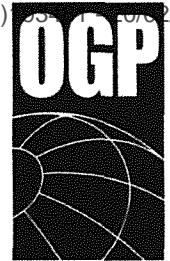


Philip Lowe
Director General
DG Energy
rue de Mot 24-26
1049 Brussels



**International
Association
of Oil & Gas
Producers**

17 February 2012

Stakeholder Meeting on Offshore Safety on 31 January 2012

Dear Mr Lowe,

I am writing following the European Commission's stakeholder meeting on 31st January 2012. We appreciate the opportunity to present the industry's views regarding the proposal for legislation to improve offshore safety.

My purpose in writing is to strongly recommend that the Commission reconsiders the use of a Regulation to govern EU policy on offshore oil and gas activities. OGP believes it is essential to safeguard those existing robust national regulatory regimes while improving those regimes where insufficiencies are observed. The use of a Regulation may put that objective in jeopardy.

OGP and its members fully appreciate and support the Commission's efforts to secure high standards of safety in the European oil and gas sector.

However, there is a clear risk, a point I believe the industry, regulators and trade unions all made at the stakeholder meeting, that a Regulation at European level will conflict with current national rules and lead to duplication, confusion and uncertainty for the industry. As a consequence, the use of a Regulation also risks taking regulators' focus away from work directly related to safeguarding high safety standards. In general, the industry believes the unintended consequences of altering currently well-functioning regulatory regimes have not been sufficiently assessed. These consequences would be emphasised by the use of a Regulation as opposed to a Directive.

The explanation given by DG Energy officials that the proposed Regulation would allow Member States with safety regimes that exceed minimum standards to absolve themselves from European oversight leaves a number of practical questions open. For example, it is difficult to identify a notification mechanism in the current proposal. Any such mechanisms would need to guard against the legal ambiguities inherent in operating two overlapping regulatory regimes.

An appropriately worded Directive would better achieve the Commission's – and the industry's – objective of universally safe offshore European oil and gas operations. A Directive can be implemented in a manner that complements established Member State legislation in a way that a Regulation cannot. Such a Directive could help raise overall EU safety standards without jeopardising the high standards already in place in Member States

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with established regulatory regimes. It could simultaneously improve standards in those Member States without established regulatory regimes for offshore oil and gas activities. Moreover, existing legislation governing the safety of offshore and gas activities, such as the safety of offshore workers, is in the form of a Directive.

A Directive would also be consistent with the Commission's objective for an effective, clear and appropriate way to help safeguard the environment and ensure the health and safety of the offshore workforce. For those Member States that are still only prospective explorers and producers, a properly-worded Directive would ensure implementation of regulations before any drilling could begin.

We also have concerns over the transition time being proposed to bring existing installations into line with the new Regulation. We feel that three months for drilling rigs and two years for installations seriously under-estimates the time needed by both the industry and the regulators to make the necessary changes and get them through the regulatory review process.

We will soon be sending you detailed constructive comments to the proposed Regulation. The text, as amended, would be well-suited as the basis of an effective offshore safety Directive that builds on current Member State regulation and learnings from other parts of the world. In this respect the Commission may wish to seek advice from an EU expert committee, such as the North Sea Offshore Authorities Forum (i.e. NSOAF) while assessing changes in offshore safety legislation. OGP would be prepared to work with the expert committee as appropriate.

In making this request for a Directive, I should underline that safety and environmental protection are fundamental values of OGP and its members. It is our priority to identify and properly manage the risks associated with major accidents associated with our activities. This involves ensuring that the right systems, equipment and behaviours are in place to keep operations safe. As a result, OGP member companies have a long-standing history of reliable offshore operations in European waters.

On this basis, I trust that you will give very serious consideration to our concerns and to the request for reconsideration of the legislative form of this proposal.

Yours sincerely



Marcus Wiemann
Director EU Affairs, OGP

CC: Jan Panek, Head of Unit, Internal Market III: Retail Markets: coal and oil