

Environmental Statement (ES) Summary and Sign-Off

Title:	Environmental Statement, Handcross Exploration Well (Well 204/18b-B)
Operator:	Valiant Petroleum Plc
Report No:	W/4106/2011
Submission Date:	31 March 2011
Block No:	204/18b
Development Type:	Exploration well
Reviewers:	Saravanan Marappan
Date:	August 2011

A) Project Description:

Valiant Petroleum Plc (Valiant) is planning to drill an exploration well in Block 204/18b, to target and explore the Handcross prospect. The proposed well is located approximately 128 kilometres (km) to the west of Shetland Island and approximately 10 km from the UK / Faroe Islands median line.

The well will be drilled in a water depth of approximately 1,000 metres (m) from a semi-submersible drilling rig or deepwater drill ship. Drilling is expected to last for 55 days, and is scheduled to commence in October 2011. The well will be drilled as a vertical exploration well. The well will comprise of the following sections: 36", 17½", 12¼" and 12¼" (side track) and will be drilled with Water-Based Mud (WBM).

Well test and Vertical Seismic Profiles (VSPs) 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 Environmental Impact Assessment (EIA) identified the following key activities as having the potential to cause an environmental impact:

- Discharge of water-based mud and cuttings
- Noise
- Atmospheric emissions

- Wider concerns, e.g. hydrocarbon spills, other accidental events and trans-boundary issues

C) Key Environmental Sensitivities:

The EIA identified the following environmental sensitivities:

- **Fish species:** The area is a recognised spawning and nursery ground for Blue Whiting and Norway Pout. However, the spawning and nursery areas are extensive and it is unlikely that the drilling of the proposed well will impact these species.
- **Seabirds:** The most abundant seabird species recorded in the area around the proposed well are Fulmar, Kittiwake and Puffin. Other species, particularly Gulls and Skuas, also occur in lower densities at certain times of the year. Offshore seabird vulnerability is high during May, June and September and moderate during January, March, July – August, October – November. 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.
- **Offshore protected habitats:** The proposed well is located outwith the designated 'area of search' for potential Annex I reef habitat. The closest identified Annex I habitats are the Wyville Thompson Ridge candidate Special Area of Conservation (cSAC), located 114 km to the southwest, and the Darwin Mounds Site of Community Importance (SCI) and cSAC, located 154 km to the southwest of the proposed well. The drilling operations are not expected to have any significant impact on these protected habitats.
- **Protected species:** Minke whale, Pilot whale, Risso's dolphin, White-sided dolphin, Sperm whale, Killer whale, Sei whale and Harbour porpoise have been recorded in this general area, with highest numbers recorded during the period May to October. Grey and Common Seals inhabit the coastal waters of the Shetland and Orkney Islands and, although Common seals have occasionally been observed to travel long distances when foraging, both species are unlikely to be present in the area. 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 oil 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 49E5 and 50E6. Commercial fishery landings from the area around the proposed well are low in comparison to the shallower waters of the continental slope and shelf, with the exception of Mackerel which is a pelagic species and unlikely to be affected by the drilling operations. Shipping density in the vicinity of the proposed well is 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) Consultees:

The Joint Nature Conservation Committee (JNCC), Marine Scotland (MS), the Maritime and Coastguard Agency (MCA), the Ministry of Defence (MoD) and the Northern Lighthouse Board (NLB) responded to the request for comments on the proposals.

JNCC: JNCC requested additional information on the seabed communities and habitat investigation. Following the provision of additional information, JNCC confirmed that they were content for the ES to be approved. JNCC confirmed that the exploration well was unlikely to have a significant impact on the nature conservation value of the marine environment.

Marine Scotland: Marine Scotland confirmed that they were content for the ES to be approved.

MCA: MCA confirmed that they had no objections.

MoD: MoD confirmed that they had no objections.

NLB: NLB confirmed that the standard marking requirements for offshore installations should apply. (A more detailed assessment of the requirements would be provided in response to the Energy Act Part 4A application for the consent to locate the drilling rig).

Faroe Island Government: In view of the proximity of the proposed well to the UK / Faroe Islands median line, Jarðfeingi (Faroese Earth and Energy Directorate) were notified. Jarðfeingi expressed an interest in having sight of the ES, and a copy was sent to them on 14 April 2011. No comments were received.

Public Consultation: Public consultation of the ES resulted in the Department receiving comments from Greenpeace. The Department issued a response to Greenpeace on 19 July 2011. The main thrust of Greenpeace comments was to object to the principle of deepwater drilling in the light of the *Deepwater Horizon* incident in the Gulf of Mexico, and there were no sustainable environmental objections to the proposed drilling operation.

E) Further Information:

Further information was requested from Valiant to address the issues raised by JNCC, MS and issues raised during the internal DECC review, which included clarification in relation to the seabed communities, habitat investigation, marine discharges and oil spill modelling. Additional information was provided by Valiant on 16 June 2011 and 29 June 2011, which adequately addressed the issues raised.

F) Conclusion:

Following consultation and the provision of additional information, DECC OED is satisfied that the project is unlikely to have a significant environmental impact, and content that it will not have a significant adverse effect on the marine environment in general or on any protected sites or species.

G) Recommendation:

DECC OED recommends that, subject to a positive determination of supplementary applications submitted to LED, OED and the Health and Safety Executive, the Handcross Exploration Appraisal Well should be given consent to proceed.

Approved : Sarah Pritchard - Head of Environmental Operations Unit

Sarah Pritchard

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Date: ...08th August 2011.....