



## Offshore Europe 2007 Oil & Gas UK Activities



### in this issue



#### Energy at the Heart of the UK Government Policy

The Rt Hon John Hutton MP, Secretary of State for Business, Enterprise and Regulatory Reform, discusses the key energy challenges for the UK and outlines his priorities for PILOT.



#### Face to Face: Interview with Matthew Cox

The winner of last year's Pearl Award for Overall Excellence talks about his experience of entering and winning the competition.



#### Tackling Produced Water in the UKCS

Euan Meldrum, Oil & Gas UK's operations project manager, discusses industry efforts to tackle the growing challenge of produced water in the UKCS

## Welcome

Welcome to the second issue of Wireline, the quarterly newsletter bringing you news and information about the activities of Oil & Gas UK.

Since its launch in April, Oil & Gas UK has been building on past successes, continuing to grow both internally, with new staff appointments, and in membership, as well as developing a busy agenda.

Our activities at Offshore Europe in Aberdeen this year will reflect the conference theme of "Rediscovering the Future". Amongst them is the launch of the new Fisheries Legacy Trust Company and an Oil & Gas UK special breakfast on the internationalisation of the UK oil and gas supply chain, which sold out within three days of the tickets going on sale.

The Association will continue to facilitate government and industry engagement with events later in the year including a decommissioning seminar on September 26 and a half day conference organised jointly with the Westminster Energy Forum on oil and gas trends on November 27. A full listing of all our forthcoming events is on page 11.

Oil & Gas UK is also delighted to report that the Rt Hon John Hutton MP, Secretary of State for Business, Enterprise and Regulatory Reform (BERR), has confirmed that he will chair PILOT following the departure of his predecessor, the Rt Hon Alistair Darling MP, to the Treasury, and will be in Aberdeen at the end of October for his first meeting. On page seven, John Hutton discusses the key energy challenges for the UK and outlines his priorities for PILOT.

The eagerly awaited Oil & Gas UK Awards were launched in August, and are expected to be as successful and motivating as in previous years. In this issue, we interview Matthew Cox, the winner of last year's Pearl Award for Technician of the Year who tells of his experience of entering the awards and the positive effect it has had on his working life. The deadline for this year's competition is October 1, so please get your entries in quickly.

We also have articles from our two subsidiary companies: Common Data Access (CDA) discusses how it hopes to repeat the success of the Well DataStore as it develops the business case for a similar system for seismic data; while Step Change in Safety, a recent addition to the Oil & Gas UK family, outlines its plans for a safer offshore future.

**Trisha O'Reilly**  
Communications Director

Wireline is published by Oil & Gas UK, the leading representative organisation for the UK offshore oil and gas industry. Oil & Gas UK's members are companies licensed by the Government to explore for and produce oil and gas in UK waters and those who form any part of the industry's supply chain.

We want to hear your views on our newsletter so please send us your feedback as well as ideas for future articles. We would also welcome letters to the editor which we would aim to publish in future editions.

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# Offshore Europe 07

## Securing Long-Term Protection for UK Mariners



Collaboration between Oil & Gas UK, the Scottish Fishermen's Federation (SFF) and the National Federation of Fishermen's Organisations (NFFO) reaches a milestone with the launch this month at Offshore Europe of the Fisheries Legacy Trust

Company (FLTC). The main function of the new company is to build a trust fund which can be used to maintain comprehensive, up-to-date information on all seabed hazards related to oil and gas activities for as long as they remain, and to make this data available for use by fishing vessel plotters found on-board in wheelhouses all around our coasts.

The organisation will also encourage and facilitate discussion of health, safety and environmental aspects of marine operations that cross industry borders and promote advancement of the science and the education of practitioners in this area. The project is just one of the fruits of the

long-standing co-operation and mutual support between the two industries which has developed in the UK over the decades to help improve safety for fishermen and other users of the sea.

The FLTC will initially be supported by funds from Oil & Gas UK but eventually will be wholly funded by contributions from oil and gas companies who receive approval for derogations for their decommissioning programmes.

The first project in the pipeline is an updated replacement of the "FishSafe" monitor initially developed in 2000. It is hoped that EU support funding will also be available to the FLTC to help the project extend its scope and application.

