

## First Minister presents Oil & Gas UK Awards to industry's brightest talents



### in this issue



#### Face to Face: Interview with Crawford Anderson

Crawford Anderson, vice president of Baker Hughes Inc. Business Development, Europe, Africa, Russia and Caspian Region, discusses his company's experiences as a new contractor member of Oil & Gas UK



#### OPITO – the Oil & Gas Academy

The industry's new Oil & Gas Academy is unveiled



#### KP3

HSE's KP3 report calls on industry to seize the agenda on asset integrity

## Welcome

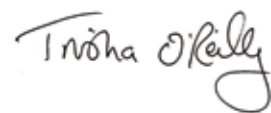
This is the third and final edition of Wireline for 2007. As the year draws to a close, we reflect on a period of intense activity at Oil & Gas UK.

The publication of the HSE's KP3 report undoubtedly made salutary reading for the sector, serving to help the industry re-inject vigour into its already considerable on-going work on asset integrity. We take a look at the highlights of the report and summarise the industry's response.

Also in this issue are reports on TARS, the new online turnaround and shutdown planning tool, which is hoped will help the industry manage the logistics of summer maintenance programmes more effectively; the launch of our new online sustainable development report; and the revised and updated Joint Operating Agreement (JOA). We review the findings of a new Oil & Gas UK report on the safety of UKCS helicopter operations and bring you updates on our recent submissions to Government consultations on decommissioning and the North Sea tax regime.

Three highpoints in the recent calendar were Share Fair 9, the Oil & Gas UK Awards and the launch of the new Oil & Gas Academy which will address the industry's skills issues. Over 600 people came to hear about potential new business opportunities worth an estimated £4 billion from the Share Fair presenters, while the Awards also attracted our largest audience ever. Around 500 guests were present at the gala dinner in Aberdeen to see the industry reward some of its brightest talent and hear the First Minister of Scotland, the Rt Hon Alex Salmond MSP, give the after dinner address – a fitting end to a truly eventful year.

May I wish you all, on behalf of the staff at Oil & Gas UK, a Merry Christmas and a prosperous New Year.



**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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## News and Views

### Sustainable Development Report moves online



The challenge of sustainability in an extractive industry was highlighted at the launch of Oil & Gas UK's new Sustainable Development Report at the end of last month. The report looks at ways to balance the considerable economic and social benefits brought by indigenous oil and gas production with good stewardship of natural resources and environmental care, the ability to provide technologies and supply chain capabilities, and the broader objective of ensuring energy

supply with a lower carbon footprint.

The new-look document has been redeveloped as a dynamic, interactive web-based reporting tool that allows continuous dialogue between the UK upstream oil and gas industry and its stakeholders. Users can navigate easily through all sections of the report and obtain detailed information and data analysis relating to the social, environmental and economic issues affecting the UK oil and gas industry.

The report follows Oil & Gas UK's successful Sustainable Development Stakeholder Event held in May, which was attended by

a wide range of organisations, including trade associations, NGOs, research institutes and industry regulators, as well as industry representatives. Oil & Gas UK aims to communicate and engage with industry stakeholders as part of its sustainable development strategy and the new report is designed to encourage this while also facilitating feedback on the industry's current performance.

**The new web-based Oil & Gas UK Sustainable Development Report can be found at: [www.oilandgasuk.co.uk/issues/sustainability/introduction.cfm](http://www.oilandgasuk.co.uk/issues/sustainability/introduction.cfm)**

### Launch of new installation shutdown and turnaround web tool

A new web-based tool to improve the co-ordination of the offshore industry's planned installation shutdown and turnaround programmes is now live. The tool receives non-attributable data from operators giving broad details of their plans for maintenance, construction and inspection activity in the UK sector, including start dates, duration of work and available accommodation. It uses this information to generate a general profile of the types of skills and the number of people required to get the jobs done, and aggregates the data to build an overall picture of the additional demand for offshore labour throughout the year. The web-tool also collates and displays a picture of logistic demand for "floatels", helicopters, standby and supply vessels, thus helping turnaround (TARs) planners

