

“25 Years of Oil spill Response –

The Growth of the Organisation its Alliances and the Challenges in Modern Times.”

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Abstract

Oil spill Response Ltd is the largest industry owned response cooperative and has a global remit to provide response services at a Tier 3 level. It has been an independent company for 25 years and in that time has grown both its ability to response and its capability to provide a wide range of preparedness services.

This growth has been customer led as the company responds to members increasing needs. This has created challenges in how the company is set up, where it operates, how it is funded and how it works with other response organisations.

This presentation charts the company's development and explores the issues that have affected it. It also looks at the modern challenges and how the company is continuing to change to adapt. These issues are potentially relevant to all industry funded oil spill response organisations.

History

Oil Spill Response Ltd was formed out of the pioneering work BP did in the 70s developing skimmers and other oil recovery and containment systems. They established a base in Southampton, the Oil Spill Service Centre and owned and operated this through until 1995. In 1985 however they managed to gain support from other oil companies to assist in the funding and at that time Oil Spill Response Ltd was formed. In 1995 the company began operating in its own right with the same mission and charter that to all intents and purposes remains the same to this day.

The Mission and Charter are quite straightforward and are;

OSRL Mission

The mission of OSRL is to provide resources to respond to oil spills efficiently and effectively on a global basis.

OSRL Charter

OSRL will continue its pursuit of excellence in providing cost effective oil spill response, training and consultancy services.

OSRL will work towards improving communication, awareness of resources and capabilities, and, where appropriate, encourage mutual support among the global population of international tier three oil spill co-operatives.

These efforts will enhance OSRL's ability to deliver the quality of services required by our Shareholders.

The basis of the company is the same today as it was then, a not for profit cooperative of the oil industry wholly owned by the members who share the liabilities as well as the benefits of any surplus generated from activities. This goes to maintaining fees at a steady level and while the company has grown fourfold the annual subscription has not and as a result benefits from proportionally low fees that attract more members.

25 Years of Growth

The company has changed significantly over the years, in 1995 it had 30 employees and operated from a single location in Southampton, today there are over 130 employees working from bases in Southampton, Singapore and Bahrain, from offices in London, Aberdeen, Libya, Jakarta and West Africa. Membership has grown from 4 originally to 13 in 1995 and to over 100 members today of which 35 are shareholders. The asset base has likewise grown and now includes three substantive stockpiles and four major aerial dispersant systems. We also retain 4 aircraft on permanent standby for aerial dispersant and surveillance.

The Changing World

The world has also changed significantly in this time. There is far more environmental awareness wherever the oil companies operate and this drives corporate responsibility. Communications are much quicker and the world has become a much smaller place, what was acceptable before is not now as controversial events are much more likely to come into the public domain. That said there are much less incidents of oil spills, particularly from tankers although they are often much higher profile and of most concern they have a much greater financial impact. Legislation has changed, the most notable of which is the OPA 90 in the USA, this started the move to double hull tankers and following incidents in Europe the EU has also mandated for their introduction, much quicker than perhaps the shipping industry would like. Many countries have now acceded to OPRC which encourages states to establish a proper framework for the management of oil spills and more stringent regulations are on the way, China is a case in point. An interesting change over the years is the change in shipping, particularly the ownership of tankers which used to be predominately the oil companies. Today very few have a substantive fleet and they rely upon chartered tonnage and keep themselves out of the limelight! This has a tendency to keep the issue of oil spills further from the oil companies' corporate centre than was the case 25 years ago.

It is interesting to see what this has done to OSRL and other industry owned cooperatives. The increased environmental awareness has broadened our membership and customer base. Many more companies join and they do so because of reputation management, not always as a regulatory requirement. It is our experience also that the major oil companies really do ensure that they maintain the same environmental standards wherever they operate in the world. Something that was perhaps said more than practiced in the past. The reduced incidents of spills has affected the knowledge base within the oil companies, there is much less experience of spills and those that had the knowledge have moved on or retired. At the same time the oil companies have all slimmed down and reduced "non core" activities which has meant a thinning out of in house expertise and an increased demand from outside. This coupled with the greater financial impact of oil spills has led to a greater demand for preparedness activities and a consequential increase in our work. This covers not only the contingency planning, training and exercising but also the need for reliable equipment to hire for short term cover while drilling or developing. Some of this is legislative driven; governments are much more aware and rightly look for a higher standard of preparedness. Some governmental actions however are not always realistic; we regularly hear the demand for a tier three base in country and have to explain the tired response structure and its value and benefits. This has led to us being much more involved in promoting OPRC and the Tiered Response concept which we do in conjunction with IPIECA and IMO. The change within the major companies from corporate led interest in oil spill response to business unit led has also had an impact on us, and perhaps the most fundamental. As the corporate centre loses its influence and business units take more direct responsibility there is a natural reluctance to accept spill response resources thousands of miles away and an expectation that we will be closer to hand. They are interested in what we can do for them, here and now whether it be for response or just for guidance and preparedness. Unless we are close to

them there is more room for misunderstanding and they are less likely to appreciate our value.

The Implications for OSRL and Other Cooperatives.

The implications of these changes are significant and have led to many of the changes in our company and other cooperatives. To start with we have had to increase our capability to support our members and we have done so in a number of ways.

