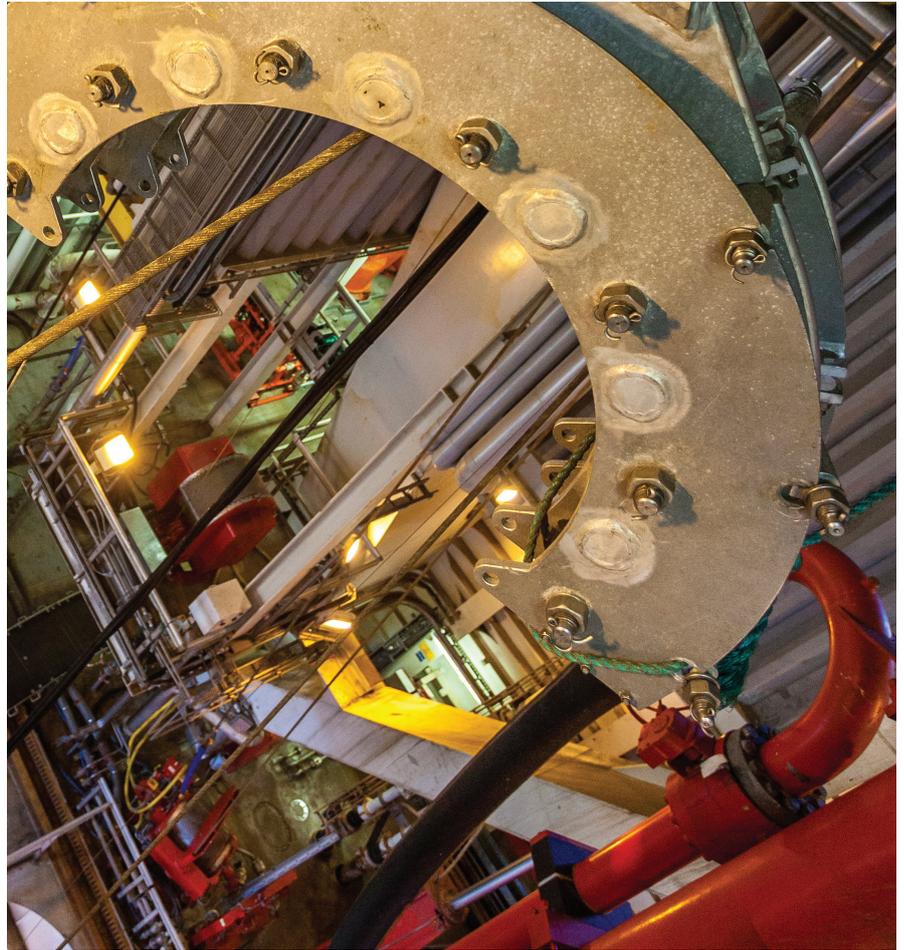
Industry response already in motion

The urgency of the situation was recognised long before the *Activity Survey* findings were published and even before the oil price plunged. Indeed, Oil & Gas UK established the Cost Efficiency Task Force in late Spring 2014 to instigate a number of pan-industry initiatives – all rooted in the principle that tackling the fundamental behaviours driving cost escalation on the UKCS is essential.

Oonagh adds: "Our industry set an aspirational target to reduce operating costs by 30 to 40 per cent per barrel by 2020 – and beyond 2020, further improvements to the UKCS cost base will be required.

"However, achieving cost efficiency is not about halting expenditure, it's about changing organisational behaviours to improve the efficiency of business models and working collaboratively with operators, major contractors and small to medium sized businesses to achieve a more internationally competitive and sustainable oil and gas province.

"And while the industry works together on key areas, there are efficiency improvements to be gained within individual businesses; everyone needs to play their part, from operators to the entire supply chain, in making a vital contribution to the sector's future."



“Working collaboratively with the government and the regulator, the industry can mitigate the impact on employment to help towards ensuring a long and healthy future for the UK Continental Shelf.”

Themes of change

Oil & Gas UK is co-ordinating a range of initiatives as part of its Cost Efficiency Task Force that fall under various themes: people issues, logistics planning, and simplification and standardisation. In addition, the PILOT Production Efficiency Task Force is focusing on offshore efficiency, while another pre-existing group is looking at managing late-life assets, including decommissioning.

Also, increasingly important for greater cost efficiency across the basin is technological innovation, which has already underpinned so much of the development on the UKCS. The Oil and Gas Technology Leadership Board, the industry body established last year to drive technology delivery, recently announced three priority areas. These are: better use of proven exploration and production technology to improve recovery from small discoveries; new

methods for well construction, reducing costs by promoting standardisation; and using remotely operated robotic devices to enhance the safety and efficiency of installation inspections.

People

Leading the work group on people issues are John Pearson, co-chair of Oil & Gas UK's Board and group president of Northern Europe and CIS at Amec Foster Wheeler, and Mike Skitmore, director at Premier Oil UK. The group's approach is about getting the right number of people with the right skills on offshore sites without detriment to health and safety.

Together with stakeholders, they are currently considering the potential for achieving cost efficiencies by changing offshore working patterns and developing joint guidance to aid this change process, without compromising the safety of people and assets.

Industry analysis has shown that moving to an equal time rota could offer a practicable and immediate opportunity to improve competitiveness within a short timeframe. Of course, while outlining the significant cost efficiencies that could be achieved through making these changes, Oil & Gas UK recognises that, as a trade association, it cannot oblige the industry to adopt any particular practice.

In addition, as a result of discussions with the Inter Union Offshore Oil Committee, Step Change in Safety is considering opportunities to simplify, through standardisation, control of work and training processes.

John says: “We recognise that in the current business environment there is an absolute need to structurally change our industry; however, by working collaboratively with the government and the regulator, the industry can mitigate the impact on employment to help towards ensuring a long and healthy future for the UKCS.”

“Progress has already been achieved on sharing spare part inventories...helping supply chain and inventory managers to accelerate the replacement of critical equipment.”

Turn around on time

Better execution of planned turn-arounds (TARS), when platforms are shut down for annual maintenance, is one of the offshore efficiency topics handled by PILOT's Production Efficiency Task Force, established in May 2013. Participants at a Turn

Around on Time seminar in April 2014 outlined their aim to help reduce UKCS shutdowns by sharing best practice and working to co-ordinate shutdowns to minimise production downtime.

Oonagh says: “Later this year, Oil & Gas UK will publish guidance, drawn from recent industry studies related to TARs, such as planning and delivery, to help reduce their frequency and duration. There are also plans to disseminate good practice on improving ‘wrench time’, a key metric for measuring aspects of productivity offshore.”

Improving logistics

On the theme of logistics planning, work is focused on how the industry can better collaborate and allocate its resources on a basin-wide scale.

Philippe Guys, managing director of Total E&P UK and co-lead of the group, notes that “this is an opportunity to find innovative ways for the wider industry to drive cost efficiencies. Progress has already been achieved on sharing spare part inventories by using the Oil & Gas UK extranet to access an industry-wide spare part database, helping supply chain and inventory managers to accelerate the replacement of critical equipment.”

Adrian Rose, vice president for Europe operations at Transocean Ltd and contractor vice co-chair of Oil & Gas UK's Board, co-leads the work and adds: “Other proposals include plans to establish rig clubs that connect multiple operators within the same UKCS sector. In doing so, they can plan and optimise well operations more efficiently by sharing drilling rigs and associated support services.”

Meanwhile, data gathered from a questionnaire will help establish whether more extensive sharing of offshore supply vessels can also contribute to cost efficiency.

Simplification and standardisation

Work to remove unnecessary costs from the basin aims to achieve greater simplification and standardisation across the sector in processes such as equipment procurement and technical standard setting.

