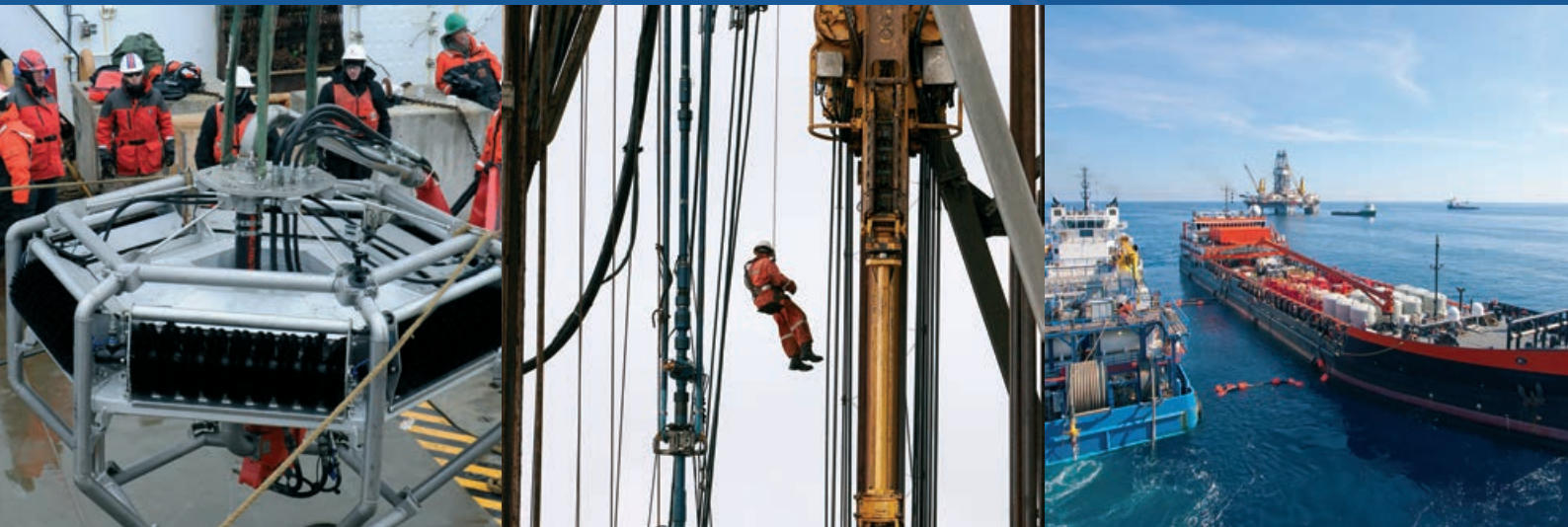




International
Association
of Oil & Gas
Producers



Mutual aid in large-scale offshore incidents – a framework for the offshore oil and gas industry

OGP Report No. 487

About OGP

Vision

- To work on behalf of the world's oil and gas exploration and production (E&P) companies to promote safe, responsible, and sustainable operations.

Mission

- To facilitate continuous improvement in HSE, security, social responsibility, engineering and operations.
- To undertake special projects and develop industry positions on critical issues affecting the industry.
- To create alignment between oil and gas E&P companies and with relevant national and international industry associations.
- To advance the views and positions of oil and gas E&P companies to international regulators, legislative bodies and other relevant stakeholders.
- To provide a forum for sharing experiences, debating emerging issues and establishing common ground to promote co-operation, consistency and effectiveness.

Objectives

- To improve understanding of our industry by being a visible, accessible, reliable and credible source of information.
- To represent and advocate industry views by developing effective proposals based on professionally established technical arguments in a societal context.
- To improve the collection, analysis and dissemination of data on HSE and security performance.
- To develop and disseminate best practice in HSE, security, engineering and operations continually improved by feedback from members, regulators and other stakeholders.
- To promote awareness and best practice in social responsibility and sustainability.
- To ensure that the membership is highly representative of our industry.

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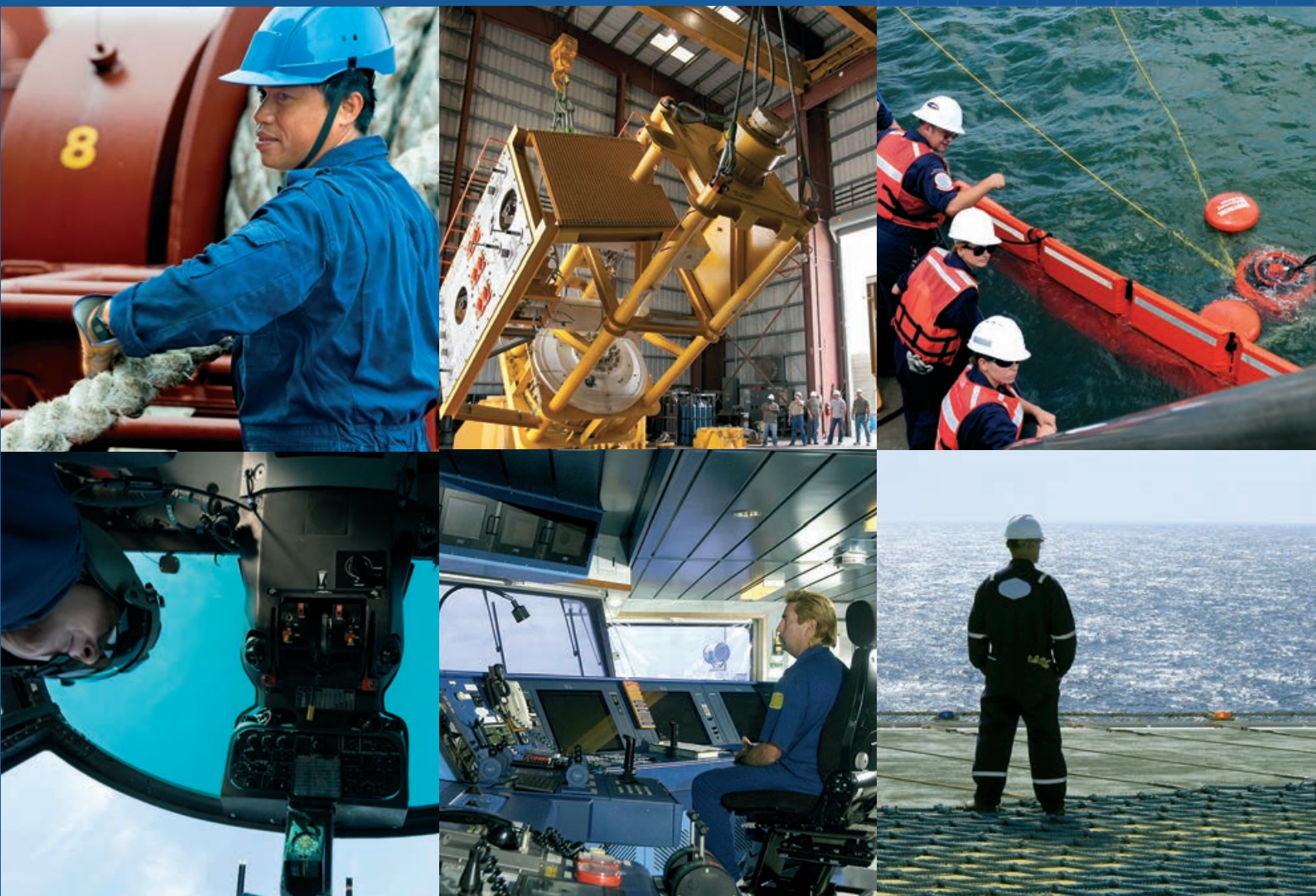
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Section 1: Purpose of the framework