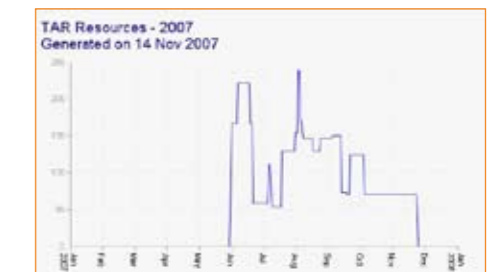
to make better use of off-peak periods for maintenance shutdowns.

The introduction of the tool responds to industry concerns that the available labour pool for UKCS shutdown and turnaround activity appears to be reducing which, combined with the high maintenance demands of an ageing asset base, is placing increasing strain on the sector – particularly during the peak summer months.

The tool has been specifically designed to cover the ad hoc TAR labour pool only. It does not cover core crew positions nor will it replace any internal planning tool that member organisations currently use. Member organisations only have access to the data which relates directly to their

operations, and all UKCS outputs from the tool are completely anonymous.

It is expected that the tool will be completely populated with forecasted activity for the years 2008, 2009 and 2010 by the end of this year, allowing TARs planners to use the graphs and evaluate constraints on resource demands during peak periods of the year.



## News and Views

# Winners of Oil & Gas UK awards announced at prestigious dinner

The winners of the 2007 Oil & Gas UK Awards were announced in Aberdeen on November 22 at a prestigious dinner sponsored by Maersk Oil North Sea UK Limited.

The ceremony, attended by around 500 people, celebrated the outstanding talent that is found in the sector today. Guest of honour, the First Minister, the Rt Hon Alex Salmond MSP, presented each of the winners with a specially commissioned trophy designed by sculptor Elin Isaksson and a cheque for £500.

The Pearl Award for Overall Excellence, sponsored by Marathon Oil UK Ltd and which recognises outstanding work by young people in the UK oil and gas industry, was won by Caroline Laurenson, a process engineer with Wood Group Engineering (North Sea) Ltd. Darren Wilson, a production technician working with Marathon Oil UK, scooped the Pearl Award for the Young Technician of the Year, which recognises the vital contribution of



the industry's young technicians and was sponsored by OPITO. David Martin, an asset leader with Shell UK Limited, received the Oyster Award for Mentoring, which recognises the important role mentors play in passing on their knowledge and expertise to the next generation of oil and gas workers and was sponsored by Shell UK Limited.

Speaking at the dinner, Oil & Gas UK chief executive Malcolm Webb said: *"These Awards recognise the contribution being made by a new generation of young people and their mentors. The North Sea's future relies on the abilities, technical skills and ambitions of the people working in our industry today to meet the economic and technical challenges presented by the UK's maturing basin. Our finalists were of an exceptionally high quality this year, and I am confident that these people will be carrying the sector forward through the challenges of the decades ahead."*

The First Minister with Oil & Gas UK Award winners (left to right) David Martin, Shell UK Limited, Caroline Laurenson, Wood Group Engineering (North Sea) Ltd and Darren Wilson, Marathon Oil UK



The Jazzberries entertained with style and swing



## News and Views

# PILOT Share Fair 9 attracts record breaking numbers

Over 600 delegates from the UK and overseas attended this year's PILOT Share Fair 9 organised by Oil & Gas UK in Aberdeen on November 21. Between them, the delegates listened to over 100 presentations and attended more than 500 "one-to-one" sessions given by 13 different presenting companies.

Throughout the day, the presenters talked about their strategies for the North Sea, including upcoming drilling programmes, technology requirements, environment and asset integrity projects, operational and maintenance plans, decommissioning and development activities. These planned programmes are estimated to represent



Shell presenting at PILOT Share Fair 9

potential new business in the region of £4billion, and key company contact details were also provided for suppliers wanting to follow-up on what they heard.