Terry Savage, corporate relationship director at Global Energy Limited, >

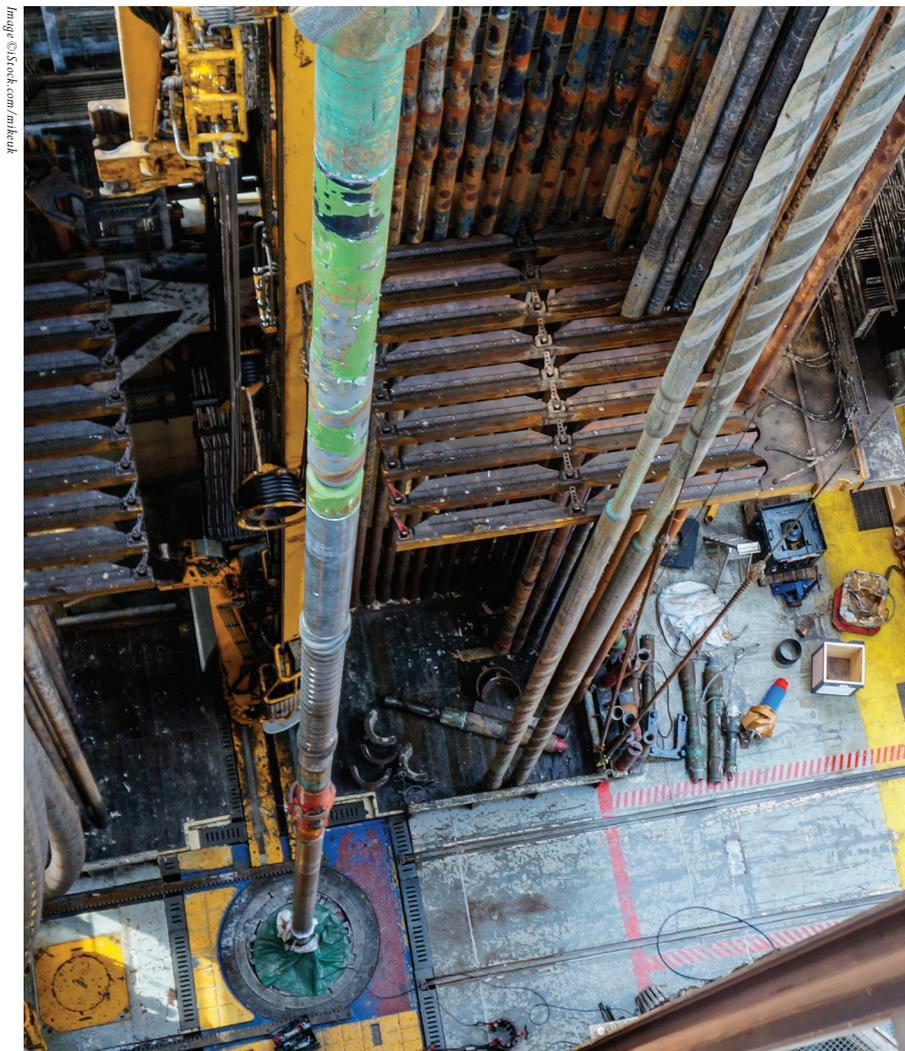


Image © iStock.com/mkbrak

explains: “We believe ‘smarter’ ways of working – such as encouraging industry to adopt standard, instead of complex, versions of items including pipes, valves and other components – could help reduce unit costs in design and maintenance and address the expensive ‘gold plating’ approach symptomatic of bespoke contracts.”

Neil Kirkbride, chief executive officer of BEL Valves, continues: “Current activities include plans to assess two recent subsea projects and analyse areas where cost efficiencies could have been achieved.”

For the past two years, Oil & Gas UK has partnered with the Industry Technology Facilitator to present the Technology Showcase event. “Here, oil and gas representatives heard from leading figures in academia, aerospace, nuclear and automotive sectors and explored the potential for sourcing alternative technology to tackle rising

“ **We want to increase collective understanding about how best to address the challenges of late life and decommissioning by sharing best practice.** ”

costs and improve production efficiency,” outlines Bill Morrice, managing director, Technip UK.

Related to the theme of standardisation, Oil & Gas UK’s health and safety directorate is encouraging oil and gas operators to adopt a standard approach to preparing and undertaking audits of helicopter operators. This is in response to the Civil Aviation Authority’s recommendation to reduce the audit burden. An online portal on the Oil & Gas UK extranet provides access to numerous auditing tools, which is being trialled by industry specialists. While this activity primarily contributes to efforts to enhance offshore helicopter safety, these actions will also help enhance the efficiency of current processes.

Efficient decommissioning

Addressing cost efficiency in managing late-life assets and decommissioning has an important role to play too. Leading this work are Nigel Lees, regional director – strategy and growth at Wood Group PSN, and James Edens, vice president and managing director of CNR International (UK) Ltd. The group has a vision to achieve a macro-level reduction

in decommissioning costs whilst ensuring a seamless transition from operations to cessation of production.

Nigel explains: “We are currently exploring a proposal for a new decommissioning operating model that could be developed in partnership with government, and which we hope will have a material impact on the overall costs. This work supports the Oil and Gas Industrial Strategy and continues the collaborative approach between industry and government. There are plans to develop commercial, fiscal and technical proposals in support of these ambitions through the auspices of the decommissioning subcommittee of the Oil & Gas UK Board.”

Nigel continues: “We also want to increase collective understanding about how best to address the challenges of late life and decommissioning by sharing best practice on the transition from an operating asset through to cessation of production, decommissioning and removal. A good example of this is the Late Life Roadmap, which is being co-ordinated by Decom North Sea.” ^W

“ **Smarter ways of working...could help reduce unit costs in design and maintenance and address the expensive ‘gold plating’ approach symptomatic of bespoke contracts.** ”



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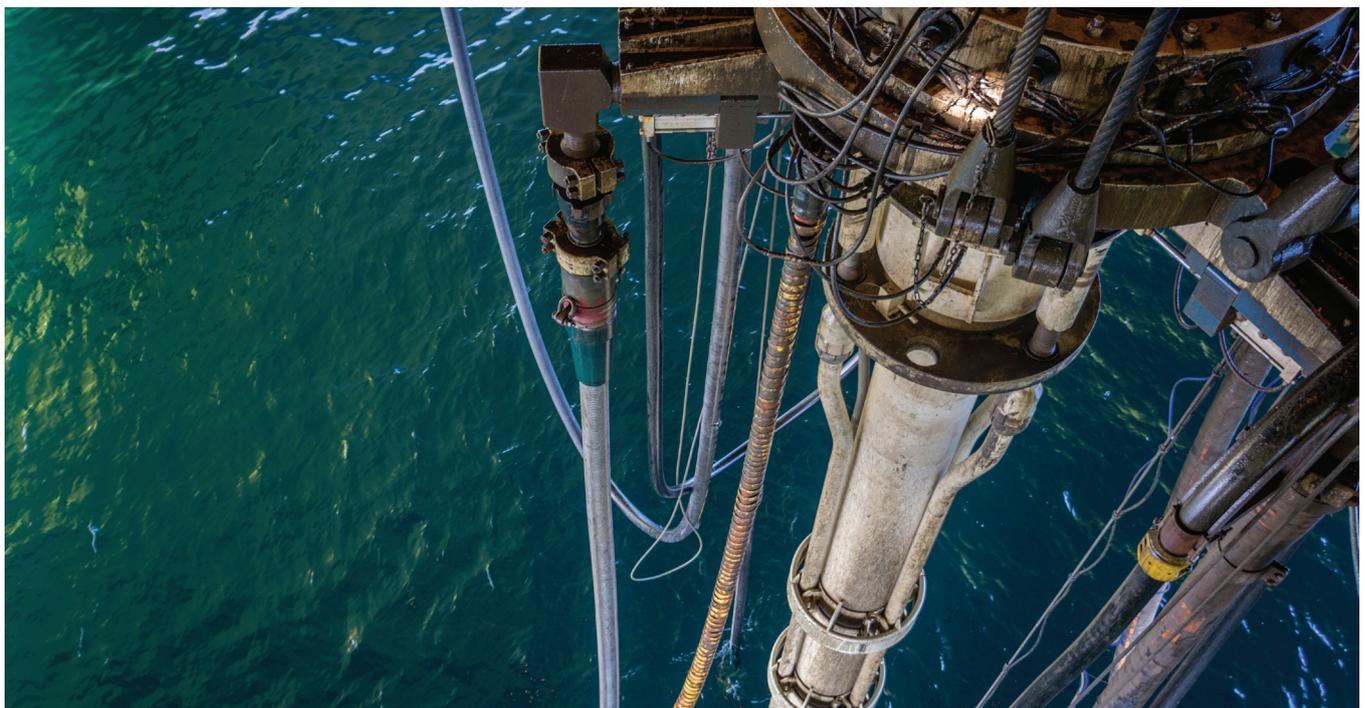


