
**Offshore Petroleum Activities
(Conservation of Habitats)
Regulations**

Consultation Document

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Offshore Petroleum Activities (Conservation of Habitats) Regulations Consultation Document

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The consultation document and all annexes are also available on the DTI Oil & Gas website at <http://www.og.dti.gov.uk>

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SUMMARY

The United Kingdom is fortunate in having substantial oil and gas deposits underlying its continental shelf (the UKCS). It has benefited greatly from the production of clean, natural gas from the southern North Sea which began to replace "town" gas produced from coal in local gas works in the early 1960s and from the oil production from the central and northern North Sea which started to flow to shore at the time of the Middle East oil crises of the 1970s and 80s. Oil and gas production has had a major impact on the economy over this period adding substantially to the wealth of the nation, sustaining and creating employment and contributing tens of billions of pounds in tax revenues. The growing levels of activity offshore sustaining this production have however given rise to a legitimate concern from the public and environmental organisations that this wealth creation should not be at the expense of the environment. This concern is shared by the Government and over the past few years significant new powers, processes and regulations have been introduced to strengthen the offshore environmental control regime.

This consultation document seeks views on two further elements of the regime: new regulations to protect environmental habitats and an assessment of the environmental impact of oil and gas activities on new areas of the UKCS that are being considered for petroleum licensing. Accordingly, the consultation is in two parts.

The first part seeks views on the Government's regulatory proposals for ensuring that oil and gas activities on the United Kingdom Continental Shelf are carried out in a manner that is consistent with the requirements of the Habitats Directive (Council Directive 92/43/EEC) and, insofar as Articles 3 and 7 of the above Directive are concerned, the provisions that may be necessary to comply with the Wild Birds Directive (Council Directive 79/409/EEC).

The second part seeks views on the environmental impact that oil and gas exploration and potential development might have on an area of the Atlantic Ocean to the west of the Shetland Islands (see attached map at Annex E). Oil companies will shortly be invited to apply for licences to explore in these areas. To aid consultees in their consideration, a consultation draft of a Strategic Environmental Assessment of the activity likely to arise from the licensing is presented. The responses to this part of the consultation, together with the conclusions of the assessment and the views of the Government's environmental advisors, will then be considered before a decision is taken on the need to withdraw any areas being offered on environmental grounds or to impose any environmental conditions on any areas that are eventually licensed.

The DTI invites comments from interested parties, particularly environmental organisations, environmental experts, Non-Government Organisations (NGOs), the Oil & Gas industry and members of the public, on the proposed legal framework and the environmental aspects of the Department's proposed licensing plans. Views are particularly welcome on the specific questions outlined in this document. All responses should be returned to the contact point (see Section 3.1) by **19th January 2001**.

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1 CONSULTATION ON THE OFFSHORE PETROLEUM ACTIVITIES (CONSERVATION OF HABITATS) REGULATIONS

1.1 Introduction

- 1.1.1 On 5th November 1999, a judgement by the Honourable Mr Justice Kay clarified the law regarding the geographic scope of the Habitats Directive (92/43/EEC; see Annex A) by finding that the Directive had effect out to the limits of the areas over which the United Kingdom exercises sovereign rights, including the UK continental shelf (UKCS) and superjacent waters. Effectively this means that the requirements of the Habitats Directive, implemented terrestrially and within territorial waters by the Conservation (Natural Habitats &c) Regulations 1994 (SI 1994/2716), apply to all activities carried out beyond 12 nautical miles. The Government announced on 23rd November 1999 that it did not intend to appeal against this judgement. Since that time, the DTI has been considering the best way to ensure that oil and gas activities are carried out in a manner that is consistent with the requirements of the Habitats Directive for this extended marine area.
- 1.1.2 Although the court judgement did not concern itself with the Wild Birds Directive (79/409/EEC: see Annex B), the requirements of both Directives are similar. For example, Article 7 of the Habitats Directive replaces the site protection obligations of the Wild Birds Directive with those of Articles 6(2), (3) and (4) of the Habitats Directive.
- 1.1.3 In the case of these Directives, there are many activities carried out in this extended area that have the potential to impact on the marine environment, not just those related to petroleum exploration and development. Some of these, for instance shipping and fishing, are not wholly within the control of the UK Government. By contrast, oil and gas activities are already the subject of strong environmental and licensing regulatory regimes and for these activities the Government considers that it is appropriate to meet the requirements of the Directive by means of discrete regulations specifically tailored to fit with these regimes. This approach has been taken previously with the implementation of the Assessment of Environmental Effects Directive in 1998 and 1999 (Council Directive 85/337/EEC as amended by Council Directive 97/11/EC) and has been found to be administratively and operationally efficient and effective. The Department of the Environment, Transport and the Regions (DETR) will bring forward proposals at a later date to implement the Habitats Directive and, if necessary, the Wild Birds Directive, for non-oil and gas activities.
- 1.1.4 While onshore environmental responsibility (UK territory up to 12 miles) has in some cases been devolved, oil and gas activities and related offshore environmental measures are reserved, i.e. they remain the responsibility of the UK Government. The DTI has the statutory responsibility (under the Petroleum Act 1998) for the licensing of all oil and gas activity on the UKCS and, working closely with other UK and devolved Departments, the lead responsibility for the offshore oil and gas environmental regime. The DTI has worked closely with these bodies in the preparation of these regulatory proposals.

