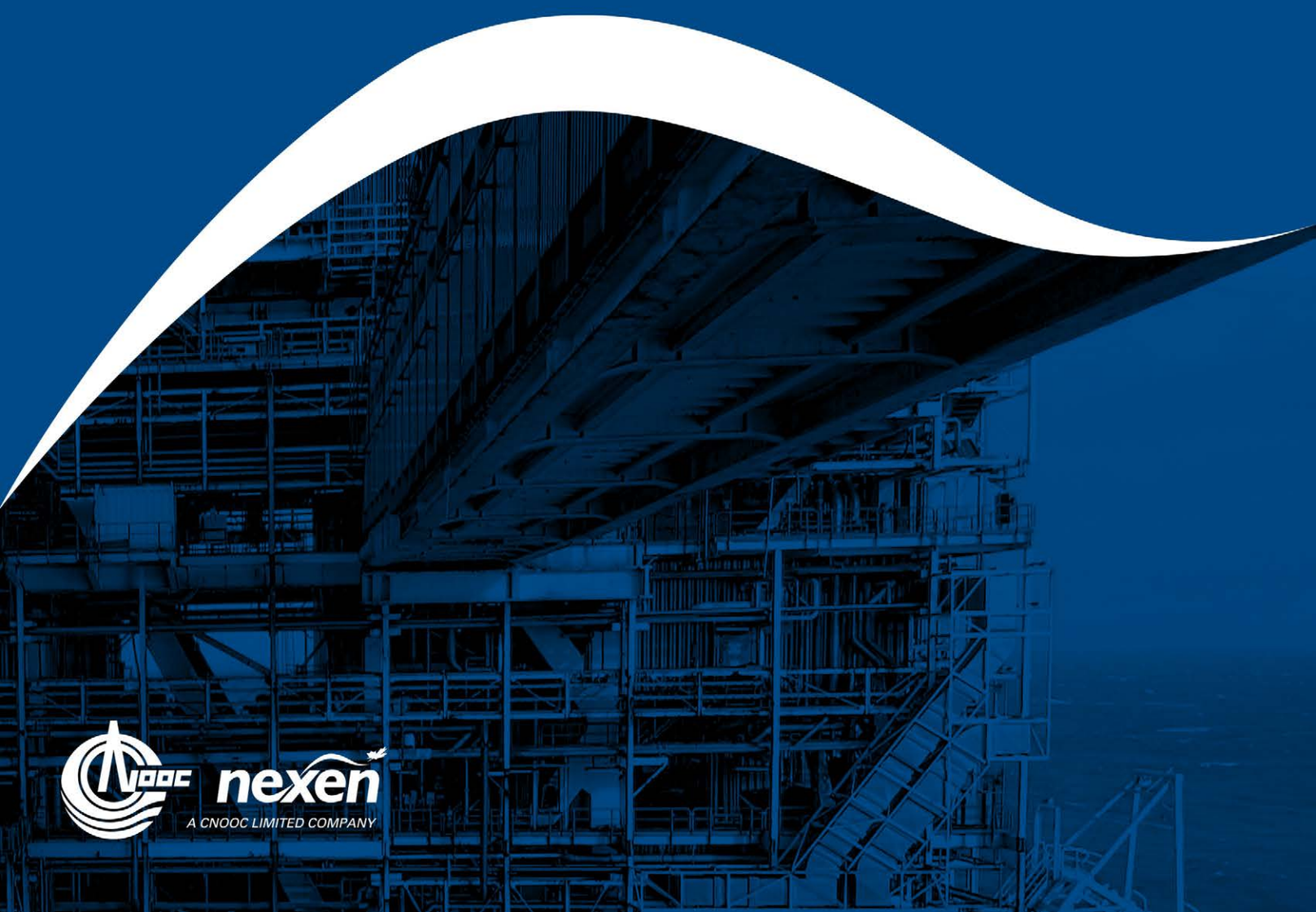
Nexen Petroleum U.K. Limited

Environmental Statement 2014



A CNOOC LIMITED COMPANY

Foreword

It is my pleasure to present to you Nexen's 2014 Environmental Statement. Nexen is committed to protecting the environment and ensuring that we are promoting best practice within the oil and gas industry.

In all, 2014 has been a busy and eventful year for Nexen with first oil produced from the Nexen operated Golden Eagle development on 30th October 2014, combined with an increase in drilling activities across all our assets.