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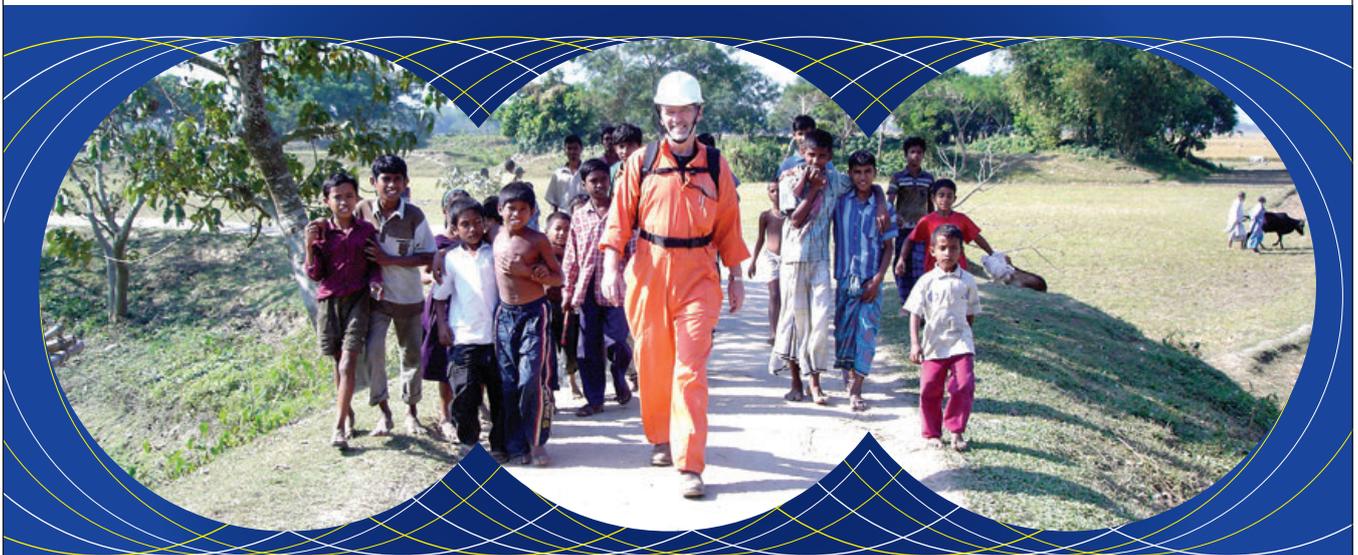
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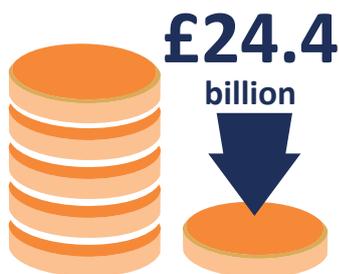
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Activity Survey 2015

Wireline presents some of the key facts and figures from Oil & Gas UK's *Activity Survey 2015* plus a Q&A with economics and commercial director Mike Tholen.



Industry delivered £24.4 billion of production revenues - the lowest since 1998

£9.6 billion



£9.6 billion was spent on operating the UK Continental Shelf last year, almost eight per cent higher than in 2013

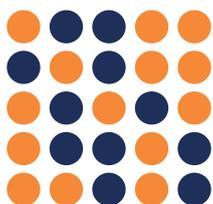


£14.8 billion of capital invested



Unit operating costs increased last year, up to £18.50/boe from £17/boe in 2013

14/25



Only 14 of the expected 25 exploration wells were actually drilled - continuing a downward trend since 2009

Just 8 new fields

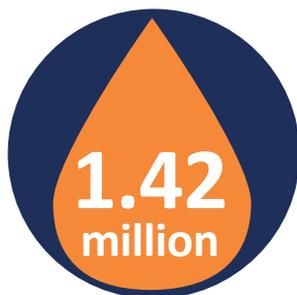


Eight new fields sanctioned alongside 28 brownfield opportunities

“**This year’s Activity Survey is clear on the challenges we face, but also identifies this region’s potential, emphasising the importance of government and industry putting the right measures in place to secure its long-term future.**”

£1 billion

£1 billion spent on decommissioning activity, the highest annual spend on record



1.42 million
barrels of oil equivalent

1.42 million boe per day produced, slowing production decline



Only eight to 13 exploration wells are forecast to be drilled in 2015 as the lower oil price adds to existing barriers



£9.5 billion in 2015

Investment is forecast to fall sharply to £9.5–11.3 billion in 2015, depending on current project performance and investment

Q&A – Oil & Gas UK’s economics and commercial director Mike Tholen

Q: What does the 2015 Activity Survey show – and what must industry do next?

A: This year’s Activity Survey is clear on the challenges we face, but also identifies this region’s potential, emphasising the importance of government and industry putting the right measures in place to secure its long-term future. This is crucial, not only for the energy security that domestic oil and gas production provides, but also for the hundreds of thousands of highly skilled jobs, advanced technology and billions of pounds of exports that the industry underpins.

The report noted, worryingly, that investment in currently sanctioned projects will fall to £2.5 billion by 2018. A combination of cost and efficiency improvements of up to 40 per cent are needed to give this basin a viable future – and the more we can invest our way out, the less we need to rely on cost control alone.

Q: How does the new regulator, the Oil and Gas Authority (OGA), fit into this?

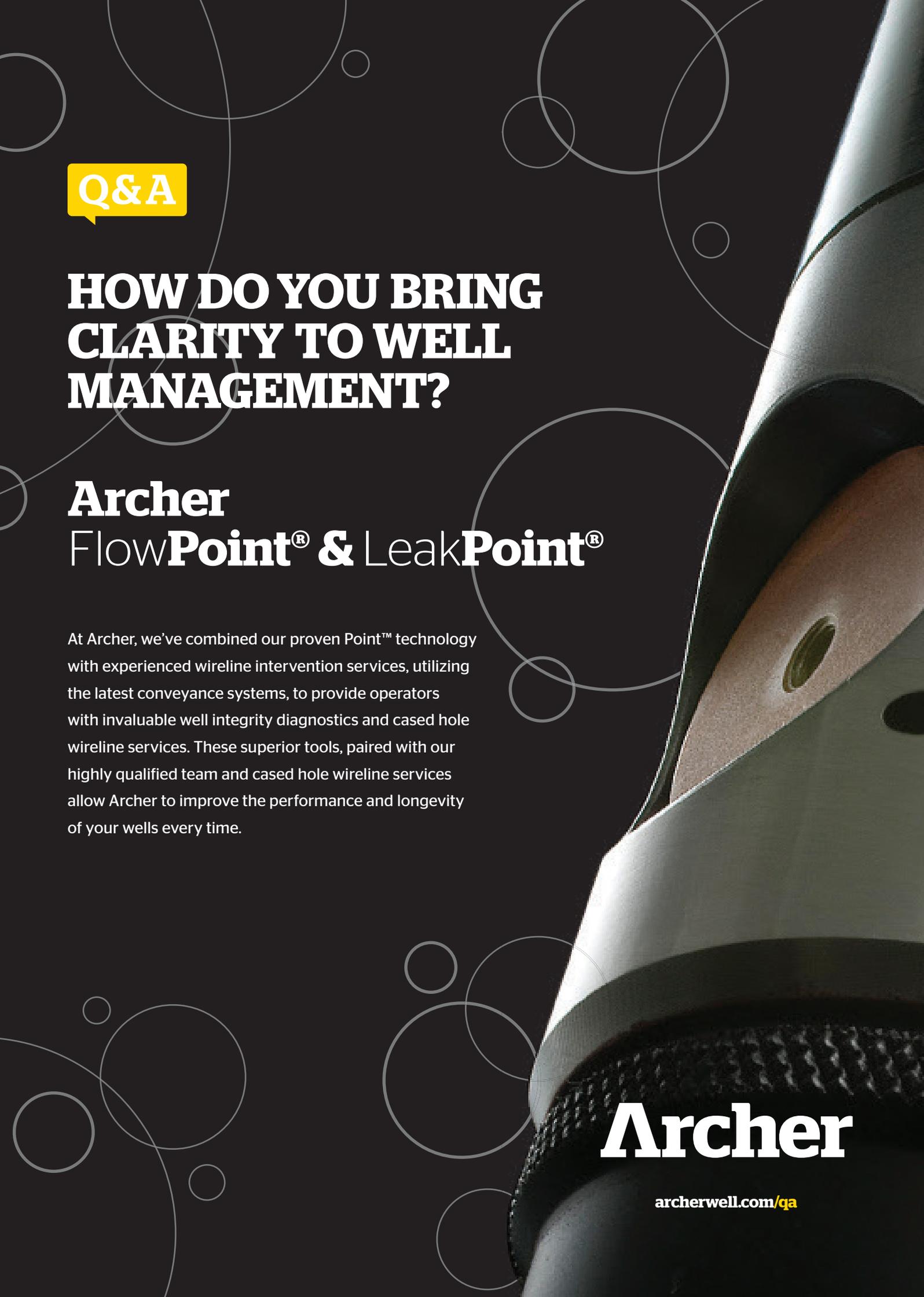
A: We said at the launch of the Activity Survey that concerted effort on three fronts is needed – tax, regulation and cost – to make the basin more attractive to global investors. Government has taken important steps to implement the Wood Review recommendations – we now need to see full delivery of those recommendations, in particular the prompt establishment of a well-resourced OGA.