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1.2 Existing oil and gas licensing and environmental framework

- 1.2.1 The proposed regulations will be applied in the context of well-developed oil and gas licensing and environmental protection regimes. Before considering the detail of the proposed regulations a brief summary of these regimes is provided.

Licensing

- 1.2.2 The Petroleum Act 1998 (which consolidated legislation that has developed since 1934) vests the rights to search for, bore for and get oil and gas within Great Britain and its territorial sea in the Crown. It also gives the UK Government the right to grant licences to explore for and exploit both these territorial resources and those on the UKCS. Exploratory drilling and oil and gas field development cannot be undertaken without a licence under the 1998 Act, and regulations given effect under the Act set out how to apply for these licences and also set out the terms and conditions attached to them. To ensure an orderly, efficient and competitive process for the award of licences, these are normally awarded following an announcement of a licensing “round” in which large areas are offered simultaneously to the industry. To date, there have been 18 offshore licensing rounds (since 1964) and 9 onshore licensing rounds (since 1982). The second part of this consultation deals with proposals for the 19th Offshore Round.
- 1.2.3 For licensing purposes the UKCS is divided into “quadrants” of 1° of latitude by 1° of longitude. Each quadrant is further partitioned into 30 “blocks” each of 10 x 12 minutes. The block sizes vary with latitude but average about 250 square km (roughly 100 square miles).
- 1.2.4 The UK petroleum licensing system is ‘discretionary’ in that the Secretary of State has the power to grant licences to such persons as he thinks fit. However, under the EU Hydrocarbon Licensing Directive (Council Directive 94/22/EEC), his decisions must be made on the basis of criteria set out in notices in the Official Journal of the European Communities (OJ) that also invite applications. A minimum period of 90 days must elapse between the announcement and the closing date for applications. Guidance notes are available to prospective applicants to assist them in compiling their applications.
- 1.2.5 Hitherto, the Government has sought the views of various bodies prior to the formal launch of a round in the OJ. As a result, some blocks or areas have been excluded from the final list of those available for licence on the basis of this advice. For example, areas of the UKCS surrounding St Kilda were not offered in the 17th Round. Where blocks are offered for licensing, they may be subject to the application of environmental conditions, which may restrict activity within the area or limit the time during which particular activities can be undertaken. This process for consultation is being modified for the 19th Round and is the subject of the second part of this consultation.
- 1.2.6 A single company or a group of companies may make an application for a specific block, one of which will become the Operator. All applicants must pass threshold tests on technical competence, financial capability and environmental performance. Each application is assessed and graded according to a common marking scheme.

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Applicants for Production Licences are required to submit copies of their Company Environmental Policy and Environmental Management System with their application. They are also expected to demonstrate how environmental considerations are incorporated into their work programme, supporting their arguments with a proven environmental record.

- 1.2.7 Following the evaluation of applications, awards are made by the Secretary of State. Successful applicants receive a formal written offer, which sets out the terms of the licence (as set out in the Model Clauses) and any conditions attached to it. Licence awards are announced in Parliament.

Licence Activities

- 1.2.8 There are two types of seaward petroleum licence:

- A **Production Licence** confers exclusive rights to search and bore for, and get, petroleum in specified areas. Many activities carried out on the licensed area such as drilling, individual field development and eventually decommissioning are subject to the further authorisation of the Secretary of State and usually require compliance with other legislative provisions (for example Health and Safety). Applications for these authorisations normally take the form of a detailed plan of activity, which is considered by technical specialists in the DTI.
- An **Exploration Licence** allows non-intrusive surveys and drilling of shallow wells (up to 350 metres) to be carried out on those parts of the UKCS that are not already held under a Production Licence. Such licenses are valid for three years and may be renewed for a further three years. Activities carried out under an Exploration Licence are not subject to further consent.

Environmental protection

- 1.2.9 The Department of Trade and Industry is the lead environmental regulator for the offshore environmental regime for petroleum activities and works closely with other government departments and the devolved administrations to ensure that the environment is afforded maximum protection. In addition to its own dedicated environmental scientists, the DTI receives scientific advice from external organisations, including the Joint Nature Conservation Committee (JNCC), Fisheries Research Laboratories (an Agency of the Scottish Executive) and the Centre for Environment, Fisheries and Aquaculture Science (an executive body of the Ministry of Agriculture, Fisheries and Food) on the environmental impact of licensing, exploration, drilling and development activities.