Paul Dymond, operations director for Oil & Gas UK, said: *"This year's PILOT Share Fair saw a record number of people coming through its doors. Its continued attraction is the opportunity it gives suppliers to keep abreast of business developments and for industry to gauge supplier's appetite for staying committed and focused on investing and developing the UK continental shelf."*



One-to-one sessions proved to be very popular



## News and Views

### Report shows UKCS helicopter operations are amongst safest in the world

Oil & Gas UK has published a report reviewing the safety record of offshore helicopter operations. The report, which covers 30 years of data from 1977 – 2006, confirms that the UK continental shelf (UKCS) is the leading region for offshore helicopter safety.

The report updates information first published by the HSE in 2003 in response to workers' concerns that offshore helicopter operations were a high risk mode of transport. This perception, however, is not matched by the statistical evidence. Whilst there have been a number of tragic helicopter accidents, the overall safety record is in fact a good one, when compared with most other forms of UK land-based passenger transport. Indeed, when comparing passenger fatality rates, offshore helicopter travel is eighteen

times safer than riding a motorbike and of a similar order to travelling by car.

Further results show that UKCS helicopter accident rates compare favourably with world-wide rates. Between 1995 and 2005 (the latest period for which a world-wide comparison is possible), the UKCS reported one accident resulting in fatalities, whereas 63 accidents including fatalities were recorded world-wide.

However, despite having a fleet of some of the most up-to-date and technologically advanced helicopters, in the last ten years there have been two fatal crashes in July 2002 (Leman Field) and December 2006 (Morecambe Bay). These tragic accidents remind everyone that offshore helicopters operate in a difficult environment and why the industry must continue its efforts to further minimise the risks.

### New industry agreement set to improve licensing arrangements

Oil & Gas UK has updated the standard industry agreement that forms the basis of how licence co-venture partners work together in the UK continental shelf (UKCS). The new joint operating agreement (JOA) and guidance notes reflect new regulations and practices which have come into force over the last five years, simplifying and improving the process of establishing licence operating arrangements. The agreement also updates joint venture accounting procedures and ties into the recently developed Decommissioning Cost Provision Deed (DCPD).

The benefits and possibilities of the new JOA were highlighted at an Oil & Gas UK seminar on December 5 where joint venture managers were invited to discuss the agreement's potential to promote

successful partnerships and encourage flexible decision-making.

The promotion of widespread industry usage of a suite of standard agreements to improve commercial practices is part of a new focus for the oil and gas industry and government forum, PILOT. Although the new JOA and DCPD will help with the setting up of new licences, the real benefit is expected to come from adjustments to the arrangements on legacy assets. The overall aim of this initiative is to maximise the reserves potential of the UKCS by 'changing gear' in the way we do business.

**The JOA and guidance notes are available on the Oil & Gas UK website at <http://www.oilandgas.org.uk/issues/stdagreements/stdagreements.cfm>**

### Step Change in Safety appoints new co-chairs



John Methven

Rick Cohagan

Rick Cohagan, managing director of Chevron Upstream Europe, and John Methven, director of group HSSE and integrity assurance at Petrofac, have been appointed the new co-chairs of Step Change in Safety. Together they will work with the Step Change leadership team to improve safety performance across the sector, with the aim of making the UK the safest place to work in the world-wide upstream oil and gas industry.

Ian Aitchison, Step Change support team leader, welcomed the appointments: "We are delighted that Rick Cohagan and John Methven have accepted the role of co-chairs. Their continued contribution and commitment to safety exemplifies the industry's co-operation, engagement and identification with Step Change. Both have demonstrable experience, drive and passion for safety, which will be a valuable asset for the Step Change leadership team and will help us to address the safety challenges of a maturing offshore industry."