Q: What do the announcements made in Budget 2015 mean for the industry?

A: Budget 2015 has laid strong foundations for regeneration of the UK North Sea through the ten percentage point reduction in the supplementary charge, which reduces the headline rate of tax to 50 per cent; promise to cut petroleum revenue tax by 15 percentage points from next year; and the new, simplified, Investment Allowance. It is in the hands of our industry now to build on this by delivering the cost and efficiency improvements required to secure our future.



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Q&A

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The new intensive residential course at The Underwater Centre in Fort William on 'Work Class ROV Operations' aims to reduce the time needed to train pilots of remotely operated vehicles and prepare them more effectively for their offshore roles

Underwater robotics

With the UK offshore oil and gas industry venturing into deeper, harsher and more remote waters, remotely operated vehicles have an ever important role to play in subsea construction and maintenance. *Wireline* reports on the evolution of the technology and the skills required to steer these stalwarts of the offshore industry.

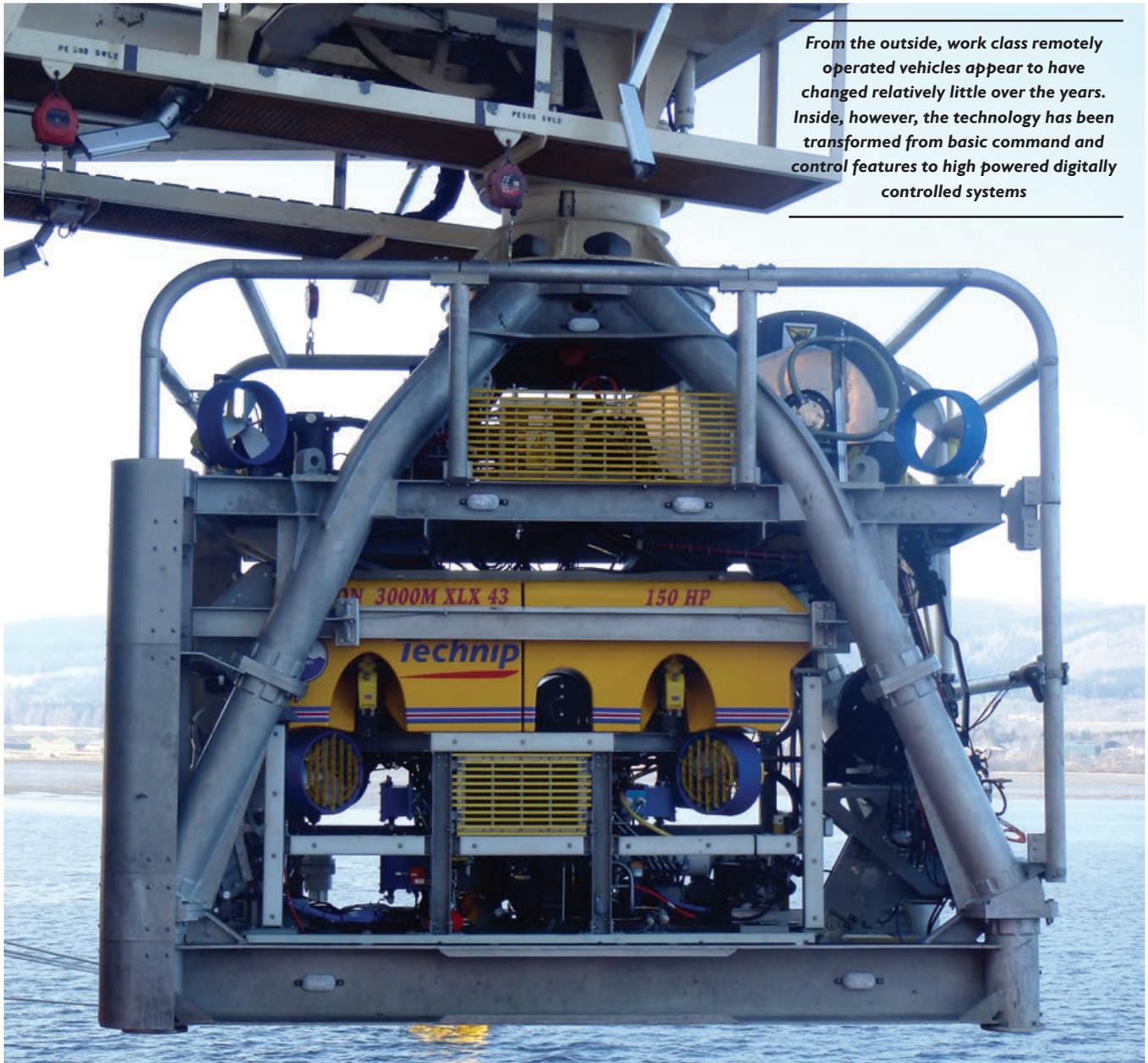
After 14 years as a mechanic in the car trade, Raymond Dewar's long-standing interest in working offshore prompted him to take his career in a new direction – controlling underwater remotely operated vehicles (ROVs) for the oil and gas industry. "There were several avenues I considered, but the ROV sector struck me as the most interesting," he says. "There's something very satisfying about sending an

ROV underwater, carrying out a task and then bringing it back to the surface for service, ready for the next job."

Raymond joined Technip in Aberdeen in June 2013 as an ROV pilot technician and has worked on the Greater Stella Area and Schiehallion Quad204 developments on the UK Continental Shelf (UKCS). He is now part of the crew aboard Technip's deepwater

pipelay and construction vessel, the Deep Blue, which services the industry worldwide.

In essence, ROVs are underwater 'robots', managed on the surface by pilots like Raymond via an umbilical link from a host vessel. Small and high capability electrical ROVs can be used for observation and inspection, whilst 'work class' specifically describes those vehicles that perform a >



From the outside, work class remotely operated vehicles appear to have changed relatively little over the years. Inside, however, the technology has been transformed from basic command and control features to high powered digitally controlled systems

wide variety of vital tasks on subsea infrastructure, from pipeline repairs and construction support, to large-scale subsea tie-ins. Powered electrically and hydraulically, work-class ROVs lift and operate tools amid often complex subsea oil and gas developments.

In a mature basin like the UKCS, where fields are smaller, more complex, and often in deeper and harsher conditions, subsea technology will play an even greater role in expanding the UKCS' productive life. Work class ROVs have a water depth limit of about 4,000 metres. This is in fact beyond the needs of the UKCS and so is not a constraining factor.

Packing a punch

From the outside, work class ROVs appear to have changed relatively little over the years. Inside, however, the technology has been transformed.

“ The deeper the water, the further you are away from the operation, so the need for precision in command and control systems becomes all the more acute. ”

“If you look at today’s ROV compared with one from 25 years ago, it doesn’t look that much different; but it’s a lot smarter,” says Martin Anderson, director of Technip’s Remote Intervention and Equipment Services in Aberdeen.

“Today’s version is much more powerful with lighter and smaller components. This process of miniaturisation is at the heart of its evolution. Twenty-five years ago, we would have had a pretty large hydraulic pump delivering 100 horsepower; now you have up to 200 horsepower and the pump is a quarter of the size. ROVs have become more energy efficient, with greater processing power and capacity in smaller packages.”

Remote control

Martin is among the senior industry figures that recognise the need for training to keep pace with the technology.

He explains: “ROV systems in the last five to eight years have become much more complex technically. One of our challenges is that we have some very experienced people, with 20 to 25 years in the industry, but the ROV systems they trained on 25 years ago are long obsolete.

“They’ve gone from having basic command and control features to become high-powered computers. The change towards digitally-controlled systems means that today’s operators need highly specialised training to understand and operate this generation of ROVs.

“And the deeper the water, the further you are away from the operation, so the need for precision in command and control systems becomes all the more acute. You’re operating this piece of kit using touch control from two kilometres away or more and doing so with a tolerance of just a few centimetres or even millimetres.”