- 1.2.10 The main strands of the environmental regime are:

- **The Offshore Petroleum Production and Pipe-lines (Assessment of Environmental Effects) Regulations 1999.** These regulations substantially re-enact regulations originally made in 1998. They require that, for major oil and gas development activities, companies must make a full assessment of the impact that a project would have on the environment and prepare an Environmental Statement reporting their plans, conclusions and any mitigation and monitoring measures

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proposed. This statement is subject to public consultation, the results of which are considered by the Secretary of State prior to him deciding whether or not to grant consent for the project. If the project is given consent, the regulations allow conditions to be made to mitigate or eliminate significant environmental impact and to monitor these. The same procedure applies to drilling activities although, in cases where it can be demonstrated at a preliminary stage that it is not likely that a significant impact will arise, an environmental statement may not be required.

- **The Merchant Shipping (Oil Pollution Preparedness, Response and Co-operation Convention) Regulations 1998.** These regulations require that each oil and gas installation must have in place an oil spill contingency plan (OSCP). The plans are submitted to the DTI for approval following consultation with the Maritime and Coastguard Agency and any other appropriate consultees. The plan must contain an assessment of the risks of oil spill, evidence of response capability and the competencies required to execute the plans.
- **Food and Environment Protection Act (FEPA) 1985,** Part II Deposits in the Sea unless otherwise exempted, requires the licensing of all relevant deposits to the seabed relating to oil and gas exploration and exploitation.
- **The Prevention of Oil Pollution Act 1971** makes it a criminal offence for any oil to be discharged to the sea during offshore operations. Exemptions are granted with regard to the small quantities of oil that are discharged to the sea with the aquifer water produced from underground reservoirs. **The Model Clauses set out in the Petroleum (Production) (Seaward Areas) Regulations 1988** require the reporting of the escape of oil to the sea to the DTI and the Maritime and Coastguard Agency.
- **OSPAR (OSLO AND PARIS CONVENTION)** This convention, which covers the Northeast Atlantic and the North Sea, aims to protect the marine environment by means of binding agreements. In addition to setting targets for oil discharges in water (currently at 40 parts per million), OSPAR has agreed the regime for decommissioning redundant oil facilities and the elimination of the routine use of oil-based drilling fluids. The UK is currently preparing to implement by regulation the OSPAR approach to the control of use and discharge of offshore chemicals. This builds on the UK industry's existing voluntary chemical discharge control system.
- **Integrated Pollution Prevention and Control Directive** The UK is preparing to implement this Directive for offshore combustion units used on oil production facilities. Regulations are expected to be laid later this year.

1.3 The proposed Offshore Petroleum Activities (Conservation of Habitats) Regulations

- 1.3.1 The Regulations being proposed seek to ensure that the Secretary of State considers and applies the Habitats Directive to oil and gas activities on the UKCS and, insofar as Articles 3 and 7 of the above Directive are concerned, considers Special Protection Areas classified under the Wild Birds Directive. The texts of both these Directives can be found in Annexes A and B and should be considered in full but a very brief description of their aims is provided here to provide a background for a more detailed study.

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- 1.3.2 **The Habitats Directive** (Council Directive 92/43/EEC on the Conservation of Natural Habitats and of Wild Fauna and Flora) requires all Member States of the European Union to protect certain species and specified habitat types. Under the Directive, Member States are required to nominate sites to be designated as Special Areas of Conservation (SACs). Once designated, such sites will be subject to the protection measures of the Directive to ensure that they will not be adversely affected by activities in their vicinity. Any plan or project which either alone or in combination with other plans or projects would be likely to have a significant effect on a site must be subject to an appropriate assessment of its implications for the site in view of the site's conservation objectives. Member States may agree to the plan or project only after ascertaining that it will not adversely affect the integrity of the site concerned - unless there are imperative reasons of overriding public interest for carrying out a plan or project. Any project directly connected with the furtherance of the nature conservation objectives of the site and any management plans that might be drawn up with a view to minimising or eliminating any significant effects are not subject to such assessment.
- 1.3.3 The Habitats Directive requires a coherent European ecological network of Special Areas of Conservation to be set up under the title Natura 2000. This network is composed of sites hosting the natural habitat types, and natural habitat species, listed in Annexes I and II of the Directive and, by way of Articles 3 and 7 of the Habitats Directive, Special Protection Areas classified under the Wild Birds Directive.
- 1.3.4 **The Wild Birds Directive** (Council Directive 79/409/EEC on the Conservation of Wild Birds) seeks to prevent harm to species of wild birds and to areas of particular importance to wild birds classified as Special Protection Areas (SPAs).
- 1.3.5 Both the Wild Birds Directive and the Habitats Directive also seek to prevent the deliberate disturbance of specified species and prohibits the deliberate capture or killing of these species and the deterioration or destruction of their breeding sites or resting places.
- 1.3.6 The proposed **Offshore Petroleum Activities (Conservation of Habitats) Regulations 2001** seek to ensure that oil and gas activities on the United Kingdom Continental Shelf are carried out in a manner that is consistent with the requirements of the Habitats Directive. Such requirements will also include, by way of Articles 3 and 7 of the above directive, any SPAs classified under the associated Wild Birds Directive. The Regulations do not cover any other marine activities nor do they themselves make provision for a procedure for designation or classification of sites on the UKCS. They do, however, require the Secretary of State to have regard to both designated and classified sites under both Directives and sites which in his opinion are likely to be designated or classified under these Directives. A draft of the proposed regulations can be found at Annex C.
- 1.3.7 Although any Special Protection Areas classified under the Wild Birds Directive are included in the scope of the proposed Regulations (by way of Articles 3 and 7 of the Habitats Directive), the species protection provisions of the Wild Birds Directive are not. Consideration is being given whether to apply these provisions in the proposed Regulations. Such application would be made by adding the protection provisions of the Wild Birds Directive to draft Regulation 7.

