

UKCS ENVIRONMENTAL STATEMENT 2015



WELCOME TO ENQUEST'S PUBLIC STATEMENT ON ENVIRONMENTAL MANAGEMENT AND ENVIRONMENTAL PERFORMANCE FOR 2015

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EXECUTIVE SUMMARY

THIS STATEMENT HAS BEEN PREPARED TO FULFIL THE DEPARTMENT OF ENERGY AND CLIMATE CHANGE (DECC) REQUIREMENT UNDER THE OSPAR RECOMMENDATION 2003/5 TO PRODUCE AN ANNUAL PUBLIC ENVIRONMENTAL STATEMENT.

It represents an open and transparent representation of our environmental performance across our offshore operations for the year 2015¹. The statement covers environmental performance, describes the extent to which we are meeting our environmental goals and outlines our future objectives.

All assets achieved yearly average oil in produced water concentrations within the 30 mg/l limit as set by the Regulator. Individually, the assets performed at the following levels:

Kittiwake - 19.63 mg/l Heather Alpha - 27.61 mg/l Thistle Alpha - 8.06 mg/l Northern Producer - 22.87 mg/l EnQuest Producer - 3.47 mg/l Identifying ways to minimise the risk of unplanned spills to the marine environment remained a focus throughout 2015, with the number of accidental spills to the marine environment totalling 11.

In early 2016, EnQuest completed a successful external verification of its 2015 greenhouse gas emissions as required under the Companies Act 2006 (Strategic and Directors' Reports) regulations 2013.

Total CO_2 emissions resulting from flaring and power generation totalled 518,784 tonnes in 2015.

As a mature province, the UKCS presents itself as a challenging place to work. Nevertheless, we are committed to improving the environmental performance of our assets.

HSE&A Policy



Health, Safety, Environment & Assurance

EnQuest is the UK's largest independent oil & gas development and production company, operating in the North Sea and internationally. We are committed to operating responsibly and will not compromise our health, safety or environmental standards to meet our business objectives.

Through respect for our people, our contractors, our customers, our stakeholders and the environment, we will operate to achieve our principal aim: safe results, with no harm to people and respect for the environment.

To achieve this we will manage our business such that we:

- · Demonstrate strong leadership and visible commitment to HSE&A
- Comply with all applicable legislation and industry standards
- · Maintain high-quality systems and processes
- Assess and manage risks
- · Maintain safe and healthy workplaces
- Manage and mitigate our impact on the environment
- Provide trained and competent resources
- Encourage open and honest communication
- Ensure our contractors and suppliers comply with our policies and procedures
- · Maintain the integrity of our assets over their life cycles
- Assess and manage change
- Plan and be prepared for potential emergencies
- · Investigate and learn from incidents
- Strive for continual improvement in our performance

Should operational results and safety ever come into conflict, we all have a responsibility to choose safety over operational results. This includes the responsibility to stop a job whenever activities may conflict with this policy.

Amjad Bseisu

Chief Executive Officer

EnQuest PLC, May 2015

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www.enquest.com

OVERVIEW

ENQUEST IS AN OIL AND GAS DEVELOPMENT AND PRODUCTION COMPANY: THE LARGEST UK INDEPENDENT OIL PRODUCER IN THE UK NORTH SEA.

PRINCIPAL ASSETS

EnQuest's principal UK assets at the end of 2015 were its interests in the producing operated oil fields Heather/Broom, Thistle/Deveron, the Dons Area, the Greater Kittiwake Area and Alma/Galia and also in the Kraken and Scolty/Crathes developments. EnQuest also has a non-operated interest in the Alba oil field.

Alma/Galia was brought onstream on 27 October 2015. The Kraken project continues on schedule with first oil expected in the first half of 2017.

DELIVERING SUSTAINABLE GROWTH

EnQuest is proving that it can deliver sustainable growth through increasing production and reserves.

Production averaged 36,567 Boepd in 2015, up 31% on 2014 and above EnQuest's guidance range. In both November and December 2015, EnQuest production averaged over 50,000 Boepd. This reflected a very good operating performance in 2015, with continuing high levels of production efficiency.

