



MARITIME FORUM

GULF OF MEXICO OIL DISASTER WHAT RISKS FOR EUROPE?

Event date:
23/06/2010 - 14:00

Participants:

Antidia Citores, Surfrider Foundation

Michael Engell-Jensen, Executive Director, International Association of Oil & Gas Producers

Jan Panek, Head of Unit "Coal and Oil", Directorate-General for Energy, European Commission

Videoconference input by David Santillo, Honorary Research Fellow, Greenpeace

Steve Walker, Head of Offshore Division, Health and Safety Executive (HSE), UK Regulator

Session 1: Is the legislation in force sufficient?

Corinne LEPAGE, Chairman of the Seas and Coastal Areas Intergroup, gave a brief introduction to the members of the panel. She handed the floor to **Jan Panek**, Head of Unit, DG Energy of the European Commission.

Jan PANEK began by underlining that in the wake of the oil spill disaster, it was crucial for Europe to understand the potential risks. It was also important to examine the regulatory framework both at European and international level and that this was being addressed by the EU in several ways. He referred to the Commission's consultation looking at the future needs and challenges for the EU in the field of energy and whose deadline for responses was 2 July 2010. **Mr Panek** also highlighted that the Commission was ensuring that a dialogue with the regulators was being held and that to this end the Commission was organizing a meeting on 14 July 2010.

Legal matters also needed to be addressed and as a result, a review process was getting underway. Legislation to be reviewed applied essentially to oil tankers as opposed to oil rigs and platforms. Currently the main conventions that applied in the event of these types of accidents were those of OSPAR and the OPRC (Oil Pollution, Preparedness, Response and Cooperation).

1. As regards environmental legislation, the Environmental Liability Directive of 2004 concerned liability with respect to pollution. It could not be extended to apply in cases of marine pollution.

Mr Panek explained that an EU Directive on oil drilling and exploration existed, but that it applied only in limited circumstances and that in any event, Member States had full sovereignty as regards being able to delineate exclusive economic zones. Targets were set by the EU, but it was Member States who were responsible for implementation and enforcement.

Steve WALKER, from the HSE (Health and Safety Executive) in the UK explained that the HSE was responsible for taking measures to prevent oil spills rather than for the response in the case of such an occurrence. The UK's approach was shaped and developed on the basis of the Piper Alfa oil disaster of 20 years ago. The UK has fewer than 300 oil platforms where approximately 22 would be defined as 'deep water' wells. Authorisation for drilling was in line with the European Directive of 1991. However, efforts had been made in the UK to implement provisions that went further than those provisions of the 1991 Directive. Furthermore, specialist inspectors were employed and were responsible for conducting multi-programme inspections of oil platforms.

As regards the Gulf of Mexico disaster a number of investigations were underway to determine how the problem arose, however, it was already clear that approximately seven control mechanisms were not functioning at the time of the accident. **Mr Walker** underlined that in the UK there was a strong safety culture and that this was a major issue that needed to be addressed by the investigations that were currently on-going.

For **Antidia CITORES** from Surfrider Foundation, it was important to focus on legislation currently in place and how it could be applied in situations such as oil spill disasters.

Although there were Waste Directives in force, **Ms Citores** believed these to be insufficient and therefore, questioned whether gaps that existed in current legislation needed to be plugged. It was important to examine what legislation could be applied to oil rigs and oil platforms and then to examine what additional measures needed to be taken in light of insufficiencies in the legislative provisions.

David SANTILLO from Greenpeace posed a number of questions to the earlier speakers which he felt needed to be addressed in light of the Gulf of Mexico disaster.

- As regards the EU's Environmental Liability directive, Annex 4 of these provisions exclude problems caused by oil spills. Therefore was it not important to address this gap?
- One issue concerns our approach to carbon capture and storage. Was there not a need for the EU to rethink its approach?
- The system which has been put place in the UK to prevent disasters such as that which has occurred in the Gulf sound very comprehensive. Are they comparable with legislation currently in place in the US?
- To what extent could the problems that have occurred be due to the fallibility of equipment?

MEPs' QUESTIONS

Matthias GROOTE (S&D): We have had other types of leaks in Europe that have caused serious problems, such as that of methane gas. Why is it that debates on preventive measures only seem to take place after these disasters have happened and not before?**Kriton ARSENIS (S&D):** What lessons are to be learnt from this accident and in particular, what does it teach us about our approach towards carbon capture and storage. Should the EU being considering a moratorium on deep sea drilling?

Corinne LEPAGE: Liability is fundamental aspect of the issues under consideration. Current EU provisions and remedies in this area are inadequate, in particular, as concerns compensation to individuals affected by such accidents. On the issue of carbon capture and storage, it may be necessary to consider legislation in this field.

RESPONSES:

Jan PANEK: As regards the Environmental Liability Directive, this is a complex matter. This legislation can cover inland waterways but does not extend hundreds of kilometers out to sea. These provisions were not designed to cover oil spills.