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- 1.3.8 A full reading of the proposed Regulations is recommended. The following is provided only as an introduction.
- 1.3.9 The Regulations place a general requirement on the Secretary of State to do what he thinks necessary to ensure that oil and gas activities are carried out in a manner that is consistent with the Habitats Directive. The Regulations prohibit the Secretary of State from granting an oil and gas licence, consent, approval or authorisation, without first determining whether the effect of such activities is significant and, if so, undertaking an appropriate assessment to determine whether such activities are likely to have an adverse effect on the integrity of such sites.
- 1.3.10 In the light of the conclusions of the above assessment, and subject to a national interest exception (Article 6(4) of the Directive), the Secretary of State may grant a licence, consent, approval or authorisation only after having ascertained that the activity would not have an adverse effect on the integrity of a relevant site.
- 1.3.11 The Regulations also require the prior written consent of the Secretary of State for activities carried out under an Exploration Licence, such as seismic acquisition and the drilling of shallow wells.
- 1.3.12 The Secretary of State shall have powers to modify or revoke the terms and conditions of existing consents and authorisations.
- 1.3.13 The Regulations place an obligation on the Secretary of State from time to time to carry out an investigation into the effect of oil and gas activity on the conservation status of actual and potential sites and in the light of the results of such investigations to consider whether remedial action should be taken to protect such sites. Powers are provided to the Secretary of State to require reasonable steps to be taken to reverse, reduce or eliminate adverse affects on actual or potential sites in accordance with Article 6 of the Habitats Directive. These powers include the power to call for a plan to minimise or eliminate the effects of a project on the environment.
- 1.3.14 In accordance with Article 11 of the Habitats Directive, the Regulations prohibit any person from carrying out activities under a licence in such a way as to deliberately disturb, capture or kill creatures that are listed in Annex IV(a) of the Directive (such as cetaceans) or to cause deterioration or destruction of their breeding sites or resting places. This prohibition does not render actions unlawful where they are the incidental results of an otherwise lawful activity that could not reasonably have been avoided.
- 1.3.15 The regulations also make provision for appeals, notices, reviews, offences and other administrative matters.

1.4 Draft Regulatory Impact Assessment

- 1.4.1 All regulatory proposals and new legislation in the UK must be accompanied by a Regulatory Impact Assessment (RIA). The RIA is a short structured document which briefly describes the issue that has given rise to a need for regulation and compares

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various possible options for dealing with that issue. A draft RIA is included at Annex D.

- 1.4.2 The RIA is open to comments, improvements and corrections by any interested party. A final version will be presented to Parliament when the Regulations are made.

1.5 *Consultation*

The views of the public, NGOs, Industry and other interested parties are sought on the proposed regulations.

Views would be particularly welcome on:

1. The scope of the regulations, in particular whether in relation to oil and gas licensing and activities, they will ensure that the aims and objectives of the Habitats Directive are considered and applied.
2. The powers provided to the Secretary of State. In particular whether these are sufficient to enable him to discharge his obligations under the Directive fully in relation to offshore oil and gas activities and whether this aim has been achieved in the most effective and efficient manner.
3. In relation to relevant sites, whether the provisions in **Regulation 2 and 3** provide sufficient protection and, if they do not, what improvements could be made.
4. In relation to **Regulation 3 (9)** it is anticipated that investigations as to the effects of oil and gas activities on the conservation status of relevant sites will be carried out as part of a rolling three-year programme. The views of consultees as to the appropriateness of this schedule and suggestions for alternative approaches are sought.
5. In relation to deliberate disturbance, whether the provisions of **Regulation 7** properly apply the requirements of the Habitats Directive and whether the inclusion of the species provisions of the Wild Birds Directive would be appropriate.
6. Whether the offences set out in **Regulation 8** and the defences in **Regulations 7 (2) and 7 (3)** are appropriate.
7. Whether or not the benefits of the Regulations, as identified in the Draft Regulatory Impact Assessment, are appropriate.
8. Whether or not the compliance costs of the Regulations, as identified within the Draft Regulatory Impact Assessment, are appropriate.
9. Whether the Government should introduce a charge for carrying out appropriate assessments and if so how much this should be.