OGP, on behalf of its members in the international oil and gas industry, continuously seeks to develop and publish good practice guides to enhance safe, responsible and sustainable operations worldwide.

Of particular relevance to both industry and a concerned public is how quickly and efficiently companies can respond to potential large-scale offshore incidents.

Responding to such an incident could require access to resources supplementary to those immediately accessible to an operator — whether owned or under contract to the operator, or available via third parties such as oil spill response organisations or capping/containment ventures. Such resources may be owned or under contract to other operators in or near the affected basin.

While industry has demonstrated that it can cooperate rapidly and effectively in response to offshore incidents, a framework to guide the consideration of mutual aid and response assistance could further enable industry to improve its ability to respond.

OGP has examined the typical elements of a response to a large-scale offshore incident. It has concluded that mutual aid arrangements are best addressed at the local, regional or basin level where resources are more likely to be quickly accessible and where operators are likely to share common technical, logistical, legal and regulatory environments. Therefore, this framework has been developed to inform and assist operators and industry associations in initiating and conducting mutual aid arrangement discussions within their local or regional basins. It lays out a process for scoping and developing mutual aid arrangements tailored to local circumstances, and identifies some of the issues and challenges that may be encountered.

A number of mutual aid arrangements already exist in certain countries and regions, this framework is not intended to conflict with any of these arrangements. It is acknowledged that mutual aid arrangements need to comply with any legal or regulatory requirements in the relevant country or countries. The significant role that regulators and governmental entities may have in enabling effective response is also recognised.

Section 2: The role of mutual aid in offshore incident response

2.1 Sources of response resources

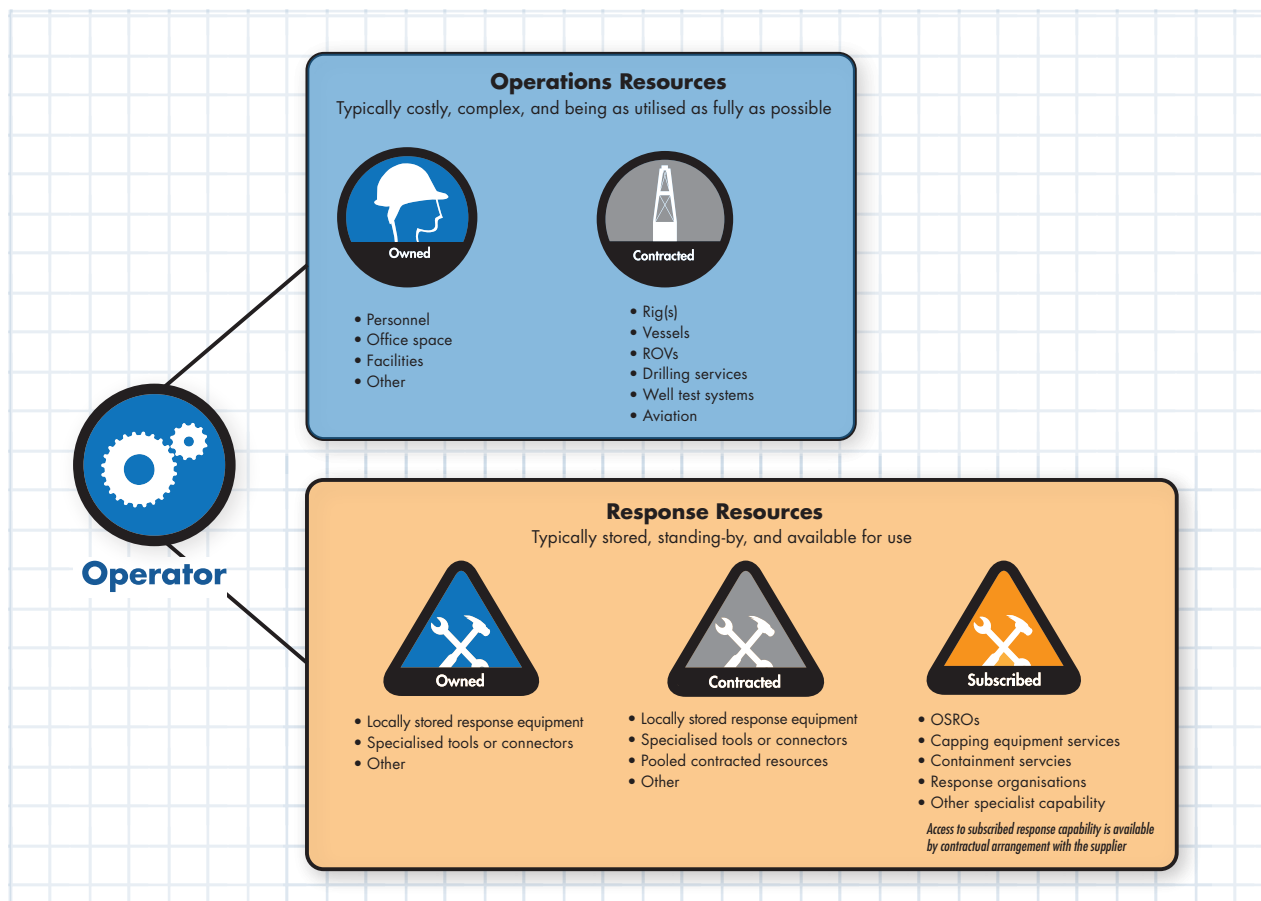
Offshore operators have the equipment, personnel and services required to undertake their day to day operations through some combination of owned and contracted resources.