RESPECT FOR THE ENVIRONMENT

As a responsible operator, we manage our operations to prevent incidents and minimise the environmental impact:

- In EnQuest, respect is paramount for our people, our environment and the safety of others.
- Effective management of Health, Safety and Environmental performance is a key objective across the business.

GUIDING ALL OUR ACTIVITIES IS OUR PRINCIPAL AIM:

SAFE RESULTS, NO HARM TO PEOPLE AND RESPECT FOR THE ENVIRONMENT.



OUR ACTIVITIES

AT THE END OF DECEMBER 2015 ENQUEST HAD WORKING INTERESTS IN 30 UK PRODUCTION LICENCES, COVERING 42 BLOCKS OR PART BLOCKS IN THE UKCS AND WAS THE OPERATOR OF 25 OF THESE LICENCES.

FIG.1 Production & Development Dons / Conrie / Ythan Discoveries Thistle / Deveron Other Heather / Broom Scolty / Crathes Greater Kittiwake Area Alma / Galia

Figure 1 shows our present areas of production and development, along with discoveries and areas in which we hold a licence.



HEATHER

Discovered in 1973, with first oil production in 1978, the Heather field lies in the East Shetland Basin. Oil is exported from the platform to the Ninian pipeline system and hence to the Sullom Voe Terminal. The Heather platform acts as the host for the nearby Broom field subsea development, providing services to the Broom wells and processing the produced fields. The net daily production average for Heather/Broom in 2015 was 4,643 Boepd.



NORTHERN PRODUCER

In the Don field, oil was discovered in the sandstone of the Middle Jurassic Brent Group in 1973. The discovery was subsequently appraised by Shell/ESSO in 1976 and then developed by BP in the 1990s. EnQuest's redevelopment began production in 2009. The development consists of four sub-sea tie- backs: Don South West, West Don, Conrie and Ythan. During 2015, net production delivered 7,690 Boepd.



THISTLE

The Thistle field was discovered in 1973. A single steel jacket platform was installed in 1976 and production began in February 1978 for BNOC/Britoil/BP. The licence operatorship subsequently changed to DNO in 2003, then to Lundin in 2004 before the demerging of Lundin's UK assets in 2010, when EnQuest became the operator. During 2015, the net daily production was 8,930 Boepd for Thistle/Deveron.



KITTIWAKE

The Kittiwake field was discovered in 1981 and developed with a fixed steel jack platform. Production began in 1990, and reached a peak of almost 40,000 Boepd in 1994.

Oil is exported to the Forties Pipeline System via a 10" oil export line to Forties Unity. Surplus gas is exported via a 4" export line to the nearby SEGAL gas pipeline. Further exploration in the Greater Kittiwake Area (GKA) discovered the Grouse, Mallard, Gadwall and Goosander fields. All these additional subsea developed fields were tied back to the Kittiwake platform.

In February 2014, EnQuest acquired a 50% stake and operatorship of GKA which consists of the Kittiwake field and surrounding development/acreage. EnQuest also acquired a 100% interest in the Kittiwake to Forties oil export pipeline. Net production in 2015 delivered 3,981 Boepd.



ALMA/GALIA

First oil from the Alma/Galia development was achieved on 27 October 2015 following final commissioning of all the required systems. There are seven production wells and two water injection wells tied back to the EnQuest Producer FPSO, capable of processing 57,000 Boepd and storing 625,000 barrels of crude oil.

During 2015, production achieved 1,083 Boepd (net production since first oil on 27 October 2015, averaged over the twelve months to the end of December 2015).



TRANSOCEAN LEADER

The Transocean Leader has been contracted to drill the Kraken Development. The Kraken field is a large heavy oil accumulation in the UK North Sea, located in the East Shetland basin, approximately 125 km east of the Shetland Islands.

In 2015, following the completion of the Kraken batch top-hole drilling programme at Drill Centre 1, the Transocean Leader progressed with the pre-drilling of individual wells into the reservoir



STENA SPEY

The Stena Spey has been contracted to EnQuest to undertake drilling and workover operations across our assets. The MODU has been selected to drill the Scolty/Crathes development which consists of two single horizontal wells tied back over via subsea pipeline 25km in a 'daisy chain' fashion to the Kittiwake Platform. Oil from Scolty and Crathes will be exported via the Forties Pipeline System. With first oil targeted in H1 2017, Scolty/Crathes represents a key component in EnQuest's hub model for Kittiwake, extending the economic life of the Greater Kittiwake Area well into the next decade.



