

# BSEE Permits, Approvals, and Process Alternatives Denmark

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## 1. Overview of Offshore Oil and Gas Regulation in Denmark

The Danish Energy Agency (DEA) is a government body under the Ministry of Climate and Energy and was established by law in 1976. The DEA assists the Minister for Climate and Energy and other government authorities in energy matters. It is the responsibility of the DEA to follow and evaluate the Danish and international progress in the fields of energy production, supply and research. The DEA administers energy legislation for power and heating supply, renewable energy, and exploration for and production of oil and natural gas. The DEA administers and supervises exploration for and production of oil and gas, salt production, geothermal energy and storage according to the Subsoil Act. In addition, the DEA administers a number of other Acts: the Offshore Safety Act, the Pipelines Act and the Act on the Continental Shelf. These Acts deal with major hazards as well as occupational health and safety in connection with offshore oil and gas activities and the utilization of onshore pipelines from the oil and gas fields in the North Sea. The DEA also draws up proposals for rules and regulations within these areas. Health and safety in onshore activities are covered by the Working Environment Act and is administered by the National Working Environment Authority (Arbejdstilsynet).

Administration and supervision of oil and gas exploration and production related matters are conducted by the Energy Resources Division of the DEA. Responsibilities for exploitation of resources and HSE (health, safety and environment) are divided between two separate units. Thus, the DEA approves pre-investigations (seismic surveys etc.) and drilling operations and may approve deviations from pre-investigation and drilling work programmes. In addition the DEA approves the design of production installations and pipelines and grants permits for operation of these installations as well as mobile offshore installations (drilling rigs, lay barges, etc.) in co-operation with the Danish Maritime Authority. Moreover, the DEA supervises compliance with statutory orders regarding safety and health aspects of operation and design of offshore installations. The DEA also ensures that regulations and license conditions are fulfilled.

The legislative framework is established under:

- *A Guide to Hydrocarbon Licenses in Denmark and The Offshore Safety Act*  
<http://www.ens.dk/en/info/laws-executive-orders>
- *Act No. 293 of 10 June 1981 as revised by Consolidated Act No. 960 of 13 September 2011 on the Use of the Danish Subsoil (the Subsoil Act).*
- *Directive 94/22/EC of the European Parliament and of the Council of 30 May 1994 on the Conditions for Granting and Using Authorizations for the Prospection, Exploration and Production of Hydrocarbons.*
- *Act No. 1424 of 21 December 2005 on Safety, etc. on Offshore Installations for Exploration, Extraction and Transport of Hydrocarbons (Offshore Safety Act). The Offshore Safety Act has later been amended by Act No. 107 of 7 February 2007, section 32 in Act No. 512 of 6 June 2007 and section 1 in Act No. 1400 of 27 December 2008, 2011 on EIA, consequence assessment concerning international nature conservation areas and protection of certain species in*

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*connection with projects about offshore exploration for and production of hydrocarbons, storage in the subsoil, pipelines etc.*

- *Executive Order No. 657 of 30 December 1985 on Safety Zones and Zones for the Observance of Order and the Prevention of Danger.*
- *Guidelines for Drilling, Exploration.*

## 1.1. Alternatives to BSEE Permits, Approvals, and Processes

Denmark operates with a similar structure to that of BSEE, in that permits for petroleum-related activities are required along with an Emergency Response Plan. There are three alternative aspects of the Danish program that BSEE may want to consider.

### 1.1.1. Permit by Rule/Adoption of Pre-Set Structure

The DEA permit structure follows a pre-set structure, issuing standard permit conditions for pre-investigation, seismic activities, and drilling activities. Along with these standard conditions, for pre-investigative activities, notification is required 20 days prior to activity and weekly reports must be made. For drilling operations, daily reports must be made while activity is occurring, along with additional periodic reports are required.

### 1.1.2. Multi-Agency Jurisdiction/Adoption of Shared Responsibility

There is a cooperative effort among licensees, the Danish Maritime Authority, and other government authorities having jurisdiction over offshore waters and emergency response activities, in the case of spill events. The cooperative agreement requires that both government agencies and private companies participate in spill and emergency response.

