



United Kingdom Onshore Pipeline Operators' Association

**Notes of the Management Council Meeting held at the George Hotel,
Stamford on the 18th January 2006.**

1. Attendance and Apologies

Present: Phil Brown – National Grid - Chairman
Roger Ellis - Shell
Mark Harrison – Huntsman
Lindsay Boswell – BP
Neil Jackson – National Grid
Phill Jones – Secretary.

There were no apologies.

2. Notes of Meeting held on 21st September 2005 (UKOPA/MC/05/0025).

The notes of the meeting held on 21st September 2005 were accepted as a fair record of the discussions subject to the following amendments and will be signed by the Chairman:

Note 4.1.3 – The date of 6th May 2005 should be 6th September 2005.

Note 6.2 – The first line of the final paragraph should refer to items (iii) and (iv) – not (i) and (iii).

3. Actions Arising not covered on the agenda (note of previous meeting in brackets).

3.1 Proposed Pipeline Seminar in the North East (3.1)

Mark Harrison had noted that there were Operators in attendance at the seminar who were not members of UKOPA e.g. Conoco and Philips and he agreed to make contact with these to investigate whether they would be interested in becoming Members.

Mark Harrison advised Members that he had been in touch with Conoco and had been advised that the possibility of joining UKOPA had been considered previously and that it had been decided not to do so at the time. The contact had however agreed to raise the issue again within the company, and Mark agreed to follow up at a later date when he would also extend an offer for a Conoco representative to attend a future meeting without commitment.

Action: Mark Harrison.

Mark also reported that following proposals by Paul Docherty it had been agreed that a further seminar will be held at the PIG offices in London on the 21st March 2006, and that UKOPA had been requested to support the event as it had done previously. This will involve presentations by Mark himself, Rod McConnell and Jane Haswell.

In discussion it was noted that all feedback relating to the seminar held at Wilton had been very positive and that support of such events aligned well with the Association's objectives. It was therefore agreed that the event should be supported as requested.

Action: Mark Harrison.

3.2.1 Posting of Management Council Papers on the Website. (3.5)

Phil Jones was actioned to provide further clarification on what was to be posted on the Management Council section before progressing the development.

Phil Jones reported that his original proposal involved preparation of correspondence index lists for each year, and to post these and all correspondence on a separate secure section for access by Council Members only. After further consideration of the matter however, and taking into account of discussions at the last meeting, he now recommended a revised approach involving posting of the index lists and specific documents only i.e. notes of meetings, articles and memorandum of the Association, annual accounts and any contracts.

The recommendation was accepted.

Action: Phill Jones.

Mark Harrison reported that he intends to seek agreement on key search words relating to the proposed section on the infringement data database at the next meeting of the Infringement Working Group.

Action: Mark Harrison.

3.3 UKOPA Fact Sheet (7)

Phil agreed to organise additional copies for issue to individual Members.

Phil Brown reported that this action had been completed, and that copies had been issued to all Members. He added that additional copies are available from Phill Jones together with ten copies of the UKOPA poster.

Action closed.

3.4 Potential New Members – Independent Gas Networks. (8)

Phil Brown accepted an action to make contact with the Asset Managers of the Independent Gas Networks to confirm their intention with regard to Membership.

Phil Brown advised Members that he had made contact as actioned, and that all three Networks had advised that they would be joining as Associate Members in 2006. He also confirmed that he had provided Phill Jones with the contact details for issue of invoices.

All other items covered by the agenda.

4. Financial Issues.

4.1 Finance Report to the 31st December 2005 – ref UKOPA/MC/06/0002.

4.1.1 Actions Arising.

There were no actions arising.

4.1.2 2006 Membership Fees.

Phill Jones reported that an invoice has been issued for Associate Membership for 2006 to Innovene Manufacturing Scotland Ltd, and that the income has been included in the expenditure forecast for 2005. Invoices for 2006 Membership Fees had been posted to all other Members, including the independent gas networks, on 16th January.

