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OFFSHORE ENERGIES UK MAGAZINE

Issue 62 April 2025

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Artificial intelligence: Flare Solutions, Veunex and Kaefer talk through some applications

The magazine for the UK offshore energy industry
Published by Offshore Energies UK

Oil and Gas Essential in the UK's Energy Transition

While the forecast reveals the UK will fall short of its legally-binding Net Zero by 2050 targets, Oil and Gas will continue to be a critical part of the energy landscape into the 2040s, underlining the urgent need for decarbonisation efforts.

Explore the growing role for Carbon Capture, Utilization, and Storage (CCUS) and hydrogen technologies, and new opportunities to align with sustainability goals while maintaining energy security.

Understand the challenges and embrace the solutions. Download the UK Energy Transition Outlook for expert insights and actionable strategies to navigate the future of energy with confidence.

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DNV

WHEN TRUST MATTERS

Issue 62 | April 2025

Welcome to *Offshore Energies UK* #62

The year has got off to a busy start at Offshore Energies UK – as a quick glance through this magazine testifies. We have been involved with our members' activities offshore, including gaseous carbon dioxide injection tests at the Leman field. Perenco's operation concluded successfully – which it is funding itself. All going well, this proof of concept will lead others, at home and abroad, to follow suit (see opposite). Our members have also been busy, with more mergers and acquisitions proposed. Tax liabilities seem to be a driver behind some of the deals which collectively involve some 500,000 boe/d.

We have held our annual Share Fair conference and trade show which was thronged with operators, developers and contractors. Despite – or perhaps because of – the difficult business outlook they are looking to do business together following the hundreds of introductions that this annual event facilitates (see px). That event also saw the launch of the Supply Chain report – with the annual Working as One survey of workforce attitudes – which is also available online.

Our Business Outlook 2025 came out a week later, launched at a breakfast event in Aberdeen with a panel of industry leaders discussing its contents.

The world since then has changed again however, with the US administration increasingly asserting itself in matters of international trade and imposing tariffs, forgetting or ignoring the lessons of the past. So far political leaders and markets have reacted negatively and the dollar weakening as the rulebook underpinning global trade is all but shredded in a few short weeks.

This is the new backdrop for our industry – and its onshore customers – which now has even more uncertainty to cope with, as part of its daily life offshore UK. Attempting to read the runes is often dangerous but there are some legitimate questions to be asked, given the headlines about a possible recession and falling personal income, as the new national insurance rates took effect. How much appetite is there now for spending public money on intermittent energy or hydrogen transport and storage? The winter just gone had some long periods of calm and we no longer have access to coal-fired power – unless of course we import it – and power prices are still very high owing in part to the market design and the importance of gas.

This big question of affordability versus sustainability is part of the subject of a new report by the International Energy Agency: The State of Energy Innovation. Venture capital (VC) shrank in 2023-24 by more than 20%, it calculates, amid tighter financial conditions.

The only sector to see growth in VC funding during this period was artificial intelligence, which could accelerate energy innovation – as well as consume a lot of energy – but will also draw capital away from the energy sector. IEA member states have been investing just over 0.04% of GDP in research and development, less than half the 1990s' percentage, despite new energy security and climate challenges. And these concerns have become even more urgent since the report was published.

VC had been involved in the UK North Sea for a long time, moving in with particular vigour until just before the oil price crashed a decade ago. The ensuing 'lower for longer' price environment meant the interval between entry and exit became much longer.

We will continue to explain and promote our industry, addressing all forms of energy offshore, in print and in the spoken word. Watch out for us this year at conferences, including one on energy security in the North Sea; and another at the end of summer, under the well-known and long-established Offshore Europe banner, which OEUK is hosting and this year is being held in Aberdeen.

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Perenco succeeds with CCS in UK

Perenco UK and technology partner Carbon Catalyst have wrapped up their experimental injection of CO2 into the former Leman gas field in the southern North Sea.

In an April 9 statememt Perenco said: "This test has met our expectations, both in terms of technical execution and the quality of data gathered. These insights are instrumental as we move to the next phase of developing the PoseidonProject," said Perenco CEO Armel Simondin.

The field is connected to the Perenco sub-terminal at Bacton which in turn has pipelines flowing natural gas to and from the continent as well as other southern basin fields.

The test verified also that "it is possible to widely reuse petroleum production infrastructure to unlock cost effective projects."

The so-called Poseidon project is only for testing the technology and geology so the volumes are modest. But uniquely in the UK it is doing so using its own capital, not public funds.

If it proceeds as planned, the operator could begin injecting 1.5mn tonnes/yr in 2029, rising to 40mn tonnes/yr for 40 years. It will be open to waterborne imports of liquefied CO2 from the continent as well.

The privately owned oil and gas producer emphasised that the test was also made possible by the oil and gas sector's past investment and technical expertise.

There were over 200 companies attending the launch in Norwich, among them engineering contractors, metering and validation equipment suppliers, workover service providers and assurance and data modelling specialists.

There is no heavy industry near Bacton to deliver emissions but imports are expected to form a chunk of the injection mix and there were some European stakeholders, including Gasunie and EBN, at the launch. These two Dutch energy companies, the national gas transporter and the state's upstream oil and gas company respectively, are working on a cross-border hydrogen project co-ordinated by the Net Zero Technology Centre and Xodus.

The CO2 could come as a mix of imports from the continent and as emissions captured from UK industry.

Perenco's deputy director for CCS David Tutill talked at the launch about the importance of this test injection.

He specifically referenced this as an example of how the market is becoming material and that these private-sector investments are critical in the transition to a self-sustaining market. The government is hoping the CCS industry will be self-financing as the carbon price goes up over time.

UK CCS: heading for a self-financing model

Carbon capture and storage (CCS) is at a pivotal point. CCS is moving ahead in Norway (*see px*) but the UK has so far proved a tougher market to develop.

Despite the promise of state funding, just two projects have taken final investment decisions: the East Coast Cluster, which will transport CO2 for storage in the Endurance site; and Hynet, on the opposite side of the country, predicated on injection into fields in Liverpool Bay.

Others yet to reach that point include Acorn at St Fergus and Viking in the Humber. There areseveral other projects that have not received government backing but which remain candidates for future support, including Centrica's still-producing and once giant Morecambe Bay swing fields. Morecambe Net Zero is predicated on emissions from lime processsing and other carbon-intensive industries in the Peak District.

A report by engineering firm Arup commissioned by OEUK examines the potential steps that will ensure that this happens as part of a profitable business model. It says the UK has a robust risk-reward model for investors in the Track 1 and 2 projects. Their developers understand CO2 management and storage and have good data on the capacity and potential of the sites.

Key areas of the report include:

- Characteristics of a merchant model
- CCS policy enablers, including evolution of current business models
- Enhancing revenue potential in the CCUS market
- Cost reduction modelling
- Identifying and implementing market-enabling actions.

The report analyses the state of the CCS value chain and its operating environment, followed by recommendations on how to achieve an independent, commercial market by 2035.

Message from our CEO

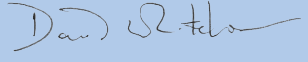
David Whitehouse
CEO,
Offshore Energies UK

The future of the North Sea is in our hands. Decisions made over the course of the next few months will shape the UK energy and economic landscape for decades to come. Last month OEUK published its Business Outlook report highlighting that under the right conditions half of the 13-15bn barrels of oil and gas the UK is projected to need by 2050 could be produced at home. The report shows that as we work together to accelerate renewables the UK must make the most of its own oil and gas or choose to increase reliance on imports.

While the UK continues to need oil and gas, it makes sense to utilise our own resources responsibly alongside the acceleration of renewables. In an increasingly volatile world the widening gap between the energy we produce and what we import matters. Accelerating offshore wind generation, carbon capture and hydrogen production, alongside homegrown oil and gas pays taxes, supports jobs and safeguards the supply chains we need to build our energy future.

Success in this industry therefore means success for the UK in a strategically vital sector of the economy. At the time of writing, the UK government is a few weeks away from closing its consultation on building the North Sea's energy future. As we look ahead, these continue to be important times. This sector has an opportunity to secure government support and recognition of the value this sector brings.

OEUK and our members continue to engage with policy makers bringing solutions to the table that will safeguard the jobs, energy security and economic growth the UK needs. To succeed, we must back our offshore energy businesses and their people to build a North Sea we can all be proud of for decades to come.



M&A

NEO Energy merges with Repsol UK

Private equity-backed Neo Energy is merging with Repsol UK to form a 55-45 joint venture, Neo Next. Subject to regulatory approvals the deal could complete this summer, Neo Next producing 130,000 boe/d.

Neo said the company would generate material cashflows and provide a platform for organic and inorganic growth. Repsol will retain $1.8bn of the decommissioning liabilities related to its legacy assets, enhancing the cash flows of the combined business.

Repsol E&P said the jointly governed business "will call upon the key strengths of both shareholders. Repsol contributes operational capabilities on production, development, and decommissioning activities which will be combined with NEO Energy expertise on financial and commercial matters. We believe this combined business has many more opportunities for profitable growth in the basin and beyond."

Neo said the combined company "has much more scale and diversity and opportunities for cost consolidation and portfolio high-grading giving resilience despite the tough conditions in the UK." It added that more value accretive acquisitions were on the agenda. "We have known Repsol E&P for many years and have the highest regard for them as a capable and reliable partner."

Neo is wholly owned by Neo Energy Holdings, an investment vehicle managed by HitecVision, a leading investor in the European energy industry.

EnQuest courts Serica

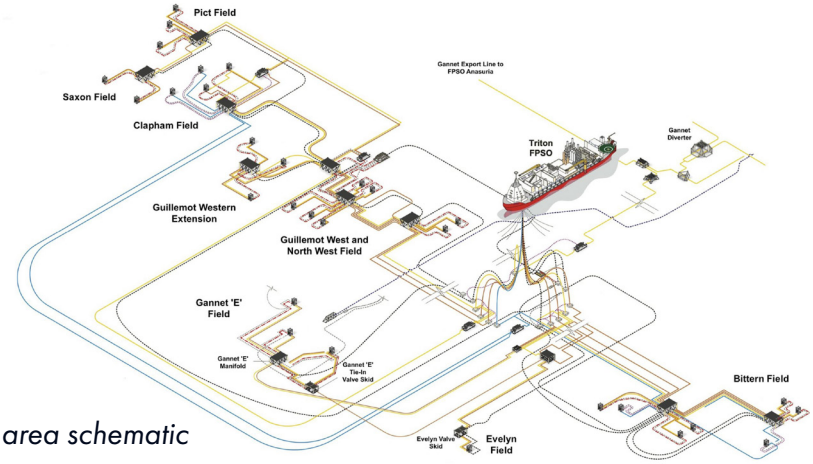
EnQuest and Serica confirmed press speculation in early March that they have been in merger talks, in the form of a reverse take-over. EnQuest would make an all-share offer for Serica but remain the minority shareholder in the new entity. Its output would be some 80,000 boe/d.

Serica said there were "substantial potential benefits" to the possible transaction, including increasing scale and diversification, unlocking significant synergies and providing a stronger platform for further growth.

Just under a month later Serica requested, and the Takeover Panel awarded, an extension of the "put up or shut up" deadline for an agreement to May 2.

There can be no certainty that an offer will be made, nor as to the terms on which any offer will be made, they said. If the deal did go ahead, it would be another example of the wave of consolidation in a market that is facing ever tougher operating conditions in the UKCS. In December, Shell and Norwegian Equinor announced plans to merge their UK oil and gas assets, forming a joint venture in Aberdeen.

If it went ahead, the transaction could involve a return of capital to existing Serica shareholders. They would hold a majority of the enlarged company with shares listed on the Equity Shares (Commercial Companies) market of the London Stock Exchange. The ESCC was introduced in July 2024 as an intermediate market. Eligibility criteria are more onerous than they were for the standard listng but less onerous than for the premium. Serica is AIM-listed while EnQuest is on the main stock exchange.



Triton area schematic

Serica to buy Parkmead's UK licences

UK independent Serica Energy is to buy Parkmead's UK licences for £5mn, it said December 12. This includes a 50% working interest in licence P2400 (Skerryvore) and a 50% working interest in licence P2634 (Fynn Beauly).

It will pay an additional £9mn in stages over the next three years, as well as contingent payments linked to certain regulatory approvals of its field development plans.

Serica already holds a 20% interest in Skerryvore. Following completion of the transaction, it will hold 70% and become the operator.

The transaction is expected to close in the first half of 2025, subject to customary completion adjustments, the carve-out of Parkmead's Dutch assets to a Parkmead affiliate and UK regulatory approval for the change of control.

Triton back after outage

Serica's net oil and gas output was 46,400 boe/day, it said January 7 and this is expected to rise with the planned phased restart of the Triton fields. It is also installing two compressors at Triton to make it more robust. These are expected online this quarter. There had been just one. The explorer is also expecting new output from its wholly-owned Gannet GE05 well.

CEO Chris Cox said that while production in the second half of 2024 was disappointing, the company stayed in close touch with the FPSO operator as they worked through root cause analysis of last year's problems at Triton.

Mr Cox added that Serica looked forward to seeing both enhanced production as the new wells drilled during 2024 contribute fully; and more resilient operations with two compressors in Q1.

Ithaca Energy continues growth plan with Japex UK deal

Soon after its 2024 purchase of Eni UK, Israeli-owned Ithaca Energy is back for more upstream assets. It has bought Japex UK E&P for $193mn or about $10/barrel excluding tax losses, backdated to January 1, 2024.

The Japanese company owns 15% of the BP-operated, 30,000 boe/d Seagull oil field in the Eastern Trough Area Project, so Ithaca's share of this "high margin field" will be 50%, subject to the deal receiving regulatory approvals.

The field's fourth well is due onstream later this year. With production last year split roughly 80-20 liquids to gas, the field is expected to remain in production until the mid-2030s.

Executive chairman Yaniv Friedman said March 25 that 2024 had been a transformational year for Ithaca, with material progress in strategic objectives creating value organically and inorganically. "We enter our next era of growth with a proven strategy and a range of strategic options," he said. The asset is easily digestible, synergistic and would add production in a well-understood, high-value field, he said.

Ithaca said the acquisition was part of its inorganic growth strategy and Its focus this year will continue to be on high-grading investments.

The transaction has a value of some $140mn, assuming closure in June. This includes tax losses of $215mn in both ring-fenced corporation tax and supplementary charge tax as well as about $105mn of Energy Profit Levy losses at the effective deal date of January 1, 2024.

Material dividends

Ithaca Energy will be able to make "material dividend distributions to shareholders" following the completion of its merger with Eni UK in October, it said as it announced its full year results. It also reported zero Tier 1 or 2 incidents in the year and said the Rosebank project continues to progress in line with multi-year development timeline. First production is expected in 2026/27.

It begins the year as the largest resource holder in the UK continental shelf with estimated 2P reserves and 2C resources of 657mn boe, up from 544mn boe in December 2023. And it is the second largest independent producer, at 105,500 boe/day. Operating costs were $14/boe delivering Q4 adjusted pretax earnings of $646mn.

For the whole year, before the Eni merger took effect, production was 80,200 boe/d – the top end of market guidance. Meanwhile its operating costs were lower than guidance.

The merger brought "strength and diversification," supporting materially improved production performance and reliability, it said.

Executive chairman Yaniv Friedman said the company entered 2025 with "a stronger, more diverse production and reserves base, significant investment optionality." Its focus will continue to be on high-grading investment, executing in line with our strategy as a value-led investor, to maximise long-term sustainable shareholder value."

CEO Luciano Vasques, formerly of Eni UK, said results were better than expected and the merger was "demonstrating its value" with both operational and systems aspects well on track. He joined Mr Friedman in welcoming "the recent Judicial Review ruling on the Rosebank development, which supports its continued progression."

Seagull (*Credit: BP*)

Japex leaves UK

Japex, the upstream oil and gas arm of Japan's government, said in its statement that Seagull's economics had worsened since it took final investment decision in 2019, owing initially to the Covid-19 pandemic (*see left*).

But then, despite the fact that "it had been working diligently to improve the profitability," the recent introduction of the Energy Profits Levy and the increase in tax rates by the UK government in respect of oil and gas projects in the UK" had "led to a further increase in the sense of uncertainty about the business environment in the UK."