Similarly, as an operator considers what response equipment it would need to access in the event of an incident and how to access it, three primary sourcing options are available. Operators may arrange access to specialised equipment, personnel and services through a combination of ownership, contracting (individually or pooled) and, subscription. Figure 2-1 provides an example of the sources of response and operational resources.

The most common examples of subscribed services (specific to oil spill response) are Oil Spill Response Organisations (OSROs). These OSROs typically have access to equipment and materials stored in supply bases regionally (known as Tier 2) and globally (known as Tier 3).

Access to specialised source-control equipment for use in well control incidents is becoming widely available to operators through subscription-based organisations. The provision to industry of well capping and containment equipment is the objective of several on-going initiatives, including Oil Spill Response Limited owned caps and toolkits in various locations worldwide, the Marine Well Containment Company in the US Gulf of Mexico, and other industry-cooperative and private-enterprise offerings.

Figure 2-1: Example of sources of response and operational resources



Section 2: The role of mutual aid in offshore incident response

Operators will have varying approaches on the mix of resources that best fits their requirements, based on their own in-house capabilities, contracting strategies, regional resource availabilities and other considerations. Some jurisdictions may have specific regulatory requirements for resource provision. Figure 2-2 shows how this might be organised at a basin level.

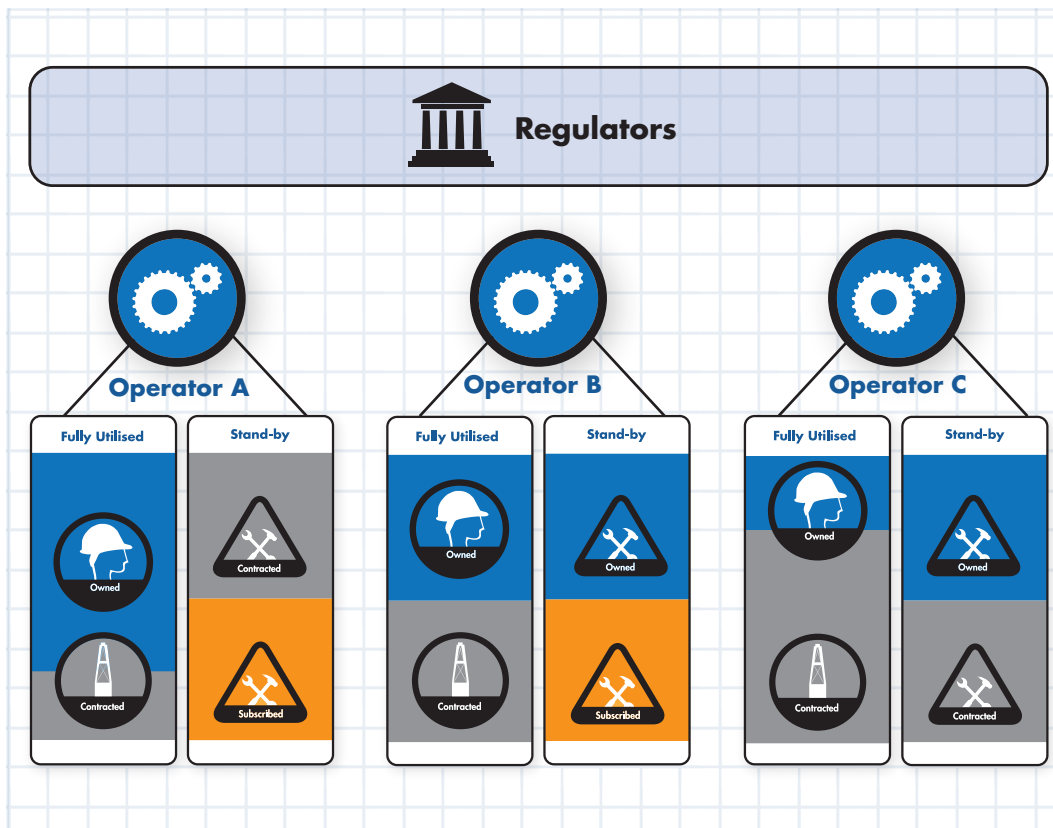
Variation in contracting strategies influences the issues arising from any potential release or transfer of control of a resource from one operator to another.

2.2 Mutual aid

In this framework, “mutual aid” is a term used to describe advance arrangements between oil and gas operators through which assistance or access to resources may later be provided. “Aid” or “assistance” is used to refer to the provision of resources to an operator at the time of an incident.

In the event of a large-scale offshore incident, the operator (designated as Incident Operator or IO) could request additional resources and assistance from other operators. This request may be ad hoc, made only after an incident occurs, or further to formal or informal mutual aid arrangements put in place in advance of an incident. Other operators (designated as Assisting Operators, or AO) who are able to make resources available are providing aid to the Incident Operator. This is depicted in Figure 2.3.