## UK Oil and Gas Supply Chain: Exporting Excellence

The UK oil and gas industry's engineering excellence has achieved great things in the North Sea but it has also made the UK a world leader in terms of offshore and subsea engineering, a success story which is being celebrated at a sell-out Oil & Gas UK special Offshore Europe breakfast briefing in Aberdeen on September 6.

UK companies currently export around £4 billion worth of oilfield goods and services, bringing significant benefits to the country's balance of trade. Grown from the demands of the physically challenging North Sea environment, British technological expertise and know-how is now widely recognised - and sought after - in oil and gas provinces all around the world.

With annual expenditure in the global oil and gas supply chain expected to increase

by 60% to £250 billion in 2010, there are major opportunities for further growth of export sales by supply and service companies.

Picking up the theme of this year's Offshore Europe, "Rediscovering the Future", the speakers at Oil & Gas UK's Breakfast Briefing will explore what it takes to build new markets overseas and why we need to maintain a healthy, vibrant UKCS to sustain this activity.

Bob Keiller, chief executive of Production Services Network (PSN) and Subsea 7's North Sea vice president, Robin Davies, will describe how their companies have overcome the challenges of breaking into new overseas markets by developing long term relationships with clients and critical suppliers. Our third speaker is Wellstream



International's chief operating officer, Chris Braithwaite, who will illustrate the ways in which an export-oriented business operating out of the UK can push the boundaries to further develop overseas opportunities. A webcast will be available after the event on the Oil & Gas UK website.

## Time for Change at Step Change

STEP CHANGE IN SAFETY



Step Change in Safety, the pan-industry partnership campaigning to make the UK the safest oil and gas province in the world by 2010, has become a fully-fledged subsidiary of Oil & Gas UK.

Up until last month individual companies met the cost of Step Change's activities, its publications and the provision of the support team members. The change is part of a move to consolidate the industry's agenda on safety issues and will lighten the burden on the companies involved. It will also reflect the true cost of running Step Change and improve ownership and transparency for the ninety or so members.

Step Change in Safety continues in its current format: a leadership team comprising the managing directors of fifteen operator and contractor companies and representatives from seven trade associations, the trade unions and the

Health and Safety Executive (HSE), supported by an administrative team of four. Its work has succeeded in uniting the industry at all levels on the essential issue of safety in the workplace and considerable improvement has been seen in the energy and commitment to improve the industry's safety performance. Links with the HSE have been reinforced and Step Change will continue to direct and drive the agenda by focusing on the vision, strategies and foundation of the three main pillars: recognising hazard and reducing risk, taking personal ownership for safety and maintaining asset integrity.

The industry still has a big task ahead as only a further three years remain to achieve its 2010 vision. Success in delivering the objectives of the Step Change Workgroups on asset integrity, competence, control of work and visible leadership will be key to achieving this vision. The Step Change Support Team is looking forward to

working closely with the Oil & Gas UK HSE team in sharing resources and becoming more effective in meeting the industry safety challenge.

Step Change in Safety will be celebrating its 10th anniversary on the joint Step Change HSE stand (number 723) at Offshore Europe. **For more information on Step Change in Safety, visit [www.stepchangeinsafety.net/stepchange/](http://www.stepchangeinsafety.net/stepchange/).**



**The Step Change team (from left to right)**  
Mechelle Gordon, Russell Robertson, Ian Aitchison, Willie Gibson.

## New Name reflects Chaplaincy's Ministry

The UK Oil & Gas Chaplaincy, previously known as the Oil Chaplaincy, celebrated its change of name in July this year. The new name reflects the true extent of the chaplaincy's ministry which covers the whole of the UK, not just Aberdeen and the North Sea.

The Chaplaincy was first established in 1986 when the Rev. Andrew Wylie came to Aberdeen to carry out a pilot scheme that would examine the pastoral needs of the vast onshore and offshore community in the North Sea oil and gas industry. The need for a dedicated Chaplain was highlighted in the aftermath of the Chinook helicopter tragedy in Shetland in November 1986, and so the interdenominational Chaplaincy that we know today came into being.