OUR AIM:

SAFE RESULTS, WITH NO HARM TO PEOPLE AND RESPECT FOR THE ENVIRONMENT

WE MANAGE OUR ENVIRONMENTAL ACTIVITIES VIA OUR INTEGRATED SAFETY AND ENVIRONMENTAL MANAGEMENT SYSTEM (SEMS)

As an oil and gas operator of offshore oil and gas installations on the UKCS, EnQuest is required by the Department of Energy and Climate Change (DECC) to have in place an Environmental Management System that:

- Achieves the environmental goals of the prevention and elimination of pollution from offshore sources and of the protection and conservation of the maritime area against other adverse effects of offshore activities;
- Maintains continual improvement in environmental performance; and
- Is in accordance with the principles of internationally recognised standards such as ISO 14001.

EnQuest has implemented an integrated Safety and Environmental Management System (SEMS) which is accessed via the Business Management System (BMS) on our intranet. The EMS element of the SEMS has been established and implemented to ensure company activities are conducted in such a way that minimises risks to the environment throughout company operations. It provides a framework for the achievement of objectives in order for EnQuest to manage risk in accordance with the requirements of company policies, applicable legislation, national/international standards and contractual or partnership commitments.

EnQuest has established an HSE&A Policy, which is a statement of intent from the Chief Executive Officer and is intended to communicate to personnel and stakeholders (including contractors, clients and shareholders) EnQuest's aims and expectations

regarding environmental management. The Corporate Major Accident Prevention Policy (CMAPP) complements the HSE&A Policy and outlines the approach for managing major accident hazards.

The EnQuest HSE&A Principles are developed to support the achievement of the HSE&A Policy commitments across all company operations and form the basis for the development and application of HSE&A management systems, processes and procedures at all levels within EnQuest.

As the EMS is subject to auditing and review, our goal of complying with statutory requirements is repeatedly tested. Furthermore, as we apply our EMS across all our operations, we are able to share and learn from best practice and to achieve our goal of minimising risk of impact to the environment.

Our EMS is structured in line with the requirements of the international standard for environmental management and has been externally verified to meet the requirements of OSPAR Recommendation 2003/5.

HSE&A is EnQuest's top priority and it is deeply embedded in our culture and Values. It is integral to how we manage our business with regard to people, installations and the environment in which we operate.

Our HSE&A Policy underpins how our environmental goals are progressed throughout our business operations. We are fully committed to operating responsibly so that environmental risks are minimised.

OUR ENVIRONMENTAL PERFORMANCE

EFFECTIVE MANAGEMENT OF HSE PERFORMANCE IS A KEY OBJECTIVE.

Across all of our assets, the volume of liquid waste produced (including the oil content of produced water, produced water volumes and chemicals discharged to sea) remain within all permitted allowance levels as agreed by the Regulator.

At EnQuest we strive to minimise the overall volume of chemicals we use. Throughout the year we have worked with our contractors to replace, where possible, chemicals with more environmentally acceptable alternatives.

There were a total of nine substitution chemicals in use across EnQuest's producing assets in 2015; three of these have no discharge to the marine environment. One production chemical highlighted for substitution was removed from use on EnQuest assets in 2015. One chemical gained a Level 4 (lowest priority) substitution warning following a review of ecotoxicity data by the Offshore Chemical Notification Scheme.

EnQuest introduced a Greening Plan on Production Assets to set targets for seeking alternative chemicals for products carrying a Substitution warning label and replace where possible. EnQuest works closely with chemicals suppliers to undertake research and development of new, more environmentally friendly chemicals. We also aim to reduce usage application rates and the volumes discharged where possible.

As a producer of waste, EnQuest has a duty of care to ensure that all waste is transferred and disposed of in accordance with the relevant legislation.

EnQuest made some significant improvements in the area of waste management in 2015 as follows.