Figure 2-2: Contracting strategy variation among operators within one region



2.3 Access to resources

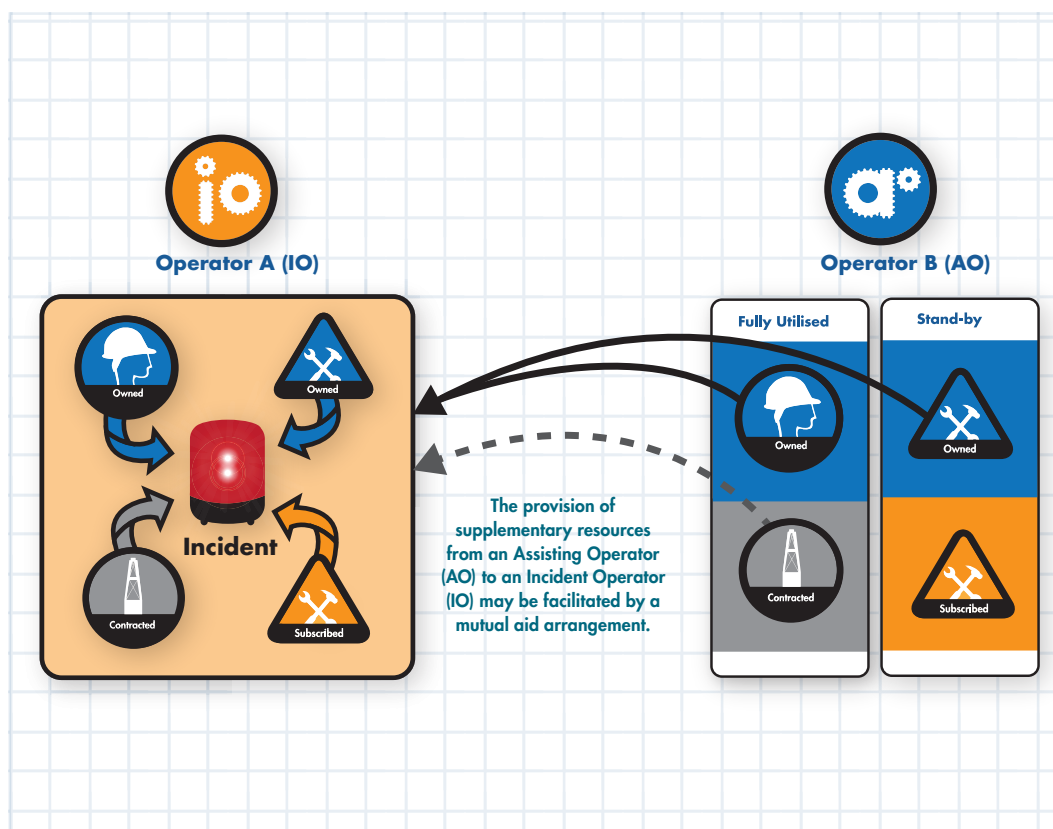
Potential Assisting Operators have most control over owned resources. However, prior to offering such resources the Assisting Operator will have a number of issues to consider, as discussed in more detail in Section 5.

An Incident Operator should arrange its own contract for subscribed response resources as these are available in the open market. They should not need other operators to provide them. However, operators may be requested to release certain subscribed response resources that are dedicated to their area of operation for an incident in another area.

The ability of an Assisting Operator to provide access to contracted resources is more complex. The Assisting Operator does not own the resource and will have typically contracted it for a given scope of service, often for a fixed term. In its most simplistic form, the process for transfer of control of such a resource is shown in Figure 2-4.

The Assisting Operator can facilitate, but does not control, this process. Several agreements may be necessary: between the Incident Operator and the Assisting Operator, between the Incident Operator and the Contractor and between the Contractor and the Assisting Operator; all under the auspices and subject to the boundaries and potential constraints of applicable laws and regulations.

Figure 2-3: Supplementary Resources for a large-scale offshore incident



Section 2: The role of mutual aid in offshore incident response

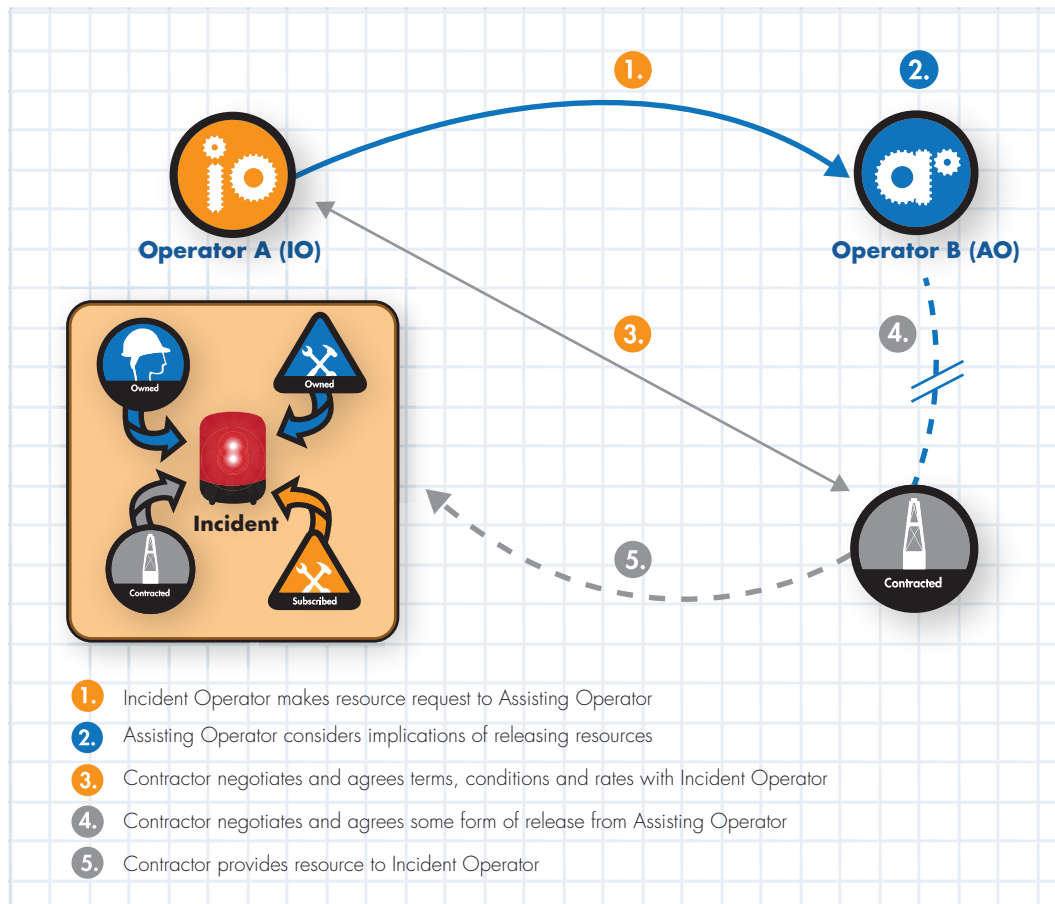


Figure 2-4:
Example of agreements to transfer a contracted resource post-incident

2.4 Types of arrangement

This framework encourages operators to use the process described in Section 4 to consider in advance of an incident the types of arrangements that may support effective response. The type of arrangement that is most appropriate will depend on a range of circumstances and the issues described in this framework.

There is a spectrum of pre-incident arrangements that may support effective response, from binding agreements to non-binding memoranda of understanding. These are likely to contain varying levels of commitment and this framework recommends that operators develop an approach appropriate to the area of operation and their own needs.

There are also practical measures that may facilitate provision of aid, either in

conjunction with, or independent of, the arrangements noted above, including:

- collaboration among operators to periodically assess and create an inventory of resources that may be available to assist in a response;
- creation of protocols to facilitate timely communications between operators and other stakeholders; and
- table-top drills to identify relevant scenarios and deployment exercises to test communication and response protocols.

These measures are further described in Section 6.

