

SIGNS ARE THE OIL SPILL IN GULF COULD GENERATE NEW BUSINESS

The oil spill and resulting moratorium and tighter regulations on the oil and gas industry may now be a drag on the US gulf coast region, but analysts say the longer-term impact is likely to be new business. Indeed, several already see the need for their expertise in the region.

The failing of BP's blowout preventer in the disaster has presented an opportunity for C. Mark Franklin, founder of Innovative Pressure Testing, which has developed equipment to validate blowout preventer tests. The current industry standard - the circulator chart recorder - dates back to 1902, he said. A lot of time, that "antiquated equipment" takes 30 minutes to an hour to perform, and at very high pressures, which creates a safety issue. He notes in an interview:

It was a good piece of technology that suited our industry fairly well until it was taken into deeper water, higher pressure systems. His new technology, which is being evaluated by Royal Dutch Shell and others, can identify leaks within a few minutes. Mr Franklin established his company in 2009 and began to offer the commercial software in March of this year - a month before the spill. Nonetheless, he believes the spill will focus attention on "100 year-old technology" being used and help to make his product "the new standard".

Regardless of whether that turns out the way he hopes, there is no question there will be call for more safety innovation in equipment required for the Gulf of Mexico and probably even beyond, said Amy Myers Jaffe, an energy expert at Rice University. The US government is in the process of developing new regulations and best industry practices to ensure BP's accident is not repeated. The accident, on April 20, is still being investigated, but US authorities want a tougher regulatory climate around offshore oil and gas development, in addition to a comprehensive emergency response plan.

Carol Piovesan is chief executive of APO Offshore, a 2-year-old company that develops, markets, and supports the I-Platform solution providing advances in remote monitoring and predictive analysis for surface equipment on offshore platforms. She said in an interview:

Not a day has passed since the spill started that someone doesn't ask if my company could have made an impact prior to the event.

Because of her company's predictive analytic software and equipment on offshore platforms and drill rigs, she said there is an 85 per cent chance the issues that led to the disaster could have been spotted as red flags had APO been monitoring. Her business already is going up, with four new contracts under negotiation. The major drilling companies, as well as big oil producers, all have Health Safety and the Environment on the front burner, she said. They are

asking how they can monitor operations to make them safer and more efficient. The entire offshore industry is keen to improve their risk management.

Long-established businesses, such as Halliburton, one of the world's biggest oil services companies, expect to be in on the effort to find ways to improve processes and technology to improve deep-water oil drilling safety and spill response. Dave Lesar, Halliburton's chief executive, said the service sector generally can play a valuable role in developing "new technological innovations and best practices".

This will create new opportunities for consultants to show the industry is in compliance with the new rules, said Dan Jones, executive professor for the Bauer College of Business at the University of Houston. Closer to the accident itself, Belinda Little-Wood, executive director of the Naval Support Activity New Orleans Advisory Task Force, is leading an effort to turn a former US Naval base into an international disaster management center in New Orleans.

It would house equipment and personnel to provide everything from emergency response to shelter to recovery. During quiet times, it would be a teaching, research and development center, given New Orleans' status as an international center for disaster management training and development. She says: It fits right into the spill. They're going to have some sort of long term recovery strategy for testing and monitoring for the spill.

If all of these people are right, and business grows because of the spill, it could offset the short-term loss in activity generated by the moratorium and new rules being imposed by the US government. But for some of the smaller businesses impacted - running supply boats, catering and so on - it may be too late.