As a result, Japex evaluated that it will be difficult to maintain and expand the field's profitability and so it sold the share to Ithaca for some $223mn.

Politics

Treasury committee consults on National Wealth Fund

Parliament's Treasury Committee launched March 24 a consultation into the National Wealth Fund (NWF), set up in October and financed by Treasury with £27.8bn but independent of it.

Chancellor of the Exchequer Rachel Reeves said it would help deliver the government's growth and clean energy missions, generating a return for the taxpayer and crowding in private capital. It sets clean energy, advanced manufacturing, digital technologies and transport as the priority sectors.

Committee chair Dame Meg Hillier said: "A sovereign wealth fund which can encourage private investors to back projects and funnel capital into emerging sectors is a logical way of trying to move the dial on economic growth." But if it backed the wrong projects then it would be an extremely poor use of public funds at a time when money is "incredibly stretched."

Accordingly, the committee will press government to make sure it is "on firm footing," she said. Running until April 21, its terms of reference include the NWF's strategic objectives of mobilising private investment, tackling climate change and seeing if the two objectives can work together.

In a March 19 letter, Ms Reeves said the NWF has fuelled almost 10,000 jobs and unlocked over £1.8bn of private investment in key growth-driving industries.

Select committee findings are reported to the Commons, printed and published on parliament's website. The government then usually has 60 days to reply to the committee's recommendations.

DESNZ committee consults on Clean Energy Mission

The Clean Energy Mission – with an objective of decarbonising homes and businesses – requires a rapid and lasting transformation of the construction sector and skills, according to the parliamentary select committee that holds DESNZ to account.

In late March hearings, witnesses warned that, large as it is, the oil and gas workforce will not be enough to deliver net zero, nor able to fully re-skill on the right timeline.

Others noted that building a green workforce and moving at-risk carbon workers to new jobs "are in fact separate initiatives that may not always involve overlapping worker groups," the committee said.

The target of 50 GW of offshore wind implies trebling the current offshore wind workforce of 32,000 to more than 100,000 by 2030. Large numbers of workers will have to be trained or retrained.

But the current picture is of a decline in skills in sectors critical to the transition. Employers generally invest less today than they did in the past and major energy companies have been forced to train engineers in-house.

In the first of two evidence sessions of this inquiry the committee heard about the complexity of even defining green jobs - or green careers as some witnesses have argued they must be seen – much less supporting skill development across all the sectors involved and aligning that with industrial and commercial need. Among the witnesses over the two sessions were Andrew Hockey, CEO of the Engineering Construction Industry Training Board and Katy Heidenreich, director of OEUK's Supply Chain & People.

Funding for hydrogen

The government has shortlisted 27 more hydrogen-powered projects for Second Hydrogen Allocation Round (HAR2). The aim is to cut emissions and create jobs in the UK's industrial heartlands. This is part of its Plan for Change and follows HAR1, where the government financed 11 projects for a total £2bn.

The hard-to-handle gas has already attracted £400mn of private sector investment in towns and cities such as Milford Haven in Wales and High Marnham in Nottinghamshire. More than 700 jobs have been created in construction and operations including roles for apprentices, graduates and technically trained professionals.

The shortlist includes projects that could use hydrogen to help tackle the climate crisis by decarbonising their manufacturing and industrial practices. These include ammonia production, new clean power generation, glass manufacturing, brick making and sustainable aviation fuel production.

Industry minister Sarah Jones (*below*) said: "We are deploying hydrogen at a commercial scale for the first time.… From distilleries and sustainable aviation fuel to public transport and clean energy generation, hydrogen can power our everyday life and unlock clean energy growth across the country as part of our Plan for Change."

Sarah Jones

Great British Energy gets off the starting block

State-funded Great British Energy has already committed funding for green projects in schools and hospitals, following its meeting March 21.

Members of the board of the state enterprise had met for the first time March 17 to discuss scaling up the company and starting investments.

Energy minister Michael Shanks convened the meeting alongside the interim chair Juergen Maier and interim CEO Dan McGrail to discuss next steps for the organisation and how best to build up an investment portfolio that will return a profit for the British people.

Great British Energy has already begun engaging with the market on potential collaborations to ensure it can quickly start delivering for the British taxpayer once it is fully established, backed by £8.3bn over this parliament.

Schools and hospitals will be among the first beneficiaries of state provision of solar panels and other renewable schemes, Underwritten by a total £200mn this is part of the government's Plan for Change, with £80mn for schools and £100mn for a third of NHS trusts, with the surplus to power to be sold to the grid.

The NHS is the single biggest public sector energy user, with an estimated annual energy bill of £1.4bn, more than twice what it was in 2019.

Nearly £12mn will go to help build local clean energy projects including river hydro-power and solar, the profits being reinvested into community projects or take money off people's bills. And last, £9.3mn will power schemes in Scotland, Wales and Northern Ireland including community energy or rooftop solar for public buildings.

Energy Secretary Ed Miliband said: "Right now, money that should be spent on your children's education or your family's healthcare is instead being wasted on sky-high energy bills…. This is our clean energy superpower mission in action, with lower bills and energy security for our country."

Energy-intensive industries seek price relief

UK industry is seeking to narrow the electricity price gap that has opened up in favour of continental and even remoter rivals, according to the trade association Energy Intensive Users Group.

In an open letter to the Department of Business and Trade January 27, it said the British Industry Supercharger package and other measures had trimmed some of the difference but a large gap still remained.

Many European countries have almost full relief from network charges for their most energy intensive industries. Raising the rate of compensation in the UK from 60% to 90% would bring network charges closer to those in key European countries, it said. US, Asian and Middle Eastern industries are even better off.

British gas is still competitively priced with European gas but investors need to know that no new levies will be imposed, or transferred from power to gas without the exemptions enjoyed by electricity-intensive industries.

These industries cannot decarbonise without access to carbon capture and storage (CCS), hydrogen, electrification and energy efficiency. But so far only two CCS schemes have taken final investment decisions.

The body also says that the UK carbon border adjustment mechanism is not aligned with the EU: that takes effect in 2027, a year earlier than the UK equivalent. Higher carbon goods might be diverted to the UK instead.

British Steel separately published a statement recommending a mechanism to solve the disparity. It said UK steelmakers pay up to 50% more for electricity than its EU rivals and called for similar state protection. The mechanism would protect the sector against price volatility; fix prices for the steel sector; and share risks and rewards so that manufacturers repaid the difference when the market was lower than the agreed strike price.

Govt extends Ofgem CEO contract

Jonathan Brearley will remain Ofgem CEO for a second five-year term until January 31, 2030, the energy markets regulator said January 13. It noted his dedication to the government's objective of achieving net zero emissions by 2050; his leadership during the Covid-19 pandemic; and the gas and power price shocks following Russia's invasion of Ukraine in February 2022.

Ofgem will also regulate state-owned National Energy System Operator which will implement the changes in planning and building energy infrastructure.

Mr Brearley said: "It has been a privilege to lead Ofgem over the last five years – and I'm excited by the challenge of the next five."

NSTA, government officials win medals

Senior energy infrastructure manager Robert White has been awarded an MBE in the New Year Honours List. He had worked in the same role for the UK's energy departments from 2006 until the North Sea Transition Authority – formerly known just as the Oil & Gas Authority – was formed.

The award was for "services to energy security". His tenure coincided with such landmark crises as the 'Beast from the East' in March 2019 when the UK came close to running out of gas stocks; Covid-19 (2020); and Russia's war in Ukraine, now in its fourth year.

And the former chair of the North Sea Transition Authority and one-time Conservative energy minister Tim Eggar has been awarded a CBE for services to energy.

He chaired the NSTA from 2019 until September 2024, during which time he saw such changes as the agency's expanded role in the energy transition on top of maximising the economic recovery; and closer monitoring of offshore emissions.

Upstream

Selene gas quality upgrade boosts Deltic Energy

Deltic Energy witnessed a welcome reversal of its share price trend mid-April as it announced new data gathered from rock samples from the Selene field. CEO Andrew Nunn had said in a March statement that the market was undervaluing the dry gas field but following analysis by operator Shell, the 2C contingent resources rose 33% to 174bn ft³ or 44bn ft³ net to Deltic.

The share price bounced back up from £4.00 to £5.00 on the April announcement. Deltic has a 25% stake in the Shell-operated field and said April 15 that the roughly 45% increase in Selene's net present value at a 10% annual discounte rate – a standard metric – was "particularly pleasing," given the market capitalisation.

Shell's analysis of the Leman B-Sand also showed "significantly better porosity and permeability," Deltic said. Its dynamic reservoir model shows the field capable of higher higher initial flow rates, extended plateau production periods and more gas recovered over a 20-year life. The gas is clean and is almost ready for the grid.

CEO Andrew Nunn had said in March: "As recent events have demonstrated, it has never been clearer that a secure domestic energy supply is a vital national asset and Deltic's work could be a key contributor to delivering that for the UK in the coming years." But the yawning gulf between between Deltic's share price and its own valuation of its stake in Selene was rankling with the board.

Selene's gas would be produced by two wells and exported through Barque infrastructure. First gas would be in 2029 and payback would be in the second year of production and yield a 35% rate of return for the joint venture. The company used a gas price of 80 pence/therm for its assumptions. Capex is $13/barrel of oil equivalent and opex is $16/boe and the fiscal regime is based on last October's budget.

It has also begun the process of farming out the Blackadder licence, also in the southern North Sea, it said in March, with P50 prospective resources of 165bn ft³. The legacy Blackadder prospect and the Pharos discovery (Well 47/05d-6 drilled in 2013) are probably a single structure which has been extensively de-risked by the Pharos well, The key risk is the reservoir quality, it said in March.

Deltic estimates that the Endymion prospect, a candidate for tie-back to Selene, contains P50 prospective resources of 70bn ft³ with a geological chance of success above 75%. Anything more could materially enhance Selene's economics. Drilling will only follow once FID is taken on Selene, still a few years off.

Shell revives Penguins

Operator Shell and 50% partner NEO Energy – soon to be renamed NEO Next (*see page x*)– restarted production at the Penguins field in the UK North Sea with a modern floating, production, storage and offloading (FPSO) facility.

The previous export route was the Brent Charlie platform, which is being decommissioned. The new FPSO will emit 30% less CO_2 than the platform did.

Peak production is estimated at around 45,000 barrels of oil equivalent/day (boe/d) and could produce another 100mn boe over the next 20 years or so. Although primarily an oil field whose output will be refined elsewhere in Europe, Penguins will also produce commercial quantities of gas for the UK market. That will be delivered to the St Fergus terminal.

"Today, the UK relies on imports to meet much of its demand for oil and gas," said Shell. "The Penguins field is a source of the secure domestic energy production people need today and the FPSO is a demonstration of our investment in competitive projects that create more value with less emissions."

The redevelopment of the Penguins field has involved drilling additional wells, tied back to the new FPSO. The field is in 165 m of water, around 240 km northeast of Shetland. Discovered in 1974, the field previously produced oil and gas between 2003 and 2021.

Penguins FPSO (Credit: Shell)

Government consults on future of North Sea

The Department of Energy Security and Net Zero (DESNZ) began its consultation about the future of the North Sea March 5.

It described it as a dialogue with communities but it is sticking to the plan to issue no new licences, which could affect a lot of communities adversely by withdrawing work opportunities prematurely. It also directly contradicts the previous government's objective to maximise the economic recovery of the North Sea.

The government will though seek to work with industry to make the most of the existing fields. The consultation comes about four years after the North Sea Transition Deal was agreed. In a sign of what was coming, the deal gave equal prominence to reducing offshore emissions to zero as it did to its original goal: maximising the economic recovery of oil and gas from the UKCS.

It said it would "put the North Sea – its communities, workers, businesses and supply chains – at the heart of Britain's clean energy future." It wants to develop a plan that will ensure a phased transition for the North Sea – creating tens of thousands more jobs in offshore renewables by 2030.

Further, HM Treasury and HM Revenue and Customs are not planning to change the Energy Profits Levy before 2030. But they are consulting on the form of a new regime thereafter, linking it to the oil and gas price but with more flexibility, allowing it to rise and fall with commodity prices, rather than be fixed at 78% unless certain long-term price conditions were met.

The government recognises the call of workers and trade unions for a co-ordinated plan to protect good jobs, pay terms and conditions in the North Sea. Hydrogen, carbon capture and storage (CCS) and renewables will help replace some of the jobs needed to meet the UK's climate obligations.

New proposals could also see changes to the role of North Sea Transition Authority as the regulator of UK oil and gas, offshore hydrogen and CCS industries. This includes ensuring the authority has the regulatory framework it needs to support the government's vision for the long-term future of the North Sea and enable an orderly and prosperous transition to clean energy.

The government has already taken rapid steps in accelerating clean energy industries – with the biggest ever investment in offshore wind and up to £21.7bn in funding over the next 25 years for carbon capture and storage and hydrogen projects (see p6).

Both are intended to unlock significant investment in clean power projects across the UK and help create thousands of skilled jobs.

The government has also consulted on revised environmental guidance for offshore oil and gas projects and will respond to give certainty to the industry and enable developers to resume applying for consents for already-licensed projects. This follows the Supreme Court's Finch ruling last year that requires regulators to consider the impact of burning oil and gas – known as scope 3 emissions - in the Environmental Impact Assessment that operators submit for new projects.

For its part, Offshore Energies UK has published its own document explaining the value that the UKCS contributes to the UK economy in jobs, taxes and energy security,

Northern Lights CCS takes FID on Phase 2

While the UK government proceeds with its approvals of carbon capture and storage projects, Norway is moving ahead with its $700mn plan to expand the Northern Lights development (*see right*).

It took the final investment decision after signing a 15-year deal with Swedish district energy company Stockholm Exergi, its fifth customer. It will deliver 900,000 tonnes/yr for injection.

Northern Lights is a joint venture owned by Norwegian state producer Equinor, French TotalEnergies and UK Shell. It said March 27 that FID was "an important milestone for our company, our customers and industry partners, governments and regulators."

Phase 1 is due to start injecting this summer and as the first such of its kind, its project's progress will be closely followed, from a physical and economic point of view. Phase 2 will increase the capacity from 1.5mn metric tonnes CO2(mt)/year to more than 5mn mt/year from 2028.

Phase 1 is ready to receive CO2 from industrial emitters this summer, with the first cargoes coming by ship from Heidelberg Materials' cement factory in Brevik, Norway. It will finish its journey in a reservoir 2,600 metres below the seabed, off the coast of Øygarden, western Norway.

This expansion includes new onshore storage tanks, pumps, a jetty, injection wells and transport vessels, all expected to be ready by the second half of 2028.

TotalEnergies said Phase 2 "represents a significant step forward for the CCS industry. Northern Lights can thus provide a concrete solution for the hard-to-abate industrial emitters in Europe, so that they can reduce their CO2 emissions and thereby secure their businesses' sustainability."


Northern Lights

Seabed Users & Developers Group

Offshore Energies UK attended the quarterly meeting of the Seabed Users & Developers Group (SUDG) in the House of Commons in March and the group's quarterly meeting with fellow members soon after.

The group represents marine industries with a shared interest in the sustainable development of projects on the UK CS.

Working with government, its agencies and environmental NGOs, the SUDG supports the development of regulation and marine management that benefits business and the environment.

At the afternoon event in parliament, many ministers addressed the various industry associations, giving OEUK the opportunity to make its message clearly: government support and recognition of the value this sector brings will remove some of the uncertainty holding up investors, unlocking the opportunities for offshore wind, carbon storage and hydrogen production projects.

The first quarter also saw the publication of a report entitled *Socio-Economic Benefits of Marine Industries*. Commissioned by the SUDG, it quantifies its members' contributions to the economy They generate £150-180bn in turnover, yielding £65-69bn in overall economic value.

Marine industries are key enablers of energy generation and transmission, global communications, international trade and commerce, and recreation. Since many of these activities are focused in coastal communities they also provide important income and jobs for those living in these areas. This should be remembered when the use and management of the marine environment and seabed are discussed.

For a copy of the report or more information about the work the SUDG is doing, please contact Environment Manager Caroline Brown: cbrown@oeuk.org.uk.

Cerulean builds team for floating wind-farms

Cerulean Winds has put together its alliance to help realise its plan for the North Sea Renewables Grid (NSRG), an offshore integrated green power and transmission system. Three sites, Aspen, Beech and Cedar, will each cover 333 km² in the central North Sea and host hundreds of floating turbines that will supply the grid with nominal capacity of 3 GW.