- Each production asset developed and implemented an upgraded Waste
 Management Plan which improved segregation based on skip audits
- Successfully completed the installation of thermal processing systems on the Transocean Leader MODU which recycles oil based mud (OBM) and re-uses the hydrocarbons recovered for further drilling.

This technology allows for complete recycling of waste generated during drilling with OBM and it is estimated that the thermal processing on the Transocean Leader will avoid 16,000 tonnes of cuttings to landfill over the 25 wells on Kraken.

 ${\rm CO_2}$ emissions resulting from the burning of fuel gas and diesel for the purpose of generating power totalled 284,282 tonnes, with the flaring of gas accounting for an additional 234,503 tonnes of ${\rm CO_2}$.

Minimising and preventing spills to the marine environment remained a focus during 2015.

Throughout the year, there were 11 unplanned spills of hydrocarbons or chemicals from EnQuest production.

ENQUEST REGULARLY MONITORS AND REPORTS ITS ENVIRONMENTAL PERFORMANCE IN RELATION TO THESE ASPECTS IN LINE WITH THE REQUIREMENTS OF EU & UK LAW

LIQUID WASTE

Oil and gas extraction has associated produced water. On EnQuest's offshore installations. hydrocarbons are separated from produced water as part of the production process. However as traces of oil inevitably remain, the discharge of produced water is strictly controlled by the Offshore Petroleum Activities (Oil Pollution Prevention & Control) Regulations 2005 (as amended). These Regulations set a limit on the average oil content of the water discharged. Liquid waste also consists of production chemicals discharged to water in the extraction process. Production chemicals have a number of functions. Any chemical used offshore during oil and gas production must be approved by the Centre for Environment, Fisheries and Aquaculture Science (Cefas). The use and discharge of production chemicals is controlled under the Offshore Chemical Regulations 2002 (as amended). In collaboration with our chemical suppliers, EnQuest strives to use environmentally acceptable alternatives where possible in our operations through the chemical management process.

SPILLS

Given the nature of our activities, there is always a risk that accidental spills may occur. All spills to sea, regardless of volume, must be reported to DECC via a Petroleum Operations Notice (PON1).

At EnQuest we take our responsibilities to prevent spills to sea very seriously. We have processes in place to minimise the risk of spills to sea. In addition to statutory reporting requirements, we internally record and investigate any releases of unpermitted chemical or oil. This helps improve our understanding of the root causes and identify actions to prevent similar incidents occurring in the future.

MATERIAL WASTE

Our operations consume natural resources and other material which generate a range of wastes. EnQuest must ensure that the segregation, transportation and eventual disposal of waste are managed in accordance with legislative requirements. EnQuest works closely with its onshore waste management contractors to identify recycling routes for as much of its waste as possible and conducts regular audits to evaluate waste management practices.

ATMOSPHERIC EMISSIONS

EnQuest uses energy in extracting, processing and exporting oil and gas. Atmospheric emissions generated by these activities are regulated by the Greenhouse Gases Emission Trading Scheme (ETS) and the Offshore Combustion Installation (Prevention and Control of Pollution) Regulations 2013. EnQuest seeks to use energy efficiently within our facilities, and continually looks to identify opportunities that may reduce emissions from its operations. In addition, EnQuest report their annual greenhouse gas (GHG) emissions in their Directors' Report as per the Companies Act 2006 (Strategic and Directors' Reports) Regulations 2013.

LIQUID WASTE

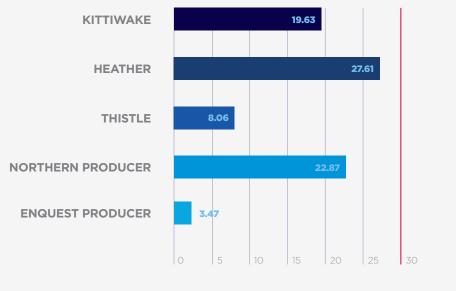
ENQUEST AIMS TO MINIMISE THE ENVIRONMENTAL IMPACT OF THE DISCHARGE OF PRODUCED WATER. TREATMENT PLANTS AT OUR ASSETS REMOVE THE MAJORITY OF HYDROCARBONS AND SOLIDS PRESENT IN THE PRODUCED WATER STREAM. ALL OUR WASTE WATER IS TREATED AND MONITORED PRIOR TO DISCHARGE.

