Consents given under the Petroleum Act 1998 and Reviews under the Assessment of Environmental Effects Regulations 1999

Oilexco North Sea Ltd

Nicol Field Development 15/25a

Background

Oilexco North Sea Ltd is planning to develop the Nicol field in the central North Sea, approximately 170km from Peterhead. The proposed Nicol development will consist of two wells located in Block 15/25a. The wells will be tied back via a 10km 6" pipeline to the planned Brenda subsea manifold which will be commissioned simultaneously. The Brenda manifold will be tied back to the existing Balmoral platform, 8.5km away in Block 16/21a where the produced fluids will be exported via the Forties Pipeline System.

The drilling of the first well will start in June 2006 and is expected to last 27 days. The second well is to be drilled in April 2007. Well clean up/well testing is not planned. A dynamically positioned (DP) pipelay vessel will be commissioned to undertake installation of the export and gas lift pipelines. Pipelay operations are expected to take 14 days to complete, when the pipelines will be laid together on the seabed ready for trenching. Trenching operations are expected to take 7 days to complete using a pipeline plough or mechanical trenching device which will be supported from a DP trenching vessel.

Pipeline crossings will be protected by flexible concrete mats. 500 tonnes of rock dump has been included as a contingency to mitigate upheaval buckling in specific locations.

The first well will be drilled and completed using the Sedco 712 semi-submersible drilling rig.

The Nicol development well top hole sections will be drilled using WBM and low toxicity oil based mud (LTOBM) will be used in the 12.25 and 8.5 inch sections. There will be 566 tonnes of WBM cuttings and 320 tonnes of WBM fluids to be discharged from the wells. Where LTOBM is used, the cuttings will be returned to the rig and passed through a
Rotomill thermal desorption unit with 741 tonnes of processed cuttings to be discharged. Any LTOBM that cannot be processed through the Rotomill system will be shipped to shore for treatment and disposal.

Modifications will be required to the Balmoral platform due to the tie back of the Nicol Field Development but these will result in additional CO2 emissions of approximately 20 kilotonnes per annum and as such, will not result in substantial change under the Offshore Combustion Installation (Prevention & Control of Pollution) Regulations 2001.

Sensitivities

The environmental statement identifies a range of potential environmental hazards and outlines proposed mitigation measures, including:

- Physical presence
- Seabed disturbance
- Noise and vibration
- Atmospheric emissions
- Marine discharges
- Loss of containment
- Solid Waste
- Cumulative impacts
- Transboundary impacts

Recommendation

Overall the environmental statement is satisfactory and adequately assesses the potential environmental impacts of the proposed operation. It is recommended that consent is given to the project.