While its core value is still to provide pastoral and spiritual care to those working on and offshore for the industry, the Chaplaincy has since developed into an organisation whose influence has extended beyond Aberdeen and the North Sea to all offshore installations on the UKCS.

This year, the UK Oil & Gas Chaplaincy will exhibit at Offshore Europe for the first time. Rev. Andrew Jolly and his colleagues from the Sjømannskirken Nordsjøprest, the Norwegian Offshore Chaplaincy Service, can be found at Stand number 369.

The UK Oil & Gas Chaplaincy is administered by the Aberdeen Oil Industry Chaplaincy Trust which is fully funded by Oil & Gas UK.

**For further details please visit [www.ukoilandgaschaplaincy.com](http://www.ukoilandgaschaplaincy.com) or email [info@ukoilandgaschaplaincy.com](mailto:info@ukoilandgaschaplaincy.com).**



**Rev. Andrew Jolly**  
on a flying visit offshore

# News and Views

## Oil & Gas UK Seminar: Decommissioning Cost Provision Deed

Oil & Gas UK has long been engaged with Government on designing new measures to improve the regulatory regime around decommissioning. One of the topics being discussed, the Decommissioning Cost Provision Deed (DCPD) - the industry's proposal for an effective means of providing security to all parties - will be the subject of an interactive seminar in Aberdeen on September 26.

Wendy Kennedy, director of offshore environment and decommissioning at the Department for Business, Enterprise and Regulatory Reform (BERR), will be the seminar's first speaker, describing the objectives of and the early feedback from the Government's decommissioning consultation.

The proposals and options for the DCPD will then be presented by Judith Aldersey-Williams, a partner at law firm CMS Cameron McKenna. Delegates will have the opportunity to discuss the requirements the DCPD places on individual companies and how its use might benefit the industry as a whole. There will also be a debate on the extent to which the DCPD might be recognised as a mechanism to provide security to all parties, so that new asset owners, when buying into a field, need not be encumbered by the current obligation on past licensees to cover future decommissioning costs.

The DCPD relies on accurate cost estimates and agreement on financial securities options, topics which will be covered in the seminar. Attendees will also explore the supply chain's capability in meeting the current and future demands of decommissioning activities.

**To attend, please call the Oil & Gas UK Events team on Tel: 01224 577250 or visit [www.oilandgasuk.co.uk/new/events](http://www.oilandgasuk.co.uk/new/events).**

## CDA – Providing Data for the Oil and Gas Industry



Participation in Well DataStore which is run by Common Data Access (CDA), a subsidiary of Oil & Gas UK, is at an all-time high, with 38 operators and 10 other organisations now involved in one of the largest shared on-line stores of digital well report and log data in the world. The Well DataStore currently holds over 3,000 gigabytes of data associated with almost 10,000 wells, all ready for immediate download to permitted users. More than 10 new companies have joined CDA in the last year and the number of active users has more than doubled.

CDA now hopes to repeat its success with Well DataStore by creating an equivalent for seismic data and is currently building the business case for a similar shared system to be called the Seismic DataStore. If the business case for the new system stacks up, as it is expected to, then CDA is looking to publish an invitation to tender to build the new service towards the end of this year, with a view to starting operations in the middle of 2008.

CDA also manages the DEAL website, a unique index of the source of released and proprietary well, seismic and other data for the UKCS. In a recent web survey, two-thirds of DEAL users rated the website as "high" or "very high". There was a record number of 3,415 hits in June this year and the site is now an integral part of many companies' routine business. Importantly, DEAL is also the vehicle through which safety information on the position and status of infrastructure is provided to the fishing industry by Oil & Gas UK.

**For further information visit the CDA website at [www.cdal.com](http://www.cdal.com) or the DEAL website at [www.ukdeal.co.uk](http://www.ukdeal.co.uk). Alternatively contact Malcolm Fleming at CDA on Tel: 020 7802 2435.**

## Support Grows for Master Deed



Growing confidence in Master Deed was highlighted recently in two workshops hosted by LOGIC. Attended by over 60 people, the workshops showed how Master Deed, first launched in 2003, encourages more efficient licence transactions for oil and gas companies operating in the UK.