### 1.1.3. Applicant-provided Funding/Expense Reimbursement Fee Structure

Danish licensees are required to reimburse the DEA for expenses incurred in administration of the activities involved in oil and gas exploration. The DEA submits quarterly and annual bills to licensees.

A comparison of the Danish programs analogous to those in the BSEE Scope for this project is presented in Table 1.

## 1.2. Points for Further Research

### 1.2.1. Permit by Rule/Adoption of Pre-Set Structure

If a pre-set structure is considered as a potential alternative approach for the BSEE permitting program, further investigation into the details of the Danish Program would be conducted. This research would

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assess whether the pre-set structure provides both regulatory assurance and reduces administrative burden, and potential effects on efficiency, effectiveness, and performance if applied by BSEE.

### **1.2.2. Multi-Agency Jurisdiction/Adoption of Shared Responsibility**

If multi-agency jurisdiction and shared responsibility for emergency response between private companies and government agencies is considered as a potential alternative approach, further examination of the details by which the Danish implement this mechanism would be conducted to assess the viability of this approach for BSEE.

### **1.2.3. Applicant-provided Funding/Expense Reimbursement Fee Structure**

If a fee-based structure is considered as a potential alternative approach for the BSEE permitting program, further investigation of the details of the Danish program would be conducted. The research would focus on the mechanisms used for applicant-provided funding, the level of funding achieved, and implications for applicability to BSEE.

## **1.3. Implications for BSEE**

### **1.3.1. Permit by Rule/Adoption of Pre-Set Structure**

#### ***Efficiency***

Adoption of a pre-set structure of permit conditions that implement a “permit by rule” approach for installations that meet predetermined qualifications could potentially improve efficiency for BSEE staff by freeing up resources for more critical elements.

#### ***Effectiveness***

A pre-set “permit by rule” structure is potentially more effective in implementing permit conditions consistently, yielding a more effective administration of the regulations.

#### ***Suitability for Purpose***

Establishing a permit by rule program may improve safety and environmental performance. BSEE is limited by internal staffing resources. Implementing a program that standardizes permit conditions for similar processes could improve safety and environmental performance as BSEE is able to focus fewer resources on “routine” activities and focus more attention on critical elements.

#### ***Implementation***

Adoption of a pre-set permit by rule would require BSEE to identify the equipment and processes that could be covered under the permit by rule. In addition, BSEE would be required to develop the standard conditions and vet them. A permit by rule approach would fundamentally change the structure of the permit applications and the structure of the permit application review process.

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### 1.3.2. Multi-Agency Jurisdiction/Adoption of Shared Responsibility

#### ***Efficiency***

Sharing responsibility for safety maintenance and spill and incident response would potentially decrease efficiency for BSEE. The Agency does not have the resources currently to take on this responsibility.

#### ***Effectiveness***

Shared responsibility could result in more effective implementation of safety measures and spill response. However, it cannot be readily determined whether BSEE or other agency participation would result in more effective spill and incident response.

#### ***Suitability for Purpose***

Shared responsibility may or may not improve safety and environmental performance with respect to safety maintenance and with respect to spill and incident response.

#### ***Implementation***

Adoption of shared responsibility would require the deployment of new resources not currently at BSEE disposal.

### 1.3.3. Applicant-provided Funding/Expense Reimbursement Fee Structure

#### ***Efficiency***

Collecting fees commensurate with reimbursing expenses could potentially increase BSEE efficiency in processing applications and submittals. In turn, this would also benefit efficiency for permit applicants in seeing their paperwork through the process.

#### ***Effectiveness***

BSEE has limited resources with which to process equipment approvals. Collecting fees commensurate with expenses could potentially allow BSEE to deploy additional resources as demand requires it.

#### ***Suitability for Purpose***

There are precedents in other U.S. legislature providing for agencies to collect fees sufficient to pay the operating expenses of the agency in conducting business on behalf of the applicant. Increasing resources available to assess and address critical safety and environmental elements by creating a “fee for service” structure could potentially improve safety and environmental performance.

#### ***Implementation***

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Adoption of an expense reimbursement fee structure would require legislative approval in order to ensure that it is a permanent and reliable system.