In any event, whether or not there are any mutual aid arrangements, operators will need agreements to obtain resources at the time of an incident (such as those described in Section 2.3 and Figure 2-4). However, prior planning is recommended to facilitate and expedite access to resources.

Section 3: Guiding principles of mutual aid

The following guiding principles are designed to facilitate industry mutual aid within and across national boundaries during a large-scale offshore incident. The principles are without prejudice to any legal obligations pursuant to which operators, offshore installation managers, and captains of vessels and aircraft may have to provide assistance in an emergency or any duties of care they may have to personnel on board such installations, vessels or aircraft.

3.1 Guiding principles

- Operators should endeavour to cooperate to provide aid in response to a large scale offshore incident.
- Provision of aid is voluntary and subject to the Assisting Operator's determination of resource availability and its assessment of risk.
- Planning and cooperation in advance of an incident facilitates the provision of aid.
- When requesting aid, the Incident Operator should:
 - be as specific as possible about the resources it needs
 - only request resources (including appropriate contingency) when there is no suitable and readily available alternative from its own owned, contracted or subscribed resources, or from market sources
 - directly contract the resources required for aid released by the Assisting Operator when possible
 - indemnify and provide any reasonably required assurances to the Assisting Operator and contractors for liabilities and costs associated with provision of aid.
- The Incident Operator should keep the Assisting Operator informed of progress, release personnel and return or replace equipment as soon as possible, equipment should be in a condition equal to or better than when received.
- Entities requested to provide aid, including contractors and resource owners, are expected to take into consideration their own risks including the health, safety and security of their people and assets.

Section 4: Initiating development of a mutual aid arrangement

Effective discussions about mutual aid are best achieved when the resources that would potentially be shared are well defined. This section describes a process by which operators can consider whether a mutual aid arrangement would be appropriate within their region or basin.

4.1 Identification of response needs

A key enabler to effective incident response is good planning in advance of an incident. Planning for incident response begins with the steps shown in Figure 4.1.

An operator should determine credible scenarios to which it might be required to respond, identify the resources that would be required to support appropriate responses, and evaluate the sources through which those resources might be acquired.

Step one: Risk assessment and scenario development.

Response planning begins with the identification of credible worst case scenarios through a systematic assessment of the potential incidents an operator might face. Operators may utilise their own risk assessment process, or there may be locally mandated risk assessment methodologies.

Step two: Response resource identification

The operator should then determine the response strategy for each scenario and identify the key assets, technical engineering and operations skills, and other capacities needed to support a large-scale offshore incident. Such response planning should involve multi-disciplinary teams comprising the various disciplines and entities that would be involved in implementing and executing the potential responses.

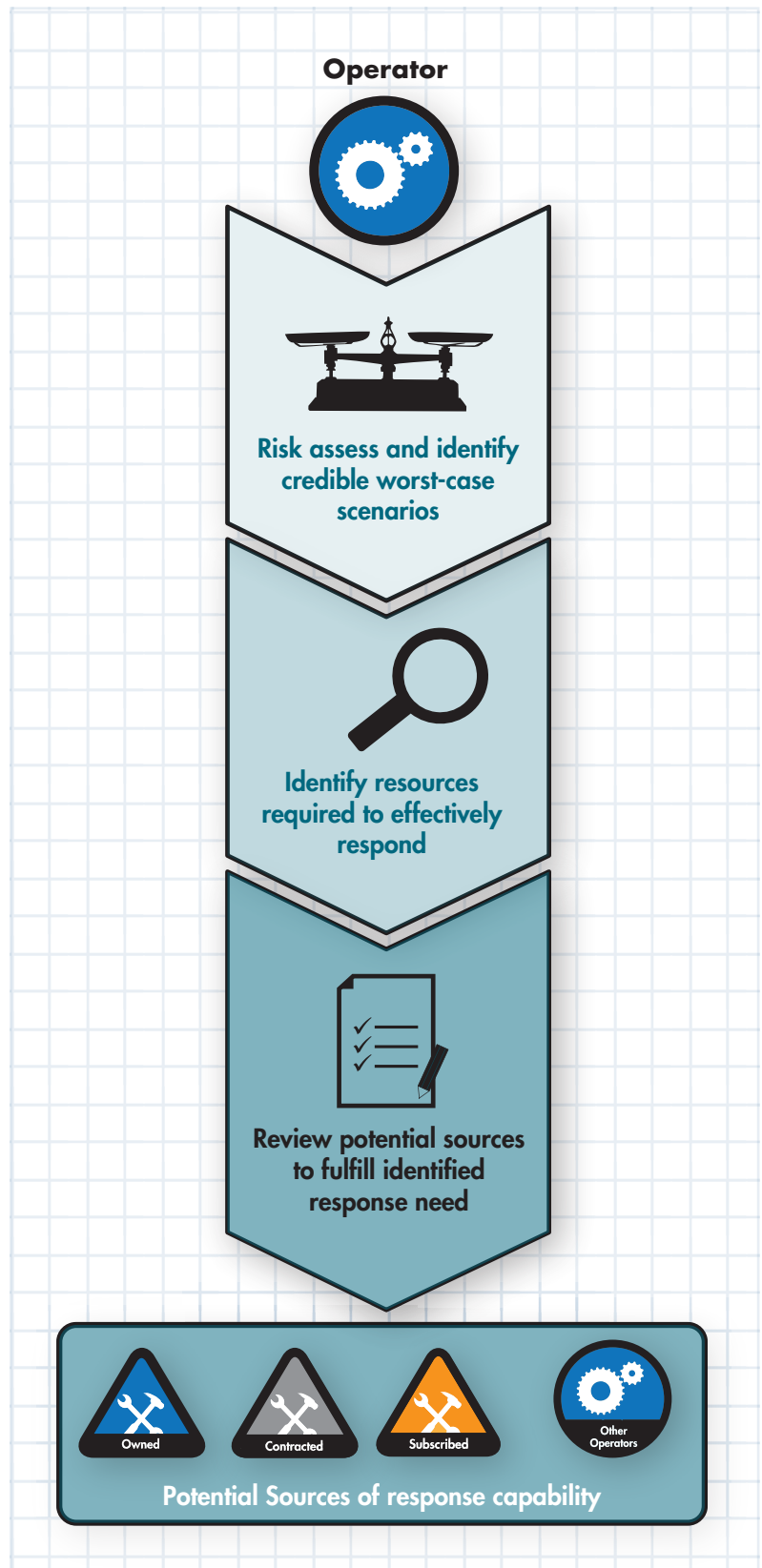


Figure 4-1: Response resource identification process

Several factors determine the type and quantity of resources potentially required, including but not limited to:

- the level, type and degree of specialisation of operations conducted by the operator;
- the level, type and degree of specialisation of the resources available to the operator;
- existing oil spill response organisations and other response consortia servicing the area of operations; and
- applicable legal and regulatory requirements for response resourcing and capability.