The Step Change in Safety initiative was founded in 1997 with the aim of reducing the UK offshore oil and gas industry injury rate by 50%. Its work has succeeded in uniting the industry at all levels on the essential issue of safety in the workplace.

## News and Views

### Oil & Gas UK submissions to Government

#### Decommissioning

In June 2007 the Department for Business, Enterprise and Regulatory Reform (BERR) issued a consultation document on decommissioning offshore energy installations. Oil & Gas UK's submission, sent on August 2, represented the aggregate view of the organisation across its members, including those of operators, non-operating licensees, and contracting companies within the sector.

The submission set out the industry's overall approach, and built on prior discussions held with the department through work groups set up under PILOT. Oil & Gas UK stressed the importance of the regulatory regime being compatible with the commercial asset trading arrangements that transfer licence benefits and obligations, including decommissioning liabilities. Such trading, along with subsequent incremental investment, is vital to maximising UK Continental Shelf (UKCS) reserves recovery.

The discussions taking place within PILOT have fallen into two key areas. Firstly, they aimed to ensure that the system for managing the projected future costs of £15-20 billion will not prevent the industry from achieving maximum recovery from the UKCS. Secondly, that the creation of supply chain capabilities should be encouraged, so as to help us deliver societal expectations but at a reduced overall cost.

On the first challenge, industry's concerns have been about putting in place effective financial security measures, so that asset trading can go ahead and bring forward new opportunities in the older fields. A major effort has been put into developing a robust and effective agreement by the industry, the Decommissioning Cost Provision Deed (DCPD), which will ensure

decommissioning costs are covered in the event of any party defaulting on its obligations. Once in place, it will establish where primary responsibilities lie and how securities should be provided in a proportionate and non-duplicative way. If endorsed by BERR, it would provide a foundation to address regulatory obligations when leaving a licence and transferring benefits and liabilities to a new party. This would simplify future asset trading deals and part of our consultation submission was aimed at securing government support for its use.

Work surrounding the DCPD and other points arising from the consultation will need to be included in an updating of BERR's guidance notes on what is required to fulfill government needs. As this work draws to a close, the second challenge is starting to kick in - how does the industry now deliver the decommissioning technical capability and capacity requirement. If the supply chain is to invest appropriately in the resources necessary for this task then we need to establish an improved mechanism to signal market needs and timing. In the final analysis, decommissioning is a non-productive expenditure which must be reduced as much as possible, so the sector can maximise spending on productive investment.

**The full submission can be viewed online at [http://www.oilandgasuk.co.uk/issues/decommissioning/docs/Decomm\\_response.pdf](http://www.oilandgasuk.co.uk/issues/decommissioning/docs/Decomm_response.pdf).**

#### North Sea Fiscal Regime

The Treasury announced a consultation on the future of the North Sea tax regime in December 2005 and discussions with the industry on the wider structural issues of the regime have been ongoing over the last two years.

The Treasury's initial findings were published in the March 2007 Budget. Since then, there have been further meetings between the industry and Treasury, with other Government departments also involved, to discuss the future of Petroleum Revenue Tax (PRT), the tax treatment of decommissioning and the impact of the tax regime on investment behaviours.

The industry believes that changes to the fiscal regime are now required to allow the UKCS to continue competing for investment over the long term and maintain the diversity of investors participating in this mature high cost province. Under the current regime, the industry is much less likely to realise the full potential of the UKCS for the benefit of all participants.

Oil & Gas UK is seeking to promote sustainable, long term investment in this province by removing anomalies and progressively reducing the fiscal burden. It awaits the Treasury's response to its submission and looks forward to continued engagement on the fiscal regime.



## Parliamentary Update

### Networking opportunities during party conference season

Questions around the reform of North Sea taxation, the impact of the planning gain supplement and the skills academy for the oil and gas industry were raised with Ministers, MPs, MSPs and political advisers during the busy party conference season.

