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### *“Offshore Standards, Regulation and Streamlining”*

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## Offshore Standards, Regulation and Streamlining

Rick Grant reviews offshore regulatory streamlining initiatives in Australia, an experience to be drawn upon as Atlantic Canada moves forward in establishing effective and efficient regulation.

It was just a year ago that I had the pleasure to meet and speak with one of the principal architects of the offshore regulatory streamlining initiatives in Australia, Peter Wilkinson of the Department of Industry, Tourism and Resources (DITR). It was actually his paper listed in the Offshore Technology Conference (OTC) Technical Program that led me to him. His paper, "Creating a New Offshore Petroleum Safety Regulator" (OTC Paper No. 15214), listed under the Safety category, caught my attention and I made it a special point to attend his presentation.

In his presentation, Wilkinson gave an overview of the current regulatory structure in Australia, noting that day-to-day offshore regulation is carried out by the Australian States and Northern Territory using a blend of state and federal law. He then spoke about the reasons leading to a review of the adequacy and effectiveness of the current regulatory system, including the Australian Government's 1998 commitment to the Commonwealth to undertake such a review.

The review, initiated in 1999, was managed by a steering committee that included representation from the federal and state/territorial governments, industry and the workforce. The core of the review was an assessment of the current regulatory system and was performed by a team of three international safety specialists: Odd Bjerre Finnestad, Magne Ognedal and Ed Spence. The mandate of the Independent Review Team (IRT) was to assess the effectiveness and implementation of Australia's offshore safety regime. The review included interviews with some 250 persons ranging from CEO's to welders, operators, state/territorial regulators and federal officials.

The primary conclusion of the IRT was (ref. OTC 15214) that "the Australian legal and administrative framework and the day-to-day application of this framework for regulation of health, safety and environment in the offshore petroleum industry is complicated and insufficient to ensure appropriate, effective and efficient regulation of the offshore petroleum industry. Much

would require improvement for the regime to deliver world-class safety practice."

Key findings of the IRT included that there were too many acts and regulations and that the state/northern safety regulators lacked regulatory skill, capacity and consistency and did not have a clear view of their roles. It was recommended that the current framework of laws be revised and that the regulatory system be restructured



*Rick Grant, Vice-Chair of the Strategic Steering Committee on Offshore Structures.*

by establishing a national petroleum regulatory authority to oversee offshore safety.

The stakeholders reviewed the recommendations of the IRT and considered various models for the structure of a "single regulator." The models included a single national agency for safety; an enhanced version of the existing "Added Competence Model"; retention of the existing state/territorial system with a separate agency for safety reviews and investigation of major accidents, referred to as the "Cooperative Model"; and an outsourced privatized model. The criteria against which these models were reviewed included the capacity to improve safety outcomes, consistency, effectiveness and efficiency, independence, accountability and meeting the needs of the industry and workforce.

These four models were then reviewed by a roundtable forum consisting of the stakeholders—industry, government and the workforce. Some of the models could meet some of the criteria, but it was only the model reflected by the single national agency that could meet the effectiveness, efficiency and the consistency criteria. This was the federal government's preferred option and was strongly supported by both industry and the workforce.

Wilkinson's presentation went on to discuss the structure of this new National Offshore Petroleum Safety Authority (NOPSA), policy development and resourcing, including competencies and implementation.

Peter and I spoke the day after his presentation at some length on the Australian experience and the proposed changes, and he noted that there were still challenges to be overcome in making NOPSA a reality. Those challenges have now been overcome. In December 2003 it was announced that the Australian Senate had passed enabling legislation and that the National Offshore Petroleum Safety Authority was on track to open its doors for business on January 1, 2005.

The Australian experience is one that we must draw upon as we move forward in establishing effective and efficient regulation. Offshore activity in Canada is centralized on the east coast with only three offshore installations currently producing: Sable, off the coast of Nova Scotia, and Hibernia and Terra Nova offshore Newfoundland. A fourth installation, White Rose, off the coast of Newfoundland, is slated to come on stream in early 2006.

Current efforts to streamline the regulatory process have focused on activities in Nova Scotia and Newfoundland & Labrador. But, as we go forward, there must be consideration given to the development of a regulatory structure that will work for all of Canada, a structure that is effective, efficient and consistent in approach. There

would also be benefit to using approaches that the international oil and gas community are familiar with. This was most certainly a factor when we began our assessment in 1999 of the path forward for offshore standards for Canada.

Even though Canada had its own standards for offshore structures, the standards being developed under the umbrella of the International Standards Organization (ISO) could not be ignored. In 2000, a Strategic Steering Committee on Offshore Structures (SSCOS) was established by the Canadian Standards Association (CSA), with Greg Lever as Chair, to assess the path forward for Canada's offshore structures standards. With assistance and recommendations from two Technical Committees established under the SSCOS, it was decided to update the existing Canadian offshore structures standards developed under CSA and to participate in the development of the standards being developed under ISO with the intent to having the ISO standards adopted as the National Standards for Canada.

The benefits for Canada moving to the ISO standards are numerous, including enhanced safety. An important benefit in the context of this article is that the ISO standards will be used by the international offshore community—including Canada—for development in the future. In essence, the adoption of these ISO standards as the National Standards of Canada is a significant streamlining measure that will enhance the competitiveness of the Canadian offshore.

Initiatives in Canada to move toward ISO are well underway and the efforts within Canada to streamline regulation could perhaps learn from these experiences. There are several common threads between the advancements made by the international community in regards to standards and regulations, especially within the UK, Norway and Australia. In a future issue of *Ocean Resources*, I will discuss these common threads and recommendations for streamlining. This article will also elaborate on the advancements made to offshore structures standards for Canada.

It is important to note that a significant milestone has been reached within our Canadian offshore structures standards initiatives—the publication of the CSA S471-04 Standard on "General Requirements, Design Criteria, the Environment and Loads." This revision

supercedes the CSA S471-92 standard, with significant changes including refined definition of operational loads; additions to load combinations; revisions to the load factors; new requirements and guidance for accidental loads (fires, explosions, ship collisions, etc.), control and mitigation; and new guidance on ice loads and ice accretion. Further information on the revisions to CSA S471-04 can be found in the paper "Updating the Canadian Standards Association Offshore Structures Code" by

R. Frederking (NRC), T. Brown (U. of Calgary) and R. Grant (CBCL), presented at the 14th International Offshore and Polar Engineering Conference, Toulon, France, May 2004.

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