4.1.3 Bank Balance and Outstanding Commitments.

Phill Jones referred to the Finance Report and reported that the Association's combined bank balance on 31st December 2005 was £85,259.54. He noted however that this balance does not take account of outstanding VAT payment and payments due to Advantica, National Grid, R. McConnell and PIE. When all these have been accounted for the balance was £46,603.59.

4.2 Approval of Invoices.

4.2.1 Actions Arising.

(i) Expenditure needs to be monitored on an ongoing basis and early warning raised as soon as over expenditure is anticipated. Such warning should be in advance of actual overspending to allow full consideration by Members of the value and justification of the overspend.

Phil Brown report that this is action is ongoing and can be closed in terms of the notes of the meeting.

Action Closed.

(ii) Neil Jackson will take over the role of Chairman of the Risk Assessment Working Group from Rod McConnell.

Action competed and closed.

(iii) Phill Jones to request updated forecast from Rod McConnell for 2005 and 2006.

Phill Jones reported that the forecasts had been received and were reflected in the updated forecasts to be considered under item 4.4 of the agenda.

Action closed.

4.2.2 Approval of Invoices.

(i) It was reported that the invoice received from Visual in respect of Website Maintenance for the period 01/09/05 -31/12/05 had been signed by the Chairman after receipt of email approval from Members.

(ii) The following invoices had also been approved by email and were signed at the meeting by the Chairman:

- PIE Secretariat Service – Phill Jones – 01/09/05 -31/12/05.
- PIE Technical Support – Jane Haswell - 01/09/05 -31/12/05.
- Rod McConnell - Technical support - 01/09/05 -31/12/05.

(iii) It was noted that invoices had not been received from Advantica relating to Management of the Fault Database for the period 01/06/05 – 31/12/05 in the sum of £15000, and from National Grid relating to UKOPA's contribution to the National Grid Excavation Seminar in the sum of £1000 -1500. These have been expedited and Members approved the sums involved and agreed that the Secretary should make payment when received.

Action: Phill Jones.

4.3 VAT Returns.

4.3.1 Actions Arising.

There were no actions arising.

4.3.2 VAT Return for July to September 2005 – ref UKOPA/MC/06/0003.

Phill Jones reported that the VAT return for the July to September period had been submitted on time and that a repayment of £3,356.89 had been claimed, received and banked.

4.3.3 VAT Return for October to December 2005 – ref UKOPA/MC/06/0007.

Phill Jones reported that the VAT return for the October to December period had also been submitted and that a cheque of £786.85 had been issued to HM Customs and Excise.

4.4 Expenditure Forecast 2004/2006 – UKOPA/MC/06/004.

4.4.1 Actions Arising.

(i) Phill Jones to prepare reconciliation between end of year cash forecast and end of year actual for inclusion in the end of the year finance report.

To be covered under 4.4.2.

(ii) Phill Jones also to update the forecast to reflect revised phasing of expenditure relating to Visual following approval of the additional expenditure applications, and also to include the expenditure of £1000 which had been agreed by email to support the proposed UKOPA-NGT-HSE excavation safety seminar.

To be covered under 4.4.2.

4.4.2 Updated Expenditure Forecast 2005/2006 – UKOPA/MC/06/0004.

Phill Jones referred to the forecast which had been circulated before the meeting, reference UKOPA/MC/05/004. He noted that the forecast now included for the National Grid Excavation Seminar, and that underspends by Rod McConnell and Jane Haswell in 2005 had been carried over to 2006, and advised that the latest forecast predicts a surplus of £44,641 for 2005 and £53,925 for 2006. These sums represent increases of £12900 and £12,520 respectively when compared with the previous forecast, and these were explained as follows:

(i) 2005 Forecast.