An outcome of this step should be documentation outlining the types and quantities of equipment and personnel that may be needed in an actual response.

Step three: Sourcing of response capabilities

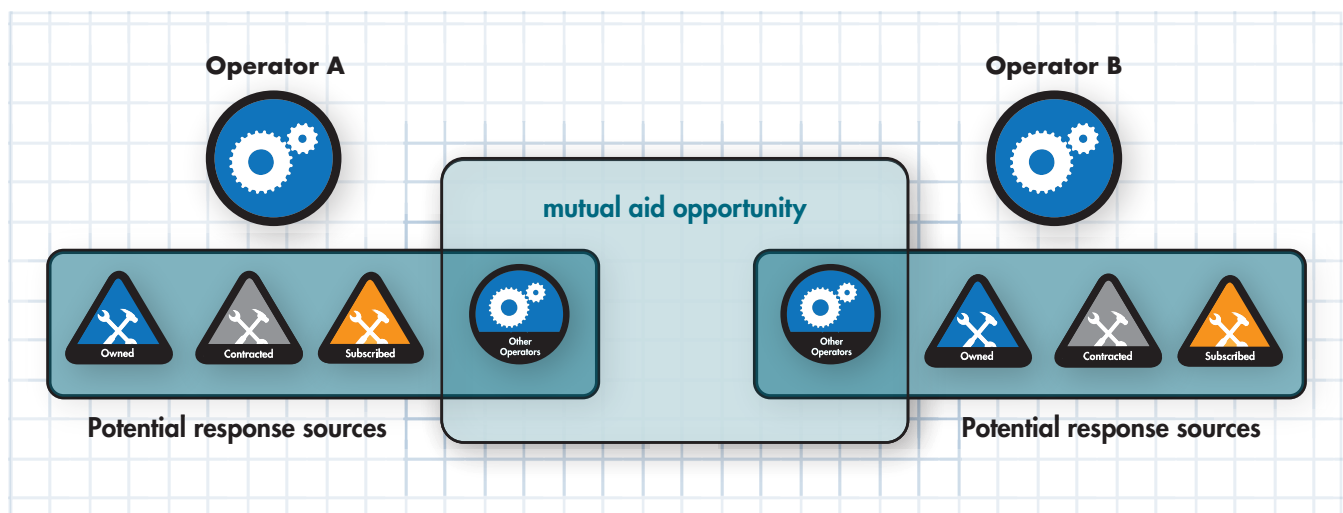
As shown in Figure 4-1 and discussed in Section 2.1, operators will have multiple sourcing options for acquiring the resources needed in the event of a large scale offshore incident. Figure 4-1 shows some of the more common sources.

4.2 Opportunity for mutual aid arrangements

Where more than one operator identifies they might benefit from access to equipment that is outside their immediate control, but in the control of another operator or operators, the opportunity exists to initiate discussions about mutual aid, as shown in Figure 4-2.

Operators within a common operating area are likely to share common technical, logistical, legal and regulatory environments. Regional operators contemplating the development of mutual aid arrangements are therefore also likely to encounter, in broad terms, a similar set of challenges to be addressed before resources can be made available to support a response. These common interests and issues, combined with the likely quicker access to resources located nearby, enhance the effectiveness of mutual aid arrangements developed at the local, basin, or regional level.

Figure 4-2: Mutual aid opportunity between operators



Section 4: Initiating development of a mutual aid arrangement

Having identified the resources available for response, it might not be necessary to formalise arrangements in advance of an incident. If an incident occurs and aid is necessary, the operators and other relevant parties would need to make agreements to transfer control of the requested resources, as outlined in Figure 2.4. However, there are likely to be benefits in establishing some form of mutual aid arrangement in advance of an incident. These may include:

- Informing operators what resources and capabilities are available to be shared within a basin or region.
- Further assisting operators in identifying what capabilities, if any, might not be readily available, i.e. define potential gaps that need to be addressed through other means.
- Enabling operators to further demonstrate to regulators the capability to access resources in response to large-scale offshore incidents.
- Enhancing assurance by enabling the testing of access to resources through drills and exercises.
- Facilitating and expediting the transfer of resources in an actual event through:
 - pre-negotiation of some of the terms for transfer of control of resources in an incident
 - informing and engaging the owners of contracted resources
 - informing and engaging regulators or other stakeholders in identifying and addressing potential issues with the release of resources as described in Section 5.

A process by which an effective mutual aid arrangement can be developed is shown in Figure 4-3.

The initial step, as shown in Figure 4-3, is for operators to come together to share information about the needs they have identified and how that aligns with available resources. The objective of these discussions is to develop a shared view of response resource availability, including a common view of potential gaps between the needs identified and the resources available. These discussions could be facilitated by the involvement of local industry associations.

When it is identified that a mutual aid arrangement would be beneficial, operators should define the form of arrangement that would best meet their requirements in light of the particular circumstances in the basin in which they operate. This should include identification of issues that would need to be addressed in order to release and transfer control of response resources. (See Section 5 for a description of the kinds of issues that may arise.) Such issues will often involve regulators and other stakeholders, including contractors and other response capability suppliers. In some jurisdictions the regulator may have to approve mutual aid arrangements. The objective of identifying these issues at this stage is to enable discussions with the stakeholders with a view to agreeing how the issues can be addressed in a pre-incident arrangement, or to inform the stakeholder that said issues might arise when aid is requested.

The outcome of the previous steps will help to define the scope and content of the mutual aid arrangement which is appropriate in the circumstances.

The final step described in Figure 4-3 suggests addressing the methods through which mutual aid arrangements may be maintained and continually improved. Section 6 of this document discusses some practical measures to support a mutual aid arrangement.