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2 CONSULTATION ON THE IMPACT OF OIL AND GAS ACTIVITIES ON AREAS PROVISIONALLY INCLUDED IN THE 19th LICENSING ROUND

2.1 *Introduction*

- 2.1.1 It is the desire of the Government to license new areas of the UKCS to the west of the Shetland Islands for oil and gas exploration and, potentially, development activity. To this end the DTI will shortly forward to the European Commission the text of a notice to be published in the Official Journal of the European Communities inviting applications for Offshore Production Licences in what will be the 19th Offshore licensing Round.
- 2.1.2 The acreage that will be provisionally offered is located between 2° 50' to 6° west longitude and 59° 50' to 62° north latitude in a strip running SW-NE roughly midway between the Shetland Islands and the Faroe Islands (a map of the area is provided at Annex E). The closing date for applications will be 90 days following the date of publication in the Official Journal. The western perimeter of this area is the subject of an agreement on the maritime boundary between the Faroe Islands and the UK which was signed on 18 May 1999 and implemented by the Continental Shelf (Designation of Areas) Order 1999 No. 2031 which came into force on 12th August 1999. This Order designates an area within which the rights of the UK with respect to the seabed and subsoil and their natural resources may be exercised. This area has hitherto been only lightly investigated for petroleum resources and has previously been termed the "White Zone".

2.2 *Environmental considerations*

- 2.2.1 The protection of the environment is a primary consideration in decisions about whether or not to offer areas for licensing and whether or not to license specific blocks. This is reflected in the general procedures for licence award as outlined in Part 1 above. There has however been some criticism that the process for examining the environmental impact of new licensing rounds has not been thorough and has lacked transparency. In particular, the lack of a strategic assessment of the environmental impact of oil and gas activities and a more constructive and open debate surrounding concerns raised are seen as defects in the process.
- 2.2.2 Mindful of these criticisms, a new process has been adopted for the prospective 19th Round. A Strategic Environmental Assessment has been made of the potential impact of the licensing round and is offered for consideration as part of this consultation. The areas offered for licensing in the OJ notice will be clearly declared as provisional. Further consideration, based in part on the responses to this consultation, will be given to the potential environmental impact of licensing and blocks may be withdrawn or conditions imposed as a result. In addition, interested parties will be provided with an opportunity to meet the Department's environmental advisors and discuss their environmental concerns prior to any final decisions being made and feedback on the impact of views expressed will be provided if requested.

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2.3 *Habitats and Wild Birds Directives*

- 2.3.1 The process for site selection set out in the Habitats Directive is basically in three stages. In the first, the individual Member States consider, on scientific grounds, which sites to put forward to the European Commission. In the second stage, the Commission undertakes a process of moderation across the EU to determine whether the individual Member States' proposals when taken together are appropriate constituents for the network of special areas of conservation provided for under Article 3(1) of the Habitats Directive. In the third stage, the Member State formally designates the site as a SAC.
- 2.3.2 The process of identifying SPAs under the Wild Birds Directive is simpler. Member States are required to identify, on scientific grounds, the most suitable areas in number and size to ensure species survival and reproduction in their area of distribution. No moderation of site lists occurs. Together with adopted SACs the SPA network will form the "Natura 2000" network of sites provided for under Article 3(1) of the Habitats Directive.
- 2.3.3 Following the Court ruling in 1999 (see section 1.1), the Government's nature conservation advisors (co-ordinated by the Joint Nature Conservation Committee) have been asked to undertake the first stage of the process under both Directives and produce recommendations for sites to be put forward to the Commission. This will build on an initial request for information on potential sites issued by the JNCC on 22 December 1999. The responses from NGOs, Government Agencies and academics have been incorporated into the JNCC initial report and will be utilised in further work in this area.
- 2.3.4 Recommendations arising from the first stage of this process are unlikely to be made before the decision whether or not to license blocks under the 19th Round. In order to ensure that the requirements of the Directives will have been considered and applied before these decisions are made, the DTI has asked the JNCC whether there are likely to be any Habitats or Wild Birds sites either within, or in close proximity to, the area to be offered in the 19th Round. The advisors (who have been asked to take a highly precautionary approach in reaching their conclusion), have provided an initial review of the blocks and surrounding area (their report is included at Annex F). This advice, together with the more routine advice of the Government's environmental advisors and the conclusions of the Strategic Environmental Assessment (SEA, which is also the subject of this consultation) formed the basis on which the 19th Round Blocks have been selected and provisionally offered.
- 2.3.5 Following applications and prior to the decision whether or not to license individual Blocks, the Secretary of State will consider again the environmental consequences of licensing. In doing this he will consider the results of this consultation and will seek further advice from the JNCC on the likely location of Habitats and Wild Birds sites and their conservation objectives.

2.4 *Background to Oil and Gas Activity in the North Atlantic*

- 2.4.1 There has already been a long history of oil and gas exploration in the Atlantic to the west of the Shetland Islands. Over the past 25 years nearly 200 wells have been

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drilled in UK waters within 100km of the area now on offer. Some of this exploration has resulted in commercially viable discoveries and two oil fields have been in production since the 1990s - BP's Foinaven and Schiehallion. More recently BP have announced that consideration is being given to the possibility of developing the Clair discovery and to pipe gas from Foinaven and Schiehallion. Further information on existing activity is available on the UK Offshore Operators Association (UKOOA) website, <http://www.oilandgas.org.uk>. The area now on offer is considered by many geologists to contain several large fields, and the great majority of the seismic data needed to identify geological structures which could contain oil or gas has already been acquired and analysed by industry in the last few years as the initial step in the exploration process. Exploratory drilling into these structures is now required to determine whether they contain hydrocarbons.