Innovene Membership for 2006 (paid in 2005)	= + £5000
Reduced spend by Visual – deferment of development	= + £ 430
Additional spend for the excavation seminar	= - £1000
Underspend by Rod McConnell	= + £4440
Underspend by Jane Haswell	= + £4030
Net change	= +£12900

(ii) 2006 Forecast.

Increase as for 2005	= + £12900
Reduce by increased cost for deferred website development	= - £ 430
Reduction in secretarial costs	= + £ 500
Increased Membership Fees	= + £ 15000
Increase in spend by Rod McConnell	= -£ 13952
Increase in spend by Jane Haswell	= - £ 1498
Net change	= +£ 12520

4.4.3 Updated Expenditure Forecast 2006/2007 – UKOPA/MC/06/0005.

Phill Jones went on to refer to the 2006/2007 forecast and noted that the forecasts of cash availability at the end of 2006 and 2007 based on current known commitments and current expected level of membership fees which include the three independent gas networks are £55,887 and £83,507 respectively. He explained that the difference in the two forecasts relating to the monies available at the end of 2006 arises due to the fact that the 2006/07 forecast takes into account bank interest received during 2005 whereas the 2005/2006 forecast did not.

Some discussion took place regarding Membership Fees for 2007 and the Secretary was actioned to include an item on the agenda of the next meeting relating to the matter.

Action: Phill Jones.

4.5 Expenditure Approvals.**4.5.1 Actions Arising.**

- i) The 2006 approval for Technical support by PIE (Jane Haswell) shall be broken down into identifiable tasks and associated estimated costs where possible. The remaining approval will then be used on a call off basis and approved by the Working Group on an individual

basis or referred to the Management Council at the discretion of the Working Group Chairman – Neil Jackson.

Neil Jackson reported that this action had been addressed and that the programme had been split into specific tasks.

Action closed.

ii) Neil Jackson to review the RAWG work plan and associated tasks at the next meeting of the Group.

Neil Jackson also reported that a detailed programme had been prepared.

Action closed.

4.5.2 Expenditure Applications.

(i) **National Grid Safety Seminar.**

An expenditure approval application for the Association's contribution to the seminar had been prepared (reference UKOPA/MC/05/0027) and approved by email. The application was signed at the meeting by Mark Harrison as the proposer and by the Chairman as approver on behalf of the Council.

(ii) **Rod McConnell.**

In discussions relating to the expenditure forecasts it had been noted that predicted expenditure relating to technical support provided by Rod McConnell for 2006 will exceed the original level of £32000 approved in 2004 by £9,555. It was explained that the reason for this was because the original approval had not included work associated with the preparation of the code supplements. The additional expenditure was approved in principle by Members, and the Secretary was actioned to prepare a revised expenditure approval application to cover the forecasted increase.

Action: Phill Jones.

4.6 Preparation of Accounts for year ending December 31st 2005.

The Chairman opened discussion on this agenda item by reminding Members that it had been previously agreed that a full audit of accounts would be carried out every third year and that this was due in 2006.

Phill Jones reported that he had contacted the Accountants to request a budget price and had been advised that, due to additional rules that had been imposed, the cost of a full audit would be in the region of £1000. In discussion however, and bearing in mind the very low level of transactions that the Association are involved with, the accountant had suggested that a full audit was difficult to justify in terms of cost and had recommended that the Association should consider undertaking preparation of accounts as normal but with an added Certified Accountants check. This is considered entirely adequate and would cost around £500.

Following discussion it was agreed that the Secretary should progress preparation of the accounts as recommended by the accountant.

Action: Phill Jones.

5. Integrity Assessment of Construction Dents in Pipelines subject to Fatigue Loading – Proposal by Newcastle University – ref UKOPA/MC/06/0006.

The Chairman referred to the two stage proposal received from Julia Race of Newcastle University and which had been circulated to Members reference UKOPA/MC/05/0033. Phill Jones noted that the proposal was unsolicited and stems from developments that are going on in the States regarding the matter. He had been informed that the Office of Pipeline Safety in America has demanded some pipelines be derated until the operators concerned can demonstrate the integrity of dents which have been identified through inspection.