With more than 260 companies responsible for over 99 percent of UKCS licence interests already signed up, the offshore industry has recognised that Master Deed is helping to make transactions simpler and speedier, and has given it its broad support. The use of Master Deed in asset swaps and sales has proved particularly popular with new entrants in the North Sea and is therefore seen as a valuable tool for securing new investment for the many opportunities that still exist in the UKCS.

LOGIC is now moving online. Master Deed users will shortly be able to arrange payment online and we are also working towards being able to check, store and, eventually, sign documents online too.

LOGIC is also responsible for Vantage POB, the widely used personnel tracking system for those travelling offshore in the UK sector, and for the Standard Contracting terms for regular use in the UK offshore industry (formally known as the CRINE Standard Contracts).

A further training workshop on Master Deed is being held on October 1 in London. For more information or to register for the workshop please visit [www.oilandgasuk.co.uk/new/events](http://www.oilandgasuk.co.uk/new/events).

**For further information on LOGIC visit [www.logic-oil.com](http://www.logic-oil.com) or contact Pia Mandler at Oil & Gas UK, Tel: 01224 577250.**

# Parliamentary Update

## All Change as Prime Minister Re-shuffles Cabinet and Government Departments

The new Prime Minister, Gordon Brown, wasted no time in re-shuffling his Cabinet and making changes to Government departments following his appointment at the end of June.

John Hutton MP took over as Secretary of State at the new Department of Business, Enterprise and Regulatory Reform (BERR), Malcolm Wicks MP returned as Energy Minister to see through the Energy Review which he kicked off in 2005, and Pat McFadden MP took Ministerial responsibility for the Working Time Directive.

The new department, BERR, is largely made up of the former DTI, with the addition of the Better Regulation Executive. The Office of Science and Innovation (OSI)

moves over to the new Department of Innovation, Universities and Skills.

Claims that the opportunity to move Energy into DEFRA was wasted are dismissed as work continues on the draft Climate Change Bill, with Phil Woolas MP at the helm as the new Environment Minister (responsibility for energy is also included in his portfolio). The proposed Marine Bill will become the responsibility of junior Minister, Jonathan Shaw MP, who takes over marine and fisheries policies.

The new Minister responsible for oil taxation is Angela Eagle MP, Exchequer Secretary to the Treasury, who also takes responsibility for international Climate Change issues including global carbon trading and EU ETS.

At the Department for Work and Pensions (DWP) Lord McKenzie of Luton holds responsibility for the Health and Safety Executive and Commission with junior Minister Anne McGuire MP, taking the lead when these issues are raised in the Commons.

Secretary of State for Business, John Hutton MP, discusses the key energy challenges that lie ahead for the UK and outlines his priorities for PILOT in a feature article opposite.

## Changes at Holyrood

In a true spirit of co-operation, the Oil & Gas Cross Party Group in the Scottish Parliament held their AGM on 20 June at Holyrood and elected four Co-Conveners from the main political parties:-

Brian Adam MSP	(SNP)
Lewis Macdonald MSP	(Lab)
Nanette Milne MSP	(Con)
Jamie Stone MSP	(Lib Dem)

Members of the All Party Group and Cross Party Group will be getting together in Aberdeen at Offshore Europe (OE 2007) on September 4 for a lunch and briefing from key industry representatives. Rona Macdonald, Government Relations Manager at Oil & Gas UK, will continue to provide administrative support to both Groups and help plan their forthcoming programme of meetings.

## New Chairman for Oil & Gas Parliamentary Group

The Oil & Gas All Party Group at Westminster said a fond farewell to its Chairman, Bob Blizzard MP, after his promotion to the Whips' office. Bob, a founder member of the Group, was a very knowledgeable speaker on offshore oil and gas issues in Parliament and an advocate for carbon capture and storage (CCS) technology. He had chaired the Group for eight years, since it was set up in 1999.

Anne Begg MP takes over the Chairman role after being elected at the AGM on July 4, where Energy Minister, Malcolm Wicks, was the keynote speaker.

