

Regulatory management

With strategic partnerships and industry specialists, Forship increases its portfolio of solutions, offering services to support multinational companies looking to operate in the Brazilian oil and gas industry. by **Beatriz Cardoso**

Technical and bureaucratic red-tape – especially regarding regulations – are one of the main problems foreign companies in the oil and gas, shipbuilding, and petrochemical industries confront when both setting up facilities and operating within Brazil.

These are no small obstacles: they can have a major impact on both the timeline and prices, affecting their competitiveness on the Brazilian market, which is bounding with activities in shipyards and offshore basins due to new projects in exploration and production of oil and gas: especially in the Santos basin, where the great new pre-salt discoveries are located, besides the other Brazilian basins that have been attracting investments and foreign companies to the country in the last few years with new ventures.

Most of these international players are familiar with Forship Engenharia, a Brazilian com-

Custom-made

The scope of regulatory services at Forship, developed by highly-qualified managers, engineers, technicians:

- issue regulatory directives, procedures and technical reports;
- translate and interpret laws and local regulations;
- review of project and regulatory documentation;
- answer technical questions and recommend preventative and correction measures;
- translate specifications, reports and design projects;
- inspect facilities;
- Repetro inventory and as built inspections;
- technical support for interface with Brazilian authorities;
- supply specific labor force.

pany with a strong presence in the petroleum and shipbuilding industries, with renowned expertise in offshore commissions anywhere in the world. Forship acts wherever their services are needed, from the Americas to Europe, Africa and Asia.

In the last few years, what had begun as just a complimentary service became a new line of business. When participating in the commissioned projects for Petrobras and other oil companies, Forship ended up rendering diverse regulatory services in order to offer a complete service to clients.

Complementary service

“The Regulatory Support Area was created during the actual process of commissioning major projects implemented by Forship, in which we ended up having to get involved in dif-



ferent regulatory questions”, observes

Antonio João Prates, director of Engineering. “It was a consequence, a

subproduct of four portfolio. But the increasing demand for integrated solutions led us to consolidate the regulatory support area with specialized consulting

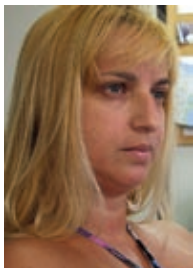


Photo: Courtesy Forship

of high-aggregate value, which was compatible with the strategic goals of Forship", he states.

Backed by knowledge of the Brazilian market and its portfolio of services for complex industrial projects, Forship started to offer regulatory support services to international companies seeking to comply with requirements of the Labor, Environmental, Customs, Maritime and Petroleum authorities, among others.

To consolidate this new line of products, Forship looked for a professional with experience in this field. Today, the regulatory support services are coordinated by project manager



Cristiane da Costa Guimarães, who reports to the engineering

director with support from Forship International and strategic partners – specialized tax and regulation consultancies.

"There is a group of specialized companies that compose distinct parts of this work. Generally, the foreign players turn to these consultancies, whether with labor, environmental or customs concerns. The fact that we offer a complete package, with just a few subcontracts to consultancies, is no small relief", observes Prates. "The clients are very satisfied. And the demand has increased in this area", added Cristiane.

Box of surprises

Partnerships are fundamental, since major endeavors encounter multiple regulatory aspects. "The Forship differential is essential the fact that it is multidisci-

plinary. We handle any complex industrial project, whether on land or offshore (petrochemical, energy projects, mining, etc.)" notes Antonio Prates.

"Regulatory aspects come in a box of surprises. Anything can happen: from a labor problem to a technical question, and onwards to an environmental requirement, etc. To meet this demand, we have mobilized internal resources, specialized professionals that work directly on projects and that can be allocated to do an investigation in the regulatory area, or, in some cases, we can contract specific consultants", the executive points out.

The idea took off on the occasion when a consortium executing a project for Petrobras, some years ago, solicited a regulatory study that Forship completed



Photo: Forship Image Bank
 Jeffrey Macasero, naval engineer; Yoshiyuki Ohara, mechanical engineer and coordinator and Christina Pascual electrical engineer.

complementarily to its commissioning project. It did not take long for other clients with highly complex demands started to request regulatory support for Forship projects.

The director of engineering confirms that the sheer mass of regulations always scares companies. "Every country has regulatory authorities, but Brazil has really gone all out", jokes the executive. "The main concern is the quantity of regulations and how to interpret each one." According to him, it is important to evaluate two paths. "Solution *a* is the least risky, but is extremely cumbersome and implies changing the project, etc. And then there is solution *b*. We reduce risk. We prepare the technical report this way. It is a question of managing costs and risks".