Oil & Gas UK activities included a successful fringe meeting with the Fabian Society on skills and training (which featured the Education Minister Bill Rammell MP), a joint dinner with UKPIA and MPs at Labour conference in Bournemouth and dinners and briefings with Liberal Democrat and Conservative politicians in Brighton and Blackpool. Members of the communications team also attended the main corporate days and, at a well attended joint dinner with National Grid in Aviemore, engaged with six SNP MSPs in a broad ranging energy debate.

Lively fringe events at each of the conferences included debates on climate change, renewable energy, nuclear, fuel poverty and the Energy White Paper.

### New legislation announced in Queen's Speech

Several Bills were announced in the Queen's Speech on November 6, which have the potential to impact on the offshore oil and gas industry. These include the Climate Change, Energy and Planning Reform Bills.

Oil & Gas UK has already submitted its views during the consultation process but will continue to monitor the progress of this legislation and will contribute where appropriate.

**For more information please contact Rona Macdonald on email: [rmacdonald@oilandgasuk.co.uk](mailto:rmacdonald@oilandgasuk.co.uk)**

### Meet the MSP lunches in Aberdeen

Oil & Gas UK was pleased to help members of the business community get to know the views of MSPs, through sponsorship of two Scottish Council for Development and Industry (SCDI) "meet the MSP" lunches in Aberdeen. Liberal Democrat spokesman Liam McArthur and Labour spokesman Iain Gray MSP gave a valuable insight into policy making and their party views including the Scottish bid for the Energy Technologies Institute (ETI).

### Westminster politicians hear detailed proposals on oil taxation reform

Anne Begg MP chaired a well attended meeting of the Oil & Gas All Party Parliamentary Group (APPG) in October. Industry representatives presented the key recommendations in the recent Oil & Gas UK submission to HM Treasury on oil taxation reform using the Brae field to illustrate many of their points. Oil & Gas UK then met with the new Treasury Minister, Angela Eagle MP, in early November to discuss these proposals in more detail.

EU issues were discussed at the APPG's November meeting – with Archie Kennedy of ConocoPhillips (Oil & Gas UK's European Champion) giving the main presentation.

### Skills agenda update for Holyrood Group

David Doig, the chief executive of OPITO, updated Holyrood politicians on future skills and training activity at the November meeting of the Cross Party Group in Edinburgh.

Members of both the Cross Party and All Party Groups welcomed a similar briefing held at Offshore Europe in early September where there was genuine cross party support for the skills academy.

## Feature Article

### Face to Face:



### Alexa Chaffer interviews Crawford Anderson, vice president for Baker Hughes Inc. Business Development, Europe, Africa, Russia and Caspian (EARC) Region, and questions him on life as a new contractor member of Oil & Gas UK.

**Baker Hughes has recently joined Oil & Gas UK. What are the key factors that made you decide to join?**

The recent change in the structure from UKOOA to Oil & Gas UK has made the organisation more representative of its various stakeholders. As a major global service company with over 3,000 employees located in the UK we believe that participation in this type of forum will be valuable to us.

## An interview with Crawford Anderson

**How have you found becoming a member of Oil & Gas UK has enhanced your business?**

Certainly the organisation has welcomed Baker Hughes. We have had several invitations to nominate Baker Hughes representatives onto the various forums and are currently going through the process of choosing the most appropriate people. It's clear there will be no shortage of opportunities to put forward Baker Hughes' opinions on the wide range of issues in which Oil & Gas UK is involved.

**What are the critical elements of Oil & Gas UK's role in the industry?**

The North Sea is a critical resource base for the UK and European economies. Often our industry's views to Government and the wider public have been formed from a rather narrow group. I feel it's important that Oil & Gas UK makes sure that it presents a broad and balanced view that represents all its membership, operators and contractors, and yet also speaks with a single clear voice to the government on behalf of the entire industry. I also feel that it has a key role in creating a positive perception of the sector to the wider public. In particular I think it has the potential to help with recruitment issues and concerns.