Commenting on her appointment, Anne said: "I am all too aware of how important the Offshore Oil and Gas industry is to the economy of the UK as it plays such a large part in the economy of my own constituency, Aberdeen South. I am delighted to be elected as the new Chairman of the All Party Parliamentary Oil and Gas group. It is important that



Anne Begg MP, the new chairman of the Oil & Gas All Party Group

Parliament understands the industry and realises the major player the UKCS will continue to be for decades to come."

The new Officers of the Group are:

### Chairman

Anne Begg MP (Lab, Aberdeen South)

### Joint Vice Chairmen

Lord Fraser of Carmyllie QC (Con)

Sir Robert Smith MP (Lib Dem,

West Aberdeenshire and Kincardine)

Mike Weir MP (SNP, Angus)

### Treasurer

Frank Doran MP (Lab, Aberdeen North)

### Hon Secretary

Michael Connarty MP (Lab, Linlithgow & East Falkirk)

## Feature Article

# Energy at the Heart of the UK Government Policy



Rt Hon John Hutton MP,  
Secretary of State for Business,  
Enterprise and Regulatory Reform

The Department for Business Enterprise & Regulatory Reform (BERR) is a new department with a renewed focus and I am delighted to be in charge at this key time for the energy industry.

BERR includes many of the former DTI functions, but also includes the Better Regulation Executive who joined us from the Cabinet Office. The emphasis will be on building an enterprising economy by creating free and fair markets and by reforming regulation. Energy sits right at the heart of all of this - underpinning the nation's social and economic success.

Securing reliable energy supplies and tackling climate change at least cost are crucial to business success. We want to create competitive energy markets and effective carbon markets. And we want to reform the planning system for energy developments.

### North Sea

Supporting around 480,000 jobs in the UK, and with an annual spend of around £11 billion, the UK oil and gas sector remains vital to our economy. Around two thirds of UK energy needs are still provided from the North Sea. Over half of our reserves (37 billion barrels of oil equivalent) have been produced but an estimated 16 to 25 billion remain.

Its importance to the UK economy is why we outlined in the recent Energy White Paper the need to ensure continued investment for UK oil and gas resources,

working closely with industry to tackle the speed of decline of North Sea production.

### Challenges

Although exploration levels remain relatively buoyant, there are challenges. The North Sea is a mature basin with ageing infrastructure. This often means working harder just to stand still.

It also means the easier reserves have been found and we must look to harsher environments and tackle the frontier areas in the Atlantic margin. This will be even more challenging as it will have to be done at a time when economic growth and the competition for skills and resources are driving costs up.

### Government Initiatives

Government has been tackling some of these challenges. We have enhanced our licensing system bringing in new cheaper "promote" licences to encourage smaller players to invest, and "frontier" licences to stimulate interest and exploration West of Shetland.

The Brownfield stewardship initiative is encouraging techniques and investment needed to enhance recovery from existing fields. The Joint Task Force on the West of Shetland (where over 15% of remaining reserves are located) is looking at pipeline and other infrastructure needed to help gas development in the area.

### PILOT

There is a lot more to be done - and it has to be done in partnership. So it is just as well that we have an effective forum - PILOT - in which Government and Industry can discuss what is needed. And I am delighted to be taking up the Chair and look forward to my first PILOT meeting in the autumn.

### PILOT Agenda

We have some important issues on the table. Global competition for resources has driven up oil prices and industry

operating costs. Reductions in gas prices have created challenges for some gas projects.

As the basin matures, asset trading becomes an important feature. So PILOT is looking at how far decommissioning liabilities get in the way of trades and what can be done to reduce the risk.

The future of the North Sea will be driven by a wider range of companies, and rely on a multitude of small deals done quickly and efficiently. The current system of deal making is too complex and takes too long. PILOT is therefore looking to evolve the commercial codes of practice with help from industry who are developing a suit of standard agreements. While the infrastructure code is helping to ease concerns around tariffs there is still a worry about the levels of indemnities being sought. We intend to put more resource into this and look again at the determination process and the industry code of practice.

### Outlook

Looking more widely the key energy challenge is to ensure long term security of supply while reducing carbon emissions. This is partly about energy efficiency, renewable energy and the future of nuclear power.

But it is also about new technologies like carbon capture and storage. We will be launching a competition to demonstrate this technology on a commercial scale later in the year. And we are working on the regime for regulating the storage of CO<sub>2</sub>. This technology adds another dimension to the future opportunities in the North Sea.

So the oil and gas industry continues to be crucial to our future. There are many challenges but we have an effective forum in which we can tackle them. Working together I believe that we can ensure that the North Sea's full potential is unlocked.

# Face to Face: An Interview with Matthew Cox

Alexa Chaffer interviews Matthew Cox, the winner of last year's Pearl Award for Technician of the Year.

**Matthew Cox, an operations electrical technician, won the Oil and Gas award for Technician of the Year 2006. As Oil & Gas UK begins its search to find this year's North Sea talent, Matthew talks about his experience of working for the industry and what entering the awards meant for him.**

**Why do you think the oil and gas industry is so important to the UK?**

The oil and gas industry is essential to the UK for many reasons. It supplies and meets a large percentage of the energy needs for the country but more than this, it provides thousands of jobs. And it's not just Aberdeen that benefits, but also the rest of the country – for example I'm based down in Poole Harbour at BP's Wytch Farm. From my experience the quality of oil and gas employees within the UK is of a very high standard and I'm sure this will continue well into the future.

**Where did you first hear about the Oil & Gas awards and why did you enter?**

I was actually working a night shift when my installation manager approached me with the application form in his hand and said he would like to nominate me. Unfortunately the due date was in a couple of days so I wrote the essay in a night, which was a bit daunting as I didn't have a clue where to start. Although once I got started, it wasn't what to write that was the problem - it was limiting it to a mere 250 words.

The whole competition has been worth it though. It was fantastic to get recognition for doing my job well, and it's nice to have on my CV for my future career.

**Were you surprised when you won?**

Yes, I was really pleased just to get short listed. I thought that the judging had gone fairly well but the other two guys were both strong candidates. I thought it could go to any of us.

**What did you do with your prize – the specially commissioned picture and the cheque?**

The picture has pride of place in my lounge. I absolutely love it - it is one of those pictures you can't take your eyes off and there is always something different that catches your eye. As for the money, I was in the process of doing up my house so it definitely didn't go to waste! I also used some of the money to take my girlfriend out to celebrate!

**What was the reaction from your colleagues?**

Everyone was really pleased for me. They were very supportive saying that I deserved it as I always work hard and help people out when and where I can. We all had a bit of a celebration at work, which was a surprise gathering of all of the operations and maintenance teams where they presented me with a bottle of champagne (not for work), a cake (for work) and £150 gift voucher for John Lewis.

**How has entering the awards benefited you?**

Well apart from feeling great about it, it's given me a confidence boost and people on site now recognise me and know my face and name. It has also opened up an opportunity for me to do a distance learning degree, funded by BP, which I started in July.

**What about your employer?**

It was a good competition for BP, with me winning the Pearl Award for Technician of the year and Werner Schinagl winning the Pearl Award for overall excellence. This year's BP applicants have a tough act to follow! Seriously though, it was a great result for the company.

**What advice would you give to people considering entering the awards this year?**

The only advice I can give is to give it a go, do your best and enjoy it! The hardest part is finding the inspiration for the essay, but once you have an idea the rest is easy. The judges' lunch is incredibly nerve-racking but as long as you relax, you should be fine. At the end of the day, if you have got that far then that's an achievement in itself – and the food was pretty good too. As for the awards gala dinner, it's too late to change anything by that point, so just enjoy it.

**Why would you encourage people to enter the Oil & Gas Awards?**

It's a tremendous boost to know that your manager believes you are doing your job well and is prepared to support your entry. It gives you an idea of how well you are currently doing and progressing in their eyes. When I applied I didn't think I would even make it through to the shortlist - but I did, so it's definitely worth doing.