Oil and gas platforms will be able to plug into it for clean power, replacing their gas and diesel engines and so contribute to the government's objective: a net-zero carbon basin. Cerulean Winds said the NSRG would be a "vital cog" in achieving that goal, "while also setting the pace for other floating wind farms to follow".

The proposed investment will offer basin-wide connections providing green power to platforms and wider national grids.Cerulean and partner Frontier Power International were offered the lion's share of seabed leases in the Crown Estate Scotland INTOG round in 2023.

Phase 1 of the NSRG will focus on brownfield modifications with future phases exporting green power to the grids in southern UK and Europe.

Cerulean Winds' founding director Dan Jackson expressed gratitude to Crown Estate Scotland for support as it moved to the next phase in delivering floating wind at an unprecedented scale in the UK.

Independent analysis has shown that the three sites that will form the NSRG could between them deliver over £10bn in gross value added (GVA) for the UK. By 2050, floating wind could contribute more than £47bn to the economy and employ 100,000 people.

Partners announced to date include: Bilfinger, operations and maintenance (O&M) partner for the Aspen site, bringing decades of experience in development planning and a deep knowledge of the offshore energy sector.

Bilfinger will advise on O&M during the detailed design of the Aspen site, facilitating opportunities to adopt innovative technologies before delivering the O&M services once the development is built. It said its selection was a significant milestone, underscoring its commitment to renewable energy solutions.

Siemens, the architect of one-sixth of global electricity generation, has backed Aspen exclusively as the only FLOW project it will support in North Sea. Siemens will play a key role in delivering transmission expertise.

The under-construction Ardersier Energy Transition Facility, owned by Haventus, will be the chosen deployment port. It has secured £400mn of funding, including a £100mn credit facility from the UK National Wealth Fund & Scottish National Investment Bank. Ardersier will help to realise the project's targets by deploying and servicing offshore wind installations, providing green jobs and establishing a UK supply chain that will rival international competitors.

NOV will produce floating foundations and moorings from the Ardersier Energy Transition Facility when built. NOV has unique expertise in deep-water berths and can therefore enable the creating of the North Sea's FLOW industry from Ardersier.

Ocean Installer has been selected to drive down the cost of installation, a critical component within floating wind development. Its fleet of vessels and highly skilled workforce, developed over decades working in subsea oil and gas construction, will not need much adaptation.

Furthermore, Ocean Installer will work in conjunction with fellow alliance member Haventus, owners of the Port of Ardersier, on dry storage of the structures, batched installation and quick connect/disconnect systems to optimise processes and create a convention for how future projects are installed.

Orcadian deal expands green power projects

Orcadian completed the acquisition of all of Halo Offshore UK last December and in March it agreed to sell half of it on to Independent Power Corporation (IPC)

It also agreed terms for the sale of a 50% interest in licence P2680, which includes the Earlham project, to the Marine Low Carbon Power Company (MLCP). A subsidiary of IPC, its aim is to lower emissions from offshore oil and gas production.All costs associated with the remaining 50% interest in Earlham will be carried by MLCP until first production.

Orcadian also handed over responsibility for the Pilot project to Ping Petroleum and CEO Steve Brown said it was "pleased with the progress they are making. We have developed a strong working relationship with the MLCP and IPC teams, and we believe that these relationships can deliver on the government's Clean Power initiative as well as being extraordinarily fruitful for Orcadian."

It intends to grow into a gas producing company "just as quickly as we can. We believe that 2025 will see us well on the road to being a production company and graduating from our current pre-development status," he said. MLCP builds generation capacity on proprietary mobile offshore generating units and the power is transmitted to shore by submarine power cables. The CO2 produced by the open-cycle aero derivative gas turbines is re-injected into a gas field using tried and tested technology.MLCP is pursuing also projects in the Celtic Sea and off West Africa.

GECF *Global Gas Outlook* warns of major disruptions as rules change

This year's annual report by the Gas Exporting Countries Forum (GECF) published mid-April captures the renewed strength of gas in 2024. But the rosiness is somewhat discoloured by the events of this year, it said.

"In a year when global primary energy demand surged, natural gas reaffirmed its central role, with consumption reaching an all-time high and contributing 35% to the incremental growth in primary energy demand – the highest share among all fuels," the annual report said.

"Global gas demand is projected to grow by 2% in both 2025 and 2026; however, risks to this outlook are tilted to the downside, particularly in light of the sweeping and unprecedented tariffs announced by the US on April 2, 2025 and their subsequent adverse impacts, which are not factored into the current report," it said.

The same organisation's *Global Gas Outlook* (*GGO*) published a few months earlier argues that only a diverse energy mix – tailored to the unique circumstances and priorities of individual countries, regions and cities – can ensure a balance of energy security, affordability and sustainability.

Both reports came out against a background of ongoing covert Russian naval intrusion in UK waters where national and international gas and power lines abound; and US government officials talking about cutting support for, and membership of, international organisations.

So energy security and affordability have regained their dominance in the debate. There is less room for sustainability as nations grapple with the intricate realities of transforming a vast and interdependent energy system without loss of supply.

Everything goes up

The *GGO* calculates that gas, coal and even wood demand broke records last year despite the rapid growth in renewable energy supply.

Gas is not just a bridge to the future; it is an integral part of the future, the report concluded. Indeed, natural gas demand is expected to grow by 32% by 2050 and to rise in all regions except Europe, where energy policies and deindustrialisation are driving its decline, says the GECF.

Gas and oil are indispensable for the transition from biomass to cleaner cooking fuels, reducing coal burn for power generation, backing up intermittent renewable generation, powering AI data centres and decarbonising transports.

Moreover, the *GGO* dispels the myth that investment can be safely halted. Meeting future gas demand requires a staggering $11.1 trillion in upstream and midstream as fields are worked out.

Natural gas is a catalyst for growth, industrialisation and prosperity. Ensuring access to natural gas is not just an economic necessity but a moral obligation to lift people out of poverty, says the group.

GECF estimates that by 2050, its members will account for half of global natural gas production,

Shell sees continuing growth for LNG demand

The UK major Shell shares some of the GECF's optimism about demand growth (*see above*). Its annual outlook report, published in February, sees the net zero emissions agenda driving gas demand in the hard to electrify sectors.

But its LNG supply forecast has dropped 30mn tonnes/yr since 2024. The report points to regulatory hurdles, start-up risks, civil unrest and labour shortages as causes.

For many regions, including the EU with neither Dutch swing gas or major Russian pipeline deliveries, LNG imports will go up. Coal and hard to electrify sectors such as shipping are giving way to gas; while new demand – so far unquantifiable – will go to powering data centres and artificial intelligence.

And producing fields in some once major LNG exporting countries are declining: Egyptian, Algerian, Indonesian and Malaysian LNG output is all drifting down at various rates over the next decade, falling from about 52mn tonnes/yr to half that.The US is producing about 100mn tonnes/yr now and could, by 2035, account for a third of all supply, although US gas prices have doubled over the last year

US and Qatari exports combined could equal 60% of global supply by 2035, by which year almost as much US gas will be liquefied for export as will be used in power plants (about 340bn m^3/yr).

Militating against that though is the increasingly hostile line that the US president Donald Trump has taken, in a break with the past: trade with other countries is becoming more interventionist. It is also questionable that US industry will be happy to see its competitive advantage shipped for sale abroad even at a premium.

Turning to the immediate future, Shell finds there is little new LNG supply due on line until the second half of the year, by which point the European Union's annual storage refill period will be competing with demand from Asia.

Energy security

UK readies for more summer deliveries

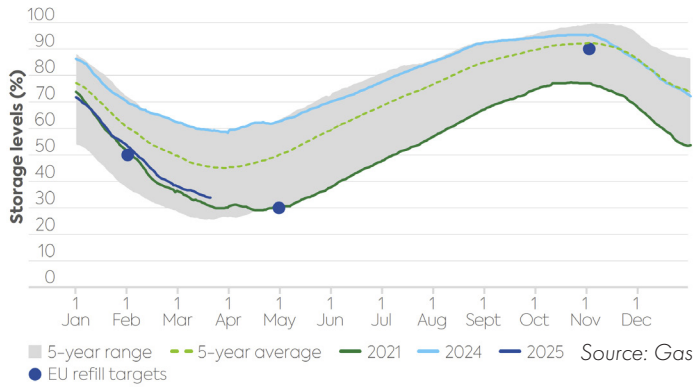
Total gas flows through the GB national transmission system (NTS) are forecast to be higher than last summer, despite some downturn in industrial, commercial demand and lower power generation owing to high prices. Households are also expected to cut demand by 2% as the high prices encourage energy saving, the operator National Gas said in its 2025 edition of its *Gas Summer Outlook (see Table.)*

Continental Europe however looks set to enter summer with less gas in store than this time last year and it will need to refill it in order to prepare for the following winter and also perhaps to meet a regulatory floor.

This could result in a quarter more gas flowing through the NTS south, but NG does not expect gas to flow the other way, suggesting that UK prices will be lower than continental. It expects European markets to use any additional LNG supply from the US this year to fill any short-term gaps. But security of gas supply can be provided in many ways and at very different costs. For industry, turning down – or switching off – production is one approach.

Most of the additional supply required to refill continental European storage will come from LNG, either imported directly to continental European terminals or into GB terminals and exported via interconnectors, said National Gas. In the case of the UK, its gas will mostly come from Norway and from its continental shelf, although, if unhedged, it will be sold at National Balancing Point prices. The rest will come as imports of LNG, which will also be sold at NBP prices. These reflect the ever-changing outlook for regional and global gas supply and demand, not UKCS production, processing and transport costs.

European gas storage levels (% full) vs 5-year average



Source: Gas Infrastructure Europe

bcm	2019	2020	2021	2022	2023	2024	2025 forecast
UKCS	16.9	15.9	12.2	16.2	14.2	12.2	11.8
Norway	9.8	8.8	12.7	14.2	9.5	13.7	13.5
Continental European imports	0.0	0.0	0.1	0.0	0.0	0.0	0.0
LNG	6.0	7.1	5.1	9.8	6.4	1.6	3.5
Total	32.7	31.9	30.2	40.2	30.1	27.5	28.8

Source: National Gas

EC proposes new rules for gas storage

The European Commission has proposed extending the requirement for members to fill their gas storage facilities to the 90% mark for a further two years, it said March 5. Normally, this rule would have lapsed after three years (end of 2025), but given how volatile the gas market is, it said this extension was needed. However this proposal is unlikely to go down well with traders and indeed some flexibility could be introduced – even at this late stage.

Security of gas supply can be provided in many ways and at very different costs. Demand-side response is one approach to solving shortages if the market price is high.

Russian gas, which had slowed to a relative trickle in the year before the invasion, stopped flowing to Europe through Ukraine completely at the start of this year as the exceptional transit agreement expired December 31.

UK hosts security summit

The UK hosting a summit on energy security as this edition went to press (April 24-25). It was convened by the OECD's energy watchdog, the International Energy Association, whose CEO Fatih Birol gave the opening address.

With speeches also from EC president Ursula von der Leyen and UK prime minister Keir Starmer, it addressed risks facing energy security in an era of geopolitical strains, technological transformation and changing climate.

The summit provided leaders and decision-makers from around the world with an opportunity to review the trends redefining global energy security. These include changes in energy demand, supply and trade; the adoption of clean and efficient energy solutions; the availability of the minerals and metals required for clean energy technologies – from wind turbines and solar panels to electric vehicles and battery storage; and the allocation of investment during the transition away from fossil fuels.

The IEA has been at the heart of international energy security on behalf of its members for 50 years – helping avoid, mitigate and manage energy supply disruptions and crises.

But it has come under fire from some US senators who dislike its advocacy of the energy transition at the expense of oil and gas. They want to see it provide more traditional statistics related to coal and hydrocarbons. The US is the IEA's biggest source of funding.

There have also been menacing physical threats posed by hostile shipping to electricity interconnectors and gas lines linking UKCS platforms to the mainland.

The summit, announced last year, is likely to provoke lively debates.

The problems of intermittent electricity, particularly evident this winter in northwest Europe and the cost of subsidies for wind farms have exposed the difficulties of moving too fast when society demands a well-supplied national electricity grid.

Over the past few years, a number of major European companies have bowed to shareholder pressure and cut their green energy investment targets or begun selling them off.

Risk management in light of the OEUK HSE Conference 2025

Our OEUK HSE conference generated interesting conversation. One part of the room comprising a fifth of the audience held that all incidents are absolutely preventable. The other four fifths disagreed, going with the "as low as reasonably practical", or ALARP, the principle that major hazard executives follow. The law of diminishing returns means at some point the cost of reducing the risk exceeds the cost of the risk itself might inflict on the enterprise.

Both theories appear difficult to reconcile and easy to criticise. The ALARP approach expects incidents to happen and any risk is acceptable if a given probability is achieved. Numbers and probability lack empathy. Whereas the assertion that everything is preventable at all costs is ridiculous. In 2023 1,695 people died on UK roads compared with a single fatality in UK oil and gas operations. To achieve zero fatalities on UK roads would probably require 5-point seat harnesses in all cars, crash helmets, fire-proof clothing and a blanket 20 mph speed limit not to mention extensive driver retraining. Offshore, we greatly regret a single lost life and take extensive measures to avoid a recurrence.

In reality, risk management is a series of incredibly complex decisions that requires compromise, but what brings together the opposing sides of the discussion is shared values based on leadership.

Believing that zero incidents is a realistic objective should be seen as a commitment to continuous improvement; a mindset that requires leaders to be curious about safety performance and to root out the organisational causes of incidents. In that decision making process ALARP is simply an aid for leaders to make decisions. Rather than being opposites these are actually mutually supportive.

OEUK holds quarterly meetings on managing the risk of major hazards which reviews and develops guidance to help organisations and leaders with complex risk decision making. The Operational Risk Assessment (ORA) Guidance describes how companies manage temporary deviation from normal baseline safe operations where an increase of risk may be accepted as indicated in Figure 1.

Within the OEUK Risk Based Decision Making guidance – soon to be updated – we provide more details about decision types. It accepts that societal or values-based decisions may be made that lie outside the established norms.

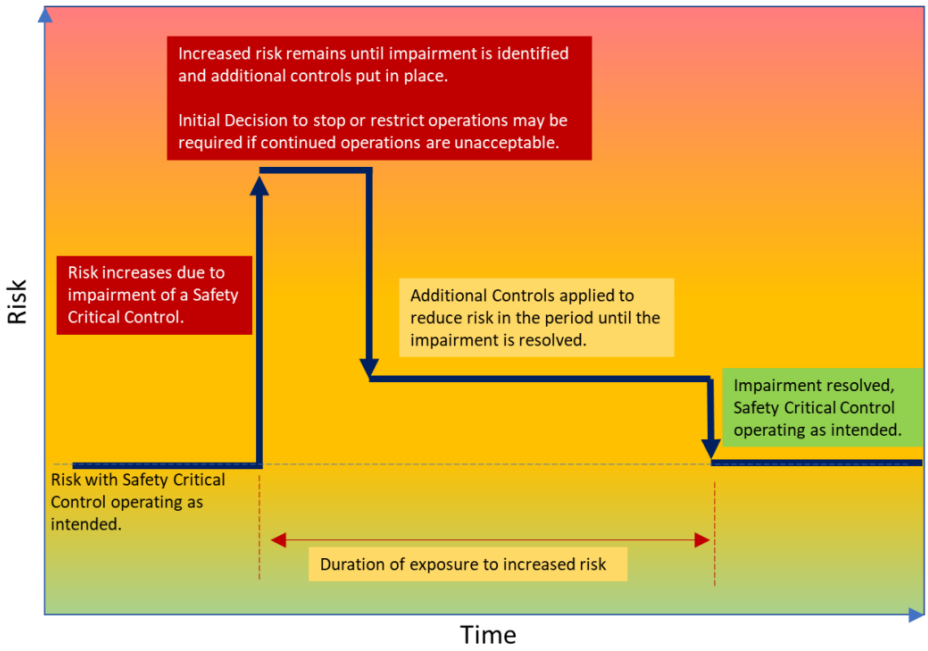


Figure 1: Risk profile of safety critical control impairment over time

In all circumstances and no matter what additional controls are implemented, the length of time that the safety critical control is impaired must be minimised and reasonable.

