International Association of Oil & Gas Producers

IOGP

Global Industry Dispersants Task Force

ITAC

Meeting 24th October 2023

Global Dispersants Issue Recap

Information

- **How did we get here?**
  - ChampionX decided that they would no longer manufacture COREXIT dispersants or OSR chemicals
  - ChampionX would withdraw support for the regulatory registration of COREXIT from 1 July ’23
  - COREXIT is ~45% of global OSR stockpiles (that we know of) and >90% of USA stockpiles

- **Key Drivers**
  - Lack of sustainable business model
  - Litigation risk associated with dispersant use, post Macondo

- **IOGP Task Force**
  - Technical Work Group
  - Legal Work Group

Global Dispersants Issue Recap

Information

Issues to confront

- Resolution of the global use and registration of Corexit™ products
- Resolution of the impending changes to the registration requirements in US (Sub-part J)
- A solution to the current financial requirements attached to legal indemnities for the use of some dispersants, which preclude many Companies from using some dispersants
- An enduring vehicle to ensure adequacy of dispersant stockpiles and replacement capacity
- A summary of supply chain challenges with proposed solutions
- A summary of dispersants approvals and available industry stockpiles in different countries

Resolution of the impending changes to the registration requirements in US

Information / Discussion

- US EPA has released revision to Subpart J of NCP which allows for existing registrations of dispersants to be valid until 11 December 2025
  - It seems that registrations/listings will again be in perpetuity under new rules, once re-submitted
  - EPA also seeking shelf-life and product use-case which is new
  - Existing stockpiles must shows documentation of manufacturer's storage requirements
- TF has agreed that we should commence re-registration of Corexit to be effective after 11 December 2023
- Asked Dasic International if they would register Slickgone NS in the US

Resolution of the global use and registration of Corexit™ products

Information / Discussion

- ChampionX have agreed to extend their support of registrations and regulatory process on a **temporary** basis beyond 30 June 2023
- The TF has indicated that Industry should be willing to 'fund' the registration process
  - Mechanism to be determined
- Current US registrations valid until 11 December 2025; UK registration until January 2024; France registration until January 2025
- ChampionX in discussions with a third party to sell the registered formulation
  - Negotiations seem serious with potential purchaser
  - IOGP attended informal meeting between parties – see below

An enduring vehicle to ensure adequacy of dispersant stockpiles and replacement capacity

Information / Discussion

- OSRL/IOGP currently building a database of global dispersant approvals to be used in conjunction with currently known dispersant stockpiles in different countries
- Do 'Industry/OSROs' need to re-evaluate the distribution and size of global stockpiles? Who determines the Reasonable- or Worst-case discharge evaluations that feed stockpile size?
  - Seeking information from WEC on possible way forward. Increased global stockpile size may resolve a couple of issues around supply chain and Corexit re-blending cost
- Task Force accepts that a change in the business model is needed with at least 'Industry' paying for registrations (or annual fee to provide incentive to register/remain
- Seeking legal feedback on this, but need to recommend a path forward for equity to all manufacturers of stockpiled dispersant

A solution to the current financial requirements attached to legal indemnities for the use of some dispersants

Information / Discussion

- ChampionX main concern is their exposure to a proportion of existing stockpiled dispersant which doesn't indemnify them for use (~75% of US Stockpiles – 600k gallons)
- TotalEnergies has indicated retaining indemnification requirement on sale and use of Finasol
- Dasic has no indemnification and no intention to have one. They won't register Slickgone in USA unless increase in sales of product with minimum quantity guaranteed
- SMEs advised that re-blending and re-registration of Corexit as an option to remove indemnifications
  - This may require a new registration of same product
  - Value of the accumulated research and data from Corexit use in Macondo needs to be assessed if formulation slightly modified
  - Logistics challenges having to reblend offsite
- Accel DWD is the only other dispersant that imposed no indemnifications – only registered in US

Meeting with ChampionX

Information / Discussion

- Meeting 12 Sept 2023
  - CX in negotiations with third party regarding buying their dispersants business.
  - They sought informal discussions to understand Industry direction with the TF
  - Business Model: They have conceptualised a new business model whereby an annual retainer is paid for services such as stockpile testing, global registrations, verify storage is correct – have asked for non-specific draft proposal to review by TF.
  - Offered to re-formulate Corexit and register new dispersant (removes indemnification requirement)
    - Basically blend 2 parts Corexit with 1 part Corexit^{minus} (same components but less toxic, quicker biodegradation)
    - This increases stockpile size by ~30-50%
    - Have asked for this to be integrated into draft Business model
  - Registrations – ChampionX willing to do all the work to get all registrations over the line.
    - Industry share costs
    - Most likely new third party to register

Task Force Discussions

Information / Discussion

EPA Feedback Subpart J clarifications

- Manufacturer can ask to withdraw registrations in US, but EPA is sole decision maker. Needs clarity
- Still unclear as to who can be a ‘designated agent’. We want to know whether that can be an OSRO
- Shelf life can be submitted as in perpetuity, but EPA have right to request evidence of this

Task Force Next Steps

- Our TF is considering issues and will make strategic recommendations
- Industry needs a vehicle which can deal with tactical issues which give effect to recommendations
  - Paying for registrations globally
  - Negotiating a new business model with dispersant manufacturers, including removing indemnification requirements
  - Assessing supply chain and global stockpile adequacy
- TF is looking into what that might be and will come back to SteerCo with recommendation

Communication materials

Information / Discussion

- Communication materials
  - IOGP Webpage established
  - Two communications prepared and distributed
    - https://www.iogp.org/blog/environment/dispersants-task-force/corexit-availability-update-to-members-and-industry-may-2023/
    - https://www.iogp.org/blog/environment/dispersants-task-force/corexit-availability-update-to-members-and-industry-june-2023/

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