**For further details on the Oil & Gas UK Awards including how to enter or nominate a colleague please visit [www.oilandgasuk.co.uk/new/events](http://www.oilandgasuk.co.uk/new/events).**





David Doig, chief executive of OPITO, the sponsor of the Pearl Award for Technician of the Year 2006 with the winner Matthew Cox

# Tackling Produced Water in the UKCS



**Almost all offshore oil and gas reservoirs contain a natural layer of water which, when produced alongside the hydrocarbons, can have environmental effects if not disposed of properly. The discharge to sea of produced water is an issue that the UK oil and gas industry has long recognised and has responded to accordingly in order to avoid any negative impacts on the marine environment.**

Independent research indicates that the contribution of produced water to the total volume of oil entering the North Sea is around 6%. In 2006 around 220 million tonnes of produced water, at an average oil in water content of 19.58 parts per million, was discharged into the sea. Produced water volumes are forecast to increase through time as reservoirs age and the rate of water production rises, compounded further by the use of injected seawater to enhance oil recovery. Even after treatment, produced water still contains traces of oil and, because of this, discharge into the sea is strictly controlled by legislation.

In response to growing concerns about the possible harmful effects of produced water in the marine environment, in 2001 the Oslo and Paris Commission (OSPAR) recommended further measures be taken to manage the volumes of oil-in-water from offshore installations to prevent and eliminate pollution by oil and

other substances caused by discharges of produced water into the sea.

### OSPAR Targets

The targets recommended by OSPAR have since been more than met by the UK industry, which successfully managed to reduce its volumes of discharged oil-in-produced water by 24% since 2000, compared with the 15% reduction required by the end of 2006. Investment in separation technologies, along with reinjection systems flushing produced water back into the reservoir, have also helped the UK average oil-in-water concentration per installation fall to 20mg/l - which again goes beyond OSPAR's recommendation of 30mg/l.

To date, companies have invested a total of £350 million, with a further £100 million expected to be spent before the end of 2009. By then, the industry will have removed approximately 5,300 tonnes of oil from the water that is discharged to sea through various abatement projects.

### New analysis method

To improve reporting accuracy, OSPAR introduced a standardised dispersed oil-in-water analysis method to be used throughout northeast Atlantic waters. On January 1, 2007 the official UK Infrared analysis method was replaced by the Gas Chromatography-Flame Ionisation Detection reference method. However, concern that the new methodology could produce different oil-in-water figures from those reported for produced water discharges in previous years has been allayed. Initial analysis suggests that when figures from both methods are compared, the vast majority of UK installations, about 92%, have seen either a reduction or very little change in their oil-in-water concentration levels.

### UKCS Produced Water Trading Scheme

The Dispersed Oil in Produced Water Trading Scheme, under which operators can trade quotas of allowable discharges of dispersed oil in produced water

between installations, also came into force in the UK in January 2007. The intent is to optimise production through the reallocation of allowances, thus helping certain installations to comply with oil discharge legislation.

Under the trading scheme, each discharging installation will be awarded an allowance, being the total tonnage of oil which it is entitled to discharge into the sea from that installation. Companies will then be able to trade excess allowances with other installations that face penalties for exceeding their own. The Department for Business, Enterprise and Regulatory Reform has established a registry of operators' allowances, allowing it to keep track of trading between installations. To help the process, Oil & Gas UK has additional information on its extranet which indicates which installations may have surplus allowance.

### OSPAR OIC 2008

The forthcoming Offshore Industry Committee (OIC) meeting, scheduled for the spring of 2008, will focus on the achievements of all OSPAR contracting parties in meeting the oil in produced water targets set in 2001. It is important that the UK industry and government have a strong and aligned strategy, both in recognition of what has already been achieved and the future work plan being proposed. The industry does not at this stage believe it is necessary for OSPAR to impose greater reductions in oil-in-water discharges. It is continuing to invest in a large variety of techniques to remove oil from produced water in the North Sea, and is forecast to remain within OSPAR's original targets for the foreseeable future.

Nevertheless, reducing the industry's impact on the marine environment is integral to the oil extraction process. Oil & Gas UK is leading a programme of work which will continue to investigate further the environmental risk posed by produced water discharges. Contact Euan Meldrum at [emeldrum@oilandgasuk.co.uk](mailto:emeldrum@oilandgasuk.co.uk) for further details.