Risk appetite defines decisions

While designed to help the development of common approaches to decision making, many decisions lie outside normal experience. A company's appetite for risk and its values will also influence the decisions. Standards of competence in risk management for high hazard industries are under development and could significantly enhance the decision-making processes in the near future.

I am proud that the OEUK HSE conference has grown into a forum within which senior leaders can discus these challenges openly with their workforce, competitors, and peers. I hope it will have a material impact on the safety of our offshore energy sector. The imperative to continue to improve major hazard management has been collated into the OEUK strategy document: Major Hazard Leadership: embedding the principles of process safety leadership which describes the many workstreams OEUK and industry has that will continue to deliver guidance for the safe management of a highly complex sector and the OEUK Health and Safety team will continue to deliver compassionate and values-led leadership as we continue to lead the offshore energy sector towards zero incidents.

Graham Skinner
Health & Safety Manager, OEUK

Decarbonising: making the facts fit the aim

The Climate Change Committee (CCC) published its recommended Seventh Carbon Budget in late February. It urges swift action to reach the net zero goals on time and this will mean building facilities for hydrogen and carbon capture and storage (CCS).

The National Infrastructure Commission said: "The CCC is right to say that the path ahead is clear. The future is electrified and government needs to get on and deliver it. As our second National Infrastructure Assessment showed, electric vehicles and heat pumps will decarbonise the economy, lower bills and deliver greater energy security.

"But for this to happen, government must now put in the hard yards and enable the transition. Making electricity cheaper relative to gas is essential to enabling the switch to heat pumps – that should be its top priority."

Gas grid operator National Gas praised the CCC's "recognition of the essential role hydrogen and carbon capture and storage (CCS) must play in decarbonising industry and power" and said it is already working on a hydrogen transmission system for industries where electrification is not an option such as ceramics and cement.

This network will also support the electricity system, providing storage and dispatchable low-carbon power to complement renewables. This winter, with its relatively lengthy spells of high pressure, has been a reminder of the cost of intermittency.

Whlle hydrogen is zero carbon and produces just water when combusted, producing it is very energy intensive and its physical properties make it expensive to transport.

Historically therefore it has generally been combusted very close to where it is manufactured. But NG said that its FutureGrid project has successfully demonstrated that 100% hydrogen can be transported using the national transmission system. German pipeline operators have demonstrated that it can be done, Ultimately it wants to build Project Union, a proposed 2,400-km core hydrogen network that repurposes some of the existing network.

To turn these ambitions into reality, National Grid said the government must now act on the National Infrastructure Commission's recommendations and accelerate investment with stable policy.

NG CEO Jon Butterworth said it was "essential that we also provide choice to industry beyond the industrial clusters and across the UK. This is to complement the growth of electrification and deliver the most cost-effective energy system."

Biomethane production, grid injection grows

The British grid is already decarbonising as injections of biomethane grow. For example, Dutch company VIDA connected a plant to the grid in February. Owned by VTTI, it is set to become one of Europe's leading biomethane producers, with operations and projects also underway in the Netherlands and Poland.

VIDA began building its facility in Glentham, Lincolnshire, in June 2023, to process locally sourced organic waste streams derived from farm waste and vegetation. It also uses sequential crops grown as part of sustainable farming rotations.

This will double the biomethane output from National Gas to over 120 GWh (11.4bn m^3)/yr.

National Gas CCO Ian Radley said: "A diverse range of green gases like biomethane and hydrogen will be critical to reaching net zero, while ensuring power stations, industries and homes continue to get the energy they need."

Govt backs business

The government has awarded "nearly £52mn" to companies so that they can reduce their carbon emissions, as part of its Plan for Change. Industry will pay twice that to cover project costs. The Department for Energy Security & Net Zero said this would create jobs and cut fuel bills.

Heat pumps that recycle waste heat and carbon capture and storage projects are among the technologies that will be used in projects that will cost £154mn in total. The upcoming Industrial Strategy will also seek to "reignite the UK's industrial heartlands."

Meanwhile, HM Treasury has launched the National Wealth Fund (NWF), with funding of £27.8bn. It will help "drive the government's Plan for Change and turbocharge growth across the country to raise living standards."

The jobs that have been created will support the digital and clean energy sectors. The new structures and agencies within the machinery of government are important stakeholders for the sector and OEUK will be working to engage with the NWF throughout Q1 and beyond.

Chancellor of the Exchequer Rachel Reeves launched the fund soon after the Labour election victory last year. It was intended to bring in money from the private sector for funding major infrastructure projects.

But there have since been other expensive public costs, including the urgent requirement to boost national defence spending to a larger percentage of GDP following the US decision to cut aid to Ukraine.

This has had a depressing effect on Europe's finances, but it had been contributing less to Nato funding than the US wanted in GDP terms and so the expected shift up in spending is possibly a long-term burden on the tax-payer.

Flowmis funding boost for Cromarty

Britain's floating offshore wind industry will benefit from a grant worth £56mn from the government's Floating Offshore Wind Manufacturing Investment Scheme (Flowmis).

The Port of Cromarty Firth in Invergordon, Scotland, will be the first in the UK to build them "on site and at scale", the government said March 5.

Floating turbines can be installed in deeper waters than fixed-bottom turbines, potentially opening up huge areas of the ocean for wind energy generation where wind is stronger. The UK has 30 GW of floating capacity planned. The port's expansion to work on this could eventually support up to 1,000 jobs in the construction, installation and operational support of offshore and floating offshore wind, such as crane operators and marine engineers.

"This funding will transform the Port of Cromarty Firth into the UK's first industrial hub for floating offshore wind, kickstarting a new industry making turbines over 250m tall on platforms the size of football pitches," said trade organisation RenewableUK.

The initial £56mn paves the way for the port to secure match-funding from other investors, the announcement said, with the port expected to become operational by the start of 2028.

"Communities in Scotland and across the country should be powered by reliable, home-grown, clean energy from British coastlines – this is how we reduce our reliance on unstable fossil fuel markets and bring down energy bills for good," said energy minister Michael Shanks.The Port of Cromarty Firth is one of two ports selected for funding, with plans for the second shortlisted port, Port Talbot in Wales, under development.

Cromarty's proposition for turbines

The naturally-sheltered deep waters of the Cromarty Firth (*see below*) guarantee round the clock access all year. Laydown areas totalling 110,000 m² provide unrestricted open storage space and heavy load-bearing capacity, whilst the deep water berths can accommodate the largest vessels.

Port of Cromarty Firth has over 40 years of experience and a proven track record in energy projects, delivered by a world-class supply chain and a highly skilled workforce.Heavy loading assembly and storage land adjoining the deepwater quays has the benefit of dedicated heavy lift crane pads.

Credit: Port of Cromarty Firth

Centrica's Climate Plan II

British Gas owner Centrica has launched its second Climate Transition Plan, backed by a strong balance sheet, to meet its accelerated target for becoming net zero.

Since publishing its first one three years ago, it notes, the UK has not progressed towards net zero as fast as hoped, particularly with respect to the roll-out of electric vehicles and heat pumps. The cost of living crisis has had a chilling effect on householders' discretionary spending.

Some £800mn/yr will go on green initiatives by 2028, covering security of supply and flexibility, renewable generation and customers who will be given more control over their energy. Customers account for the majority of its carbon emissions – also known as scope 3 emissions.

Its investment pipeline features over 2 GW of renewables and flexible assets.

Energy Futures

Energy Futures will deliver projects from technical proof of concepts to longer-term executions that create a greener, fairer future. They are the lead organisation working with the Department of Energy Security and Net Zero.

Centrica has plans to inject hydrogen into a gas peaking plant at Brigg using technology developed by Centrica subsidiary HiiROC. Partly funded by a grant from Aberdeen's Net Zero Technology Centre, this project will mix hydrogen with natural gas at the 49-MW plant to meet demand when renewable generation is low. Feasibility work is advanced. Hydrogen injection is expected to start this year, the ratio planned to rise from 3% to 20%, with a long-term vision of moving towards 100%, Biomethane trade and supply in the UK and the continent, carbon capture and storage in Morecambe Bay and hydrogen storage at its Rough gas storage facility are also planned.

OEUK launches *2025 Supply Chain* report and *Business Outlook*

At the start of another testing year, two in-depth reports from Offshore Energies UK highlight the value of the offshore's contribution to the UK economy and the advantages of maximising output of energy from the North Sea.

Organisations with interests in oil and gas, offshore wind, carbon capture and storage, hydrogen and geothermal technology participated in OEUK's 2025 Share Fair.

It was also the backdrop for the launch of OEUK's annual *Supply Chain Report.*

The breadth of companies present demonstrates how the offshore energy industry is evolving and how committed its new and older representatives are, to delivering a sustainable future.

Supported by the North Sea Transition Authority (NSTA), Share Fair is the key business development event where companies operators, developers and major contractors share detailed information about their future requirements for goods, services and technology with the supply chain.

580+ attendees

28 exhibitors

Over 650 one to one business meetings with key decision makers

For project developers, the event provided the opportunity to learn at first hand about the impressive supply chain goods and services that are on offer, ensuring their knowledge is up to date.

Discussions taking place at Share Fair provided a platform to align supply chain expertise with operator and major contractor needs, helping to improve overall competitiveness by promoting a collaborative approach to driving greater efficiency, resilience and sustainability across the sector.

Feedback from the many participants highlighted the benefits suppliers gained from engaging with multiple leading operators, developers and contractors and the meaningful discussions with key industry players. Nearly 600 people had the chance to learn more about what the industry is doing to create an attractive commercial environment in a presentation presented by OEUK's Supply Chain Manager, Graeme Rafferty.

This included initiatives including alliance contracting, shared inventory systems and promoting good procurement practice such as timely payment of invoices, with initiatives helping operators, developers, major contractors and suppliers of all sizes work better together.

But the Supply Chain 2025 report shows that 40% of companies in the past year have seen a decline in their business and almost 90% believe that growing their business is only possible by finding new markets outside the UK.

A number of companies on both the contractor and operator sides of the market are in, or have already concluded, merger talks with competitors or those seeking to broaden their technical expertise or access new clients in their home markets.

In his opening address, OEUK CEO David Whitehouse said there were still "significant opportunities in the North Sea, yes in continued oil and gas production, but also in offshore wind, carbon storage and hydrogen deployment.

"It is clear that our domestic supply chain is a national asset that we should all be proud of. The supply chain companies in this room have the potential to power the UK's delivery of a successful homegrown energy future.

"And today, we stand at an important moment for the future of our industry.

"Two weeks ago, the UK government launched two important consultations on shaping the future of the North Sea.

"We were assured that these consultations will be meaningful. And we will hold them to that.

"We should be ambitious in what we look to achieve for this critical sector in the coming weeks."

Business Outlook 2025 sets tone for industry, government

OEUK's supply chain and people director Katy Heidenreich welcomed more than 300 people to P&J Live, Aberdeen, for a discussion about UK CS oil and gas and renewable energy in light of the 2025 edition of *Business Outlook*.

A number of key decisions on licensing and other issues that are oversimplified in public discourse, are now being discussed in Whitehall as energy security and economic competition rise up the national and international agenda.

The keynote address from CEO David Whitehouse was followed by Ben Ward, OEUK's market intelligence manager, who summarised the *Business Outlook*. With the right polices to encourage firms to invest, UK security and the economy could both be improved by encouraging production, he said.

A panel session was opened by leading industry figures Charlie Pate, the CFO of NESO and Camilla Salthe, SVP for Norwegian Equinor (UK & Ireland). They provided their perspectives on the report and shared insights on the current North Sea opportunities and challenges.

They were followed by Johannes Wiik of Deloitte whose presentation focused on the North Sea Energy Transition. Deloitte also sponsored the event.

Two additional industry experts, Serica Energy CEO Chris Cox and Wood Group's executive president for operations Steve Nicol, joined the panel session.

Of particular interest to the audience were the challenges of attracting the next generation to the industry and of ensuring the industry secures the investment it needs to deliver a homegrown energy transition.

OEUK Reports

Supply Chain 2025: an industry seeking growth

While industry is working hard to help itself, findings from OEUK's *Supply Chain 2025* report, which was launched at Share Fair, called for recognition of the economic growth potential of the UK energy supply chain.

The reality is gloomy for the industry. In its 2025 Supply Chain Sentiment survey, OEUK revealed that nine out of 10 companies are eyeing more attractive overseas markets.

Reasons include the lack of visibility for future work and the uncertainty about what projects might not find sufficient economic return – a sentiment that can only have strengthened in the weeks after the event.

The report said building on the UK's unique industrial strengths in energy production is key to unlocking the Government's ambition to grow the nation's economy and build the future of the North Sea. It noted the offshore energy industry's supply chain has the potential to power the UK's drive to produce secure, sustainable and ever cleaner energy. But without a pipeline of projects enabled by pragmatic policy to anchor them here in the UK, supply chain companies see more attractive opportunities to grow their business overseas due to uncertainty and a less positive business environment at home.

To address these challenges, the report sets out the barriers the industry faces including low revenues from renewables and declining investor confidence while outlining the actions both industry and government can take to ensure a homegrown energy future. It outlined out key steps industry and government can take to anchor world class offshore energy companies in the UK. These include industry initiatives aimed at fostering better collaboration across the supply chain plus moves to ensure that government champions the UK energy supply chain capability in offshore wind, hydrogen, and carbon capture and storage.

Key messages from *Business Outlook 2025*

Our 2025 Business Outlook Report. The report arrives at a crucial time for the UK's offshore energy sector, as government consultations are set to shape its future trajectory, impacting the economy, energy security, and climate ambitions.

Business sentiment in the UK offshore energy sector is fragile. We see an offshore energy sector and its businesses under pressure, underscoring the necessity for continued government support to cultivate an environment that promotes the UK as a stable basin for investment.

The report points to historically low rates of return for UK Continental Shelf (UKCS) companies. This decline is attributed to falling commodity prices, reduced production output, and high taxation rates, resulting in a net rate of return of minus 1% for the year leading up to June 2024. Such poor performance highlights the urgent need for fiscal and regulatory reforms to enhance investor certainty and stimulate growth. Despite these challenges, the UKCS remains a major strategic asset.

Looking ahead, the offshore energy sector presents a substantial £110-120bn opportunity over the next five years. This forecast expenditure includes approximately £50bn in oil and gas, £55bn in offshore wind, and £10bn in carbon capture and storage (CCS) and hydrogen. The ongoing wave of investment in electricity generation – may bring prices down but will take time. Diversification of our electricity supply can strengthen energy security.

There are still substantial opportunities in oil and gas in the UKCS. We have 4bn boe in plans at various states of readiness, with a further 2-3bn boe more available to develop over time. These resources are from both new and existing fields reflecting progressive responsible recovery of the 12bn boe of reserves and resources identified by the NSTA. The UK is projected to use at least of 13-15bn boe by 2050. Under a favourable environment we could produce half of this domestically.

In conclusion, the 2025 *Business Outlook Report* paints a picture of a UK offshore energy sector at a crossroads. While significant opportunities exist in oil and gas, offshore wind, and CCS and hydrogen, fragile business sentiment and low rates of return necessitate decisive government action to improve the investment climate and ensure the UK can leverage its offshore resources for energy security, economic growth, and the achievement of its net-zero targets.

MEMBER NEWS IN BRIEF

Contracts.

NSTA extends contract with Flare

Upstream regulator North Sea Transition Authority (NSTA) has extended its data services contract with Flare Solutions for a further five years, they said February 17.

It has been improving the completeness and quality of the data and documents held in the NSTA's National Data Repository since 2020.

Flare built the Sirius platform, which enables highly automated and intelligent identification, classification and organisation of oil and gas industry documents and technical data.

"Good quality data is crucial in fulfilling the NSTA's objectives and the UK's goal of net zero greenhouse gas emissions by 2050," Flare said.

Bilfinger extends BP deal

Engineering and maintenance services provider Bilfinger UK has won a three-year contract extension with BP in the North Sea, it said February 13.

This builds on a commercial relationship dating back to 2019, when Bilfinger supported BP's North Sea portfolio with access, insulation, and painting services, as well as expanding its service provision to include tank entry and specialist cleaning. The renewed agreement runs until 2027, with a dedicated team of 14 onshore and 241 offshore.