He went on to advise that when first received the proposal was not in stages, and that he had suggested to the University that Members would need to be convinced that there was a problem to address before agreeing to spend money on the second stage, and that there is some confidence at least that the second Phase could save Operators money. This had resulted in the proposed two stage approach.

In discussion it was agreed that the concept of supporting research work and the proposal did align with the objectives and aspirations of the Association, but all Members felt that before committing to or rejecting the proposal it would be better to meet with the University with the aim of understanding more about the areas of work that the University is or is intending to become involved with and whether the issue of dents is one which deserves some priority. In this connection Neil Jackson was actioned to arrange a meeting of the Risk Assessment Working Group at the University during which a session would be held with University representatives for this purpose.

Actions: Phill Jones to advise Julia Race and Neil Jackson to organise meeting.

6. Agenda of Main Meeting and Future Meetings including Presentations.

6.1 Actions Arising.

Phil Brown to recommend presentations agreed by Council Members to the main meeting and Neil Jackson and Phill Jones to make arrangements as required.

Action completed and closed.

6.2 Discussion on Format of Main Meeting.

The Chairman noted that the main meeting has been structured around the theme of online inspection and includes a number of integrity related presentations and a session on the feedback from the on-line inspection questionnaire. It was agreed that Roger Ellis will facilitate the latter and summarise the whole session.

6.3 **Format of Future Meetings and Future Presentations.**

The Chairman noted that there is a need to agree the format of the May meeting and summarised the feed back from Members as recorded in the notes of the last meeting as follows:

- i) *Greater participation by Members.*
- ii) *A higher emphasis in operational/day to day matters.*
- iii) *Careful selection of presentations which are relevant to Operator activities.*
- iv) *More focussed reporting by the Working Groups.*
- v) *Less administrative/financial discussions – these should be covered by the Management Council.*

With regard to meetings beyond January 2006, it was suggested that an operational issue could be identified at an early date and that consideration should be given if possible to aligning presentations with the operational issue.

At the full meeting in September it had been agreed that the subject of risk/risk criteria may be an appropriate focus for the May 2006 meeting. In particular it might be helpful to Members to have hypothetical development cases presented and how these might be managed against the background of PADHI, the code supplements and taking account of both individual and societal risk. It was agreed that this would be further discussed/developed at the next meeting.

Based on this, Members agreed that the subject of risk and risk criteria will be the focus for the May meeting, and in this connection Neil Jackson has already lined up a presentation from Andy Rushton of the HSE on the application of ALARP to major accident hazard pipelines. It was also agreed that Jane Haswell and Rod McConnell would be asked to prepare presentations relating to the practical application of the code supplements based on hypothetical development cases.

Action: Neil Jackson.

With regard to other contributions it was agreed that Jane Haswell's presentation on Pipeline Failures would be of interest to Members and that it should be included on the agenda for the May meeting.

Action: Phill Jones.

Two other presentations were suggested as possible contenders for future meetings:

Web Based Aerial Imagery of Pipeline Routes – Sponsor Roger Ellis.

Insurance Assessment of Damaged Sites (Alan Robertson) – Sponsor Neil Jackson.

6.4 **UKOPA – Future Strategy**

The Chairman referred to the slides which had been prepared by Phill Jones and circulated to Members prior to the meeting relating to the future strategy of the Association. In discussion it was agreed that there was need to give detailed consideration to the future direction and focus of the Association and that the slides would facilitate discussions in this connection. It

was also agreed however that due to time constraints that this should be done at a separate meeting of the Council prior to the May meeting.

Action: Phil Brown/Neil Jackson.

In the meantime Phil Brown accepted an action to talk to Steve Wing of the HSE regarding the proposal to set up an HSE/UKOPA Management Council Liaison Forum.