- 2.4.2 The oil industry also sees potential discoveries in Faroese waters to the west of the area proposed for offer on the UKCS. The Faroes Ministry of Petroleum has already completed a Licensing Round for areas of the Faroese Continental Shelf adjacent to the boundary. Licence awards were made on 17 August and details of the areas made available can be found on the Ministry's web site, <http://www.oms.fo>. Following the Faroese licensing awards it is anticipated that 8 exploration wells will be drilled over the next 5 years in the Faroese waters adjacent to the area the UK is proposing to license.

2.5 Potential activity arising from the 19th Round

- 2.5.1 Early indications are that up to 15 exploration wells could be drilled over the next 5 years on the UK side of the boundary line if none of the blocks currently being considered is withdrawn following further environmental consideration. The type of drilling unit to be used for an exploration well is dictated by the proposed well target depth and water depth. With water depths ranging from less than 500 metres to more than 1000 metres, a key requirement is that the drilling rig will be capable of deepwater drilling in an open ocean environment. It is most likely that the wells will be drilled with a modern semi-submersible drilling unit suitable for deep water drilling although the use of state-of-the-art drilling ships cannot be ruled out.
- 2.5.2 Whilst in position, a statutory 500m exclusion zone will be established around the rig, in accordance with safety legislation. Unauthorised vessels are not permitted access to this zone. Drilling would normally take place within a summer weather window during 2nd/3rd quarter. Rigs are expected to be on location for approximately 10-12 weeks. In the event that hydrocarbons are found it may be necessary to test the well, which may require the rig to remain on location for an additional 10 to 20 days. Before leaving the location, the well will either be completely plugged and the seabed made safe or, subject to strict conditions, left in a temporarily plugged and safe condition to allow the potential for further testing or development in the future.
- 2.5.3 Not every exploration well discovers hydrocarbons and not every discovery leads to a field being developed for oil or gas production. On the UKCS the success ratio for an exploration well to find an economically viable field runs from about 1:6 to 1:10 depending on the area being studied. It is hoped that this ratio will improve to 1:3 for the proposed acreage. The DTI has produced estimates of hydrocarbon potential in the newly designated area. These estimates provide a very broad indication of possible future potential. On a central P50 (i.e. probability of 50%) estimate the

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recoverable reserves could be 1.7 billion barrels of oil equivalent. For an estimate of possible development/production activity, this could be present in 3 fields of a similar size to Foinaven and 2 fields of a similar size to Schiehallion. Peak production rates from these fields could be roughly 150,000–250,000 barrels of oil per day.

- 2.5.4 The nature of the oil or gas field discovered and the depth of the sea at the location will determine the form that developments might take. Both the existing development facilities to the west of Shetland are ship-based Floating Production, Storage and Offtake facilities and it is likely that this form of development will be considered. There are, however, alternatives such as Tension Leg Platforms which may be suitable for these areas. Oil export from the existing developments is by shuttle tanker but, depending on the nature and quantity of oil found, export by pipeline might be considered. Gas produced with the oil would be used for fuel with any excess either being re-injected, exported or flared, depending on the quantities involved and the viability of these options. Stand alone gas developments would require gas export pipelines, as there is currently no other proven export technology.
- 2.5.5 Under the proposed Regulations all activities carried out under a Petroleum Production Licence or an Exploration Licence require the authorisation of the Secretary of State and will be the subject of the environmental and license regimes described in Part 1 of this consultation. All activities, including seismic, will be subject to the requirements of the Habitats and Wild Birds Directives. In particular, exploration wells, their associated testing and any subsequent development will normally require the submission of an Environmental Statement which will be subject to public consultation in line with the requirements of The Offshore Petroleum Production and Pipe-lines (Assessment of Environmental Effects) Regulations 1999.

2.6 *Strategic Environmental Assessment*

- 2.6.1 Following the agreement with the Faroese and the designation in August 1999 the DTI commissioned an SEA of the impact that oil and gas activity might have on the area of the NE Atlantic now being considered for licensing in the 19th Round. A consultation draft of the SEA is presented at Annex G and when finalised will have several purposes:
- to provide part of the background for decision-makers in Government when considering the environmental implications of possible exploration and production activities arising from the 19th Round.
 - to provide a factual basis from which the public and interested parties could form views and respond to consultation.
 - to be a resource for the oil and gas industry for use in possible licence applications and subsequent environmental management of operations in the area.
- 2.6.2 The SEA draws on all the scientific data built up over many decades on the 19th Round and adjacent areas and includes the marine surveys commissioned by the oil industry in the 1990s. It also draws on the seabed survey of the potential 19th Round

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areas commissioned by the DTI in March 1999 which was based on a Towed Ocean Bottom Investigation (TOBI) sonar survey of the area together with associated physical and photographic sampling.