OIL IN WATER

As produced water contains traces of hydrocarbon, the Offshore Petroleum Activities (Oil Pollution, Prevention & Control) Regulations 2005 (as amended) sets the daily permitted average oil content of produced water at 30 mg/l.

AVERAGE OIL CONCENTRATION OF PRODUCED WATER BY ASSET

FIG.2



_____ Limit (30 mg/l)

Figure 2 above shows average oil concentration of produced water across our assets for 2015. All assets have demonstrated yearly average oil concentrations that sit within the 30 mg/l legal limit.

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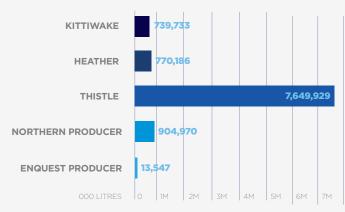
LIQUID WASTE CONTINUED

PRODUCED WATER DISCHARGED TO SEA (m³)

FIG.3a

OIL IN PRODUCED WATER DISCHARGED TO SEA (TONNES)

FIG.3b



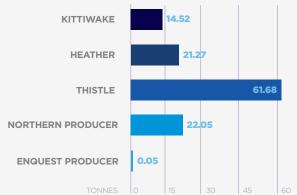


Figure 3a. above shows total volume of produced water discharged to sea during 2015.

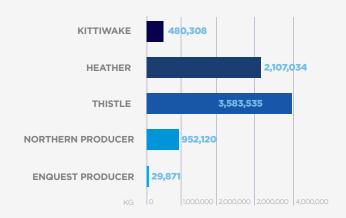
Figure 3b. above shows oil discharged to sea via the produced water stream during 2015.

TOTAL CHEMICAL USE (KG)

FIG.4a

TOTAL CHEMICAL DISCHARGE (KG)

FIG.4b



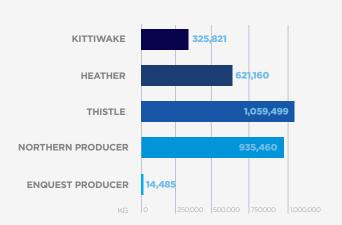


Figure 4a. above shows total chemical used during 2015.

Figure 4b. above shows total mass of chemicals discharged to sea via the produced water stream during 2015.

SPILLS

AS SPILLS AT SEA CAN HAVE CONSEQUENCES FOR THE MARINE ENVIRONMENT, WE WORK TO MINIMISE THE RISK WITH A FOCUS ON PREVENTION. WE HAVE DECC-APPROVED OIL EMERGENCY POLLUTION PLANS IN PLACE ACROSS ALL OUR ASSETS AND ARE A MEMBER OF OIL SPILL RESPONSE, THE WORLD'S LARGEST SPILL RESPONSE ORGANISATION

NUMBER OF SPILLS

All spills to the marine environment, regardless of volume, must be reported to DECC via a Petroleum Operations Notice (PON1). Figure 5 (below) details the number of PON1s submitted to DECC during 2015 that have been submitted, investigated and subsequently closed by the Regulator.

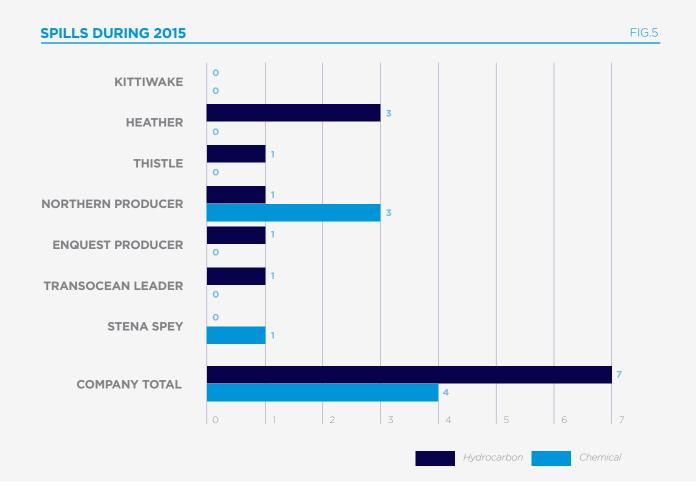


Figure 5 details the number of spills to sea originating in 2015 from across our operations.