He adds: “And on top of that, you need to get just the right amount of horsepower into the vehicle without turning it into a monster. The increasingly physical nature of tasks and the amount of tooling that the vehicle needs to carry often requires more power and that’s where advances in hydraulic pumps and enhanced distribution of power to thrusters are helping. But, here too, the skills of the pilots come into play, for example, knowing how to configure the tooling on the ROV when some really big pieces of kit are involved, to ensure it continues to work to optimum effect.”

“There have been advances in fibre optics and data communication, as well as in acoustics, navigation systems and computer processing, which means the machines are more efficient and can be used in more difficult conditions. But we need to ensure the training keeps up to speed with these developments.”

Skilful solutions

That’s why Technip was among the companies that, in collaboration with the International Marine Contractors Association, actively supported the development of a new training course last year in work class ROV operations at The Underwater Centre in Fort William, Scotland. This is the world’s first such course delivered by an independent training provider, changing the way industry trains its staff.

The Centre’s general manager Steve Ham outlines: “Usually, companies spend time and money sending their staff on different training courses, such as hydraulics, fibre optics, high voltage or working at height training. This new course covers all these areas. It aims to reduce the time needed to train personnel and, ultimately, prepares them more effectively for their offshore roles.”

The Underwater Centre, which celebrates 40 years this year, is a purpose-built, subsea training and trials facility and is based

Inspector gadget

For the North Sea Production Company (NSPC), underwater remotely operated vehicle (ROV) technology has proved “its worth beyond expectations” in the drive to improve the safety and efficiency of everyday operations.

The NSPC has deployed mini-class ROVs to carry out ballast tank inspections on board the North Sea Producer floating, production, storage and offloading (FPSO) vessel. Unlike traditional rope access inspections by staff, this approach means that individuals no longer need to carry out initial physical inspections of each tank, significantly reducing the risks associated with rope access inspections, working at height and confined space entries. Subsequent close visual inspections by staff are only required if anomalies are detected during the ROV survey.

This approach also has benefits for asset integrity management. ROV inspections have reduced set-up times as they remove the need for rope access equipment to be installed and for the tanks to be emptied, ventilated and illuminated ahead of inspection (the ROVs have built-in lighting). This enables simpler and more frequent inspections at critical locations on an ageing asset at any time of the year, including winter. Previously, the tanks could not be emptied and physically inspected easily by staff in winter, as all the ballast tanks must remain full for stability, ensuring the vessel sits deeper in the water.

The NSPC won the 2014 Innovation in Safety category at the UK Oil and Gas Industry Safety Awards.



on the shores of a sea loch, with access to water depths of over 100 metres. The five-week residential course, ‘Work Class ROV Operations’, covers theory, front-line operations and safety training.

“We’re taking people who have already got a good technical background from a variety of different disciplines, such as hydraulics, electronics or mechanical technicians, and giving them a common grounding,” explains Steve.

And the course’s key distinguishing feature is its authenticity. It uses two modern work class ROVs and a support vessel to provide open water training on Loch Linnhe. Steve adds: “The plan was to establish an intensive training programme featuring the types of scenarios and machines that trainees would actually use offshore, getting them ready for the front line more quickly.”

Hands on

Raymond attended the course last year and found it “extremely fulfilling”. He adds: “It

gave me a solid insight into offshore operations and brought me up to speed quickly on the internal workings of the ROV, including its electrical and hydraulic systems.”

Technip’s use of The Underwater Centre’s training complements its professional development strategy for its ROV workforce, which takes account of the increasing complexity of work class ROVs and ensures everyone has an individual training plan.

Steve notes that it is vitally important that industry keeps up with technological progress. “ROVs can do so much more today. There have been advances in fibre optics and data communication, as well as in acoustics, navigation systems and computer processing, which means the machines are more efficient and can be used in more difficult conditions. But we need to ensure the training keeps up to speed with these developments.” ^(w)



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“The appeal for me is getting out among the workforce – among primarily non-church people – responding to people and their needs in these circumstances is very fulfilling.”

Open doors

With hundreds of thousands of people under his pastoral care, UK oil and gas chaplain Reverend Gordon Craig is always on the move with regular offshore trips and home visits all over the country. *Wireline* caught up with him to find out more

“I greatly admire my colleagues who work in churches and parishes, but to be honest I don’t think I could do that,” reflects Reverend Gordon Craig. “The appeal for me is getting out among the workforce – among primarily non-church people – responding to people and their needs in these circumstances is very fulfilling.”

With over 20 years under his belt as chaplain in the Royal Air Force (RAF), Gordon is no stranger to working at the very heart of a sector with an important national role.

He recalls: “When I applied for the role in oil and gas in 2012, I remember being asked what I felt the biggest challenge

would be. For me, chaplaincy is about building relationships with people and until they can see the real person beyond the clergyman label, this can be pretty difficult.

“I’d have probably felt pushed into the deep end coming straight from a parish into this job, but the experience >



The crew on EnQuest's Thistle platform present Reverend Gordon Craig with a £1,000 cheque for The Oil Chaplaincy Trust, which can provide financial support in times of hardship to workers past and present in the UK oil and gas industry. The donation from the Thistle charity committee was raised by the crew through various activities

and training of those RAF years undoubtedly helped me. I loved those years.”

Whilst in the RAF, he was stationed at bases as far afield as Germany, the Falklands, Italy, the Middle East and Afghanistan, as well as throughout the UK. He says: “I built up experience of engaging with people informally on all sorts of issues and of all backgrounds. And the prospect of continuing this work in a new arena such as oil and gas was an enticing one and a natural fit for me.”

Strong foundations

Born and raised in west central Scotland, Gordon initially worked in the insulation industry as a trainee contracts manager after leaving school in the late 1970s.

But his growing awareness of a religious calling eventually led him to study theology at the University of Glasgow for four years, after which he completed a postgraduate diploma in ministry and was ordained as a Church of Scotland minister in 1988. Following a short

probationary period, he joined the RAF as a chaplain.

Today, as Gordon goes about his daily duties, he’s always mindful that it is the respected reputation of the UK Oil and Gas Chaplaincy, established since the 1980s, which makes it easier for him to do his job.

He muses: “The chaplaincy’s reputation has been built up over the years through my predecessors and, no matter where I go, I always meet people who knew one of them. I’m enjoying the fruits of that work and doing my best to honour it.”

All embracing

In essence, the chaplaincy, which is fully funded by industry through Oil & Gas UK, provides a pastoral and spiritual focal point for the sector. For those experiencing problems ranging from financial difficulties, illness or family issues, the guiding principle of the chaplaincy remains the same – it will never turn anyone away, supporting people of any faith or none.

Gordon asserts: “Offshore workers I’ve probably never met before might otherwise look at me and see someone ready to hit them over the head with a Bible, but that’s not what it’s about. It’s important to break those barriers down.”

Beyond offering spiritual support, the chaplaincy can also provide very practical assistance. This primarily takes the form of one-off payments to industry workers and their families experiencing financial hardship (see box-out right on The Oil Chaplaincy Trust).

Building relationships

Based in Lincolnshire with his wife Rhona and three children, all corners of the UK are within striking distance for Gordon. It is also convenient for travelling offshore from Norwich or Morecambe Bay, and close to the north east of England where many industry workers live.

On average, Gordon makes a trip offshore about twice a month, and usually stays for up to a couple of days



Support for those most in need

Established in 1990, The Oil Chaplaincy Trust can provide financial support to UK oil and gas industry workers, past and present, and their direct dependants, who are in a position of hardship through no fault of their own. A wide range of circumstances such as illness, injury, mobility issues and work related injuries can cause financial distress and the Trust may be able to offer support to families affected by such issues.

The awards normally take the form of a one-off payment and, in 2014, the Trust supported a number of individuals and families to the value of around £50,000. It has provided financial assistance to purchase medical equipment; travel and accommodation expenses for hospital appointments or visits; home removal costs; home repairs; and for many other cases.

If you know of anyone who needs financial support and fits the above criteria anywhere in the UK, please direct them to the chaplaincy.

An application form can be downloaded from www.ukoilandgaschaplaincy.com or, for more information, please contact info@ukoilandgaschaplaincy.com.

“The chaplaincy’s reputation has been built up over the years through my predecessors and, no matter where I go, I always meet people who knew one of them.”

to chat to people and make himself available to anyone who wants to confide in him on any issue. He also frequently makes home visits across the UK, such as to bereaved families or those suffering from a long-term illness, and often takes the Book of Remembrance with him. Created in 2013 – on the 25th anniversary of the Piper Alpha disaster – the Book records the names of those who have died offshore.

