

Implications of International & Regional Laws & Regulations

Part II

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USA (GOM), California & Alaska Legal Framework



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USA Legal Framework- International Status

- **Geneva Convention 1958 - Ratified**
- UNCLOS 1982 - Signatory only
- IMO – Member State in 1950
- London Dumping Convention – Party
- London Convention 1996 Protocol – Party
- Regional Seas Convention – Cartagena Convention
- Trans-boundary Hazardous Waste Convention (Basel) – Not Ratified



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USA Legal Framework- National Legislation

- Submerged Lands Act (1953)
- Outer Continental Shelf Lands Act (1953)
- National Environmental Policy Act (1969)
- Coastal Zone Management Act (1970)
- Energy Policy Act (2005)
- National Fishing Enhancement Act (1984)
- Marine Mammal Protection Act
- Endangered Species Act – Section 7 Consultation
- Clean Water Act – EPA and National Pollution Discharge Elimination System (NPDES)
- Clean Air Act
- Historic Preservation Act



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USA Legal Framework- Pipelines

- A pipeline may be abandoned in place if it does not constitute a hazard to navigation, commercial fishing operations, or unduly interferes with other users in the OCS
- Pipelines abandoned in place need to be flushed, filled with seawater, cut, and plugged with the ends buried at least 3 ft (1 m) below the mudline.
- Most pipelines in the GOM are abandoned in place and very few complete removals have been performed
- The BOEMRE regulations are 30 CFR 250.1750-250.1754, and State regulations are similar, but some states require, when feasible, the removal of pipeline segments in the surf zone to a depth of 15 feet below mean low water.



USA Legal Framework- Idle Iron Mandate

- In 2010, BOEMRE issued a Notice to Lessees ref. 2010-G05 around idle infrastructure that could pose a threat to the OCS environment and a financial liability if subsequently damaged in a future event such as a hurricane
- The mandate requires:
 - The plugging wells within 3 years of their no longer being useful for operations (e.g. have not produced for 5 years),
 - The removal platforms within 5 years of being no longer useful.



USA Legal Framework- GOM Artificial Reef Program

- The NFEA (*National Fishing Enhancement Act*) 1984 provides for the creation of Artificial Reef Plans, and the Army Corps of Engineers' issues a permit under the Section 10 of the Rivers and Harbors Act of 1899. The NFEA requires the State to take over liability for a reefed platform under the National Artificial Reef Plan
- A platform structure may be converted to an artificial reef provided that:
 - The remaining structure does not inhibit future oil or other mineral development
 - The resulting artificial reef complies with the Army Corps of Engineers permit requirements and procedures outlined in the National Artificial Reef Plan
 - A state fishing management agency **accepts liability** for the remaining structure



USA Legal Framework- GOM Artificial Reef Program



GOM Artificial Reef Locations (Ref: BOEMRE)

USA Legal Framework- Californian Artificial Reef Program

- The California Environmental Quality Act requires agencies to evaluate all potentially significant environmental impacts of a proposed project, consider alternatives to the project, and mitigate all significant impacts to the extent feasible.
- California Coastal Act

Under Assembly Bill 2503, passed Sept 2010:

- The California Artificial Reef Programme is established
- Partial decommissioning is allowed if it is found to be beneficial to marine ecosystems.
- Liability returns to the State.
- The State calculates saving made by Operator, and 55-80% of the saving is donated to the State depending on the age of the installation. Money is used mainly for wildlife improvement.