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**Table 1. Comparison of the Danish Offshore Oil and Gas Program to BSEE Permits and Plan Requirements Covered in the Scope of this Analysis**

Type	BSEE Permit/Plan Requirement	What is it? Who is required to have it?	When is it required?	How does Danish Regulation Compare to BSEE Scope?
Admin	Royalty Relief application	Operators may apply for royalty relief for leases or projects that meet criteria specified in 30 CFR 203	Optional	Have not found comparable provisions to BSEE Scope in Danish regulations
Admin	Compensation Royalty Determination Request	Operators may either: (1) Drill and produce the wells that the Regional Supervisor determines are necessary to protect the Federal government from loss due to production on other leases or units or from adjacent lands under the jurisdiction of other entities (e.g., State and foreign governments); or (2) Pay a sum that the Regional Supervisor determines as adequate to compensate the Federal government for your failure to drill and produce any well.	Optional	Have not found comparable provisions to BSEE Scope in Danish regulations.
Explor	Application for Permit to Drill (APD)	Lessees, operating rights owners, operators, and their contractors and subcontractors	Before drilling any well or before sidetracking, bypassing, or deepening a well	Similar. Danish Program appears to have more pre-set, built-in structure that streamlines the permit time period.

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Type	BSEE Permit/Plan Requirement	What is it? Who is required to have it?	When is it required?	How does Danish Regulation Compare to BSEE Scope?
Explor	Application for Permit to Modify (APM)	Lessees, operating rights owners, operators, and their contractors and subcontractors	An APM is required for operators that: <ul style="list-style-type: none"> <li>• intend to revise a drilling plan, change major drilling equipment, or plugback;</li> <li>• determine a well's final surface location, water depth, and the rotary kelly bushing elevation; or</li> <li>• move a drilling unit from a wellbore before completing a well.</li> </ul>	Similar. Danish Program appears to have more pre-set, built-in structure that streamlines the permit time period
Devel	Deep Water Operations Plan (DWOP)	Required for operators with: <ul style="list-style-type: none"> <li>• deepwater development projects; or</li> <li>• any development projects which will use non-conventional production or completion technology, regardless of water depth.</li> </ul>	The DWOP consists of two parts: a Conceptual Plan and the DWOP: <ul style="list-style-type: none"> <li>• The Conceptual Plan is required before completing any production well or installing the subsea wellhead and well safety control system.</li> <li>• The DWOP is required before production.</li> </ul>	Similar. Danish Program appears to have more pre-set, built-in structure with requirements for offshore operations.
Leasing	Lease Suspension Request	Operators may request a suspension, which will either take the form of Suspensions of Operations (SOO) or Suspensions of Production (SOP).	Before the end of the lease term (i.e., end of primary term, end of the 180-day period following the last leaseholding operation, and end of a current suspension)	Have not found comparable provisions to BSEE Scope in Danish regulations.
Leasing	Competitive Reservoir Determination Request	Optional request for preliminary determination by the Regional Supervisor as to whether a reservoir is competitive		Similar. Danish Program appears to have more pre-set, built-in structure that streamlines the permit time period.

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Type	BSEE Permit/Plan Requirement	What is it? Who is required to have it?	When is it required?	How does Danish Regulation Compare to BSEE Scope?
Leasing	Voluntary Unitization Proposal or Unit Expansion	Optional request for voluntary unitization or expansion of a previously approved voluntary unit to include additional acres		Have not found comparable provisions to BSEE Scope in Danish regulations
Prod	Temporary Storage Request	Operators must obtain approval of the method of disposal of drill cuttings, sand, and other well solids		Similar. Danish Program appears to have more pre-set, built-in structure that streamlines the permit time period.
Prod	Surface Commingling Application		Before commencing the commingling of production or making any changes to previously approved commingling procedures	Have not found comparable provisions to BSEE Scope in Danish regulations.
Prod	Production Approvals (Special Cases)		The following production activities require approval: <ul style="list-style-type: none"> <li>• production within 500 feet of a unit or lease line;</li> <li>• production of gas-cap gas from an oil reservoir with an associated gas cap;</li> <li>• downhole commingling hydrocarbons;</li> <li>• flaring and venting gas; and</li> <li>• enhanced oil and gas recovery operations.</li> </ul>	Similar. Danish Program appears to have more pre-set, built-in structure that streamlines the permit time period.
Prod	Facility Safety System Application (i.e. Production Safety System Application)	Required for surface production-safety systems	Prior to installation	Similar. Denmark requires Emergency Response Planning.