“The industry thought it was an important step,” he explains. “After a big incident, the names of victims are recorded, memorials are built and families have somewhere to go. But the families of those who perish offshore in single events, whether through accident or illness, have nowhere to go and no way of marking it. We felt that such a book, held within the chaplaincy, would maintain that link for families.”

The book comprises two volumes: one for the period prior to 2013 and one for post-2013. As there isn’t a complete record of names before

2013, the chaplaincy continues to highlight the book’s existence and asks that families get in touch if they want to add a name.

Gordon adds: “It’s formally updated once a year, in time for the annual Service of Remembrance on the first Saturday in November. But I also take it with me when I visit families of those employees who have died, especially to elderly people who are not able to travel to Aberdeen. They really appreciate and value that.”

Gordon believes, however, that “it’s important to remember that the Book of Remembrance isn’t something I do as a chaplain, but rather as a representative of the industry, because it does care about the families who have lost loved ones. It’s the industry’s way of showing it still remembers and cares.”

Ready to respond

Although regularly on the move, Gordon is formally based at Total E&P UK’s headquarters at Altens in Aberdeen, which has hosted the

chaplaincy office since 2001.

He has to be ready to respond quickly if his support is needed offshore.

He frequently conducts Acts of Remembrance on offshore installations to honour a colleague who has passed away, and takes photos of the occasion to share with the family onshore. Since 2013, he has also been filming the ceremonies, again as a gift to the family.

“The families often take the view that their loved ones have been living two separate lives – one onshore and one offshore – and these images help them make the connection between the two. Indeed, it’s often the first time they’ve seen where their loved ones have been working,” he points out. He also performs wedding ceremonies for industry personnel.

With such a varied role, he is clear on the qualities needed to fulfil these duties. “You need to be thick-skinned, certainly, and also enjoy the banter with all those around you.”^W



www.ukoilandgaschaplaincy.com

Implementing the EU Offshore Safety Directive



The single biggest change to affect domestic offshore health, safety and environmental management in many years comes into force this July. *Wireline* speaks to Oil & Gas UK's health and safety director, Robert Paterson, to find out more about the implications of the EU Offshore Safety Directive.

Q: Why did we have to change what is commonly regarded as a world-class safety regime in the UK?

A: The Deepwater Horizon oil spill in the Gulf of Mexico in 2010 refocused attention on the potential for major accidents and, in particular, major environmental accidents. The European Commission (EC) decided that consistent standards were required for offshore operations across the European Union (EU).

The EC could see that existing regimes had developed in a piecemeal fashion – in the UK after the Piper Alpha incident in 1988 and in Norway after the 1980 capsizing of the Alexander Kielland platform. It recognised that many other European countries, like Romania and Cyprus, were at the early stages of offshore development and that there was merit in everyone having a similar approach.

Originally, the proposal was for an EU Regulation, but Oil & Gas UK, in collaboration with others, strongly objected to this – a Regulation would have swept away our entire post-Piper legal framework, which is world-class. Following considerable discussion, the EU decided to adopt a Directive, which enables more flexibility to implement and align the new European requirements with existing UK provisions. The Directive aligns the different major accident hazard regulatory frameworks across Europe with one rigorous regime aimed at further minimising the risks of offshore operations.

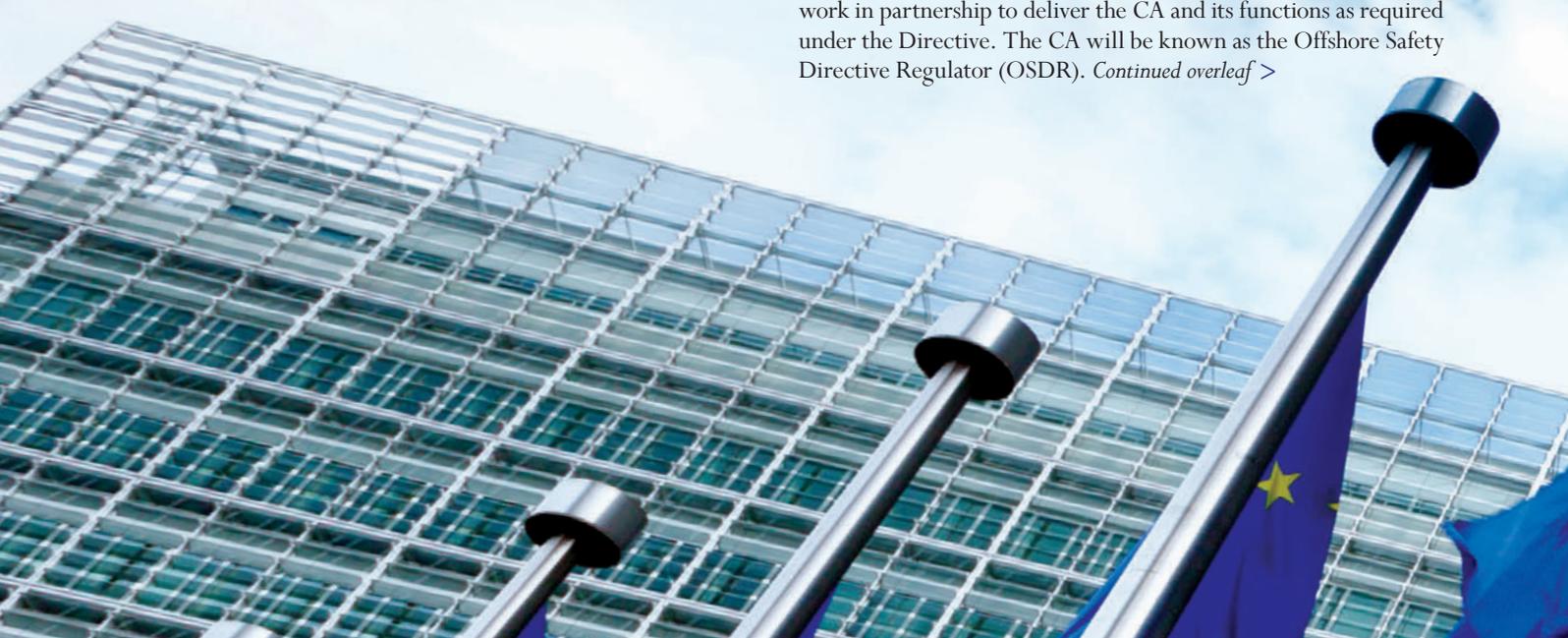
Q: What are the key changes?

A: There is much in the Directive that the UK industry is familiar with, but there are also a number of important changes. One of the key changes is the creation of a new Competent Authority (CA) – an independent body that provides regulatory oversight of the management of major accident, safety and environmental risks. It is also responsible for implementing the EU Directive.

Other changes include a requirement for each duty holder to have a Safety and Environmental Management System (see box-out right for definition of key terms), a Corporate Major Accident Prevention Policy and for environmental major accident information to be included in the revised installation safety case. Other important measures are to identify safety and environmental critical elements (SECE) and to implement a verification scheme for these. There are also new stipulations about the liability for environmental damage (see box-out right) and that operators must report a range of new incidents and dangerous occurrences to the CA. For example, any loss or non-availability of a SECE, requiring immediate remedial action, is reportable, or a vessel on a collision course with an installation where operators have to take immediate measures.

Q: Who will form the Competent Authority?

A: The Department of Energy & Climate Change's (DECC) Offshore Oil and Gas Environment and Decommissioning Team and the Health and Safety Executive's (HSE) Energy Division will work in partnership to deliver the CA and its functions as required under the Directive. The CA will be known as the Offshore Safety Directive Regulator (OSDR). *Continued overleaf >*



Definitions and Terms

Safety and Environmental Management System

Each duty holder must have a Safety and Environmental Management System (SEMS) that must be clearly described in an associated document. SEMS' requirements are detailed in Schedule 3 of the Safety Case Regulations 2015.

Whether a duty holder operates its SEMS as separate or integrated, the document should clearly describe the contents of these systems – how they work together and how they integrate into the corporate management system.

Corporate Major Accident Prevention Policy

The Corporate Major Accident Prevention Policy (CMAPP) must be included in a safety case submission. Existing policies will likely need updating to meet the specific requirements of the Safety Case Regulations 2015.