Bilfinger said the 2019 agreement "has evolved into a trusted service provision and value driven model where we have a shared vision and aligned goals for the future."

Dana Petroleum renews Imrandd contract

Industrial engineering consultancy Imrandd has renewed a long-standing contract with Dana Petroleum for a seven-figure sum, it said January 28. The two-year extension ensures the continued delivery of services for Dana's UK operations.

These include integrity management, risk-based inspection services and advanced data analytics. These services will support the operations of the Triton floating production, storage and offtake (FPSO) vessel which produces oil and gas from multiple fields in the North Sea.

The two companies have been working together since 2016. This renewal not only secures work for 14 engineers but also leverages Imrandd's advanced technologies to further enhance data analytics and drive performance improvements on the Triton FPSO.

Imrandd lands Apache deal

Imrandd has also secured a 2-year extension with Apache North Sea. As well as maintaining the integrity of the topsides pressure system Imrandd expanded its role to pipeline capability including the provision of a senior pipelines engineer.

ASCO lands pair of logistics contracts in Norway

Anglo-Norwegian upstream joint venture Aker BP has awarded UK logistics firm ASCO a five-year contract at two sites in Norway, the two parties said January 7. The agreement, potentially worth £70mn, includes continued services in warehouse management, load carriers, waste services and personnel leasing for logistics and helicopter co-ordination.

ASCO Norway said the contracts were good news for the two sites, giving stability and predictability for the future. It said it would continue to simplify, streamline, and digitalise all aspects of its services.

BP Aker said its partnership with ASCO is crucial to maintaining continuity in offshore operations. Base and transport services act as the lifelines for materials between sea and land, it added.

ASCO has also won a three-year contract to provide base and logistics services for the local subsidiary of the Spanish energy company Repsol in Tananger and Farsund, it said April 3. It includes warehouse management, cargo handling and personnel support and helicopter co-ordination and comes with options.

ASCO said the contract strengthens its operations in Norway and "allows us to further develop as a company while remaining a preferred and proud supplier to Repsol. We remain committed to simplifying, streamlining, and digitising logistics delivery to enhance efficiency and service quality."

Hydrasun awards contracts

Hydrasun, a D2Zero company, has awarded three contracts for the BP-Aberdeen City Council Hydrogen Hub project.

It has awarded contracts to Nel Hydrogen for the electrolyser package; Maximator for the compression package and Chesterfield Specialist Cylinders for the storage package.

Each of the equipment packages will play a vital role in ensuring the efficient production, storage, and distribution of hydrogen.

Hydrasun said it was "delighted" to be working on the joint venture between BP and Aberdeen. It said the "next generation project" also promises supply chain enhancements and skills development for the region.

Draeger UK extends Ineos safety equipment contract

Draeger Safety UK has secured a contract extension with Ineos O&P (olefins and polymers), it said February 19. It will run until 2029, having started in 2018.

Draeger UK will provide and maintain portable gas detection and rental robot services to support the company's operations, as well as new products. These include ConHub, used to monitor personnel on site; and at some point Draeger UK will introduce its new digital safety guard. It can monitor numerous work sites and ensure available equipment is quickly deployed, cutting out the need for personnel to be on site.

Draeger UK said the extension was a testament to its reputation as the first choice for companies seeking to prioritise safety and innovation.

Corporate.

BP seeks new chair of board

UK major BP has started looking for a new chair of its board of directors, it said April 4. Helge Lund (*below*) intends to step down "in due course." The company had come under attack from a US investor, Elliott, which opposed its strategic direction.

The plan is for the successful candidate to join the board and work with Mr Lund to ensure an orderly transition before Mr Lund leaves, which is expected next year.

Meanwhile, the board's focus will remain on overseeing management's delivery of the new strategy and this will continue to be their key priority.

Mr Lund said: "Having fundamentally reset our strategy, BP's focus now is on delivering the strategy at pace, improving performance and growing shareholder value.... The board and I are committed to supporting Murray and his team, and to overseeing bp's delivery of its strategic and financial objectives as we set out in our recent Capital Markets Update." (*See right.*)

UK Wood Group board backs Sidara's cash offer

The board of UK engineering firm Wood Group is recommending shareholders accept the cash offer for all its shares made by Abu Dhabi's Sidara, it said April 14. It is considerng 35 pence/share and a cash injection of $450mn. Sidara said the new company would be a leading global engineering consulting company with enhanced scale, capability and diversification. Its long-term strategic commitment to the energy transition, combined with its complementary end markets and strong geographic reach - particularly in the US and Middle East – would enhance Wood's established market-leading position and create opportunities for sustainable, scalable growth (*see also news on CFO*).

Nexos' heating service grows

Engineering, procurement and construction company Nexos is expanding its heating, ventilation and air conditioning (HVAC) division, it said February 12. The team has grown over 50% since last April.

This strategic growth reflects Nexos' success in securing major projects across onshore and offshore markets and its commitment to delivering high-quality engineering solutions, it said.

Operations manager Lee Youngson said the expansion followed several major contracts onshore and offshore. Its HVAC equipment is having a significant impact and adding value to operations, he said.

Peterson to sponsor Tall Ships race

Peterson Energy Logistics (PEL) will be an associate sponsor of this summer's Tall Ships race in Aberdeen this year, it said February 11. Peterson will move its operations to its other locations for the duration of the event.

"Many of us will remember the iconic Tall Ships events in the nineties and it is wonderful that as a city we are once again having this opportunity to showcase our region to the world," PEL said.

Port of Aberdeen CEO Bob Sanguinetti said: "The return of The Tall Ships race has truly captured the imagination of the city and we're confident the concert programme will attract a massive audience from far and wide."

Xodus buys Daymark Energy

Energy consultancy Xodus has bought Daymark Energy Advisors to expand its power networks capabilities in international energy transition projects, it said March 3. Daymark's team works in Canada and the US. Xodus said that the energy transition means "significant upgrades" to networks around the world as low-carbon electricity demand grows.

The combined company will be able to offer integrated advice on regulatory frameworks, battery storage and onshore wind and solar, while also providing a critical differentiator in other transition fields, such as sustainable aviation fuels.

Xodus said it wants to stay at the forefront of the energy advisory sector. "Acquiring Daymark Energy Advisors supports this effort," it said.

BP plans for growth with new strategy

BP plans to take a new direction this year as it drives further improvements in performance, it said February 11. Its operating cash flow last year was $27.3bn and its upstream production was up 2.0% on 2023.

CEO Murray Auchincloss said last year saw the company lay the foundations for growth. It plans to "fundamentally reset" its strategy to expand its cash flow and returns. Its new strategy will be unveiled at its Capital Markets Update on 26 February. Since then it has sold a stake in a major gas pipeline crossing Turkey for about $1bn. This will be part of its $20bn target to be raised from divestments and other proceeds.

Verlume wins 'small company of the year' award

Subsea power system specialist Verlume won the category 'Company of the Year (Under 50 Employees)' at the annual Global Underwater Hub Subsea Expo Awards February 19.

CEO Richard Knox (*below*) said: "This award is such incredible recognition from Global Underwater Hub, validating our commitment to delivering world-class offshore power delivery projects"

As well as its overall performance, the nomination acknowledged Verlume's international business growth, competitive advantage through intelligent energy management, supply chain commitment and employee development.

ModuSpec reports strong start to the year

Rig inspector ModuSpec has begun 2025 with a series of offshore contracts for international oil companies worth over £250,000. The contract awards relate to the intake of two cyber jack-up drilling rigs and two semi-submersible drilling units, it said January 21. They will work on plug and abandonment operations for international oil companies at fields that have stopped production.

Previously owned by Vysus Group, ModuSpec has been working in UK waters for nearly 40 years. It said: "We promote collaboration during service delivery to ensure our client gains from additional value and efficiency, our key differentiator in the market." The company was sold to MR Group last March.

FMS expands through acquisition

First Marine Solutions (FMS) has acquired Aberdeen-based Andrews Hydrographics (Andrews Survey) for an undisclosed sum, it said February 17. It will double staff numbers to 130 with total turnover of about £40mn/yr, bringing "greater depth and capability" to FMS' Survey & Positioning service.

"We will look to invest further in both personnel and assets, developing this service line within our already rapidly growing FMS business," the company said. FMS is part of the First Tech Group which has recently announced record turnover and profitability.

Prism Energy doubles turnover, headcount

Aberdeen-based Prism Energy doubled its turnover for the fifth consecutive year in 2024, it said January 13. Its workforce also doubled and it said that word-of-mouth referrals had contributed the most to that growth.

The project risk-management consultancy has also launched two new business divisions. Prism QHSE was established last year following the acquisition of Mandos Software in 2023.The QHSE division now serves 20 clients and is strengthened by the appointment of QHSE Lead, Carla Bruce. Prism Energy also launched Prism Connect in 2024, led by recruitment manager Darren Aggasild. Its placements have extended beyond energy into sectors such as construction and chemicals industries.

It hopes that this year will bring success as it branches out again, with shutdown delivery management, offshore construction and engineering services among its planned new offerings.

TotalEnergies sells half its West Burton gas plant

French energy giant TotalEnergies is selling half its stake West Burton Energy to Czech energy infrastructure operator EPH, it said December 16. TotalEnergies bought all the shares in June with the plan of selling half.

West Burton Energy owns a 1.3-GW gas fired power plant and a 49-MW battery storage system. The plant will be operated by the joint venture between TotalEnergies and EPH subsidiary EPUKI.

TotalEnergies said the sale meant it had net flexible generation capacity of 700 MW, "which is consistent with the capacity required to support our Renewables growth in the UK. This integration between flexible and renewable assets will contribute to the objective of our Integrated Power business to reach 12% return by 2030." TotalEnergies has not announced plans to cut its renewable energy business, in contrast with other European majors.

ASCO upgrades its heavy machinery

Logistics and energy materials management services company ASCO has embarked on a multi-million-pound fleet upgrade programme.

In a December 16 statement it said it has added a brand-new Liebherr crane to its facilities at Aberdeen Port. This follows the strategic relocation of a similar crane from Hammerfest, Norway earlier this year. This complements the complete overhaul of the company's forklift fleet in all its UK bases, replacing older models with modern, eco-friendly 16-tonne forklifts that offer enhanced safety and ergonomic features.

ASCO described the northeast of Scotland as the "engine room" of the energy transition and said it was investing in infrastructure that supports the future of the evolving supply chain.

Stena Carron awarded DNV's Abate (P) notation

The Stena Carron drillship has received DNV's Abate(P) notation, in recognition of Stena Drilling's best practices to cut greenhouse gas emissions. This is the second such award for a ship in Stena Drilling's fleet and reflects the company's efforts to implement "advanced technical and operational measures," the company said March.

The award reinforces Stena's ambitious emissions reduction goals as part of its sustainability objectives. These include real-time energy and emission monitoring; enhanced control of large pumps to optimise power demand; and new reverse-osmosis freshwater production plants and electric lube oil heaters.

Stena Drilling has also adopted a certified ISO 50001 energy management system across the fleet, as part of its ongoing strategy to reduce its carbon footprint.

Stena Carron (Credit: Stena Drilling)

People.

ChampionX appoints head of R&D for Asia-Pacific

Oilfield solutions company ChampionX has appointed Dr Song Gao as director of research, development, and engineering for chemical technologies in the eastern hemisphere.

Based in Aberdeen, the chemical engineer and oil sands expert will lead the regional team to support key accounts across the region, the company said January 23.

Her work on data analytics, artificial intelligence and digital transformation has been key in driving the company's clients' efficiencies through data-driven decision-making.

In her new role, she will oversee the development of advanced technology to help optimise production chemistry, enhance asset integrity and reduce environmental impact.

Vysus appoints new QHSE manager...

UK consultancy Vysus Group has appointed Michelle Chalmers as its new quality, health, safety and environmental (QHSE) manager, it said January 21.

Based in Aberdeen, she will be responsible for further strengthening Vysus Group's processes and systems at its global operations to support the energy transition. A unified approach will ensure consistent high performance between its teams, Vysus said.

Ms Chalmers' previous positions have been at a global engineering, procurement, and construction management company and at an international assurance firm.

Michelle Chalmers, QHSE manager

... and CFO

Vysus Group has appointed Christian Hilstad, previously CFO at OpusCapita, as CFO, it said March 10. Mr Hilstad led the turnaround of OpusCapita's business into a profitable, cash-generating business. He has held several other senior commercial and financial roles in international companies in the technology sector.

At Vysus, Mr Hilstad will focus on further strengthening the company's financial position as part of its strategic global expansion. Vysus has set its sights on opportunities arising from the energy transition.


Christian Hilstad

North Sea Midstream Partners appoints new CEO

North Sea Midstream Partners (NSMP) has appointed Angela Fletcher as CEO, it said February 7. She had been the company's CCO for the past year.

NSMP owns nearly 600 km of gas pipelines that can supply a quarter of UK gas demand. It is the largest and most diversified gas transportation and processing system in the UK. The organisation has sites at St Fergus, Teesside and Risavika in Norway.

Before joining NSMP Ms Fletcher was CCO at Ancala Midstream Acquisitions overseeing infrastructure that connects fields in the UK and Norway.

Elemental Energies appoints Decomm head

Elemental Energies has named Ross Provan (*below*) as its head of Decommissioning, it said March 5. Mr Provan brings 18 years of hands-on expertise in drilling, subsea engineering, construction and decommissioning.

Elemental Energies has specialist teams working globally in subsurface, wells and facilities operations. It has an extensive record managing large-scale platform plugging and abandonment (P&A) and subsea well decommissioning. It has also formed a joint venture with Archer for global P&A.

Mr Provan will lead Elemental Energies' focus on engineering, preparation, removal and disposal and integrating services across the whole decommissioning work breakdown structure.

Elemental Energies said that global offshore decommissioning spending could double over the next two decades and it was confident that Mr Provan's expertise would "help us to continue to drive innovation and efficiency in the decommissioning sector."


Ross Provan

People.

Comet hires new software sales head

Investigative software specialist Comet has appointed Paul Hastings as its new head of software sales, it said mid-January. Formerly known as STC Insiso, Comet said Mr Hastings' "experience in quality and incident management, combined with his customer-first approach to sales" were perfect for the role.

Mr Hastings has over 30 years of experience in quality and incident management, along with a decade of consultancy and sales expertise in a wide range of industries. "His appointment highlights Comet's commitment to ambitious growth in 2025 and its focus on delivering exceptional value to clients in high-risk sectors," it said.

Previous jobs have brought him into direct contact with the oil, gas and construction industries, Mr Hastings said, "helping them develop strategies and get the best out of their solutions."

challenges in scaling up its ambitious pipeline of offshore wind projects. The core objective is to ensure that port facilities and resources are maximised. The project aims to simulate various scenarios where multiple offshore wind construction projects – both fixed and floating – take place simultaneously.

TAQA Well Completions appoints UK manager

Abu Dhabi's TAQA Well Completions has appointed Rita Greiss as its new UK area manager, it said February 27. Her expertise will deliver sustainable solutions and continue the digitalisation of its operations, TAQA said. Ms Greiss said she was "excited to join TAQA at such an exciting time for the company."

The company is recognised for its industry-leading technologies, including flow control devices and wireless intelligent systems in all kinds of offshore environments.

TAQA Well Completions is also engaging in green projects across the UK by diversifying its services and integrating innovative technologies.

Rita Greiss

Wood appoints interim CFO

John Wood Group has appointed Iain Torrens as interim CFO and executive director on the company's board with immediate effect, the engineering consultancy said February 27. The company is continuing to seek a permanent CFO following the resignation of the Group's CFO, it said.

Mr Torrens has over 30 years' experience in senior financial roles at companies such as TalkTalk Group, brokerage ICAP and, until last October, Praxis Group.

CEO Ken Gilmartin said Mr Torrens was a seasoned CFO with the skills needed for the work ahead."

Brimmond expands sales force

Energy, marine and engineering firm Brimmond has appointed two new sales executives, it said March 5, strengthening its team. Natalie Wright is the business development manager and she has over a decade of experience of working in energy. She will develop business in the new and established energy sectors. And Calum Thomson has returned to Brimmond to lead the key account programme, enhancing client relationships.

Welcoming them to the company, Brimmond's director of sales Matt Nicoll said it "was testament to the strength and positivity of its company culture that Brimmond could attract such skilled professionals" and that "their talent and enthusiasm will undoubtedly make a significant impact as we continue to grow and strengthen our client relationships."