Steve WALKER: So far in the case of the BP accident a number of intermediate actions have been taken, but these have focused on technical and regulatory matters. It is difficult to say what lessons there are to be learned since it is necessary to recover the blow-out preventer to understand why it failed to prevent this accident. However, intermediate reports have so far provided certain indicators.

The approach in the UK tends to be more flexible and less prescriptive than in the US. In the UK's case, a tri-partite committee was set up to discuss how best to prevent such a disaster and in addition, discussions are underway with Norwegian colleagues examining how best to respond to an oil spill accident in the North Sea. It was important to stress that the human element was also important to take into consideration in these matters.

There are important differences between the way the oil industry is controlled in the UK and in the US. In the UK the body that issues licenses to oil companies is the same body that is responsible for raising revenue from these companies. This could give rise to conflicts of interests. In the UK the HSE is responsible for monitoring the oil industry but has no involvement with revenue raising matters.

Question (addressed to Jan Panek)

There are clearly loopholes in the legislation which need to be addressed. Are there plans to examine these areas? Will the meeting that is due to be held between the Commission and oil industry regulators on 14 July be open to Parliamentarians to attend?

Answer: The Commission is still conducting its analyses on the legislation that is presently in place and therefore, final conclusions cannot be drawn. The details of the event that will be held on 17 July are still in the process of being finalised.

Question (addressed to Steve Walker)

Oil rig infrastructures in the UK age over time. How is this ageing process taken into account in monitoring measures?

Answer: Around 50 % of UK installations are over 20 years old and therefore monitoring of these is crucial. In the UK an intensive programme of monitoring of ageing off shore installations is soon due to begin.

Session 2: Have the oil companies taken measures against the risks of an accident?

Mr Engell-Jensen from the Association of Oil & Gas Producers (OGP) began by expressing sorrow and regret for the lives that had been lost due to this oil spill tragedy and the damage that had been wrought on the environment. He went on to describe how national legislation in Europe required operators to identify the major hazards in each specific circumstance. He stressed that the main focus was on the prevention of accidents such as that which had happened in the Gulf of Mexico and that the process of risk assessment was constant and rigorous. He underlined that regulators in Europe were intimately involved in ensuring that operators complied with safety requirements and that through the continual improvement process, relevant lessons would be learnt from the Gulf incident.

Mr Engell-Jensen stated that protecting people and the environment had always been top priorities for OGP and that generally speaking it was very safe to work in the off shore oil and gas industry. With reference to the Gulf incident, he reminded the audience that despite all the speculation, the real cause of

the incident still remained unknown. Once the root causes of what happened became clearer, the industry would work with regulators to understand and to share the lessons to be learnt.

Mr Engell-Jensen went on to describe how in Europe, companies operating offshore installations were subject to regular audits and inspections. Furthermore, these companies needed to have in place all the necessary organizational capability and procedures in terms of prevention, emergency response and mitigation. According to Mr Engell-Jensen, OGP members adhered to all relevant national and EU legislation in the case of environmental or other material damage resulting from accidents.

QUESTIONS

The floor was then passed to **Ms Citores** who put a number of questions to the other speakers.

- In Europe much is said about the oil rig installations in the North Sea, however, there exists a number of oil rigs in the Mediterranean about which seem to know relatively little. How much information do we have about these installations?
- Several oil rigs are located close to the Arctic Circle. What prevention and safety measures are in place to monitor these installations?
- In seeking to tackle the problems in the Gulf of Mexico, oil dispersants are being used to try to stem the flow of leaking oil. However, do we know the human consequences of using these chemicals? Also do we know the impact of these chemicals on the deep sea bed?

Mr Santillo, followed up with the following questions:

- What we have learnt from the oil companies is very reassuring. Nevertheless, is it not a case of double standards when we look at how risks are managed in Europe as compared with the US? Would oil drilling operators have responded differently if such an accident as the Gulf incident had happened in Europe?
- Since the Commission is currently reviewing its Directive on environmental pollution, would this not be an opportune moment to look to include marine pollution within the provisions of this Directive?
- Can EMSAR (European Maritime Safety Agency) be relied upon in the case of such an accident as the Gulf incident happening in Europe, given that it would have very limited powers to confront such a disaster and to provide sufficient redress?

QUESTIONS FROM THE AUDIENCE:

Over the years we have seen some serious safety and security problems arise across several areas. Do we need to look again at how impact assessments are carried out?

Should we not be looking to increase the powers of EMSA so that it becomes responsible for risk prevention measures?

RESPONSES:

Mr Engell-Jensen: With regard to the possibility of an oil spill accident in the Arctic Circle, this would be catastrophic and in addition, the presence of the ice would further complicate matters. The oil industry has set up a working group that is looking at the conditions in the Arctic Circle and the implications for prevention and safety measures in this region.

Mr Jan Panek: The debate in the Commission on enforcement is getting underway. The Directive on Environmental Liability is being examined in the face of revising its provisions. It may be that this presents an opportunity to extend the Directive to cover issues of marine liability.

Ms Lepage thanked the speakers for their presentations and the audience for their wide ranging questions. The meeting was concluded.

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