SPILL QUANTITIES

MASS OF SPILLS DURING 2015

FIG.6

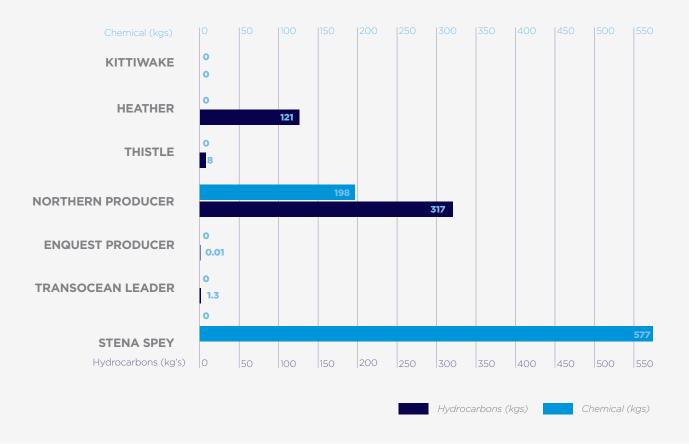


Figure 6. details the total volume of hydrocarbon or chemical spills originating in 2015 from across our operations.

A successful dive support vessel campaign in May 2015 repaired and confirmed closure of 3 pre-2015 PON1s.

Table 1 below shows location, spill quantity and incident summary.

Asset/Field	Spill Quantity (Tonnes)	Summary
Northern Producer Don Southwest subsea manifold	29.87 (2012-2015)	Hydraulic fluid release from the connection of the control umbilical to the base on the gas lift line.
Northern Producer – subsea umbilical system	123.81 (2011-2015)	Scale inhibitor released to sea from subsea umbilical system.
Northern Producer - West Don production manifold	53.77 (2013-2015)	Loss of hydraulic fluid from the hydraulic system to the production wing valve.

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ATMOSPHERICS

ALL OUR OPERATIONS USE ENERGY IN EXTRACTING, PROCESSING AND EXPORTING OIL AND GAS. WE MANAGE OUR ENERGY CONSUMPTION EFFICIENTLY TO REDUCE EMISSIONS FROM OUR OPERATIONS



MANDATORY CARBON REPORTING

Under the Companies Act 2006 (Strategic and Director's Reports) Regulations 2013, EnQuest were required to report its annual greenhouse gas (GHG) emissions in its Directors' report. EnQuest's 2015 GHG emissions were externally verified in January 2016. The charts below provide detail of all our assets GHG emissions expressed as a CO₂ equivalent.

GHG EMISSIONS BY ASSET

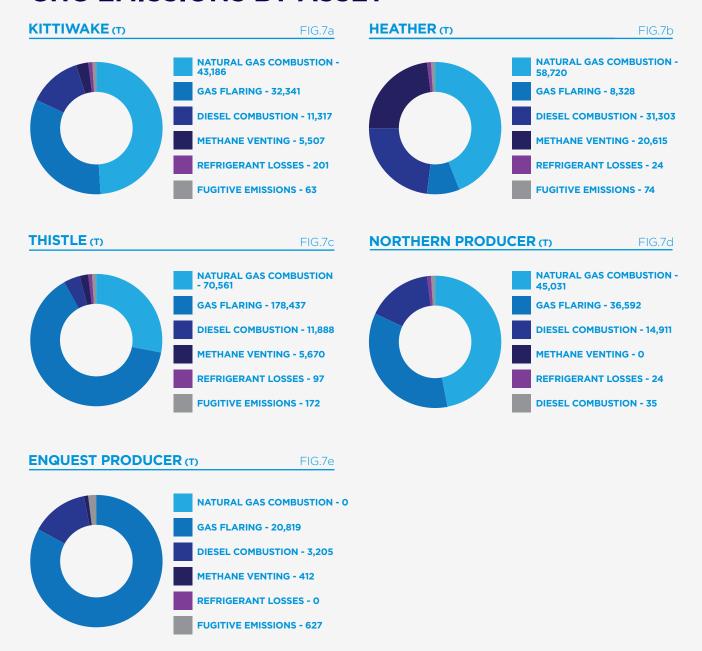


Figure 7 above shows the greenhouse gas emissions by asset in 2015.