Natalie Wright, Calum Thomson

Training.

ECITB, OPITO, call for Aptus apprentices

OPITO and the Engineering Construction Industry Training Board (ECITB) have invited the next generation of energy sector talent to apply to their Aptus apprenticeship programme. Their 10 February call marked the start of National Apprenticeship Week.

Aptus offers technical apprenticeships in four key disciplines: electrical maintenance, instrument and control maintenance, mechanical maintenance and process operations. Apprentices will learn how to operate, maintain and repair critical infrastructure for secure and sustainable energy production.

Clean energy will create the need for more jobs almost everywhere in the world. Aptus apprenticeships embed the skills and standards required by international energy employers to deliver technical expertise whatever the energy source.

3t subsidiary expands training courses programme

Safety training course provider 3t has strengthened its presence in the Persian Gulf with new accredited training courses to be held by its subsidiary GTSC, it said January 15.

The expanded programme includes an "enhanced range of courses for workers in high-hazard industries with training that has been accredited by OPITO, the global skills body for the energy sector," it said.

GTSC's new offering includes hydrogen sulphide safety. It is accredited by the International Association of Drilling Contractors (IADC). The poisonous and corrosive gas may be found where there are hydrocarbons.

THREE60 Energy delivers first decom jobs for Repsol

Following the award of a multi-million-pound contract by Repsol UK to provide duty holder services to support the safe delivery of end-to-end decommissioning of multiple assets in the North Sea last November. THREE60 Energy has completed the transition of Installation and Pipeline Operator status for the initial three assets safely and on schedule.

CEO Walter Thain said: "I would like to thank and congratulate both the Repsol UK and the THREE60 ENERGY teams who have worked tirelessly over the past months to make a transition of this magnitude happen seamlessly. We are excited to keep up this momentum over the next six years as we support the decommissioning of these assets and across the wider Repsol UK portfolio."

Mintra joins Intertanko as associate member

Digital learning company Mintra has become an associate member of the International Association of Independent Tanker Owners, it said January 28. Its application was backed by Stolt Tankers and Bernhard Schulte Ship Management.

Intertanko is an advocate for independent tanker owners worldwide and is dedicated to promoting safety, efficiency and environmental responsibility in the waterborne transport of oil, gas and chemicals.

As an associate member, Mintra will be able to use Intertanko's extensive library of data and insights, including detailed statistics on maritime incidents and trends.

ModuSpec training courses see big growth in interest

Since ModuSpec relaunched its training rig, client interest has continued to grow at an exponential rate, the company said February 17. Clients in Europe, the Middle East and Africa have signed up to the Rig Inspection Workshop for Land and Workover Rigs. It expects over 500 delegates to attend ModuSpec courses this year. More information about ModuSpec and Well Academy technical courses can be found here: www.wellacademy.com

Penspen adds course on pipes for hydrogen

International engineering consultancy Penspen is launching a training course on repurposing natural gas pipelines for transporting hydrogen. Designed for those involved in the design and construction phases, the two-day course will explore the research and the legislative framework and offer practical advice on this new industry.

Penspen said its "clear track record of delivering pioneering projects in this area has laid the groundwork for the development of this new hydrogen training course…. The natural next step is to use this expertise to empower pipeline operators to conduct their own hydrogen repurposing projects." Its work in this area includes the award of a contract for the TransAdriatic Pipeline conversion feasibility study. The course will be at its central London headquarters in March and September.

Well Academy appoints operations manager

Global training provider Well Academy has made a strategic appointment to support its growth ambitions within Europe, the Middle East and Africa, it said March 19.

Based in the Apeldoorn training centre in the Netherlands, Karst Venema, formerly of Dutch upstream company Nam, has become the Operations Manager for Well Academy EMEA. An experienced completions and well intervention engineer and wellsite supervisor, he will be responsible for the region's day-to-day operations. His remit extends to the Well Academy centre in Westhill, Aberdeenshire which offers well engineering courses as well as ModuSpec technical training.

US okays Rhum field licence extension

The US government has extended by a further two years the secondary sanctions assurance relating to the UK Rhum field, which is half owned by Iran, the other owner Serica said February 27. The extension, granted by the US Office of Foreign Assets Control (OFAC), will now run until February 2027, Serica said in a stock-exchange statement. This means that "certain US and US-owned or controlled entities and all non-US entities," can continue to provide goods, services and support to the field.

The field has benefited from an OFAC licence continuously since 2013 and the licence was last renewed two years ago. Iran's share of revenues has been paid into an escrow account since then so that the heavily sanctioned regime cannot benefit from the asset. Its 50% partner had been Tailwind Energy which Serica has since bought.

Harbour sees big boost from Wintershall Dea take-over

Harbour Energy enjoyed a "transformational year" as its results began to show the benefits of its acquisition of Wintershall Dea, it said January 23. Oil industry veteran Nigel Hearne became its COO in February (*see below*).

CEO Linda Cook said the transaction delivered "a step change in our scale and geographic diversification, improving our margins, increasing our reserve life and expanding our resource base significantly."

Production of 258,000 boe/d was up 40% on 2023, split 40% liquids, 45% European gas and 15% non-European gas and unit operating costs averaged $16.50/boe, up ten cents on the year. This year's output is expected to exceed 450,000 boe/d. European gas is the highest priced but the profits on UK production is also subject to very heavy taxes.


Nigel Hearne

New production from the UK came from Talbot, Greater Britannia and the Armada, Esmond, Everest and Erskine fields. It also reported success at infrastructure-related wells in the North. It is however exiting the Camelot licence.

Xodus helps Northern Endurance CCS project

An environmental statement (ES) designed by technical consultancy Xodus helped the Northern Endurance Partnership (NEP) take its final investment decision late last year for the carbon capture and storage (CCS) project offshore Teesside, Xodus said January 8. It is the first such project to get this far in the UK.

The ES covers the offshore CO_2 transportation and storage scopes for onshore Teesside-based carbon capture projects. Xodus said: "This is a major milestone, not just for the NEP but for the UK's CCS sector as a whole. Never before has a development like this reached such an advanced stage."

The stakeholders in NEP are the French major TotalEnergies, Norwegian state-owned Equinor and UK major BP. The project had environmental approval from UK offshore environmental protection regulator Opred last October.

THREE60, COMS form alliance for upstream operations

THREE60 Energy and Coms Energy have formed a strategic alliance to deliver industry-leading pre-commissioning and completions services for an initial three-year period. It will cover the oil and gas upstream, midstream, and downstream sectors, as well as energy transition industries, they said March 26.

The offering is both a standalone support service and part of an integrated engineering, procurement, construction and commissioning service, they said, after identifying a gap in the market for robust, efficient and delivery-focused commissioning support.

THREE60 has a successful record for its oil and gas customers in UK, Africa and the Middle East while COMS Energy, through its parent company, provides a strong track record of delivery and growth in the highly regulated nuclear industry.

THREE60 said the alliance combined Coms Energy's credibility and heritage with its own robust EPCC service line.

Kistos eyes output and gas storage growth

Kistos received a 2023 tax rebate of $84mn in December from Norway and expects another $65mn at the end of this year in respect of 2024 investments, it said in a stock exchange statement January 8. This "simplifies and strengthens our balance sheet" and demonstrates "the strong investment environment in Norway," said the executive chairman Andrew Austin.

The privately backed company "remains well-placed to fund existing developments and future growth opportunities."

These include more output, converting resources to reserves and better field economics. In the UK, the Greater Laggan Area will see more equity gas output. Kistos is also mulling a major expansion of its onshore gas storage operation. Storage is becoming more valuable as UK gas output falls and security of supply relies even more on imported LNG from global markets (*see separate report*).

The company is also on the look-out for "acquisition opportunities that offer value-accretive expansion."

Mermaid raises bar for P&A work

Mermaid Subsea Services set a new industry benchmark for UK North Sea decommissioning work last year. It said December 20 that its work had cemented its position as a major player in the North Sea subsea and P&A market.

It successfully plugged and abandoned 30 wells that year using the Island Valiant vessel, setting a record for vessel-based well decommissioning operations in the region.

Completed projects included a 21-well P&A campaign, believed to be the largest vessel-based North Sea decommissioning campaign in history. It also completed the first stage of a three-year decommissioning contract for Shell.

OEUK members abroad.

Peterson opens in ME, SE Asia

Peterson Energy Logistics has launched a dedicated consultancy service focused on the Asia Pacific and Middle East regions to leverage more than five decades of operational expertise of supply chain activities.

The new consultancy service will deliver optimised supply chain solutions across the resources, energy, minerals, and heavy industries sectors, with a focus on operational excellence, sustainability, and measurable business outcomes.

Peterson said it would deliver "innovative solutions to complex operational challenges." From energy transition to port modernisation and mining optimisation, businesses are seeking partners who can provide practical solutions backed by operational experience, Peterson said.

Sail-away for Semco Maritime's wind project

Consortium partners Semco Maritime and PTSC M&C have completed the successful load-out and sail-away of the second and last offshore substation for the Hai Long wind project, they said March 11. They won the engineering, procurement and construction contract for Hai Long 2 and Hai Long 3 in 2022.

The Hai Long project is "progressing well to meet the goal of contributing to the realisation of the Taiwanese government's energy transition ambitions. The project exceeds 1 GW. The windfarms are in the Taiwan Strait 45-70 km offshore and are jointly developed by Mitsui & Co, Northland Power Inc., and Gentari.

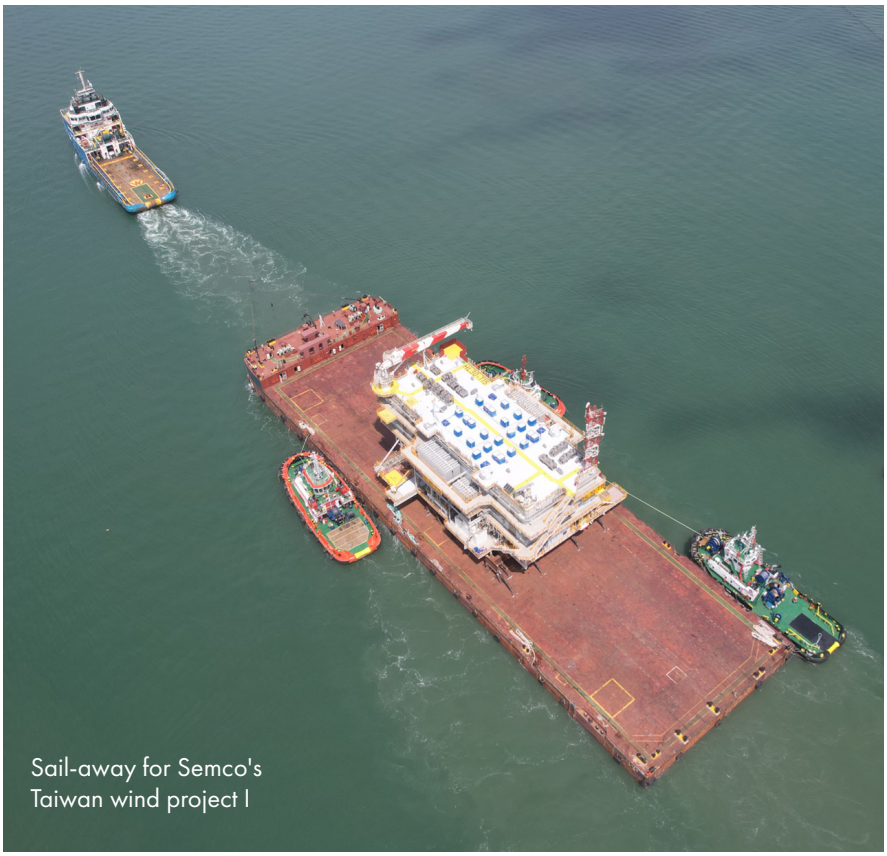
"It has been a pleasure to co-operate closely with the parties involved," Semco said.

Wood opens low-carbon technical centre in Abu Dhabi

Engineering consultancy Wood has launched a specialised centre for technical, strategic and economic energy transition solutions in Abu Dhabi. The 'energy transition hub' serves clients in the Middle East, bringing together the advisory and technical expertise required to deliver energy diversification and net zero emissions goals, the company said March 12. Local initiatives in this predominantly oil producing region include UAE Net Zero 2050 and Saudi Vision 2030.

Wood will help clients to integrate transition solutions including flare and emission reduction. It sees capital investment in clean energy in the ME to at least double in the next five years.

Wood's energy transition expertise has been recognised several times in the region.



Sail-away for Semco's Taiwan wind project |

Xodus buys Daymark Energy

Energy consultancy Xodus has bought Daymark Energy Advisors to expand its power network advisory capabilities in international energy transition projects, it said March 3. Daymark's team works in Canada and the US. Xodus said that the energy transition means "significant upgrades" to networks around the world as low-carbon electricity demand grows.

The combined company will be able to offer integrated advice on regulatory frameworks, battery storage and onshore wind and solar, while also providing a critical differentiator in other transition fields, such as sustainable aviation fuels.

Explaining the acquisition, Xodus said that the energy landscape had evolved beyond recognition since the company was set up 20 years ago.

Xodus unveils jobs guide for Australia's Marinus Link

Global energy consultancy Xodus has delivered a future-looking guide on the number and specifications of jobs needed for a major Australian renewable energy project, it said February 27.

Marinus Link is a proposed subsea data interconnector betweenTasmania with the state of Victoria.

Due to get underway in 2026, creating up to 3,300 direct and indirect jobs, it could also deliver about A$3.9 (£1.9)bn in economic value.

Xodus said the guide provides tangible examples of the typical roles that will be available to the local workforce."

Penspen studies trans-Sahara gasline feasibility

Penspen, a leading international energy consultancy, has been awarded a contract to provide a feasibility study update for the 4,000+ kmTrans-Saharan Gas Pipeline project, it announced in late March. It described the line as a "landmark infrastructure project with the potential to transform African energy dynamics, enhance economic integration, and bolster global energy security."

Sponsored by the Nigerian National Petroleum Company, Algeria's Sonattrach and Niger's Sonidep it would enable up to 30bn m^3/yr to cross north Africa, ultimately linking to European markets. This ambitious initiative is poised to unlock new economic opportunities for transit countries, foster regional cooperation, and support Africa's growing energy demand, Penspen said.

WHY OIL & GAS WILL BE VITAL EVEN AFTER 2050

Hari Vamadevan
Regional Director, UK & Ireland,
Energy Systems at DNV


Clean Power
UK Deliver?
of Green Investments, Macquarie
nectors, National Grid
Financial Times

We are undoubtedly at a pivotal moment in the history of the UK's energy industry.

Despite global economic headwinds combining with geopolitical uncertainties to create a daunting environment, clean energy deployment is building momentum rapidly.

The landscape is undergoing a profound change with record-breaking renewable energy generation and falling costs of clean technologies setting new benchmarks for what is possible. As outlined in DNV's third UK *Energy Transition Outlook* (ETO), green electricity generation will accelerate through investments in wind, solar, storage and the grid, doubling total installed renewable generation by 2030.

At global assurance and risk management provider, DNV's view on oil and gas as part of this transformation has always been clear. Rather than a wholesale switch, we view the energy transition as a progressive evolution. Figures from our UK *ETO* report show that the share of fossil fuels in the primary energy mix is expected to decrease gradually, from 74% today to 71% by 2030, 50% in 2040, and then drop to 30% by mid-century. The energy transition will require significant amounts of oil and gas to balance demand and ensure security of supply even after 2050.

The direction of travel for the North Sea

As it stands there are several oil and gas projects in the UK in the concept or front-end engineering design (Feed) stage, with a view to progressing toward a final investment decision.

Some 30 projects are expected to launch within the next five years, with estimated recoverable reserves of around 2bn barrels of oil equivalent (boe) over their lifetimes.

If all these proceed as planned then total upstream oil and gas development spending could still reach £18bn over the next five years, with capital expenditure typically ranging from £100mn to £5bn per project.

In the medium to long term, DNV forecasts annual upstream oil and gas investment will be reduced significantly compared with the £10bn/year average historical level, reflecting the maturity of the UK Continental Shelf as an oil and gas basin.

Concurrently, regulations mean the offshore oil and gas industry in the UK will have to significantly decarbonise its operations, primarily by electrifying power sources - potentially through offshore wind integration – and emission reductions will inevitably be a key focus of any new licensing rounds.