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Italy, Japan Application of IMO Regulations



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Italy Legal Framework- International & National

- Geneva Convention 1958 - Non Signatory
- UNCLOS 1982 - Ratified
- IMO – Member State in 1957
- London Dumping Convention – Party
- London Convention 1996 Protocol – Party
- Regional Seas Convention – Barcelona Convention
- Trans-boundary Hazardous Waste Convention (Basel) –Ratified

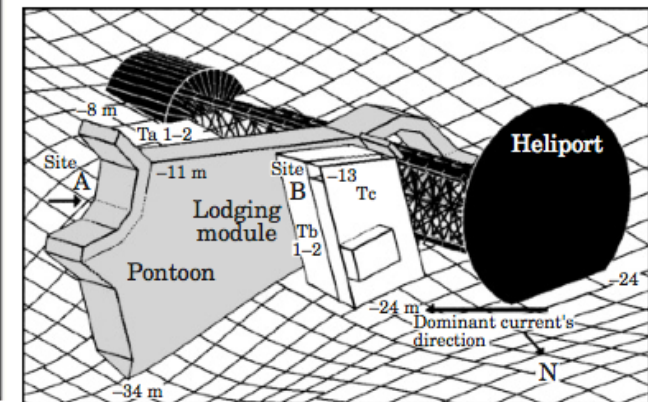
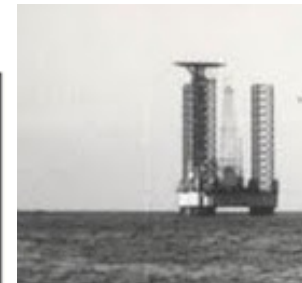
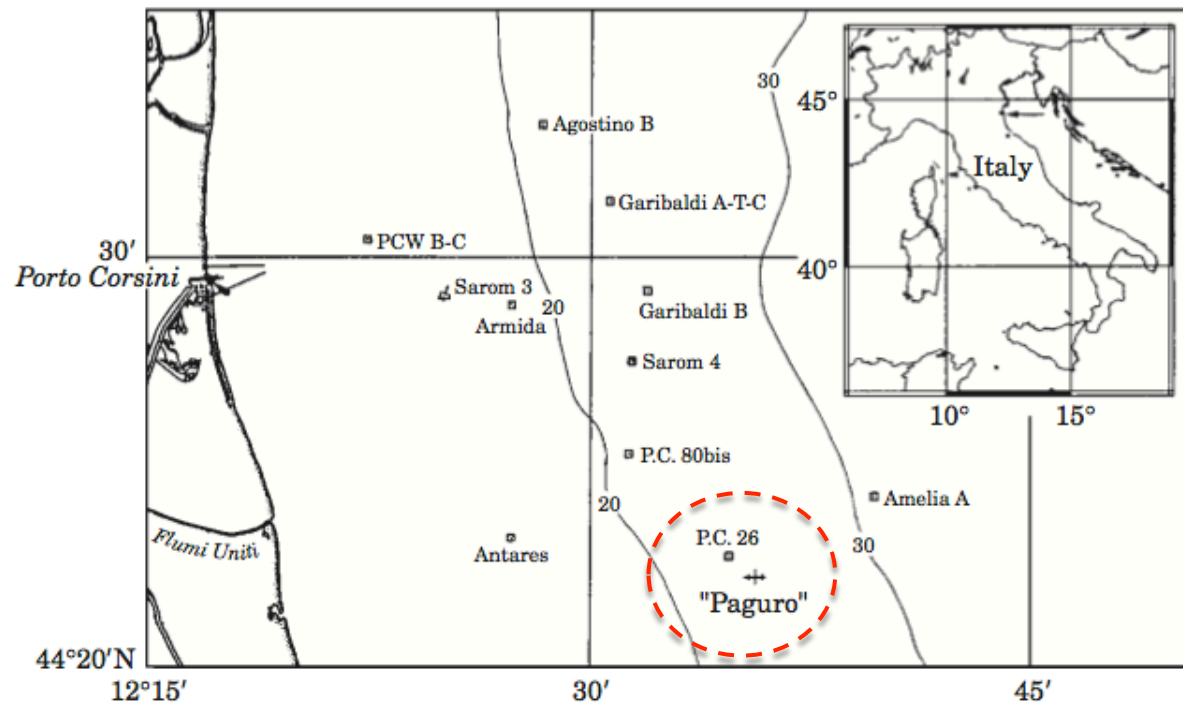
NATIONAL

- Oil and gas activities must comply with the general obligations set by Decree 152/2006 on environment protection.



