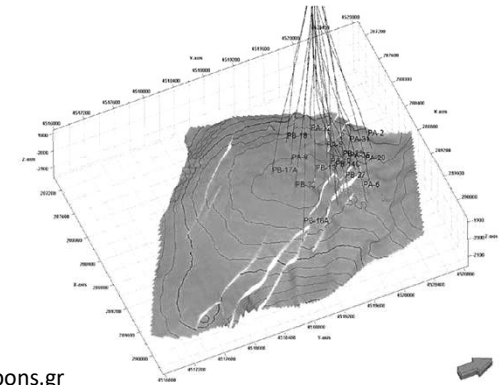





## Financial Capacity and Liabilities



 [www.greekhydrocarbons.gr](http://www.greekhydrocarbons.gr)

Nikos Barkas, Drilling Engineer

Katerina Kostaki, Operations Management

Maria Matzakou, Legal Counsel



# Provisions in the Offshore Safety Directive

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It is an OSD requirement that the applicant has made or will make adequate provision to cover liabilities potentially deriving from the applicant's offshore oil and gas operations.

- Article 3.3(c): Member States shall facilitate the deployment of sustainable financial instruments and other arrangements to assist applicants for licences in demonstrating their financial capacity pursuant to the first subparagraph.
  - Similar to Art. 14 of the 2004/35/EC directive on Environmental Liability
- Article 3.3(d): Member States shall, as a minimum, establish procedures for ensuring prompt and adequate handling of compensation claims, including in respect of compensation payments for transboundary incidents.

# Types of guarantee

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- Insurance
- Parent-company guarantee
- Bank Guarantees
- Membership in Industry or Government pools (such as OPOL)

# Estimating the levels of financial assurance

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The estimation methods need to take into account issues such as:

- Type of activity;
- Type of hydrocarbons;
- Quantities expected to be released in case of accident;
- Marine environment;
- Distance to shore and shoreline types;
- Areas of special interest (NATURA, archaeological sites etc);
- Other economic activities in the area

# International Best Practices

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- UK: Membership in OPOL is a requirement for obtaining a hydrocarbon exploration/exploitation license
- Australia: Licensees are required to estimate costs for liabilities based on the pre-approved APPEA method or other method that needs to be approved by NOPSEMA
- Denmark: Parent-company bank guarantees are unlimited in time and amount