- 2.6.3 The scope of the SEA is intended to provide a comprehensive analysis of the interaction between the environment and potential oil and gas activities over the expected lifetime of potential projects. The SEA incorporates the following:
- environmental protection objectives and standards established for the area which may be relevant to the approval and subsequent implementation of the proposed action
 - a description of the environment of the area as it currently stands
 - any existing environmental issues in the area which may be affected by the proposed action
 - potential activities in the area
 - assessment of the likely significant environmental consequences of the proposed action and its alternatives
 - the main mitigation measures that might be put into effect
 - proposed arrangements for monitoring the environmental effects of the proposed action and post decision analysis of its environmental consequences
 - identification of information gaps and a discussion of the uncertainty of impact predictions.

2.7 *Methods*

2.7.1 It is intended that the SEA will achieve the standards anticipated in the draft European Directive on Strategic Environmental Assessment. There is, however, a wealth of European and other conventions, agreements, guidance and research on SEA related issues. Whilst there is no agreement at the methods level, there is broad agreement on a strategic approach at the highest level. The following is a listing of the material that the DTI asked to be considered in the compilation of this SEA:

- European Commission 1998. Strategic Environmental Assessment Legislation and Procedures in the Community Vols 1 & 2
- European Commission 1998. Case Studies on Strategic Environmental Assessments Vols 1 & 2
- European Commission 1998. Case Studies on Strategic Environmental Assessment – Existing Methodology Vols 1 & 2

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- EU amended proposal for a Council Directive on assessment of the effects of certain plans and programmes on the environment – Com (96) 511 and Com (99) 73
- UN/ECE Convention on access to information, public participation in decision making and access to justice in environmental matters (Arhus)
- OSPAR Annex V Protection of Marine Ecosystems to the OSPAR Convention for the protection of the Marine Environment of the North East Atlantic
- Espoo 1991 Convention on Environmental Assessment in a Transboundary Context (Espoo)
- WWF-UK 1997 The application of Strategic Environmental Assessment in relation to offshore oil and gas resource exploration
- DETR 1998 Report of the International Seminar on Strategic Environmental Appraisal, Lincoln, UK
- FMEYFA 1998 Report of the workshop on Strategic Environmental Assessment, Semmerling, Austria
- EC DGXI 1999 Guidelines for the Assessment of Indirect and Cumulative Impacts as well as Impact Interactions
- Examples of SEAs conducted for oil and gas activities in other parts of the world

2.8 Consultation

The views of the public, NGOs, Industry and other interested parties are sought on the draft SEA and the environmental impact of the proposed 19th Offshore Licensing round.

In particular views are sought on:

1. Whether there are any blocks or areas provisionally on offer that should be withdrawn from the licensing process on environmental grounds.
2. Whether there are any areas or blocks provisionally on offer that should only be licensed subject to specific conditions intended to mitigate or eliminate adverse environmental impacts, monitor the impact of activities or otherwise.
3. Whether there are any significant omissions or errors in the consultation draft of the SEA in terms of the data considered or the conclusions drawn; how these can be rectified and the likely effect of these errors or omissions on the decision making process.
4. Whether, in relation to the Habitats Directive, there are likely to be any Special Areas of Conservation within the areas proposed for licensing.

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5. If there are such areas, what their conservation objectives are and whether there is likely to be an adverse effect on the integrity of the site resulting from activities arising from the 19th Licensing Round and the scientific basis for this conclusion.
6. Whether, in relation to the Habitats Directive, there are likely to be any Special Areas of Conservation in sufficient proximity to the areas proposed for licensing such that they are likely to suffer an adverse effect on their integrity from activities arising from the 19th Licensing Round and the scientific basis for this conclusion.
7. If there are such areas, what their conservation objectives are, the nature of the adverse effect and the measures, if any, that could be taken to eliminate or mitigate them.
8. Whether there are any species listed in Annex IV(a) of the Habitats Directive, their breeding grounds and resting places that have not been identified in the consultation draft of the SEA.
9. What measures should be taken to avoid disturbance of Annex IV(a) species or the deterioration or destruction of their breeding grounds or resting places.
10. In relation to cetaceans, what reasonable measures could be taken to avoid their disturbance.
11. Whether in relation to the Wild Birds Directive, there are likely to be any Special Protection Areas or species either within or in sufficient proximity to the area proposed for licensing. Whether these are likely to suffer a significant adverse impact from activities arising from the 19th Licensing Round and the scientific basis for this conclusion.

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3 DEADLINE FOR RESPONSES / POINTS OF CONTACT & ALTERNATIVE SOURCES OF INFORMATION.