Italian Artificial Reef Program

- The Paguro jackup drilling rig sank during a blowout incident in 1965 and has been left on the seabed
- It has become a valuable habitat and is now a European Protected Site under the Habitats Directive Natura 2000 network



Japan Legal Framework- International Status

- Geneva Convention 1958 – Non Signatory
- UNCLOS 1982 - Ratified
- IMO – Member State in 1958
- London Dumping Convention – Party
- London Convention 1996 Protocol – Party
- Regional Seas Convention – None- NOWPAP
- Trans-boundary Hazardous Waste Convention (Basel) –Ratified



SE Asia Example- Malaysia



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General Malaysian Laws that Require Compliance & Impact the Decommissioning Process in Malaysia

The effects of these factors will be discussed later. There does exist Malaysian law which will impact any decommissioning planning, namely:

- Merchant Shipping Ordinance (MSO) – Marines Dept. (Gazetted on “Mariners Notification”)
- Continental Shelf Act (CSA) - Federal/State jurisdiction issue
- Exclusive Economic Zone Act (EEZ) – Federal/State jurisdiction issue
- Environmental Quality Act (EQA)
- Fisheries Act (FA)
- Occupational Safety & Health Act (OSHA)
- Natural Resources & Environmental Ordinance (NREO)
- Conservation of Environment Enactment (CEE)

REF: Khaiei, Lily & Chin, Adrienne, Shell Malaysia “Life After Decommissioning: The Malaysian Rig to Reef Experience”, Offshore Decommissioning Summit Asia Pacific, 2010