Additionally, many existing reservoirs, pipelines, and installations are expected to be repurposed for CO2 storage and hydrogen production from offshore wind farms. As a result, some decommissioning plans will be put on ice, while certain platforms and pipelines will undergo life extension programs to support new decarbonisation efforts.

Weighing up the energy trilemma

The UK government must balance three critical priorities: security of supply, affordability for consumers and reducing emissions. The long-term vision favours a transition toward renewable energy, particularly wind power, but the reality remains that natural gas still underpins a substantial portion of power generation.

At present, some 50% of the UK's gas demand for electricity generation is met domestically. As renewables increase their share of the supply, there is an assumption that gas-fired power plants will be progressively phased out.

However, to account for periods of low renewable output, and if the UK opts not to rely heavily on imports of back-up electricity, then there will still be a need for 25 GW dispatchable generation on the system by 2050. If this is to be provided by gas-fuelled power plants then a hydrogen or abated natural gas supply, as well as a plan for sufficient fuel storage, are needed.

Change in policy hits sentiment

Britain's Energy Security Strategy – launched in April 2022 by the Conservative government – called, in no uncertain terms, for increased oil and gas production, with the resulting 33rd offshore licensing round closing its Tranche 3 in May 2024.

But the July election of the UK's first Labour government in over a decade brought with it a marked change in approach. While ministers have promised to honour licensing processes already underway, Labour has gone on record as saying it "will not issue new licences" for exploration, while separate modifications to the fiscal regime have left the sector reeling.

For investors and industry leaders, the UK is increasingly perceived as an unstable fiscal environment for oil and gas. Despite retaining incentives, the extension of the Energy Profits Levy (EPL) to 38%, coupled with the removal of the 29% investment allowance, sends a clear signal.

The regulatory landscape is becoming more unpredictable – not aided by the recent landmark Finch ruling on scope 3 emissions – and understandably operators are wary of the long-term investment outlook.

This has triggered strategic reassessments, with some companies opting to divest and exit the basin altogether in favour of better conditions in some of the world's other hydrocarbon hotspots. Research shows however that this will not curb the UK's oil and gas demand, which will be met instead by more imports. Ultimately this will accelerate the decline of the offshore sector, at a time its skills and knowledge are critical to the roll-out of offshore wind.

Being alive to the openings

If we have learnt anything from the oil and gas industry over the years, it's that things are rarely in one place for any prolonged period. It is a sector where change is the norm.

Several of Europe's supermajors have doubled down on oil and gas investments in the last year, while simultaneously scaling back on their green energy ambitions. Shell and Equinor sent a shockwave through the industry in December when they unveiled plans to form a new joint venture with which to manage their North Sea affairs.

Therefore the debate around the future of the North Sea and domestic oil and gas production must move beyond politics. Policy must reflect the fact that this is a defining moment for long-term energy strategy, national security, and industrial competitiveness.

The North Sea has been one of the nation's major success stories over the last 50 years. Industry leaders must continue

Hari Vamadevan

to engage with policymakers to forge a balanced, pragmatic path forward that means it can be an enabler of the energy transition.

Since the outset of North Sea oil and gas exploration and production, DNV has used its experience and technological competence to develop and introduce verification designed to safeguard the sector.

By supporting the decarbonisation of oil and gas operations, advancing carbon capture and hydrogen technologies, and enabling the integration of renewables into the energy mix, DNV will continue to build on this legacy. We are actively lighting the way forward, ensuring the industry can navigate this transition with confidence, while balancing energy security with sustainability.

To read about the challenges and opportunities in full our UK *ETO* report can be accessed at www.dnv.com/etouk.

About DNV

DNV is the independent expert in risk management and assurance, operating in more than 100 countries. Through its broad experience and deep expertise DNV advances safety and sustainable performance, sets industry benchmarks and inspires and invents solutions.

Whether assessing a new ship design, optimising the performance of a wind farm, analysing sensor data from a gas pipeline, or certifying a food company's supply chain, DNV enables its customers and their stakeholders to make critical decisions with confidence.

Driven by its purpose, to safeguard life, property, and the environment, DNV helps tackle the challenges and global transformations facing its customers and the world today and is a trusted voice for many of the world's most successful and forward-thinking companies.

DNV provides assurance to the entire energy value chain through its advisory, monitoring, verification, and certification services. As the world's leading resource of independent energy experts and technical advisors, the assurance provider helps industries and governments to navigate the many complex, interrelated transitions taking place globally and regionally, in the energy industry. DNV is committed to realising the goals of the Paris Agreement, and supports customers to transition faster to a deeply decarbonised energy system.

A PIVOTAL MOMENT FOR UKCS TRADE COMPLIANCE

Nicola Alexander
Managing director, Bethan Customs Consultancy

The UK Continental Shelf (UKCS) customs landscape is undergoing its most significant transformation in years. With HMRC's new guidance, introduced in November 2024 and taking effect immediately, businesses operating in the UKCS must now navigate a fundamentally different system for documenting the movement of goods.

These changes represent more than just an administrative shift, they signal a turning point for an industry already facing mounting challenges. Compliance requirements, economic burdens, and operational complexities are all increasing, with far-reaching implications for businesses reliant on the UKCS supply chain.

Last November, the government's Revenue & Customs office (HMRC) published guidance which introduced three options for documenting the transfer of goods between Great Britain and assets on the UK Continental Shelf (UKCS). These changes, which took immediate effect, mark a significant shift from the existing process. The reasoning behind this sweeping legislation is crucial in shaping the future of an industry already facing considerable challenges.

The options are:

1. Full declaration
2. Simplified declaration
3. Declaration by Conduct (DbC) using the UKCS imports/exports process

Full declarations: businesses are to provide comprehensive shipping details, just as they would for goods moving outside the UK. This includes commodity codes, country of origin, values and other essential data for every item.

Simplified declarations: while HMRC has confirmed this option exists, I am personally unaware of any known approvals for Entry in Declarant's Records (EIDR) applications specific to the UKCS. In principle, companies should be able to enter goods into records and submit a Customs Declaration Service (CDS) entry at a later date.

Declaration by Conduct (DbC): this is the newest and most significant change that the guidance introduced. The DbC is to be made in two parts:

1. loading/unloading a vessel or aircraft going to or coming from the UKCS; and
2. submitting information about the goods to HMRC.

Historically, the submission was made using the FAL and GAR forms but from last November, the G-Form was introduced to complete this action. This approach aimed to lighten the administrative burden on businesses by cutting out the need for a declaration at the point of shipment.

However, this is not a free pass. Businesses still have to ensure compliance with HMRC's requirements, including maintaining records and ensuring that movements align with the UKCS imports or exports process. The introduction of DbC should streamline operations, but companies which don't fully understand how it works will face potential compliance risks.

Background

Previously, goods moving between GB and the UKCS could be declared on a ship's manifest, but sometimes additional monthly Summary Declarations (SD) had to be submitted to HMRC. Ships also submitted a FAL Form (National Maritime Single Window Service) alongside the SD, in line with the International Maritime Organisation (IMO) FAL Convention, which aimed to standardise reporting at ports.

However, the challenges of transitioning to the new Union Customs Code (UCC) and the sheer volume of applications HMRC needed to process, led them to announce that businesses should apply for the necessary authorisations, but if approvals were not granted by 1 May, existing practices could continue temporarily but only for applications submitted before 30 April 2016.

This confusing approach led to further fragmentation of industry processes. Companies no longer had any latitude: timing alone would decide which operational model applied.

Any company established after April 30 2016 could not benefit from the same transitional allowances afforded to existing energy operators. This created an uneven playing field in an already turbulent period after the 2015 economic crisis and the declining investment in oil and gas exploration.

In April 2016 energy companies had to check their compliance with HMRC's C&E48 form requirements for movement of goods on and off the UKCS. Customs Information Paper (CIP) 14(2016) was introduced, which drew a line under the long-standing simplifications. These meetings were crucial in working through the details of the new framework and preparing for the future.

Bethan Customs Consultancy was then still a newish company, and it quickly became clear that running a business while navigating complex legislative changes was more than just a challenge: it had become a passion project. The journey, while not always financially rewarding, was rich in experience.

What do the latest changes mean for businesses operating in the UKCS?

As of March 27, HMRC has announced an extension to the testing and implementation period beyond 31st May which is welcome news, with the new date to be confirmed in due course. That said, there is still the expectation that companies should be working towards meeting the requirements. Regular discussions between industry representatives and HMRC are focused on developing the most workable solution.

HMRC has advised:

"The purpose of the G-form is to support the DbC process by providing Border Force and HMRC with information to support compliance activities both at the border and post-movement. It has been designed to keep the amount of information requested to a minimum while providing the most useful information to assist colleagues. This allows Border Force to select goods for checks at the border, both based on the information provided and ad hoc checks while at the port location. For compliance colleagues, the information will allow them to verify goods that are eligible for Returned Goods Relief when re-imported by checking all movements are accounted for in your records and declared correctly."

The economic impact

HMRC has stated: "This measure is not expected to have any significant economic impact." But let's break that down at a very simplistic and high level, as it currently stands, for the port of Aberdeen alone:

- Each vessel's manifest could include: 50 exporters therefore 50 companies are expected to complete the DbC form.
- With three declaration options per exporter, this could mean: 150 DbC forms/ vessel.
- At a cost of about £45 per form (as charged by third parties), this equates to £6,750/ vessel.
- Number of vessels sailing per day: average of 12/ day (https://www.portofaberdeen.co.uk/live-information/vessel-sailings) = £81,000/day for DbC.

"With the testing period now extended beyond May 31, now is the time to raise concerns and be sure that HMRC fully understands the real impact of these changes on your organisation."

Within the above illustration, the annual cost for these forms would be approximately £29mn – and that is only accounting for outbound journeys. These vessels must also return, possibly laden, effectively doubling the cost.

And that is only to complete these forms. This doesn't factor in the hidden costs of this unworkable and unmanageable process such as the need to return goods, increased storage fees, on-hire costs, necessary system updates, and the environmental impact of additional CO2 emissions. Even with the reduction to one form per sailing, the question and implications around liability remain, as well as the ability to comply with rules such as Returned Goods Relief that are yet, at this late stage, to be clarified.

The financial burden of compliance under these new rules is considerable, raising serious concerns about long-term sustainability and indeed viability, for businesses operating on the UKCS.

Opportunity knocks

This is a critical opportunity for the industry to speak up, be heard and actively shape the solution. With the testing period now extended beyond May 31, now is the time to raise concerns and be sure that HMRC fully understands the real impact of these changes on your organisation. HMRC have an email address for all such correspondence: ukcsdeclarationspolicydelivery@hmrc.gov.uk

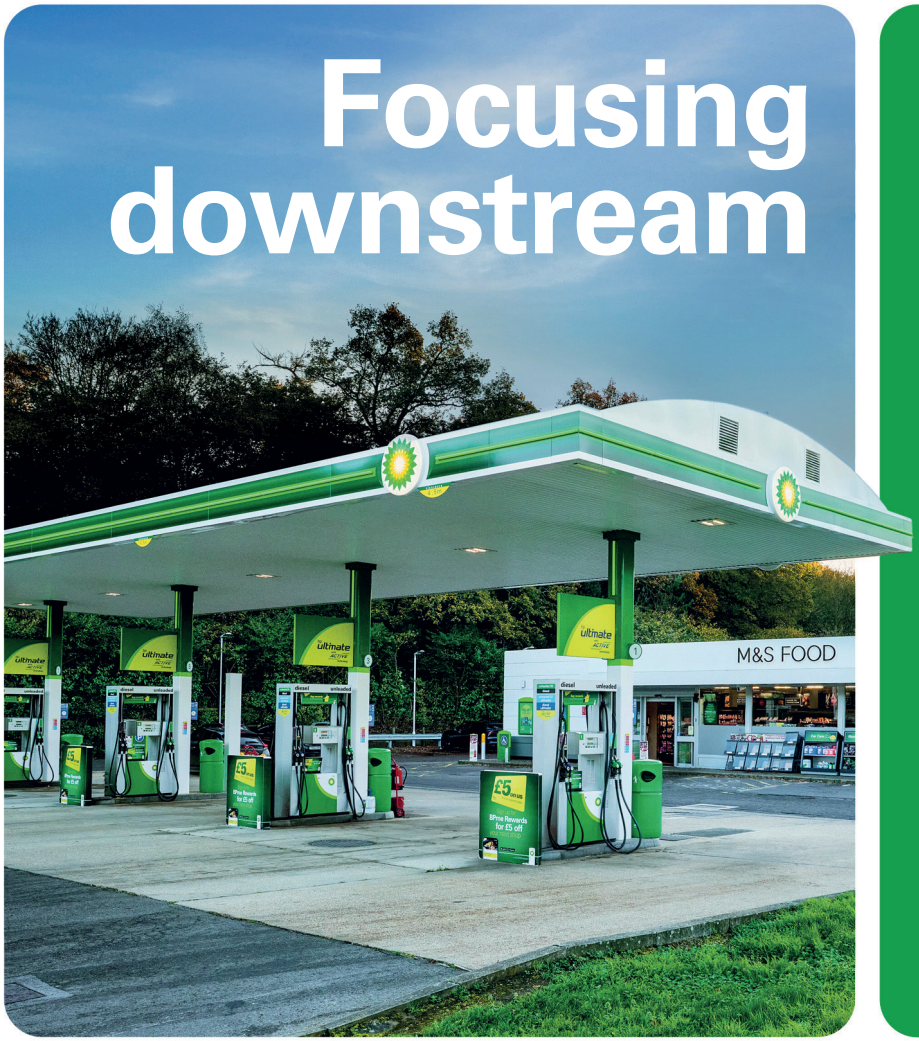
HMRC is working closely with industry to smooth the path towards this new era, with a number of steering group meetings, technical focus meetings and stakeholder meetings.

At the time of going to press HMRC had stated its intention to issue the first iteration of the Customs Technical Handbook before the end of April. This will outline the main procedures, answer common questions and provide clarity to all involved.

These collective efforts will build a bridge over potentially choppy waters, setting a course for a customs system fit for the future.

bp

Growing upstream



Focusing downstream

And **disciplined** investment in the transition

Transition activities such as EV charging, bioenergy and renewables are a much smaller but key part of our business.

STRENGTHENING WELLS THROUGH COLLABORATION

Norway and the UK have a median line in the north Atlantic and companies on either side are sharing their expertise

Graham Steele
Engineering Director, KCI

Like the UK, the Norwegian oil and gas industry is transforming. Balancing traditional hydrocarbon production needs with an increasing focus on the imperatives of the energy transition is a key theme. Operators in both regions are seeking innovative, more agile approaches to well intervention. While the UK and Norway have distinct regulatory frameworks, their shared operational environment makes collaboration essential for driving innovation and ensuring the long-term viability of offshore assets.

Well integrity and intervention remain critical to maintaining safe and efficient operations, particularly as assets age and operators seek to maximise production while minimising costs. Recognising this, KCI and Stavanger Well Services (SWS) have partnered to bring market-leading, unique well integrity and intervention solutions to the Norwegian offshore market that rely not on drilling rigs but specialist stand-alone equipment operated from a wellhead platform.

One advantage of rigless operations is that they can be carried out with a very small equipment footprint. Only a few personnel are required at the well site and the work has no impact on the wider operations in the location.

"Well integrity" mainly covers the production phase of the well, but it starts with drilling and completion and ends with plugging and abandonment.

Norway's offshore industry upholds some of the highest standards of safety, efficiency and environmental responsibility. KCI is at the forefront of providing innovative, cost-effective well integrity solutions that help operators maintain production and extend asset life. Through this partnership with SWS, a leader in well intervention and integrity, KCI has strengthened its ability to deliver tailored, field-proven leak-sealing technologies in the Norwegian energy sector, which is actively seeking greater collaboration with the UK.

The collaboration is built on shared values of engineering excellence, problem-solving and innovation. Combining KCI's expertise in rigless well integrity solutions with SWS's extensive knowledge of the Norwegian sector enables KCI to tackle the region's most complex well integrity challenges. It aligns with Norway's broader strategy of developing stronger UK ties to support energy transition initiatives.