## Dates for your diary

### Oil & Gas UK Seminar Series

Sponsored by AkerKvaerner

**AKER KVÆRNER™**

#### 26 September: Decommissioning Seminar

Aberdeen Exhibition and Conference Centre, Aberdeen, AB23 8BL 9.00am – 5.00pm

### Oil & Gas UK Breakfast Season

Sponsored by The Royal Bank of Scotland

**RBS**  
The Royal Bank of Scotland

#### 6 September: Special Offshore Europe Breakfast – The UK Oil and Gas Supply Chain: Exporting Excellence

Aberdeen Exhibition and Conference Centre, Aberdeen, AB23 8BL 7.00am – 9.00am

#### 20 September: Building a Successful North Sea Business

Park Plaza Riverbank, 18 Albert Embankment, London, SE1 7TJ 7.30am – 9.30am

### LOGIC Workshops

**LOGIC**

#### 1 October: Master Deed Training Workshop

Oil & Gas UK, 232 – 242 Vauxhall Bridge Road, London, SW1V 1AU 1.00pm – 5.00pm

#### 9 October: Mobile Drilling Rig Contract Workshop

Oil & Gas UK, The Exchange 2, 62 Market Street, Aberdeen, AB11 5PJ 9.00am – 1.00pm

#### 11 October: Marine Construction Contract Workshop

Oil & Gas UK, The Exchange 2, 62 Market Street, Aberdeen, AB11 5PJ 9.00am – 1.00pm

#### 12 October: Services Contract Workshop

Oil & Gas UK, The Exchange 2, 62 Market Street, Aberdeen, AB11 5PJ 9.00am – 1.00pm

### Other workshops and seminars

#### 21 November: Share Fair 9

Aberdeen Exhibition and Conference Centre, Aberdeen, AB23 8BL 9.00am – 4.30pm

#### 22 November: Oil & Gas UK Awards

Aberdeen Exhibition and Conference Centre, Aberdeen, AB23 8BL 7.00pm – midnight

#### 27 November: Half-Day Conference - Trends in UK Oil and Gas – whither gas in a high oil price world?

Norton Rose, 3 More London Riverside, London, SE1 2AQ 9am-1pm

**For further information or to book please contact Elisabeth Glover or Louise Wood Tel: 01224 577250 or visit [www.oilandgasuk.co.uk/new/events](http://www.oilandgasuk.co.uk/new/events)**

## And finally...



Oil & Gas UK joined forces with Total to give a group of journalists a taste of life offshore. The trip in July to the Alwyn North platform, located 440 km north-east of Aberdeen, brought the industry alive for the visitors and thanks go to Total's offshore team for providing such a warm welcome.

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Designed and produced by Fiona Bridgeman, Oil & Gas UK  
Printed by Chiltern Printers (Slough) Limited on recycled paper  
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September 2007



**US\$1,100,000,000**  
General Corporate Purpose  
& Acquisition Facilities  
Facility Arranger, Security  
Trustee & Mandated  
Lead Arranger



**Undisclosed**  
Secondary Management  
Buyout  
Lead Arranger



**£29,000,000**  
Releverage of Original  
MBO Facilities  
Sole Arranger

# Funding

success in the  
**Oil & Gas** sector.



**US\$550,000,000**  
General Corporate Purpose  
& Acquisition Facilities  
Mandated Joint Lead Arranger



**\$200,000,000**  
IBO, Mezzanine &  
Working Capital Facilities  
Joint Arranger




**Undisclosed**  
Acquisition, Growth &  
Working Capital Facilities  
Sole Arranger




**€35,729,000**  
Acquisition Debt &  
Working Capital Facilities  
Sole Arranger



**£124,000,000**  
IBO, Capital Expenditure &  
Working Capital Facilities  
Lead Arranger



**Undisclosed**  
IBO, Growth &  
Working Capital Facilities  
Sole Arranger



**Undisclosed**  
Acquisition, Growth &  
Working Capital Facilities  
Joint Arranger



**US\$60,000,000**  
MBO, Working Capital &  
Vessel Conversion Facilities  
Sole Arranger

This announcement appears as a matter of record only.

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