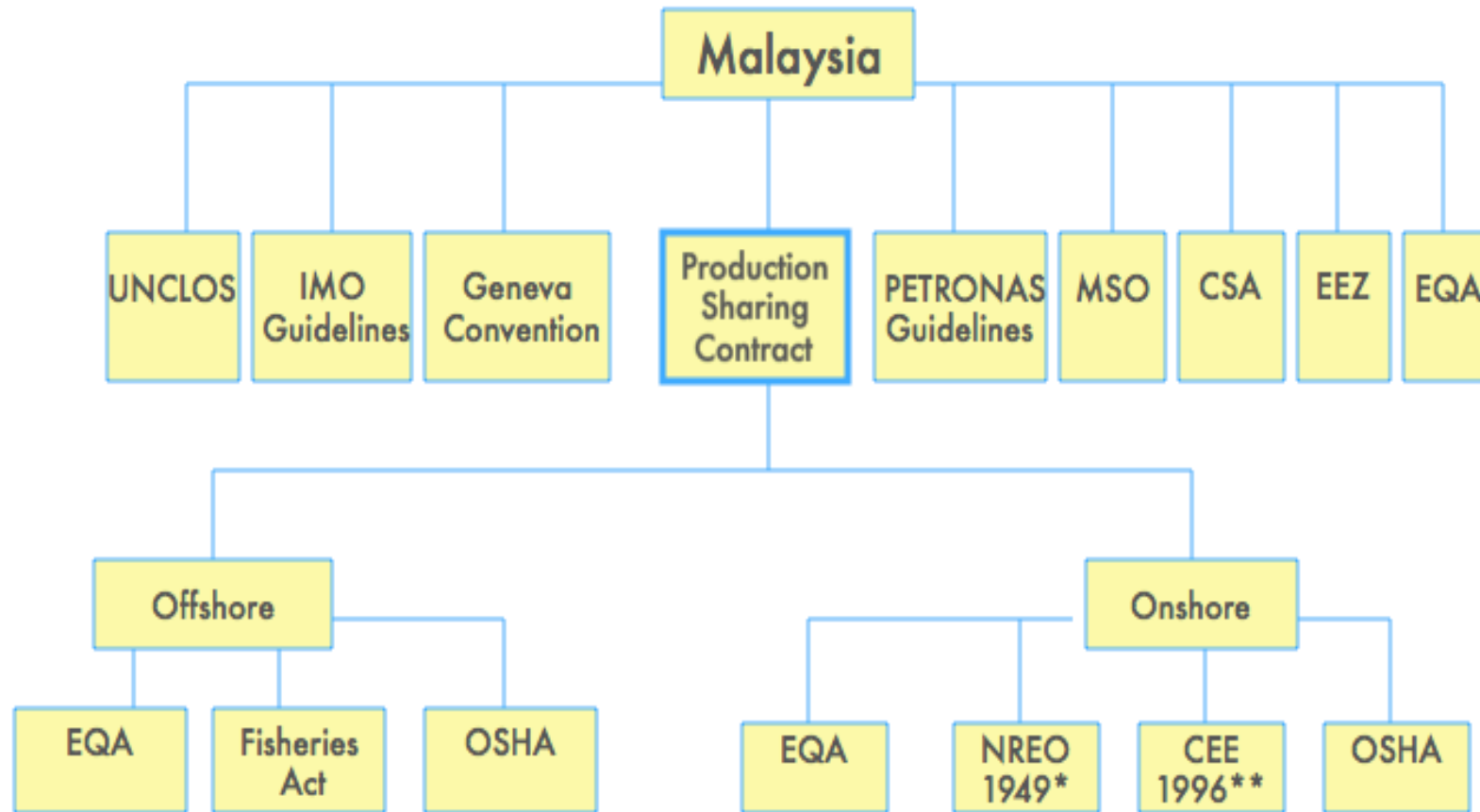


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Legal Framework That Governs Decommissioning In Malaysia



* Only for Sarawak
 ** Only for Sabah

REF: Khaiei, Lily & Chin, Adrienne, Shell Malaysia "Life After Decommissioning: The Malaysian Rig to Reef Experience", Offshore Decommissioning Summit Asia Pacific, 2010



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Understanding The Contractors obligation under the Malaysian PSC

The 1st generation PSC was used up to the mid 1980's and was totally "silent" on decommissioning. However this type of PSC does not automatically excluded the contractor from abandonment obligation, as there was a general provision under the PSC, which require contractors to operate the PSC's with "***proper scientific method in accordance with good and modern petroleum practices***".

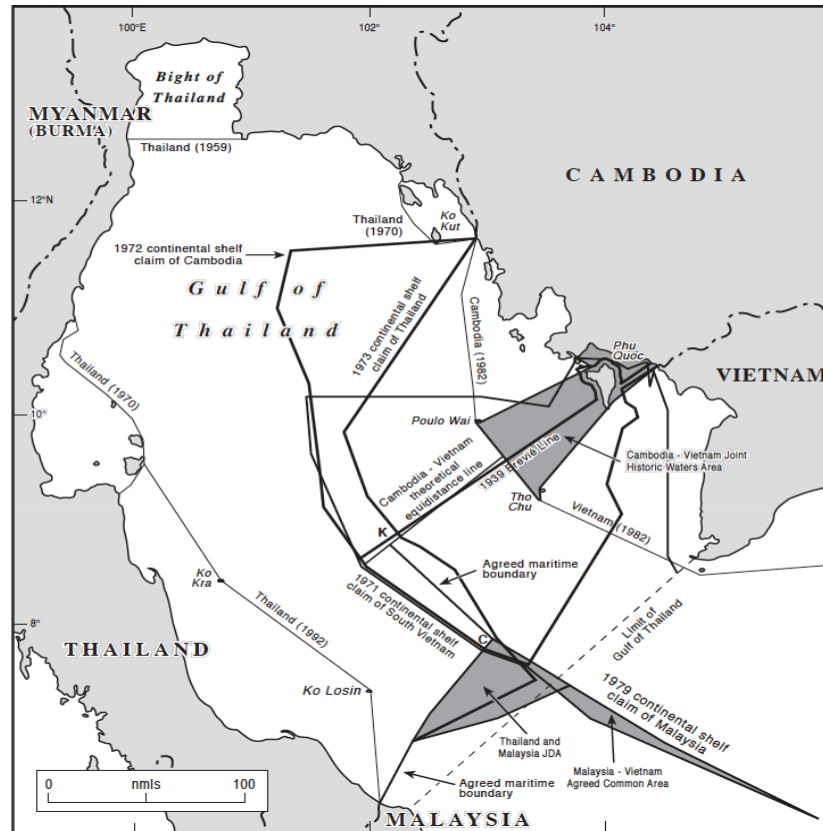
The 2nd generation PSC, from mid 1980's to mid 1990's, often contained the clause: "***in accordance with good oil field practice/good and modern oilfield practice***".