WASTE MANAGEMENT

OUR OPERATIONS CONSUME
NATURAL RESOURCES AND OTHER
MATERIAL WHICH GENERATES A
RANGE OF WASTES. WE MANAGE
OUR WASTE ACCORDING TO THE
WASTE MANAGEMENT HIERARCHY
- REMOVE, REDUCE, REUSE AND
RECYCLE. WE SEEK TO MINIMISE
THE QUANTITY OF WASTE DISPOSED
TO LANDFILL

OPERATIONAL WASTE BY ASSET

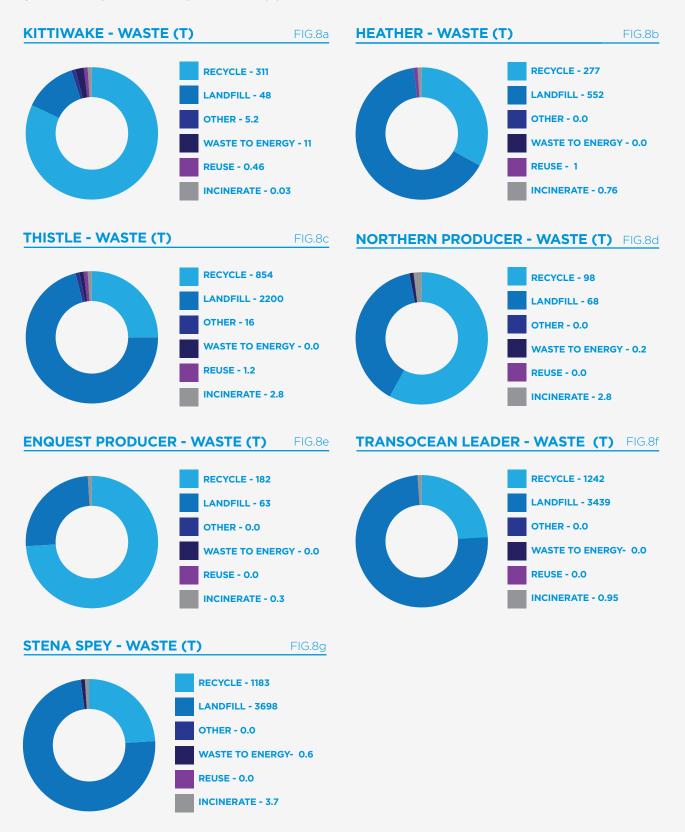
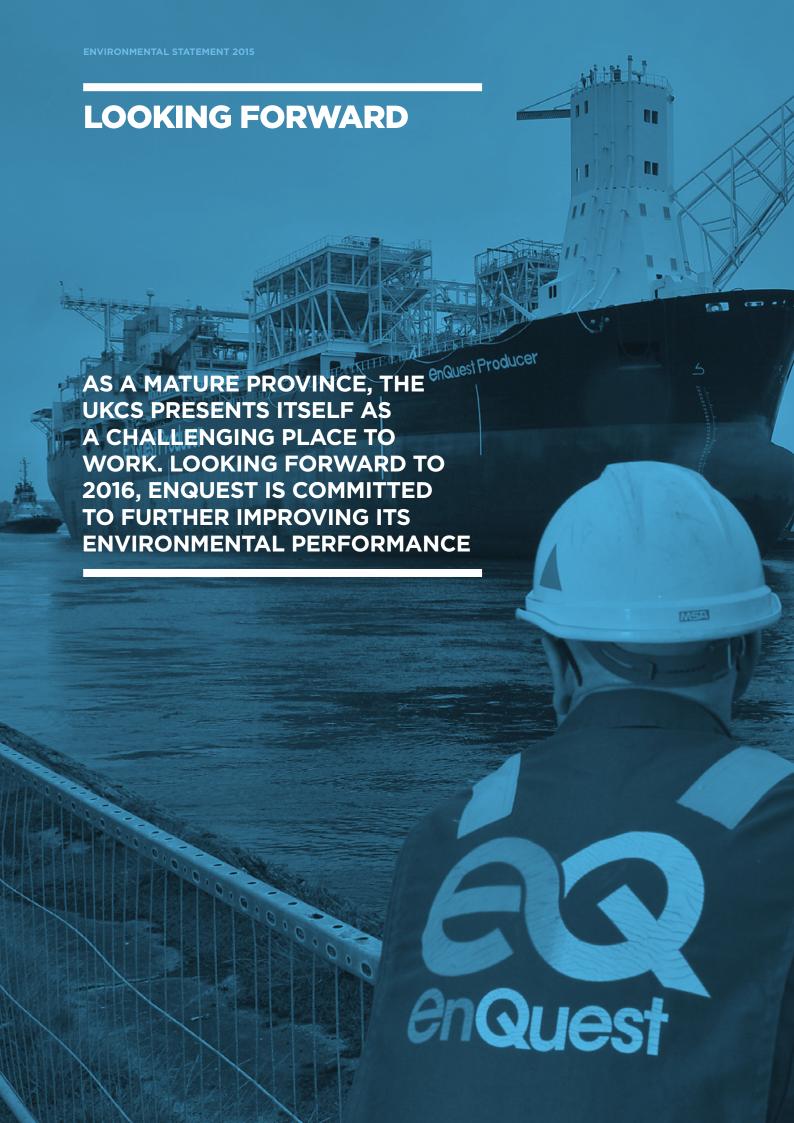


