

Environmental Statement (ES) Summary and Sign-Off

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| Title: | Cragganmore Exploration Well 208/17-C Environmental Statement |
| Operator: | DONG E&P (UK) Limited (DONG) |
| Report No: | W/4142/2012 |
| Submission Date: | April 2012 |
| Block No: | 208/17-C |
| Development Type: | Exploration well |
| Reviewer: | Saravanan Marappan |
| Date: | August 2012 |

A) Project Description:

DONG is planning to drill an exploration well in Block 208/17-C, to target and explore the Cragganmore prospect. The proposed well is located approximately 80 kilometres (km) to the north west of Shetland Island and approximately 95 km from the UK / Faroe median line.

The well will be drilled in a water depth of approximately 670 metres (m) using the drill ship *West Navigator*. Drilling is expected to last for approximately 54 days, and is scheduled to commence in October 2012. The well will be drilled as a vertical exploration well. The well will comprise of the following sections: 36", 26", 17½", 12¼" and 8½" and will be drilled with Water-Based Mud (WBM).

Logging and Vertical Seismic Profiling (VSP) will be undertaken during or following completion of the drilling operations. The proposed well will be suspended if it is successful, for future re-entry. If unsuccessful, subject to the necessary consent from DECC LED, the well will be plugged and abandoned.

All activities will be subject of an Oil Pollution Emergency Plan (OPEP) that will need to be approved prior to commencement of operations.

B) Key Environmental Impacts:

The EIA identified and discussed the following key activities as having the potential to cause an environmental impact:

- Presence of the drill ship and wellhead
- Discharge of WBM and cuttings
- Noise
- Atmospheric emissions
- Wider concerns – accidental events, transboundary issues, cumulative effects.

C) Key Environmental Sensitivities:

The EIA identified the following environmental sensitivities:

- Fish: There are no identified spawning area within Block 208/17. The area is recognised as a nursery area for Blue whiting, European hake, Herring, Ling and Makeral. The spawning and nursery areas are extensive and the area of impact would be localised and temporary. Therefore the drilling of the proposed well is unlikely to impact these species.
- Seabirds: The most abundant seabird species recorded in the area around the proposed well are Fulmar, Kittiwake, Gannet, Shearwater, Glaucous gull and Skuas. Other species, particularly Gulls and Auks, also occur in lower densities at certain times of the year. Offshore seabird vulnerability is high during June and July, and moderate to low during the rest of the year. It has been assessed that there are sufficient mitigation measures in place to prevent accidental spills that could have a significant impact on seabirds and this will also be covered by the OPEP.
- Protected habitats: Initial interpretation of the site survey did not identify any potential Annex 1 habitats within the vicinity of the proposed well and it is located out with the designated 'area of search' for potential Annex I reef habitat. The closest identified Annex I habitats are the Wyville-Thomson Ridge, Special Area of Conservation (cSAC), located approximately 317 km south west, and the Darwin Mounds, Site of Community Importance (SCI), located 355 km south west of the proposed well. The drilling operation is not expected to have any significant impact on these protected habitats.
- Protected species: Sperm whale, Minke whale, Pilot whale, White-beaked dolphin, White-sided dolphin, Harbour porpoise, Killer whale and Sei whale have been recorded in this general area with highest numbers recorded during the period of May to October. Grey and Common Seals inhabit the coastal waters of the Shetland and Orkney Islands and have occasionally been observed to travel long distances when foraging, both species are unlikely to be present in large numbers at the well location. Any disturbance of marine mammals is expected to be limited to the drilling period, and the localised disturbance is considered unlikely to have any significant impact.
- Coastal sensitivities: The ES identified that there were significant coastal sensitivities on the Shetland Islands, Orkney Islands, North Rona and the north coast of the Scottish mainland, including Annex I habitat sites (reefs, submerged or partially submerged sea caves and coastal lagoons); and Annex II species sites (grey and common seals). In addition to internationally recognised SACs and Special Protected Areas (SPAs), there are other sites of national and international importance designated throughout the Orkney Islands and Shetland Island and along the north coast of Scotland. Whilst these coastal sensitivities would not be affected by the drilling operation, it was recognised that they could potentially be impacted by a significant hydrocarbon spill. However, suitable mitigation measures will be in place to prevent such a spill, and to respond to any accidental event to minimise any potential environmental impact and this will also be covered by the OPEP.
- Other users of the sea: The proposed well is situated within ICES rectangle 51E8, and relative fishing effort in the area is moderate. Shipping density in the vicinity of the proposed well is also relatively low. Appropriate navigational controls will be put in place, and it is not anticipated that there will be any significant impact on other users of the sea.

D) Consultation:

Comments were received from the Joint Nature Conservation Committee (JNCC), Marine Scotland (MS), Maritime and Coastguard Agency (MCA) and Ministry of Defence (MoD). The ES was also subject to public notice.

JNCC: JNCC confirmed that adequate measures have been put in place to minimise the potential impacts of the proposed activities on the marine environment.

MS: MS confirmed that they were content for the ES to be accepted.

MCA: MCA confirmed that they have no objections.

MoD: MoD confirmed that they have no objections.

Public Notice: No comments were received in response to the public notice.

F) Conclusion:

Following consultation, DECC OED is satisfied that this project will not have a significant adverse impact on the receiving environment or the living resources it supports, or on any protected sites or species or other users of the sea.

G) Recommendation:

On the basis of the information presented within the ES and advice received from consultees, DECC OED is content that there are no environmental or navigational objections to approval of the proposals, and has advised DECC LED that there are no objections to the grant of the relevant consents.

Approved : Wendy Kennedy
Head of Oil & Gas Environment and Decommissioning

.....*Wendy Kennedy*.....

Date: ...20/08/2012.....