The 3rd generation PSC, from mid 1990's to date, contains the clause: "***in accordance with Malaysian law***" and in the absence of such specific law, "***good and modern international practice***"

As there is not Malaysian Law we are back to "***good and modern international practice***". But the problem is that outside the Gulf of Mexico (GOM) there is very little proven international practice. **It is key to note that the US is currently enforcing the 1958 Geneva Convention**, which is total removal of all facilities. This is a very inflexible policy and may not be the best-balanced solution. Also to date only small shallow water facilities have been removed in the GOM.

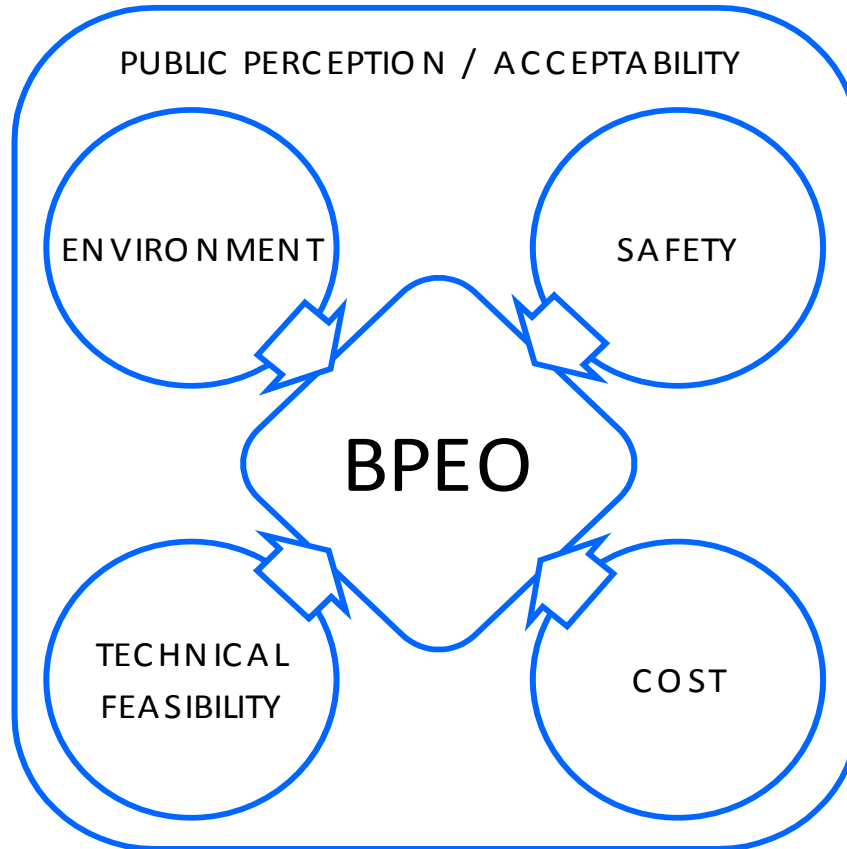


Decommissioning Requirements in JDA PSC's



Contractors shall be responsible for carrying out necessary work in connection with removal, proper disposal or salvage of any Petroleum Facilities, including but not limited to platforms, artificial structures and wellhead equipment which are deemed by MTJA to be unusable or no longer required for future operations”.

BPEO, on a case to case basis



+ Consultation with authorities, NOC and NGO's

Thank you for your attention

Any Questions ?



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