The duty to prepare the CMAPP falls on the legal entity that is the operator or owner in the UK. If the legal entity in the UK is part of a group corporate structure, it is for the operator or owner to decide if they submit a UK company group, or international group, CMAPP. Either is acceptable as long as it meets the requirements of this Regulation and associated Schedules.

Environmental Liability Directive

The Environmental Liability Directive requires the damage caused by a major environmental incident to be remediated and paid for by the company responsible. It previously applied to coastal waters and European Protected Sites, but the EU Offshore Safety Directive extends its application to the whole of the marine environment.

“ *The Directive aligns the different major accident hazard regulatory frameworks across Europe.* ”

Image © iStock.com/33007

Q: What has changed in the reporting of major incidents?

A: As a result of the Directive, the EC has brought in separate legislation – the EU Implementing Regulation – which requires specific major accident related incidents to be reported. The aim is to ensure consistent reporting across the EU and to enable comparisons to be made between the various Member States. To minimise the reporting burden, the HSE is working to align this requirement with existing measures so that there is a single route for reporting offshore incidents. A subcommittee of the EC – the EU Offshore Authorities Group – is developing guidance.

Q: Does the Directive mean heavier regulation of industry?

A: The HSE and DECC have laid out the standards and benchmarks for industry to evaluate compliance with the Directive through a new series of safety case and oil pollution emergency plan (OPEP) guidance templates. We don't see significant differences in the standards from what companies are already familiar with, and the existing documents have been refined to account for changed regulatory expectations. As the standards by which the CA makes its compliance judgements are similar, we do not expect more heavy handed regulatory oversight.

Q: Do you think implementation of the Directive in the UK will improve standards?

A: A major safety hazard can often have environmental implications so we welcome the integration of safety and environmental risk management. The new incident reporting requirements should also lead to more sharing of information, which can only be positive.

Q: How are the changes viewed by industry?

A: Industry has worked hard with the HSE and DECC to minimise the bureaucracy and facilitate smooth and efficient regulatory change. All parties have been fully engaged to maintain the momentum in developing various regulations and supporting interpretative guidance.

Q: Where are we now?

A: We continue to engage with HSE and DECC on the UK legislative package due to come into force in July. The focus now is to work with the HSE and DECC on preparing the supporting guidance documents and to refine the CA's administrative arrangements for receiving and assessing safety cases, OPEPs, etc.

Q: What should I be doing next?

A: The CA has sent all operating companies a letter setting out the timescale for resubmitting safety cases. All safety cases and accompanying OPEP(s) must be resubmitted and re-accepted by the CA by 2016 for existing non-production installations and by 2018 for existing production installations (those that have accepted safety cases on or prior to 18 July 2013).

Q: Where can I find out more?

A: Oil & Gas UK is hosting a seminar for senior managers and industry leaders on 19 May in Aberdeen to raise awareness of the upcoming changes. Speakers include senior representatives from the HSE and DECC, with industry case studies illustrating the changes and challenges arising from the new regime. 

Key Milestones**20 April 2010**

Deepwater Horizon/Macondo explosion, Gulf of Mexico

October 2010European Commission publishes a report on *Facing the Challenge of the Safety of Offshore Oil and Gas Activities***October 2011**

European Commission publishes draft Regulation to centralise control of offshore health and safety and environmental protection

May 2013

EU Safety Directive ratified by European Parliament after significant lobbying changes the proposed Regulation to a Directive

July 2013

EU Offshore Safety Directive adopted

July to September 2014

Formal UK public consultation on the Directive

October 2014

EU Implementing Regulation published, which requires specific major accident related incidents to be reported

19 July 2015

UK legislation to implement the EU Offshore Safety Directive comes into force

July 2016

Compliance deadline for non-production installations

July 2018

Compliance deadline for existing production installations (those that have accepted safety cases on or before 18 July 2013)

Book a place at the EU Offshore Safety Directive seminar on 19 May at www.oilandgasuk.co.uk/eventswww.hse.gov.uk/osdrContact Robert Paterson on rpateron@oilandgasuk.co.uk

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A little more conversation...a little more action

The road to continuous improvement in health and safety performance over the long term is built through robust lines of communication. *Wireline* talks to the teams at Nexen, Maersk Oil UK and Total E&P UK about their health and safety campaigns and the drive to capture the hearts and the minds of the workforce at all levels.

Rolling out in-house health and safety campaigns is certainly not for the faint-hearted nor the half-hearted. Something Andy Shepperson of Nexen, Megan Brown of Maersk Oil and David Hainsworth of Total E&P UK (TEP UK) can vouch for. Immense commitment is required to truly bring about a long-term transformation in attitudes and behaviours.

Nexen faced a daunting task in 2012 following a spate of reportable incidents. “The problem was that everyone had different ideas about what working safely meant,” says HSE advisor Andy. To try and develop a coherent safety programme, Nexen established a steering group to study the oil and gas industry

approach to safety as well as practices in other sectors. “We engaged offshore safety representatives and core contractors to find out what they wanted in a safety programme,” explains Andy. “And senior management buy-in was also important as this sets the tone for the organisation.”

Maersk Oil aims to ensure that everyone in the business brings a commitment to achieve Incident-Free operations to all that they do



The other phases include a course for worksite leaders and supervisors, such as offshore installation managers (OIMs), to help them sustain a strong culture of 'behavioural safety' offshore through effective leadership, positive conversations with team members, goal setting and 360 degree appraisals.

Meanwhile, there is also a three-day session for volunteer safety champions on how to keep the safety message alive and a course for senior leaders on how to use feedback from staff to continuously make improvements.

"We were determined that the programme should be engaging," says Andy. "The result is a strongly interactive and discussion-based programme that uses psychology. Much is based around people's behaviours and interactions with others to help improve teamwork and to ensure that they are able to report and challenge unsafe practices in a positive environment."

Neil Travis, OIM on Nexen's Buzzard platform, continues: "There is always going to be scepticism when new initiatives are rolled out. With By Choice going into the psychology of the mind, explaining why we do what we do, there's no doubt more people have been engaged. Some of the examples used about perception and the five processes the conscious mind can process at any given time, certainly hit home with why we forget things."

The approach of collective responsibility has resulted in behavioural changes such as: more frequent sharing of positive messages and success stories; an increase in the number of site visits by senior management and health and safety conversations with the workforce; improved workforce engagement with elected safety representatives; reinforcement of the '20-second scan' for hazards before all activities; improvements in the visual aids around installations to promote By Choice values; and inclusion of By Choice themes into the OIMs' 'meet and greet' sessions offshore.

The transformation is reflected in Nexen's safety record. In 2013, there was a 54 per cent fall in loss time injuries (LTIs) and a nearly 40 per cent fall in total recordable incidents (TRIs). TRI frequency fell from 0.53 to 0.32, against an industry average of 0.37, with LTI frequency dropping from 0.13 in December 2012 to 0.06 a year later. Andy adds: "In 2014, we had a further 50 per cent reduction in incidents." >

“ We were determined that the programme should be engaging...Much is based around people's behaviours and interactions with others to help improve teamwork. ”

The result is the 'By Choice' programme, which is built on the premise of personal responsibility – "we all have the choice to work safely".

It comprises four phases, starting with a day workshop delivered by a third-party provider on the psychology of achieving behavioural change through topics such as Science of the Mind; Habits; and Time versus Risk and Beliefs.

Open to anyone who is working at Nexen's facilities for a day or a year, the make-up of the workshops are random and incorporate employees at different levels, with the content and nature of discussions shaped by the delegates. Around 2,500 personnel have undergone this training at centres in Aberdeen, Manchester and Newcastle to minimise travel disruption for those on their offshore field break.

Darren Bugg, Offshore Compliance Supervisor, Buzzard, Golden Eagle and Scott platforms, Nexen

Involved in Nexen's By Choice programme since the pilot course in 2012, Darren notes that "By Choice has helped create a more open and challenging culture offshore. It has helped us understand why some accidents happen and are avoidable. We have also seen a huge commitment from senior management and there has been improved workforce engagement."



In particular, the 20-second scan to assess the potential risks of all activities is now embedded in day-to-day operations and Darren feels that safety meetings are of higher quality and now include the sharing of positive messages and success.

On a personal level, Darren says he has developed new skills in how to carry out an intervention properly and has coached others. "The support I received was really good and I went on to achieve my NVQ level 3 in coaching using the foundation skills that I learnt."

The beginning of a journey

Maersk Oil UK also set about achieving a sustained shift in company culture back in 2009.