Figure 8 charts above shows the destimation of waste that is generated on EnQuest assets, including the drilling rigs in 2015.



2016 CONTINUAL IMPROVEMENT PLAN

ENQUEST REMAINS COMMITTED TO IMPROVING ITS ENVIRONMENTAL PERFORMANCE.

The HSE&A Continual Improvement Plan (CIP) describes EnQuest's improvement initiatives; what the company will do to achieve them and how it will measure success. Specific objectives, targets and actions are developed and cascaded to all levels within the organisation. The Senior Environmental Advisor provides input to the development of the CIP by using the current performance data and significant environmental aspects and impacts to guide focus areas.

In addition, each installation has an Asset HSE&A plan that is based on the HSE&A CIP and reviewed on a monthly basis by the Asset Environmental Advisor.

The key Environmental Control objectives for 2016 are:

 Deliver on the spills and non-compliance Reduction Plan.

Across our assets we continue to raise awareness of environmental legislation and permit conditions to prevent permit non compliances. We also investigate any spills to sea and permit non-compliances to identify root causes and implement improvement actions. Furthermore, EnQuest continue to implement and deliver on our Environmentally Critical Equipment (ECE) Strategy which has resulted in the compilation of a list of ECEs for EnQuest's offshore operated assets. The compilation of the list and

subsequent entry into the Maintenance Management Database Maximo ensures ECEs are adequately maintained to reduce the risk of any environmental incident occurring as a result of component failure.

- Enhance and promote the Environmental Rep role.

The E-Rep role is for any crew member who has an interest in supporting the environmental performance of the installation, through identifying environmental risks and reducing the potential for environmental impacts. The role provides a platform to develop skills and knowledge, to proactively influence their colleagues to raise awareness and, to reduce potential impacts.

EnQuest facilitates two internal E-Reps forums per year to provide E-Reps with an opportunity for cross-asset learning and sharing of information relevant to our operations. The E-Reps also receive e-learning on modules such as introduction to environmental management, oil discharge to sea, chemicals management, oil pollution emergency and atmospherics emissions. The focus areas for the E-Reps in 2016 are chemical decanting and bunding, spill kits and drains management.

CONTACT

ENQUEST
ANNAN HOUSE
PALMERSTON ROAD
ABERDEEN
ABII 5QP

TEL: + 44 (0)1224 975000 FAX: + 44 (0)1224 975001

EMAIL: ENQUIRIES@ENQUEST.COM