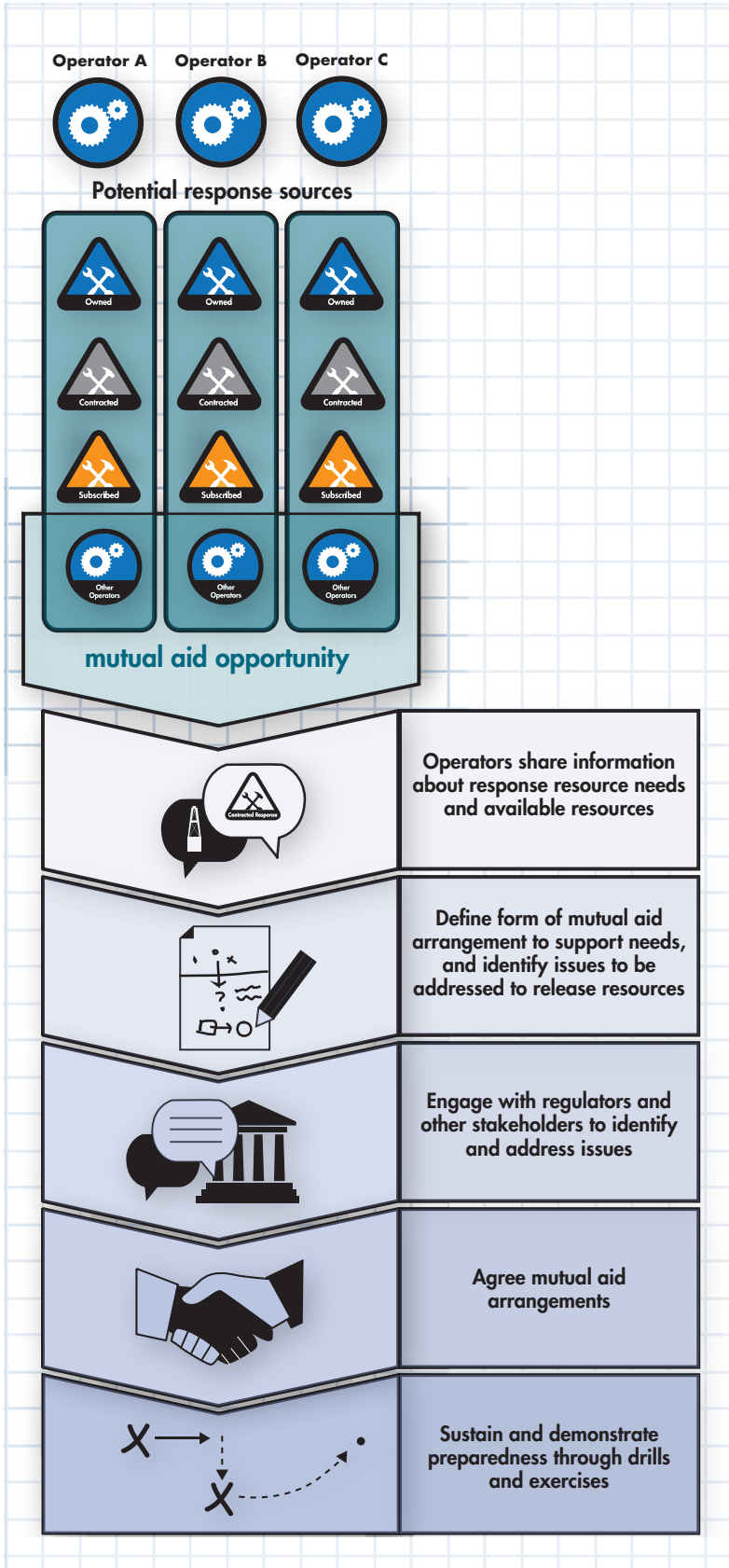


Figure 4-3: Development of mutual aid arrangements



Section 5: Issues to be addressed when considering a mutual aid arrangement or providing aid

A non-exhaustive list of issues that may be encountered when considering a mutual aid arrangement follows below. Similar issues arise at the time aid is being requested or provided and can be addressed in more detail based on the known facts and circumstances about the incident.

5.1 Health, safety, security and environmental issues

The risks of moving a resource from the operation being conducted by a potential Assisting Operator need to be assessed to consider potential impacts to:

- the health, safety or security of people;
- the environment; and
- the safety, security or integrity of property.

The assessment should also address whether these risks could be appropriately mitigated. A potential Assisting Operator could refuse or limit the provision of resources requested by an Incident Operator if it is facing its own emergency or if providing assistance would create an emergency or unacceptable risk for itself. An Assisting Operator may also suspend or recall resources if an emergency or need arises in its own operations.

5.2 Legal and regulatory requirements

There are a number of legal and regulatory issues that may need to be addressed and these will be specific to each jurisdiction. The laws and regulations of more than one jurisdiction may be relevant if resources located in one country are requested by an operator in another country.

5.2.1 Permit conditions

If a potential Assisting Operator has permit conditions specifying that certain resources are available to support its operation, providing those resources to an Incident Operator may invalidate the Assisting Operator's permit. Therefore, before any commitment to provide resources, a dispensation from the relevant regulator or administrative body may be needed.

5.2.2 Regulated response capability

Legislation or regulation may require operators to have a minimum level of resources to respond to a particular type or scale of incident as a condition for permits or other licence to operate. Therefore, if an Assisting Operator provides some of its resources to an Incident Operator, the Assisting Operator needs to consider if its remaining resources meet legal or regulatory requirements, or if any dispensations would be required.

5.2.3 Anti-trust or competition laws

Any arrangement among Operators would be subject to any applicable anti-trust or competition laws. These may place restrictions on competitors entering into collaborative arrangements from which there may be a need for dispensation.

5.2.4 Responder immunity

If an Assisting Operator is considering providing resources to an Incident Operator, it may wish to establish whether it can obtain any immunity from liabilities or suits provided by legislation prior to committing to provide resources. Seeking input from regulators or any relevant governmental entities in advance of an incident may help to clarify the scope of available immunity (if any) and any applicable processes and requirements.

5.2.5 Requirements to provide aid

Legislation or regulation may include obligations to provide aid in the event of an incident as directed by the regulator or other governmental entity. As a result, there may not be a need for agreement among operators to access resource, although they may still benefit from an agreement to address liability issues or from other practical arrangements to support effective response as further described in Section 6.

5.2.6 Cabotage

Legislation may restrict the ability of foreign flagged vessels to enter territorial waters and assist with a response, or to

Section 5: Issues to be addressed when considering a mutual aid arrangement or providing aid

transport equipment and/or recovered product, without certain authorisation or approvals. Developing an understanding of any applicable authorisation or approval processes in advance of an incident may expedite any dispensations required.

5.2.7 Labour

Authority to work in a new area may be restricted by local laws and regulations, including requirements regarding nationality or collective bargaining.