**What are Baker Hughes' key projects at the moment in the UK?**

All our customer projects are key as far as we are concerned. We pride ourselves on focusing on performance at the well site and helping to optimise value. It is interesting that with the decline in UK production and the ageing infrastructure, the North Sea still demands the highest levels of technology. The application of the type of advanced technologies that Baker Hughes offers helps operators to drill and

complete wells that previously couldn't have been planned. This has extended field life as well as reaching stranded accumulations. In addition to this, the application of advanced downhole pumps and the use of appropriate chemical treatments are improving recovery rates. There is no question that the UK sector of the North Sea is very important to Baker Hughes.

**How important is the UKCS to Baker Hughes in a global context?**

I think you can see the established expertise base within the UKCS is very important to Baker Hughes. We recognise the industry is facing a number of challenges, including the management of the transition of activity to new emerging markets over the next 10-15 years. However the UKCS continues to be a very large market. It has changed over the years that I have been involved in the business from primarily an exploration market, to development and now to enjoying a mature phase renaissance. We see a bright and sustained future for our operations here in the North Sea.

**What do you see as the main challenges facing Baker Hughes in the UKCS over the next 5-10 years?**

Attracting, training and retaining the new generation of employees is a definite challenge. The industry is changing and competition within and outside the sector is high. I believe Oil & Gas UK, in its current form, has a responsibility to promote the industry as a dynamic and challenging place where you can still build a career. With all the talk of a mature oil province there is a risk that graduates and new entrants to the employment market don't realise that the oil industry remains a fantastic place to work, with plenty of opportunities to develop your career. The

supply of affordable energy will remain crucial in world economics and the UKCS will continue to be a critical component of this. What a challenge!

**What makes the UKCS an attractive place to do business?**

One of the main reasons is that there is a highly developed infrastructure and an experienced and skilled workforce. The reserve base remains significant and of course access to a stable market means that it provides a very solid foundation for our activities throughout the region.

**In Baker Hughes' view, how important is the role of technology in the future development of the UKCS and worldwide?**

This is fundamental. The need to explore and develop ever more complex or marginal reservoirs requires the application of new technology. Sometimes this means clever application of established technology rather than "new" technology. We believe that working closely with the reserve holders to understand the challenges and then using our knowledge of the technology available to develop a cost effective solution is the most appropriate course. The key thing here is developing long term relationships that form a partnership between operators and contractors to create mutual value and ensure appropriate technology is applied.

**So what does the future hold for Baker Hughes?**

Baker Hughes is currently celebrating 100 years of service and innovation to the industry. We are now looking forward to playing an active part within Oil & Gas UK and celebrating a further 100 years in the sector.

## The industry's first Oil & Gas Academy is unveiled



David Doig, Chief Executive  
OPITO

Chief executive of the newly formed academy, David Doig, explains: "The Academy will be a focal point for the whole industry to come together to deliver on its skills and knowledge agenda. With employers at the centre, the Academy will support and enable the delivery of a workforce with appropriate and relevant skills. This will be achieved through three distinct areas: working with education and academia; working with training providers; and working with government and trade bodies as well as enterprise agencies and local authorities.

"The Academy is all about creating new ways of addressing the skills issues to make a difference that is positively felt by the whole industry.

"There are good initiatives throughout our sector but they are being carried out in a piecemeal fashion. By consolidating the efforts and resources currently being invested by employers, the Academy will provide a sharper, clearer focus on delivering a much greater return."

OPITO – the Oil & Gas Academy has a board made up of industry leaders representing employers, trade bodies and trade unions. It will actively engage with employers by listening closely to them in order to identify, understand and evaluate their needs. Those needs will be translated into practical projects and initiatives and delivered by the Academy through its work in three core areas: the faculty of learning, learning supply and enterprise and innovation.