Combining KCI's expertise in bespoke leak-sealing technology with SWS's in-depth knowledge of the Norwegian sector, the pair is positioned to address complex well integrity challenges with precision and efficiency. The joint approach ensures operators benefit from customised, non-intrusive solutions that reduce downtime, lower operational costs and optimise well performance. These are key factors in ensuring energy security for both the UK and Norway.

As Norway continues to invest in offshore infrastructure and seeks to secure shared resources with its North Sea neighbours, this UK-Norway partnership highlights the importance of cross-border collaboration in ensuring safe, efficient, and sustainable energy operations.

Well integrity is defined as noted below:

Norwegian operations adhere to Norsok D-010, the application of technical, operational and organisational solutions to reduce the risk of uncontrolled release of formation fluids throughout the life-cycle of a well. It includes a mix of functional and prescriptive guidelines for

operators as part of their management system and service contracts. Regulators include references to D-010 as part of their guidelines.

UK Health & Safety Executive's rules governing offshore Installations and wells (design and construction) require the well operator to ensure that there is no release of fluids from the well so far as is reasonably practicable.

KCI is a well-established and respected supplier of leak sealing solutions to the oil and gas industry in the UK and worldwide. As Norway and the UK share a marine border and have similar metocean conditions, cross-border activities make perfect sense for firms on either side.

There is little competition for fully engineered leak-sealing solutions using time-activated, part-activated, or non-activated sealants. KCI has talked to some of Norway's larger operators and there seems to be an appetite for new or different technology to be introduced as alternatives to traditional repairs.

For KCI, stronger ties between the UK and Norway mean working with like-minded companies that are looking for established solutions for well integrity.

Traditionally, Norway has preferred to use homegrown or local support for assistance, but this is very limited. KCI attracts attention by offering 23 years of successful isolations and our vast experience.

KCI provides fully engineered products and services that increase safety, reduce costs, minimise downtime, and maintain or increase production across surface, subsea, downhole, topside, pipeline, refinery, process plant, and many other applications.

"Rigless interventions use specialised standalone equipment: coiled tubing, slickline or sealant injection pumps. This approach is often employed to reduce the project's equipment footprint, transportation costs and crew size, making it more cost-effective and adaptable to various environments."

HOW TO STOP WORRYING AND LEARN TO LOVE AI.

Artificial intelligence (AI) has been getting it wrong for years. In 2017, Facebook had to turn off its Alice and Bob chatbots when they stopped speaking English and made up their own language to communicate in. More recently, AI has recommended putting glue on your pizza, messed up news headlines and got a lawyer into trouble by inventing legal cases to back up his arguments.

And yet, the companies building AI are worth billions. OpenAI, the maker of ChatGPT, is valued at over $150bn; and Nvidia, which makes the chips AIs run on, is worth over $3 trillion. Clearly, something, somewhere, must be going right.

GPTs (generative, pre-trained transformers) work by guessing what the next word in a sentence might be, based on the words it has seen so far. The mathematical model built when AIs are trained is surprisingly good at this. It starts with the question you ask it and builds from there. So the response the AI gives depends on your specific choice of words – if you ask the same question in three different ways, you can get three quite different answers!

So, how do you go about getting it right in oil and gas?

First, we need to clear up what we mean by 'AI'. Previously, AI was usually taken to mean "machine learning" – using advanced statistics and neural networks to solve problems like machine vision and image recognition, and to make predictions based on past data. This is now commonplace in such innovations as digital twins and predictive maintenance programmes. It is instrumental in emissions reduction management and reducing carbon-intensive plant restarts. Our industry is rightly proud of these advances and continues to build on them.

In November 2022, OpenAI launched ChatGPT and news media, governments, and students were awed both by its miraculous conversational capabilities and its potential to automate report writing and homework. Fears about what it would do to the creative arts and jobs followed very shortly after. The concern grew to such a point that Rishi Sunak's government hosted an 'AI Safety Summit' in late 2023 on this very issue.

On top of safety and security concerns, AIs also suffer from downsides both prodigal and mundane. That they work as well as they do remains inexplicable to their makers – and that they can reflect humanity's biases as encoded in their training data raises compliance risks too. The question of copyright in, and 'ownership', of AI outputs adds to the AI headaches of the legal community.

Moreover, AI's uncertainty about the formation of a sentence might lead both it and us down the garden path. The outputs of an AI will always read well and sound convincing. But the AI can be both convincing and wrong at the same time. Unless the reader knows the subject or is willing to perform extensive fact checking, the AI's output may be riddled with 'hallucinations' that go undetected and uncorrected.

GPTs only know what they have been told. As they're

The oil and gas industry has always been cautious in adopting new technologies. Flare Solutions' Daniel Brown discusses the best approach to AI with its unique risks and rewards

trained on public data, they don't know what your company knows. It is no good asking ChatGPT for advice on your confidential HR policies, as it has never read them.

But fine-tuning and reinforcement learning have reduced the number of hallucinations. Careful prompting, context handling, and the latest 'reasoning' models now make it much harder for AIs to misbehave. And specialised, domain-specific models and techniques such as retrieval augmented generation allow AIs to be fed the specific company information needed for that HR query.

Most recently, AIs are being promoted from 'advisor' to 'assistant': learning how to do things for you, instead of just giving advice. These AIs offer great promise as the next step in automation in the workplace and in the home. An AI that can file your expenses for you? Check. An AI that can handle your email for you? Check. An AI that takes drilling decisions for you? We might want to think about that for longer.

But not much longer perhaps: next month's release might have the answer. When ChatGPT launched GPT-3, it scored in the bottom 10% of the Bar Exam. In GPT-4, it was in the top 10%. Image and video generation have improved to the point that it is hard to tell the difference between AI and reality, creating another bunch of problems. "Train-of-thought" Reasoners can now propose convincing solutions to PhD-grade science problems that only PhD-grade scientists can understand and verify.

But crucially, the question isn't whether AI technology is good but whether it's good enough. Does it out-perform, on average, the best available human? If it makes better, unbiased decisions with fewer accidents than humans, then adoption seems a certainty – at least in the long run. If self-driving cars are in our future, then why not AI-controlled drilling platforms?

In a high hazard industry, however, 'good enough' isn't likely to suffice. How many of the barriers in the Swiss cheese model of safety management can we hand over to AI-controlled systems before we begin to question if the risk of a major accident risk is as low as reasonably practical?

The foundations of well-behaved, reliable AI models are the documents and data that they are built from.

"The outputs of an AI will always read well and sound convincing. But the AI can be both convincing and wrong at the same time."

The UK has been curating a core collection of industry documents and data since 1997, first through Common Data Access – the industry-owned data sharing club – and most recently through its successor: the UK National Data Repository (NDR). It is operated by the upstream regulator, the North Sea Transition Authority, which continues to work with operators and suppliers such as Flare Solutions to improve its quality and completeness. This gives the UK industry a competitive advantage in building properly useful language models that have been trained on decades of well organised data such as drilling logs collected from wells in the UKCS.

Safe and efficient subsea engineering, plugging and abandoning and decommissioning strategies also need access to well organised, machine-readable documents. Flare Solutions brings tools and technology to bear here too. But the challenge for AIs (both GPT and machine learning) is securing enough well organised information for humans to be comfortable handing it over to the machines to work with.

For subsurface AI, the NDR is a fabulous, comprehensive data asset. And for the large, multinational energy companies whose data spans many countries and decades of operations, the necessary data is there for the finding. However for smaller and late-life asset operators, the law of diminishing returns might come into play. The effort and money spent on AI might not be repaid by the recovery of additional barrels.

Software and service providers have the same problem. Software development takes time and is costly. Access to a sufficiently wide range of test data allows developments to run faster, or to be redirected if the expected benefit does not show up in testing. And good software, developed independently, enables smaller operators to benefit from new technology without bearing undue risk and providing all the upfront cost.

"Flare Solutions can play its part in this. We have decades of experience in the development of software systems that intelligently search, systematise and distribute data and documents, all underpinned by industry-leading information taxonomy."

So, how do we set up the UKCS for AI success?

The answer, of course, is data sharing.

A Shared Operators Data Archive (SODA) would underpin AI and ML innovation for the UK energy industry. Building on the principles set out in the UK's AI Opportunities Action Plan, it would give secure and compliant access to the data needed to fuel AI progress. It aligns with Scotland's Net Zero goals and with the broader energy transition too: renewables operators would benefit from data sharing just as much as those in oil, gas, carbon storage, or (eventually) hydrogen.

Net Zero Technology Centre projects such as SAIBOK – which is collating a library of subsea images for use in the inspection industry – demonstrate that the value created by data-sharing in the subsurface can be created in other industry domains too. It just takes vision, determination and some seed capital to make it happen.

Flare Solutions can play its part in this. We have decades of experience in the development of software systems that intelligently search, systematise and distribute data and documents, all underpinned by our industry-leading information taxonomy. Historically, these have been used to find and organise documents and records held on the thousands of file shares and SharePoint sites that grow organically across oil and gas operators.

In the AI world, tools like these find and digitise the information at the heart of an AI strategy – bringing together and organising the data and documents needed to develop, train and test the new AI systems that will increasingly support and augment our workforce in the energy industry of tomorrow.

Whether you are pursuing an independent course in AI or looking to work as part of an industry coalition, a firm document and data foundation are critical in the delivery of timely and reliable results. Flare Solutions is there to help – contact us at enquiries@flare-solutions.com to find out more.


Daniel Brown

Deloitte.

How do we *finance* the UK energy transition?

To find out what a range of investors told us would increase their confidence to invest in low carbon energy technology and infrastructure in the UK, visit our web page:

AI IN THE WORKPLACE

Practical steps towards using AI responsibly to enhance HSE in industrial operations

Eve Bellingham and Michael Sturm, Kaefer;
Roxana Shirkhorshidi, Veunex

Despite significant technological advances and global efforts to achieve net-zero targets by 2050, recent data raises concerns about progress in health, safety and environment (HSE) in the energy sector and heavy industries. A 94% increase in accidents in the wind energy sector, revealed by a G+ report, highlights this concern, while data from International Association of Drilling Contractors and the UK Health & Safety Executive indicates a broader stagnation in HSE practices. This prompts a critical question: can artificial intelligence (AI) offer a solution?

Leveraging AI for HSE applications, including integration with existing infrastructure like closed-circuit television networks, can significantly reduce the workload of HSE departments. It minimizes the necessity for daily site visits, streamlines report creation and quality reviews and enhances inspection and data management. By providing high-quality, ready-to-use insights and reports, this technology enables HSE teams to focus more on human-oriented communication. However, AI adoption in heavy industry remains significantly hampered by concerns about data privacy, compliance with normative acts such as the General Data Protection Regulation and the need for the consent of the workforce.

This article explores how companies can responsibly harness AI to overcome these challenges, enhance worker engagement and empower HSE teams to build safer, more efficient workplaces, moving beyond current plateaus in safety performance. This potential is illustrated by a compelling case study: an eight-week proof of concept (POC) between Kaefer and Veunex led to a 45% improvement in HSE compliance and safety behavior. As a result, Kaefer extended its contract with Veunex and expanded AI deployment to multiple sites.

The purpose of the project

In this project, the Veunex AI-based platform – already trained on vast amounts of data to ensure accuracy and reliability – was used. This technology is integrated with cameras installed in various locations, generating high-quality data to scale observation and empower HSE teams.

The primary objective was to produce reliable, meaningful data that enhances scalable observation and improves HSE practices in areas such as ergonomics, machinery use and compliance with personal protective equipment (PPE) requirements. Additionally, the project aimed to evaluate the full range of possibilities that AI-based technology can offer to strengthen HSE teams.

By tracking various scenarios, the system makes HSE progress measurable, generating reports and charts that help HSE professionals monitor improvements and enhance training programmes.

However, while deploying such technology offers many benefits, it also comes with challenges. Its use may raise concerns among the workforce, particularly regarding privacy and adaptation. This article explores how AI-based technology can be successfully implemented, not only improving safety measures but also enhancing communication between HSE teams and employees.

Engage and foster communication

The successful implementation of AI-based technology begins with open dialogue and active engagement. Building trust and obtaining the workforce's consent are essential, as this technology is ultimately designed to enhance their safety and well-being.

Figure 1: Tracking changes and improvements during a weekly Toolbox Talk.

Involving all stakeholders from the outset facilitates their adoption of the new environment, encouraging collective ownership of the initiative. Kaefer recognised this principle early. Line managers played a key role in defining project goals, while the workforce was kept informed and engaged at every stage. This included transparent communication during decision-making; clear signage to explain the purpose of AI technology such as cameras; and regular sessions to address concerns and provide updates.

By encouraging the workforce to buy into it from the outset, organisations not only pave the way for successful AI adoption but also create opportunities for meaningful safety discussions. This approach helps to embed AI initiatives into the company's safety culture while ensuring the workforce reaps the long-term benefits of improved safety and well-being.

Make the objectives clear

Effective AI deployment in HSE is only possible after clear, actionable objectives have been set. This stage accelerates the process and prevents potential wasted efforts by both the tech company and the end-user.

At Kaefer, the AI deployment was aligned with specific goals:

- Enhancing behavioural analysis to better understand and influence safety practices
- Fostering safety conversations to raise awareness
- Encouraging teams to avoid complacency and pursue continuous improvement; and
- Embedding a proactive safety culture throughout all operations.

These objectives provided a strong foundation, guiding the collaboration with Veunex and ensuring the technology was meaningfully integrated into Kaefer's practices.

Focusing on positive impacts and behaviour-driven engagement

One of the most impactful strategies in this POC was focusing on positive outcomes rather than non-compliance. By highlighting improvements through dashboards that tracked safety progress, the system encouraged workers to adhere to best practices, fostering positive engagement with line managers and crew.

This shift from punitive measures to positive reinforcement helped cultivate continuous improvement. Workers were more motivated to follow safety protocols and saw first-hand how their actions contributed to a safer environment.

Additionally, this approach empowered HSE advisors to identify habits and drive behavioural change through data-driven discussions with line managers. The AI-generated data, which remained unbiased, highlighted areas for improvement, fuelling motivation for change.

Ensuring ethical AI use

The ethical deployment of AI was a cornerstone of this project. In compliance with GDPR, the AI system that Veunex used was designed to follow strict protocols to ensure no private information was at risk.

No footage was recorded or stored after it had done the job of validating AI-generated data. During the system evaluation period, footage was retained for 24 hours to allow the HSE team to review the AI output. After this period, the footage was automatically deleted, ensuring no personally identifiable information was retained.

Transparency was also a key aspect of ethical AI deployment. Signage installed throughout the facility made clear to workers and managers what data was being collected, how it was being used and why.

Establishing an **AI committee** further guaranteed the ethical

use of AI. It comprised HSE teams, worker representatives and management. The committee met weekly with a set agenda to review AI-generated reports, discuss ideas for improvement and address workforce non-compliance. It also provided a platform for workers to voice their concerns and suggestions, ensuring that the data and insights were used solely to enhance safety practices, never for disciplinary purposes.

Figure 2: Signage is used to ensure transparency and enhance communication

A comprehensive Data Protection Impact Assessment (DPIA) was conducted to ensure AI deployment would not infringe on workers' privacy rights. The system was designed without biometric detection features and all footage was blurred to protect individuals, in compliance with GDPR and industry privacy standards.

Results

The results of this 8-week POC were remarkable, demonstrating an **overall improvement of about 45%.** Key achievements included a **13% improvement** in the use of safety gloves (PPE); a **30% improvement** in housekeeping; and significant progress in **machinery excellence**, such as eliminating foot pedal overrides.

AI played a crucial role in **generating actionable reports** and **providing insights** that empowered the HSE team to take proactive measures and focus on critical areas, driving continuous safety improvements across multiple locations.

By delivering clear statistics and detailed reports, the technology helped scale HSE operations while preventing complacency and promoting a proactive safety culture.

The behavioural analysis capabilities of the AI also **enhanced communication** between the workforce and HSE teams, **fostering openness**, and **strengthening safety culture.** The project not only achieved measurable improvements but also deepened workforce involvement, laying a foundation for ongoing progress.

This project demonstrated how responsible AI deployment can revolutionize HSE practices. By combining advanced technology with ethical safeguards and collaboration, Kaefer and Veunex achieved measurable safety improvements and empowered the workforce to take an active role in fostering a safer environment. This success sets a benchmark for leveraging AI to create efficient, ethical, and safety-focused work cultures in industrial workplaces.

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