3.1 *Deadline for Responses / Points of Contact*

- 3.1.1 All responses should be sent to the address below by **19th January 2001**.
- 3.1.2 Respondents are asked to include, details of who they are and, where relevant, who they represent. Please note that a summary of responses may be published and respondents should, therefore, indicate if there are any parts of their response that they wish to remain confidential.
- 3.1.3 All consultation responses should be addressed to:

**Consultation (Habitats)
Oil & Gas Directorate
Department of Trade and Industry
Room 208
1 Victoria Street
London
SW1H 0ET
Email: Consultation.habitats@dti.gsi.gov.uk**

- 3.1.4 Requests for additional hard copies of this Consultation Document and for further information should be addressed to:

**Mr Bob Bailey
Oil & Gas Directorate
Telephone 020 7215 5111
Email robert.bailey@dti.gsi.gov.uk**

- 3.1.5 Electronic copies of the Consultation Document can be obtained from the Oil & Gas Website at <http://www.og.dti.gov.uk>

- 3.1.6 Comments or concerns about this consultation process should be made in writing to

**Mr Simon Toole
Oil & Gas Directorate
Room 266
1 Victoria Street
London SW1H 0ET**

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3.2 *Alternative Sources of Information*

3.2.1 Alternative sources of information on oil and gas activity and/or environmental issues may be available from the following:

UNITED KINGDOM OFFSHORE OPERATORS ASSOCIATION (UKOOA)

1st floor, 30 Buckingham Gate, London SW1E 6NN
<http://www.oilandgas.org.uk>

SOUTHAMPTON OCEANOGRAPHY CENTRE

University of Southampton, Waterfront Campus, European Way, Southampton SO14 3ZH
<http://www.soc.soton.ac.uk>

THE FAROES GEM NETWORK

c/o Atlanticon, Bryggjubakki, FO-100 Torshavn, Faroe Islands
<http://www.gem.fo>

THE NATURAL ENVIRONMENT RESEARCH COUNCIL

Polaris House, North Star Avenue, Swindon SN2 1EU
<http://www.nerc.ac.uk>

JOINT NATURE CONSERVATION COMMITTEE

Dunnet House, 7 Thistle Place, Aberdeen AB10 1UZ
<http://www.jncc.gov.uk>

ROYAL SOCIETY FOR THE PROTECTION OF BIRDS

The Lodge, Sandy, Beds SG19 2DL
<http://www.rspb.org.uk>

WHALE AND DOLPHIN CONSERVATION SOCIETY

Alexander House, James Street West, Bath BA1 2BT
<http://www.wdcs.org>

GREENPEACE

Canonbury Villas, London N1 2PN
<http://www.greenpeace.org.uk>

ENGLISH NATURE

Northminster House, Peterborough, Cambs PE1 1UA
http://www.english_nature.org.uk

SCOTTISH NATURAL HERITAGE

12 Hope Terrace, Edinburgh EH6 5NP
<http://www.snh.org.uk>

COUNTRYSIDE COUNCIL OF WALES

Plas Penrhos, Ffordd Penrhos, Bangor, Gwynedd LL57 2LQ
<http://www.ccw.gov.uk>

INSTITUTE OF ENVIRONMENTAL MANAGEMENT AND ASSESSMENT

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St Nicholas House, 70 Newport, Lincoln LN1 3DP
<http://www.iema.net>

MARINE CONSERVATION SOCIETY

9 Gloucester Road, Ross-on-Wye, Herefordshire HR9 5BU
<http://www.mcsuk.org>

THE WILDLIFE TRUSTS

8 Romsey Road, Eastleigh, Hampshire SO50 9AL
<http://www.wildlifetrust.org.uk>

SCOTTISH ASSOCIATION FOR MARINE SCIENCE

Dunstaffnage Marine Laboratory, P O Box 3, Oban, Argyll PA34 4AD
<http://www.nerc-oban.ac.uk/dml>

FRS-MARINE LABORATORY

P O Box 101, Victoria Road, Aberdeen AB11 9DB
<http://www.marlab.ac.uk>

CENTRE FOR ENVIRONMENT, FISHERIES & AQUACULTURE SCIENCE (CEFAS)

Burnham Laboratory, Remembrance Avenue, Burnham-on-Crouch, Essex CM0 8HA
<http://www.cefasc.co.uk/homepage.htm>

SEA MAMMAL RESEARCH UNIT

Gatty Marine Laboratory, University of St Andrews, St Andrews, Fife KY16 8LB
<http://www.smub.st-and.ac.uk>

“JOINT LINKS” OIL AND GAS ENVIRONMENTAL CONSORTIUM

Wales Wildlife and Countryside Link, 27 Pier Street, Aberystwyth SY23 3AH

DEPARTMENT OF THE ENVIRONMENT, TRANSPORT AND THE REGIONS

Eland House, Bressenden Place, London SW1E 5DU
<http://www.detr.gov.uk>

SCOTTISH EXECUTIVE – RURAL AFFAIRS DEPARTMENT

Fisheries Group, Marine Environment and Wildlife Branch, Pentland House, 47 Robb's
Loan, Edinburgh EH14 1TY
<http://www.scotland.gov.uk>

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD

Environmental Protection Division: Marine Resources & Licensing Branch,
Nobel House, 17 Smith Square, London SW1P 3JR
<http://www.maff.gov.uk>