### Faculty of Learning

Through its Faculty of Learning, the academy will collaborate with education and academia. Working at the highest levels with schools, colleges and universities, the Academy will seek to inject practical, relevant industry-based learning into the curriculum.

### Learning Supply

To influence and support the development of a learning infrastructure that is relevant to the industry, the Academy will engage with commercial and non-commercial learning providers. This arm of the academy will aim to ensure a world-class learning supply that supports a world-class industry.

### Enterprise and Innovation

Working with trade bodies, government agencies and others, the academy will proactively identify opportunities, facilitate innovation and share best practice to support the industry's learning needs.

Mr Doig adds: "OPITO has an international reputation for delivering global training standards, quality assurance of training provision, innovative skills solutions and workforce development programmes as well as the management of programmes such as the industry's Modern Apprenticeships and Petroleum Open Learning courses. The Academy will continue to fulfil these roles."

The academy will be wholly focused on oil and gas but will, through its membership of Cogent, contribute to the wider national skills and education policy agenda and share best practice.



Earlier this month the UK oil and gas industry officially launched its new skills academy at a breakfast meeting in Aberdeen which was joined via video link by the Energy Minister, Malcolm Wicks.

OPITO - The Oil & Gas Academy is the culmination of the industry's desire to bring about a real step-change in the way it addresses its skills issues in the short, medium and long term.

The Academy will help develop and deliver the workforce capability needed for business success and the long-term sustainability of the UK Continental Shelf (UKCS).

Funded by the industry and employer-led, the Academy combines the oil and gas skills body OPITO and the Offshore Training Foundation. It will provide an effective link between the industry and learning provision across the UK to improve the supply of relevantly qualified people into the oil and gas sector.

## Industry seizes asset integrity agenda



Malcolm Webb, Chief Executive  
Oil & Gas UK

its findings from subsequent inspections, encourage learning from examples of best and worst practice and educate industry representatives generally on asset integrity management.

This close engagement with the HSE has continued. The board of Oil & Gas UK and the co-chairman of Step Change in Safety met with Judith Hackitt, chair of the Health and Safety Commission, and Ian Whewell, head of HSE's Offshore Division, before the report's publication on November 20, to review the report's findings, discuss the actions being taken and reassure the HSE that industry is committed to addressing the issues.

On November 21, the Health and Safety Executive (HSE) published its report on the state of the industry's offshore assets following a targeted HSE inspection programme with a focus on asset integrity, known as KP3.

The programme formally began in 2004 and ran for three years. In that time nearly 100 installations were visited – some platforms twice. The programme focused on prevention, control and mitigation of major accidents (eg fires and explosions) by ensuring that safety critical plant and systems are maintained in a state that is fit for purpose, and will work on-demand.

The industry co-operated with the HSE from the start of the programme. An asset integrity team was set up jointly with the HSE in 2004 to identify good industry practices and promote learning and sharing. A joint workshop was held in May 2004, at the beginning of the programme, giving HSE the opportunity to present feedback on the initial findings from a number of KP3 pilot inspections. Two further asset integrity workshops took place in 2005 and 2006, providing additional platforms for the HSE to share

Key issues listed by the HSE as needing attention were maintenance backlogs, deferrals, outstanding corrective maintenance and the maintenance of safety critical elements. On the positive side, the HSE found that reporting to senior management, recognition of key indicators for maintenance system effectiveness, offshore supervision and communication between onshore and offshore were generally done well and the report also includes a number of examples of best practice.

There is industry wide recognition that, whilst very significant investment has been made over the last three years, there is work still to be done and that in some areas we are not yet where we need to be. Responding to the report, Malcolm Webb, chief executive of Oil & Gas UK, said that no one in this industry was in any doubt about the importance of asset integrity. It is the key not only to the safety of offshore installations but also to the longer term sustainability of the industry in the UK Continental Shelf (UKCS) and the security of energy supplies for the country.