5.3 Terms of contracts or licences

5.3.1 Rights to produce hydrocarbons

Rights to produce hydrocarbons are provided through a variety of means, including licences and various contracts such as leases, concessions, production sharing agreements and technical service agreements. These may include terms that need to be taken into account when considering a mutual aid arrangement.

- *Ownership of resources*

The State or National Oil Company may own equipment or facilities used for operations, particularly in a production sharing or technical service contract. An operator's contracted resources may be dedicated to the operation under such production sharing or technical service contract. Therefore, in these instances, provision of any aid to another operator may need to be directed or approved by the State, National Oil Company or other state body.

- *Impact to operations*

A potential Assisting Operator may be utilising resources in support of minimum work obligations (eg under a production sharing or technical service contract or licence) or other commitments that stipulate certain production targets or timescales. Therefore, upon receiving a request to provide aid and before committing to provide resources, it may wish to secure amended terms for such

obligations to account for the disruption to operations. Discussions with regulators or relevant governmental bodies in advance of an incident may help to establish agreement in principle about how such matters would be addressed.

5.3.2 Contracts for goods and services

If a potential Assisting Operator receives a request to make contracted resources available, provision of such resources will likely require the agreement of terms between the Assisting Operator and contractor and between the Incident Operator and contractor as noted in Section 2.2. If operators are contemplating a mutual aid arrangement, they may wish to include key contractors to agree principles or terms and conditions.

5.3.3 Joint venture agreements

If an Assisting Operator is contemplating providing resources to an Incident Operator, this may require the approval of co-venturers under joint venture agreements.

5.4 Logistical and technical issues

There are various practical matters that an Incident Operator and potential Assisting Operator may wish to consider when determining the feasibility of providing resources. These include logistical issues such as transport requirements, import duties and regimes, insurance restrictions or requirements, customs, taxes, permits and visas. The Incident Operator and potential Assisting Operator may also, to the extent permitted by law, exchange technical information about potential response resources (and, where relevant, their operating standards) to facilitate identification of those that are most suitable to respond to particular types of incident.

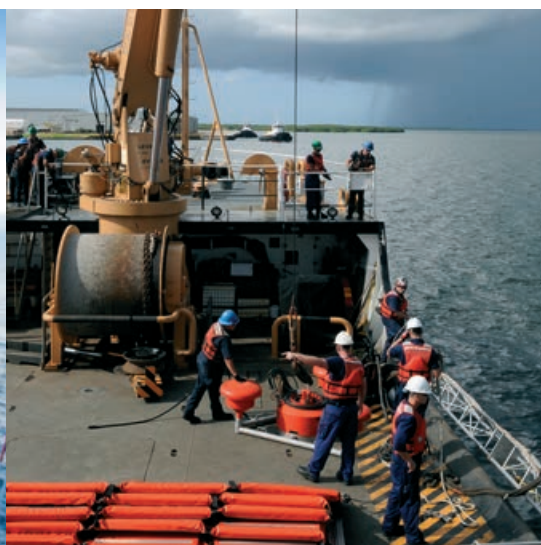
5.5 Additional issues for agreements

Further issues that may need to be addressed include:

- scope and scale of assistance (which may

include considerations as to its voluntary and availability-based nature);

- duration of assistance and the timing of release and return of resources to the Assisting Operator;
- operational procedures and technical support relevant to the resource provided;
- the condition of resources upon return including decontamination or refurbishment;
- replacement of equipment which cannot be returned in a reasonable time frame;
- the scope of costs to be paid by the Incident Operator;
- assurances to be provided by Incident Operator such as insurance, guarantees or other security;
- liabilities and indemnities; and
- dispute resolution.



Section 6: Practical measures to enhance mutual aid arrangements

Listed in this section are some practical measures that can be considered by parties to a mutual aid arrangement to support its function and maintenance.

- ***Facilitation of communication between members***

Parties to an arrangement should consider how requests for aid will be communicated. Contact lists with names, positions and contact details should be developed and maintained. Additionally, parties to such arrangements should consider how authority is delegated to the contacts they have named. Specifically, it should be clear who has the ability to authorise the use or release of a resource.

- ***Inventory of available response elements***

The offshore industry depends on numerous mobile assets to conduct its operations. Examples include mobile drilling rigs and offshore construction vessels which can move from region to region to provide services for clients. These are also some of the resources that are likely to be called upon to respond to an offshore incident.

It may be beneficial for the parties to an arrangement to maintain an inventory of the assets that operators have in use or under contract and which might be available to respond to an incident. The frequency of update to such an inventory would depend on the circumstances in each local area or region. The arrangement should include means of notification of the change in type, quantity, location or availability of assets.

- ***Drills and exercises to test communication and response***

Parties to an arrangement may wish to demonstrate and sustain the ability to respond to incidents, including access to resources through mutual aid, by conducting drills and exercises. The issues and opportunities to improve that can be identified through such exercises can continue to enhance the operators' capability to respond to incidents in the basins in which they operate.

Exercises can range in size and complexity, from table-top drills to full deployment exercises. The parties should address how scheduling and notification of exercises will be managed, and what are the operator's obligations to participate, if any.

As the operational resources discussed in this framework are normally fully utilised within an operator's operations, the arrangement should specify how the scope of exercises will be determined, and what resources would be expected to be deployed.

Table-top drills are relatively inexpensive, but deployment exercises could be quite costly and involve risk. The parties to an arrangement should consider how costs and liabilities would be shared or reimbursed.

- **Administration under the arrangement**

Operators may choose to appoint an administrator and delegate appropriate responsibilities and authorities.

Selection of the administrator must be appropriate to the circumstances of the basin and the scope of the arrangement. In some cases the administrator role could be held by an Operator on a permanent basis. In other cases, a rotating role amongst members of the arrangement would be more appropriate. Alternatively, the members may select an independent administrator, for example, the local or regional Operators' Association.

The scope of the administrator's duties should be appropriate to the circumstances of the arrangement but could include:

- maintenance of the contacts lists for notification of an incident and requests for call-out;
- maintenance and update of the resource inventories (above) at an appropriate frequency;
- coordination of the schedule for drills and exercises; and
- participation in post-drill debriefings to identify opportunities to enhance the arrangement.

- **Assurance**

Operators may wish to put in place assurance processes with the owner or supplier of the response resources to verify their condition and operability.

- **Stakeholder dialogue**

Operators may wish to consider whether and how to inform new entrants to a basin, both operators and contractors, of the existence of local mutual aid arrangements.

- **Continual Improvement**

An arrangement may benefit from a mechanism for operators to periodically review and assess whether any changes might be appropriate to account for new circumstances.





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