New consolidated area

At the beginning of 2008, the first contract specifically for this kind of support service was signed between P&M DI BV, a consortium between Petrobras

and the Japanese group, Mitsui. "P&M is responsible for the construction of the two drilling rigs to operate in Petrobras' projects abroad. With the bubbling market for drilling activities in Brazilian oil and gas fields, however, P&M decided to analyze the possibility of adapting these rigs for operations in Brazilian waters", points out Antonio Prates.

Forship was contracted to develop an impact study for this decision of the project and construction of the vessels. The work took one month to complete and the final document summarized the directives to comply with the demands the authorities of the MTE, DPC, Anatel, ANP, RFB, and of course, Conama and Ibama – the agencies of the Ministry of Environment.

Thereafter, Forship began services for a broader project with Hydro Brasil. A Brazilian company giving regulatory support to the development project for the Peregrino field, a consortium of Norway's Hydro and Anadarko from the USA, which

jointly operate this asset in the south Campos basin. The following year, Statoil Hydro, result of the merge between Statoil and Hydro, assumed control of this asset.

The products and services foreseen in this contract with Forship encompass complying with the norms of the Maritime Authority, the TEM and the ANP, including the developing directives and operational procedures to comply with Brazilian regulations, analysis of project and supply documentation, translation of regulations and attending clients' technical questions.

The scope of one of Forship's most complete contracts in the regulatory support area was signed in May 2008 with Maersk of Denmark for regulatory consulting services and the supply of a specialized labor force for the FPSO Peregrino project. The FPSO, which will be installed in the field of the same name (operated by StatoilHydro) with a production capacity of 100,000 barrels per day, is being constructed by Dalian, in China, by integrating modules constructed in Singapore at the Keppels shipyard. Maersk is not only responsible for the construction of the platform, but also for its operations and maintenance in Brazilian Waters.

The forecast for the Peregrino production system is for two fixed platforms and one FPSO. The jackets were constructed by Kiewit Offshore, in the Estados Unidos, and the FPSO was shipped by Maersk. The development plan of the Peregrino field includes 30 production and seven injector wells.

The Forship contract foresees compliance with a battery of

requirements from Ministry of Labor (MTE), the Department of Ports and Coasts (DPC) and Internal Revenue (RFB), as well as the National Telecommunications Agency (Anatel) and the National Oil, Gas and Biofuels Agency (ANP).

"The project involves the allocation of specialists from Forship Rio and Forship Asia in Singapore, especially when the platform reaches the sail way for Brazil, the coordination of NR-10 and NR-13 activities and the verification of fiscal measurements, according to ANP criteria", points out Cristiane Guimarães.

The current Forship portfolio includes, besides commissioning, operations and maintenance services, construction and assembly, as well as technical consulting. Regulatory services consolidated

a new line of services in Forship. According to Antonio Prates, "for a long time the buzz word at Forship was 'commissioning'; now it is 'operability'."

Positive outlook

According to Antonio Prates, this new line of services will have many clients, due to the booming oil and gas industry. "I see this segment has a growing and constant demand", he states – growing because of the compliance needs of foreign players setting up in Brazil.

"[Foreign companies] need to adapt to Brazilian regulation, to understand it, to interpret it, to comply with it in all their activities as demanded by the regulators" points out the executive.

"It is constant work because the regulations change: many are still being drafted and organized;

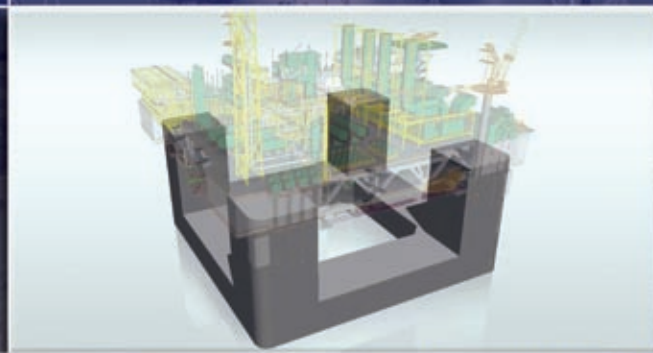
there are changes from time to time. We have to continually update this information."

The new regulatory regime for the pre-salt will impact this service. Antonio Prates and Cristiane Guimarães state that at the moment there has been no demand for regulatory support regarding the pre-salt. "The market is worried, waiting to see what will be the new rules for the game. Naturally, this will have technical implications. The change in regulatory regime will have consequences and detailing. The technical regulations will be altered", assesses Antonio Prates, stating that, at the moment, this support area pays much more attention to another regulatory aspect in great demand: local content. Therefore, big business awaits this new area at Forship. ■

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Phone : + 55 21 2220-6818
 Fax : + 55 21 2220-6898
 Web : www.projemar.com
 E-mail: projemar@projemar.com

Av. Almirante Barroso, 63 - 29th floor
 Rio de Janeiro - RJ
 20031-003
 Brazil

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