As the oil companies have fewer resources at hand we need to fill that gap. We started as an emergency response organisation that would be there for the emergency phase of an incident and be quickly stood down as the oil companies mobilised their teams, brought the situation under control and entered the project and remediation phase. Without the spare capacity there is an expectation, in fact even a requirement that we now remain with an incident much longer. It is not unusual for us to have teams changing out on a project over three to four months meaning that we have a group deployed and a matching group on leave and have to backfill to maintain readiness for another incident. Those on readiness likewise need a support behind them and we are quickly in a situation whereby to handle two or more incidents at a time we need a significant number of people. Clearly we have grown, we now have over 80 qualified responders but we have also combined resources with the Alliance with EARL in 2000. This gives us many more people we can deploy and more flexibility, it is cheaper to pay a UK to Asia air fare than employ another person! We see the ongoing need for such alliances and mergers and have recently allied with AMOSC to boost their capacity. On a broader scale we have formed the Global Response Network (GRN). This is a loose alliance of industry owned cooperatives who in joining the network agree to share resources at no cost should they have them available. For example during the Prestige oil spill our resources were stretched and MSRC from the US and AMOSC from Australia lent us responders both to go onto the spill and to back fill in our Southampton base. The GRN is a means by which we can increase our industry capacity without having to man up each cooperative to the "worst case" scenario.

As we take on more responsibility with the oil companies there is increasing demand for more expertise. In the traditional emergency phase our role was to supply technical resources, deploy equipment effectively and to start oil recovery as other resources were mobilised. Good technicians were adequate. Today the expectation is that we will fill more of the experts' role and are expected to assist in a wider range of services from sight surveys to environmental advice and to take positions within the Incident Command Management structure. This means a more qualified workforce with a broader skill base. We now recruit at graduate level and have a rigorous training programme that ensures a high level of competence. To demonstrate this competence to our members we have introduced a formal qualification process and through an association with OPITO, an oil industry training body, we have developed and implemented accreditation for positions from Spill Responder up to Incident Commander. We are working with other cooperatives through the GRN to try to establish common standards for all these positions. We would also like to see them adopted by all response organisations such that whoever our members use they can quickly ascertain whether the staff they are being offered are of the right calibre. It is interesting to note that our staff are keen to see these qualifications in place as it assists with their career development and the more qualified our intake the higher their expectations are.

The increased awareness and ever more stringent requirements have increased the demand for preparedness services and we have seen our training output grow year on year. We now train annually over 2000 people in many different countries. Our courses range from The Management of Oil Spills through Shoreline Supervisor to Executive Awareness, and a wide range of other topics, and we expect this trend to continue. At the same time we see a demand from our members for competency based training whereby we assess and accredit the course attendees. This gives the oil companies a much better understanding of the

ability of their staff. For us it increases the work load significantly in that we have to have additional personnel on each course and they have to be qualified assessors as well as trainers. To date we have not seen this replicated in other cooperatives but I am aware that AMOSC is facing similar demands.

The shift within the major oil companies from the corporate centre influence to the business unit has had probably the greatest influence on our organisation. The demand is for services to be close to the centre of operations and while we espouse the tiered response structure and will not shift our Tier 3 centres from their current locations we have to be able to satisfy "local" demand. We need to be close to our customers in order that we can assist them more satisfying the demands explained above. Small spills and incidents continue to occur and have a high relative impact. While we are not Tier 1 or 2 responders we have to assist in the establishment of robust arrangements and are able to provide help and guidance. Our members need to be able to call for our expertise under any circumstances, particularly before a spill, and to be accessible therefore is very important. This has meant us spending a lot of time and effort in establishing the base in Bahrain, a presence in Libya where there is much oil industry interest and of course in West Africa which continues to be a major oil industry area. Likewise in Jakarta, not far from Singapore but in terms of access to this important area it is necessary to be in country to provide the best service. This proximity inevitably leads to us providing more services and attracts more members fuelling an increasing demand.

This is predominately self funding through the revenue generated from the additional work but it is not the only reason for engaging in this manner. There is always a tendency to look for the cheapest solutions and this is most likely within the business units which are very profit led. Business units influenced locally can be persuaded that there is little or no value in major response centres remote from their operations; this is particularly so if they have little or no experience of oil spills and how industry has established itself to manage them and in this regard miss the point of the tiered response structure. Short term gain can have a long term negative impact if in the extreme it undermines the tiered response structure. This would eventually have a profound financial impact on the oil industry. Thus if we are not close to the customers, those who "pay the bills, and can not continually demonstrate the value of our organisations we are liable to find the structure failing.

Conclusion

There have been many changes in Oil Spill Response over the past 25 years and as our world changes it is likely that it will continue to do so. I believe that the company is sound and well placed to continue to serve the oil industry but with an increasing level of expertise. Future demand is for more services at a higher level. The major oil companies continue to improve their operations and have high expectations of their service providers; they demand a high quality and a keen price and strive relentlessly for efficiencies. The oil industry cooperatives are a key part of their business model and they expect the same increase in efficiency and quality of service from us. The more we are able to do this the more they rely upon us and the more we will be expected to do. We are living in exciting and challenging times.