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Type	BSEE Permit/Plan Requirement	What is it? Who is required to have it?	When is it required?	How does Danish Regulation Compare to BSEE Scope?
Platform	Platform Approval Program Application		Before the following circumstances: <ul style="list-style-type: none"> <li>• installation of a platform;</li> <li>• major modification to any platform;</li> <li>• major repair of damage to any platform;</li> <li>• converting an existing platform at the current location for a new purpose; and</li> <li>• converting an existing mobile offshore drilling unit (MODU) for a new purpose.</li> </ul>	Similar. Danish Program appears to have more pre-set, built-in structure that streamlines the permit time period.
Platform	Platform Verification Program Plans/Documentation	The following kinds of platforms are subject to the Platform Verification Program: • floating platforms; • platforms of a new or unique design; • platforms in seismic areas; and • platforms located in deepwater or frontier areas.	For any platform subject to the Platform Verification Program, the following are also subject to the program: the conversion of that platform at that same site for a new purpose, or making a major modification of, or major repair to, that platform.	Similar. Danish Program appears to have more pre-set, built-in structure that streamlines the permit time period.
Pipeline	Pipeline Application		Before: <ul style="list-style-type: none"> <li>• Installation, modification, or abandonment of a lease term pipeline;</li> <li>• Installation or modification of a right-of-way (other than lease term) pipeline; or</li> <li>• Modification or relinquishment of a pipeline right-of way. (250.1000)</li> </ul>	Similar. Danish Program appears to have more pre-set, built-in structure that streamlines the permit time period.
Pipeline	Right-of-way (ROW) Assignment	Application for approval of an assignment of a ROW or of a lineal segment thereof		Have not found comparable provisions to BSEE Scope in Danish regulations

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Type	BSEE Permit/Plan Requirement	What is it? Who is required to have it?	When is it required?	How does Danish Regulation Compare to BSEE Scope?
Pipeline	Pipeline Repair Application/Plan	Lessees or ROW holders must notify BSEE about repairs of pipelines or pipeline components and submit a detailed report after the completion of repairs	Before the repair of any pipeline or as soon as practicable. Report must be submitted within 30 days after completion of the repairs.	Similar. Danish Program appears to have more pre-set, built-in structure that streamlines the permit time period.za
Pipeline	Pipeline Right-Of-Way Grant Application		Before installation of a right-of-way pipeline (250.1000, 250.1009)	Have not found comparable provisions to BSEE Scope in Danish regulations
Spill	Oil Spill Response Plan (OSRP)	<ul style="list-style-type: none"> <li>Describes plans for responding to an oil spill, as well as training, equipment testing, and periodic drills</li> <li>Required for owners or operators of: <ul style="list-style-type: none"> <li>oil handling, storage, or transportation facilities located seaward of the coast line;</li> <li>abandoned facilities until they are physically removed or dismantled, or the Regional Supervisor provides notification that the plan is no longer required; or</li> <li>offshore pipelines carrying oil, condensate that has been injected into the pipeline, or gas and naturally occurring condensate (not required for operators with essentially dry gas).</li> </ul> </li> </ul>	Before operating a facility (or while BSEE reviews the plan, if there are appropriate certifications)	Similar. Denmark requires Emergency Response Planning.

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Type	BSEE Permit/Plan Requirement	What is it? Who is required to have it?	When is it required?	How does Danish Regulation Compare to BSEE Scope?
Decommissioning	Site Clearance Waiver	For well sites, platforms, and other facility sites, operators must submit an APM to BSEE with specified information about site clearance	30 days after the completion of verification activities	Similar. Danish Program appears to have more pre-set, built-in structure that streamlines the permit time period.
Decommissioning	Structure Removal Application	For leases and pipeline ROWs in the Pacific OCS Region and Alaska OCS Region, operators must submit an initial platform removal application		Similar. Danish Program appears to have more pre-set, built-in structure that streamlines the permit time period.za

### References:

<http://www.ens.dk/en/info/laws-executive-orders/oil-gas-ep>