



MINERALS MANAGEMENT SERVICE - NORWEGIAN PETROLEUM DIRECTORATE

NEWS RELEASE

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International Cooperation on Safety and Environment

"The future starts now." This expression may well serve as a suitable slogan for the feasibility study of a comprehensive cooperative project among Russian, American and Norwegian regulatory authorities, which is now in progress. The project is dedicated to develop a regulatory regime to secure safety and the environment when Russia starts petroleum development on its Northern Continental Shelf early in the next millennium.

On Friday, August 29, at the Closing Plenary Session of the Environmental Northern Seas Conference: "Globalisation of the Energy Sector: Environmental Challenges and Options for Future Action," the address by Ms. Carolita U. Kallaur, Associate Director of Minerals Management Service (MMS) of the U.S. Department of Interior, will include information on this particular project, which aims to meet these challenges.

The project will be executed by the Ministry of Natural Resources of the Russian Federation (MNR), whereas the MMS and the Norwegian Petroleum Directorate (NPD) will assist with their professional knowledge and experience. An Executive Committee has been established to provide project oversight. The Committee is comprised of representatives from the Ministry of Natural Resources, the Ministry of Fuel and Energy, the State Committee for Technical Safety of Mines and Industry, the State Committee for Environmental Protection and the Fishery Department of the Ministry of Agriculture.

Russia's participation in the feasibility study will be funded by a loan from the World Bank. MMS is supported by the U.S. Agency for International Development (USAID) and the NPD by the Royal Norwegian Ministry of Foreign Affairs.

The purpose of the feasibility study is to determine the likelihood of success for developing and implementing an all-inclusive Russian offshore oil and gas safety and environmental regulatory regime. This preliminary study will comprise a survey of the existing legal documents that addresses offshore safety and the environment, methods for supervision and monitoring of conditions, and an assessment of the political, economic and technological preconditions for initiating the main project.

Should the feasibility study conclude with a favorable recommendation, the Executive Committee may wish to adopt a resolution to launch the main project to develop and implement a regulatory regime, including regulations (statutes) and recommended practices. A key objective is to develop environmental, technical, economic and safe operating guidelines consistent with international standards.

Russian authorities have worked in close contact with both U.S. and Norwegian authorities over the last few years in their effort to develop a framework of requirements pertaining to the offshore activities of the oil industry. MMS has provided training on environmental, resource, and risk assessment methods and leasing and licensing procedures. NPD, over a period of 3 years, has given Russian regulators an introduction to how the supervisory activities that address safety and the working environment are conducted on the Norwegian shelf and to "the art" of developing supervisory systems and legislation.

It is of vital importance to the international community that all activities in Arctic waters are conducted in a proper manner. To Norway and the United States, who border Russia on these waters, it is of equally great importance to have the best obtainable knowledge with regard to the regulatory regimes that are being developed and implemented on the Russian shelf. The NPD and MMS welcome the opportunity to share our knowledge about offshore regulatory regimes with Russia as they begin to review their current offshore regulatory framework.

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