“When we started this journey, we had 18 LTIs, over 40 reportable hydrocarbon releases and a TRI frequency greater than the industry average,” recalls Megan Brown, Maersk Oil’s Incident Free Manager, “There was a need to do something radically different.”

“When the UK Leadership Team turned a spotlight on our safety performance, they recognised that the answers to how we change lay within the broader experience of the business, and we began an engagement process that opened up communication channels, which continues to this day.”

Initially, 70 people from all levels and aspects of the business, onshore and offshore, were involved in a Safety Improvement Workshop to challenge participants to define lasting solutions. The group determined that behavioural changes were required and a behavioural

safety observation programme was developed by the workforce and implemented. The system is heavily focused on having high quality safety conversations that coach and recognise safe behaviour.

“Having our people involved in the design and delivery of both our observation and hydrocarbon leak prevention programmes generated a lot of buy in,” notes Megan, “and dramatically improved our safety performance.” By 2010, there were three LTIs and HC releases had come down to single figures; the first annual safety awards were held to recognise commitment to improving performance.

Incident-Free mindset

However, the company didn’t stop there. “To really take this improvement and make it part of the way we work, we needed something more,” asserts Megan, “not just a commitment to continuous improvement in safety but a commitment to achieve Incident-Free operations across the business globally. It’s about instilling a

mindset to bring Incident-Free thinking into all that we do, be it planning projects, exploration, maintenance, operations, drilling, catering, administration, communications, etc.”

To help achieve this, internal Incident-Free champions delivered an induction programme that encompasses three different courses on good safety conversations; Incident-Free decision making; and Incident-Free worksite leadership. The training is followed up with individual coaching sessions and quarterly supply chain workshops are also run to share safety learning and promote commitment to the Incident-Free mindset among suppliers. By 2014, all of Maersk Oil UK’s workforce, including core contractors, had taken part in the programme.

This year, refresher workshops will focus on four main topics – vulnerability, learning, accountability and excellence. “The objective is that everyone in the business understands their role and recognises that being Incident-Free comes down to everyone playing their part,” adds Megan.



Nexen’s ‘By Choice’ programme includes workshops that focus on the psychology of achieving behavioural change

“Everyone insists on Incident-Free operations. You are expected to speak up and when you do, you are listened to.”



“Leadership from the global executive team, through to the UK leadership team and extending to excellent Incident-Free champions and safety representatives in all areas of the business has been critical to the success of Incident-Free. Without their passion, commitment and openness it would be impossible to keep the momentum going.”

Newsletters, campaigns, noticeboards and videos are all used to communicate the Incident-Free messages regularly and consistently. Meanwhile, an annual ‘Global Safety Day’, as part of a Maersk Oil group event, involves a series of presentations and workshops targeted at engaging and energising staff both onshore and offshore. In 2013, the day ended with Incident-Free themed films screened from the teams on Janice, Gryphon, Global Producer III, Sedco 704 and also Head Office.

The company’s UK LTI record is now below the industry average with one LTI reported in 2014, its best year yet. And the team driving the campaign were finalists in the Workforce Engagement category for the 2014 UK Oil and Gas Industry Safety Awards.

Maersk Oil now has a five-year improvement plan to ensure a continued focus on personal and process safety. Megan says: “Maersk Oil has established a culture where everyone insists on Incident-Free operations. You are expected to speak up and when you do, you are listened to.”

Fitness focus

At TEP UK, it was the desire of workers on board its Alwyn North platform to fight off the effects

Ian Smitheringale, Safety Representative on Gryphon FPSO, Maersk Oil UK

Ian has worked for Maersk Oil UK as a full-time employee for the last two years, but has worked on the company’s UK Continental Shelf assets since 2001 as a contractor.



He says: “Over the years I’ve been fortunate enough to have been involved in ‘lifting and rigging’ workshops, behavioural safety conversations, and the new toolbox talks programme. And I’m currently co-presenting this year’s Incident-Free refresher workshops that give me the opportunity to directly share offshore experience with all my colleagues.”

He continues: “The challenge for delivering any programme is creating the right environment to encourage two-way dialogue. This aids participation and also helps to enhance understanding among the workforce. It is important to be yourself too. People are more receptive to sincerity and honesty as opposed to bravado and ‘know-it-alls’. Keep communication going, always feedback and actively involve people in the programme where you can.”

of Christmas “over-indulgence” that sparked company-wide health campaigns. “Health is often forgotten in ‘health and safety’. Our initiatives are designed to encourage employees to think about health and wellbeing generally,” says David Hainsworth, TEP UK’s SHEQ&I director.

Lorraine Poore, a medic on the Alwyn North platform, has worked on the site’s weight loss competition since its inception in 2008. Today, the initiative, which is now being extended company-wide, involves staff signing up either individually or as a team of four with an initial medical assessment of each person’s height, weight, body mass index, hip:waist ratio, cholesterol and aerobic capacity. After exercising for 12 weeks, the individuals’ measurements are re-taken, any changes noted and points are awarded to identify the ‘winner’ with the best overall positive change in his/her health.

Lorraine enthuses: “The joy of the initiative is the sense of purpose it evokes. For the majority, the aim was weight loss, but some were looking for a new level of fitness and for a few people a win over work colleagues motivated them.”

Staff are engaged through poster campaigns and the competition is

also talked about in safety meetings and welcome talks. Lorraine continues: “After several years of running the competition on the Alwyn North platform, many of the workforce are familiar with the concept and word of mouth among the personnel on board has given the competition momentum.

“Initial weigh-ins are well attended and we have had upwards of 70 personnel across three shifts enrolling. Final weigh-ins are traditionally less in numbers but we would be doing well if approximately 40 to 50 per cent of initial enrollers finished the competition.”

Mind over matter

TEP UK also supports its staff onshore and offshore to lead healthier lifestyles by working with its caterers to develop healthy eating options. “Serving healthier food in the workplace is an important part of promoting health and wellbeing,” asserts David. “By making sure that healthy choices are available at all TEP UK sites, we make it easier for staff to make better food choices.”

The company also supports the Scottish Government’s Healthy Working Lives initiative for which all its operational sites have recently achieved Bronze awards and is also participating in the Global Corporate Challenge. >

“Health is often forgotten in ‘health and safety’. Our initiatives are designed to encourage employees to think about health and wellbeing generally.”

The latter is a year-long initiative involving hundreds of thousands of employees from different companies around the world who participate in modules based on physical exercise, nutrition, and the quality and quantity of sleep. The programme starts with a 100-day competition whereby individuals compete in teams of seven and aim to walk 10,000 steps a day over the period.

In 2014, 88 teams (over 600 employees) from TEP UK participated in the challenge and, on average, completed 13,852 steps a day over the 100 days. Seventy-five per cent of these employees reported an improvement in morale in the workplace, over 90 per cent reported an improvement in their overall health, and participants lost an average of 4.5 kilogrammes each. TEP UK is ranked as the most active

Mina Musinovic, Projects Secretary, Total E&P UK, Aberdeen



As a fitness addict, Mina signed up to the Global Corporate Challenge as soon as she heard about it. She was randomly assigned to a team of seven that happened to include other sports enthusiasts, among them a marathon runner.

As most of her team members were already doing a lot of sports activities, they set themselves a higher challenge than the fitness programme required with a target of a minimum 30,000 steps a day. “Every lunch break, we went out power walking. It became very important from a social and sports point of view,” says Mina. “I met a lot of people and gained new friends. The company’s inclusive way of measuring progress and providing whatever support was needed was important. This meant that every single participant, even people starting from zero, could see clear progress.”

The end of the challenge brought to life a project running team that meets twice a week with a core of six to eight members, although there are more than 50 people within the company that run regularly.

company in the challenge in the oil, gas and mining category globally (including the UK) and plans to keep up the momentum with mini tournaments to be organised internally.

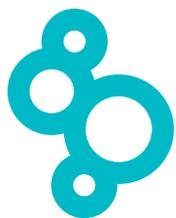
Meanwhile, TEP UK’s occupational health advisor runs a health promotion calendar across the company. With two themes per quarter, including nutrition, diabetes, posture, chest/heart/lungs and emotional resilience, a range of

activities and talks are organised related to these topics.

David adds: “We believe in ‘safety for us, for you, for all’ and at TEP UK we want everyone to work within our overarching initiative 4Sight. It is about building a safer, better business for all of us and ensuring we have strength in the following areas: people, plant, processes and performance.”



Total E&P UK supports its staff onshore and offshore to lead healthier lifestyles by working with its caterers to make sure healthy eating options are available at all its sites



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