Playing the waiting game:
Interview with Dennis Clark OBE

NOF Energy celebrates its 25th anniversary this year. The business development group, which includes industry leaders such as AMEC, was formally brought together by the Northern Development Company (NDC) in 1988 and slowly grew to become the Northern Offshore Federation.

The organisation changed its name to NOF Energy in 2006. Today, it has approximately 400 members across the UK, with 50% based in the North East. Most of its membership is made up of oil and gas companies seeking to diversify into other industry sectors, or grow internationally.

Honorary President Dennis Clark OBE has 40 years' experience in the oil and gas sector which has included a number of senior roles in a variety of UK engineering companies as well as international experience gained in USA, Middle East, Australia, South Africa, Malaysia, Indonesia and China. He is currently the Chairman of Newcastle based offshore oil and gas and renewable company ONG Group, which has recently bought Hadrian Yard in Wallsend. He talks to Nigel Wright about ONG plans for growth as well as his role as a campaigner for the North East's 'high potential' oil and gas industry.

Tell us about the history of Hadrian Yard and the £25m investment you have made in the site.

Hadrian Yard was developed in the late 1980s/early 1990s by Amec. Amec closed the facility in 2004 and it became a car storage area. At its peak the yard employed 5,000 people and was the largest facility of its type in Europe with a load out capability of 15,000 tonnes. OGN purchased the yard in 2010 for £15 million and spent £5 million on refurbishing and upgrading the facility and a further £5 million on staff and systems to re-launch the business.

You have recently received planning permission for an offshore wind fabrication facility on the Tyne.

What impact do you hope this will have on your business and the local economy?

We have planning permission but as yet not the capital investment to bring our plans to fruition. Our target market is round three deepwater wind farms on the east coast of the UK, specifically the foundations and the transformer platforms. Potentially this is a huge opportunity. However as yet there is no absolute certainty when this investment will happen and there is certainly no commitment as such from the Energy Companies to the supply chain. Until this happens our investment plans are suspended.

What is it about the NE that prompted you to invest in such an ambitious project on the Tyne?

OGN was looking to own a fixed facility and the best facility available on the market was Hadrian yard. My own knowledge of the yard and the North East supply chain and workforce made it an easy decision.

During a recent presentation to the NOF Energy conference you mentioned there would be £100bn investment in North Sea CAPEX developments. This is a phenomenal sum of money, is the NE well positioned to service the supply chain and contracts that will be awarded from this?

Yes of course we are. The NE is a prime area as far as oil and gas field development is concerned. The region has 40 years of experience in the construction of fixed platforms and probably the strongest subsea capability in the UK. Our supply chain is robust and we have a highly skilled workforce.

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You have highlighted during presentations to NOF that technology plays a huge role in Drillex and CAPEX projects. Can you tell us a little about these developments and what firms in the NE can offer the global energy market?

3D and time lapse 4D seismic have transformed what we can see as far as oil and gas reservoirs are concerned. As I often say we can see more now than we could five years ago and technology will continue to improve. We can now drill with absolute precision which allows the oil companies to target specific small reservoirs and improve field recovery.

Your work with OGN and NOF sees you campaigning passionately to ensure that CAPEX projects are awarded to companies in the region or UK based firms, but it seems that we have missed out on billions of pounds worth of projects in the past. Can you give us an idea of the type of work and value of projects we have missed out on?

The oil companies have awarded 280,000 tonnes of platform and FPSO projects to overseas companies in the last 30 months. The most recent were the Statoil Mariner and Bressay platforms worth over £4 billion. The list is too long to repeat here but it started with BP Clair Ridge and Nexen Golden Eagle and more recently the Talisman Monarb topsides and the Chevron Rosebank FPSO. The UK has lost at least 20,000 jobs to overseas firms.

The next obvious question is why?

There are various reasons. Competitiveness has been one reason but no evidence has been provided. In certain instances the topsides were designed so large that the only location they could be built was Korea. Capacity and workforce availability have been used as reasons. Also regarding FPSO projects these are often leased from owners who build exclusively in the Far East. The UK yards could not have handled all of the work but 30% awarded to UK fabricators and their related supply chains would have made a massive difference to the fortunes of the industry. Fortunately the government's recently launched industrial strategy for the oil and gas industry does focus on UK content and the selection process for major projects. The main reason in my view is that the temporary personnel employed by many of the oil companies to supervise their projects have a vested personal financial interest in working overseas.

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Anyone venturing up the Tyne from the river-mouth up to Newcastle will see a number of modern housing developments. The Tyne has changed drastically over the last century, what are your hopes for industry across the river?

We are already seeing an increase compared to five years ago in my view. Subsea is thriving - companies like Tecnip and OGN have established a significant presence and the recent announcement on the Sub Sea Engineering Centre will create even greater interest. When offshore wind does actually happen the opportunities will be massive.

How do you hope to achieve these goals, is the government listening?

The recent strategy launched by the Government, as mentioned previously, does show they are listening. However it has taken two years of hard campaigning to get this recognition for UK content and the North East Region.