Action: Phil Brown.

7. Meeting with Representatives of the Chinese National Oil Company (CNOC).

The Chairman referred to an email he had issued to Members regarding this item and confirmed that he had been contacted by an independent consultant who had been charged with preparing a Safety Framework for CNOC. In this connection he is looking at practices around the world and is keen to talk to UKOPA, National Grid and Advantica (the latter have done a lot of work in China). If UKOPA Members are receptive to the request they can either meet the consultant separately or join in a meeting with National Grid and Advantica.

Roger Ellis noted that the DTI had been mentioned in communication with the consultant and that it would have been more appropriate for the request to have come direct from the DTI. Both Lindsay Boswell and Mark Harrison stated that if the meeting did go ahead then their presence would be as representatives of UKOPA and not as BP or Huntsman.

Following further discussion it was agreed that Phil Brown would ask the consultant for details of the contact in the DTI and then contact the DTI for advice on the matter.

Action: Phil Brown.

8. Resignation of Chairman

Further to previous discussions following reorganisation and work commitments associated with his new position within National Grid, Phil Brown confirmed that this would be his last meeting as Chairman of the Association, and that Neil Jackson would Chair the meetings in May and the Management Council meeting in September prior to handover to the next Chairman. He expressed his thanks to Members for their support over the period and stated that the experience had been both enjoyable and rewarding.

In response Members thanked Phil for his commitment and contribution both as a Member and Chairman, and wished him success for the future.

9. Any Other Business.

9.1 BP UKOPA Representative.

Lindsay Boswell advised Members that he had also been appointed to a new post within BP and would not be able to represent BP on UKOPA in the future. His successor who has not yet been appointed will be nominated as the official BP representative in due course and Lindsay hopes to attend the next meeting with the new representative. He recommended that in the event he was unable to attend that Jim Martin should accompany the new

representative and that both should be permitted to attend the Management Council Meeting. The recommendation was accepted.

Action: Lindsay Boswell.

On behalf of the Members, the Chairman thanked Lindsay for his support and contribution over the period of his membership and wished him all success in his new job.

9.2 University of Newcastle – MSc Course Prize Certificates.

The UKOPA course prize certificates which had been designed by Rod McConnell and approved by Members by email were signed by the Chairman. Phill Jones was actioned to organise delivery to the two successful candidates.

Action: Phill Jones.

9.3 PARLOC Database

It was reported that PLUG are looking at computerizing the PARLOC offshore database and are interested in talking to Association regarding its experience with the UKOPA database. It was agreed that the PLUG representative (Graham Reid) should contact Roger Ellis in the first instance relating to the matter.

Action: Lindsay Boswell.

9.5 EGIG Database

Roger Ellis reported that it has been suggested that UKOPA should represent the United Kingdom on EGIG. He supported this in principle, but noted that an employee of one of the member companies would need to attend on behalf of UKOPA and recommended that this should be Robert Owen of National Grid in the first instance. The proposal and recommendation were supported by Members.

Action: Roger Ellis.

9.6 UKOPA – Ten Years Old

Mark Harrison reminded Members that the Association will be ten years old in 2007 and recommended that early consideration needs to be given to what the Association might like to do to mark the event in terms of events or publications.

The recommendation was supported and it was agreed that this should be discussed in more detail at the separate meeting of the Management Council to be organised – see agenda item 6.4.

Action: Neil Jackson.

9. Dates of Future Meetings.

(i) 17th/18th May 2006 – details to be confirmed – possibly to be hosted by Esso Petroleum Co Ltd.

Action: Phill Jones to check and confirm.

(ii) 20th/21st September 2006 – details to be confirmed – It was noted that an offer has been received to hold the meeting at Newcastle University.

Action: Phill Brown to propose to Members at the main meeting.

Signed: (Neil Jackson) – Chairman.

Date: