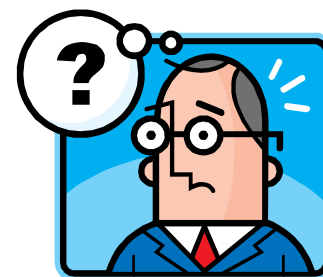




OPOL

37 YEARS OF CONFUSION?

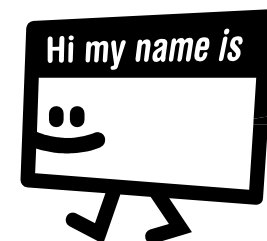


Paul King, Director, Indecs Consulting Limited
Lillehammer 2nd March 2011



What's in a name?

- OPOL stands for the Offshore Pollution Liability Agreement
- Hence OPOL – or should that be OPLA?
- 4th September 1974
- Thought to be a “sticky plaster” until all signed the Convention on Civil Liability for Oil Pollution Damage Resulting from Exploration and Exploitation of Seabed Mineral Resource (or CCLOPDREESMR!)
- Amended 1996 and 2010





Fiction

True

False



- Have you got your OPOL insurance?
- What is the size of the OPOL fund?
- OPOL is chasing co-venturers for certification
- It only applies to wells
- All abandoned facilities fall within OPOL



Facts

True



False



- OPOL is only interested in the Operator
- It is a voluntary agreement
- Operators accept Strict Liability
- JOA address specifically
- Limit currently \$250 million per occurrence (\$500 million in the annual aggregate)
- 50/50 Pollution Damage Claims and Remedial Measures



More Facts

True



False



- You don't have to provide financial evidence through insurance
- “Offshore Facility” includes all (oil and gas) exploration wells, oil installations (fixed or mobile) and pipelines
- It relates to any claim for compensation – “direct loss or damage caused by contamination”
- Claims must be filed within 1 year of incident



2010 Limit increase



- Market Disarray (?)
- Recognition of what had been “thrown in” for many years for nothing
- OPOL endorsement was not always stand-alone
- Only covered wells being drilled/worked over.
- Realisation that operator was being covered for 100% of risk



The Future of OPOL

- It has worked but...
- OPOL was developed in 70's
- BP Macondo
- Today there is focus on other ecological effects and indirect damages
- UK DECC have questioned adequacy of limit
- OPOL II?





Thank You - Enjoy the Conference!