He reinforced the industry's commitment to continuous improvement in the area of asset integrity and believed that the combination of individual company efforts and industry initiatives has already put the sector on the right track.

The publication of the KP3 report has helped sharpen the industry's focus on those areas that require greater attention. It will help to steer the industry's ongoing initiatives and is useful in identifying examples of good practice. Industry recognises the need to ensure that engineers and technical experts are heard.

"The Board of Oil & Gas UK will give strong leadership in these areas to ensure our industry's assets are maintained to be safe, reliable and efficient," said Malcolm Webb.

There is an industry-wide understanding that the following are key areas for improvement: education and training on safety critical elements and performance standards, sharing of good practices and lessons learned, communication of the good work already going on, improved leading indicators and more engagement with engineering technical authorities.

The Step Change in Safety Asset Integrity Group is creating a one day interactive work shop for managing directors and senior managers to ensure a good understanding of safety cases, verification of safety critical elements, associated performance standards and the practical application of Step Change toolkits and guidelines.

The current Step Change website will also be adapted to enable wider and more effective sharing of HSE and industry good practices and lessons learned in the area of asset integrity. All companies will be encouraged to make best use of these new facilities and ensure that the lessons are communicated effectively within their own organisations.

The KP3 report can be found on: <http://www.hse.gov.uk/offshore/programme.htm>

## Dates for your diary

### Oil & Gas UK 08 Seminar Series

#### Environmental Statements Best Practice Seminar

13 February 2008 9.00am – 5.00pm

Aberdeen Exhibition & Conference Centre, Aberdeen, AB23 8BL

### Oil & Gas UK 08 Breakfast Season

#### Aberdeen Winter Breakfast

Oil & Gas UK Activity Survey

26 February 2008 7.00am - 9.00am

Beach Ballroom, Beach Promenade, Aberdeen, AB24 5NR

#### London Winter Breakfast

Oil & Gas UK Activity Survey

27 February 2008 7.30am – 9.30am

Riverbank Park Plaza, London, SE1 7TJ

#### Other events and important dates

### Oil & Gas UK 08 Next Generation Conference

**Oil & Gas UK Next Generation Conference:** 23 April 2008

Aberdeen Exhibition and Conference Centre, AB23 8BL

**Memorial Service: 20th Anniversary of Piper Alpha Tragedy:** Sunday 6 July 2008 at 2pm

The Reverend Andrew Jolly, Chaplain to the UK Oil and Gas Industry, will lead a memorial service at the Kirk of St. Nicholas Uniting, Union Street, Aberdeen. This will be followed at 4 pm by an Act of Remembrance at the Piper Alpha Memorial in Hazlehead Park, Aberdeen.



**PILOT Share Fair 10:** 11 November 2008 7.00am - 4.30pm

Aberdeen Exhibition & Conference Centre, Aberdeen, AB23 8BL

### Oil & Gas UK 08 Awards

**Oil & Gas UK Awards Dinner:** 12 November 2008 7.00pm - midnight

Aberdeen Exhibition & Conference Centre, Aberdeen, AB23 8BL

For further events information please contact Louise Wood or Stacey Hopkin

Tel: 01224 577250 or visit [www.oilandgasuk.co.uk/new/events](http://www.oilandgasuk.co.uk/new/events)

## And finally...



Alex West, president of the Scottish Fishermen's Federation, hands the golf trophy over to Oil & Gas UK director Paul Dymond.

After a humiliating defeat at the hands of the fishermen in 2006, Oil & Gas UK bravely strode out onto the first Tee in September to face a team from the Scottish Fishermen's Federation (SFF) in their annual show of strength on the golf course. The venue was the Inchmarlo Golf Club on Royal Deeside; the opposition was tough, but skilful playing - and a healthy dose of sheer good luck - saw Oil & Gas UK bringing home the highly prized trophy.

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