The Golden Eagle development was accomplished under budget, ahead of schedule, with all environmental permits secured and with a world-class safety record. Upon completion, the project had expended 17.9 million hours worked with three minor lost-time injuries. We're diligently planning for a safe, successful and long operating life at Golden Eagle, which is also expected to act as a future hub for tieback opportunities. A good example of this hub strategy at work is the Solitaire field, which was discovered in 2001 and acquired by Nexen and our Golden Eagle co-venture participants in 2010.

As always at Nexen, giving back to the communities where we live and work is deeply rooted in our values. Investing in communities is not just the way we do business; it's a point of pride for our employees and contractor staff. Through our "ReachOut" program, Nexen supports the community through direct donations, matching the contributions made by employees, and encouraging volunteer activities. In 2014, nearly £1 million was contributed to charitable organisations through a combined effort of company and employee donations.

Here are a few examples of how Nexen has supported local non-profit groups in 2014:

Stonehaven Lifeboat Station - In December 2012, an independent lifeboat station, located in Stonehaven approximately 24 kilometres south of Aberdeen, was forced to close after suffering extensive damage as a result of severe weather. Nexen has supported the reinstatement of this service by providing £90,000 to fund the first 3 years of a new lifeboat station, operated by the Royal National Lifeboat Institution. The lifeboat station became fully operational in July 2014 after training and redevelopment had been completed.

Scholarships - At Nexen, we believe supporting educational advancement is good for our business and benefits the communities where we operate. In 2014, Nexen contributed £95,400 to fund undergraduate and master's level scholarships for 33 students in the areas of engineering, science and business at the following universities: Imperial College London, University of Aberdeen, University of Edinburgh, University of St. Andrews, University of Warwick, University of Sheffield and Brunel University.

In terms of our environmental performance in 2014, there has been a considerable improvement since 2013, with both the frequency and the volumes of spills decreasing significantly. Nexen strives to make continuous improvements and reduce the impacts to the environment. Looking forward in 2015 we aim to reduce this further by introducing additional environmental targets into our business performance indicators.

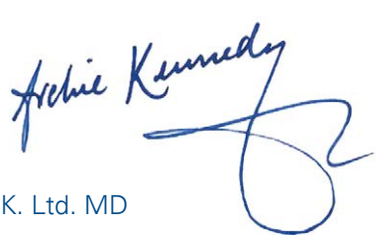
To achieve our goal of zero environmental incidents across all Nexen operations, we're working to strengthen specific processes and systems. One of the key focus areas for our UK operations is reducing hydrocarbon releases from our offshore platforms through a hydrocarbon release prevention programme.

Nexen's UK- based employees and contractors create value by producing oil in a safe and reliable manner, with a shared commitment to excellence. For Nexen, sustainable energy development is about engaging stakeholders, managing our environmental footprint and sharing the benefits of resource development with the communities where we operate.

Included in this Environmental Statement is:

- A description of the offshore facilities we operate and the main activities carried out on these sites
- A summary of our environmental management system
- Environmental emissions and discharges figures from our 2014 operations
- Nexen's 2014 objectives and their progress
- A brief overview of our key 2015 objectives

I hope that you will find this Environmental statement both enlightening and informative.



Archie Kennedy
Nexen Petroleum U.K. Ltd. MD

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Health, Safety, Environment & Social Responsibility

Nexen Petroleum U.K. Limited which will be referred to as 'Nexen' in this document is committed to the integration of responsible environmental management into all aspects of our operations. Nexen is committed to continually improving our Health, Safety, Environment and Social Responsibility (HSE & SR) performance, complying with all relevant legal requirements and preventing pollution.

The Nexen HSE&SR Policy shown below, details the beliefs, values and principles governing the management of HSE&SR within Nexen.

Nexen UK's Commitment to

Health, Safety, Environment & Social Responsibility

This Policy Commitment underpins the requirements outlined in the Nexen Corporate HSE&SR Policy statement (A136).

Within Nexen Petroleum UK, the UK Board owns and takes responsibility for our overall HSE&SR performance. We believe that management and staff commitment to HSE&SR is essential to ensuring a healthy, safe and environmentally acceptable operating environment.

We see our people are our most important asset and we will not compromise our HSE&SR standards to achieve other corporate goals, in so far as it is reasonably practicable. As such, we value the experience, professionalism and integrity of our workforce, and the commitment, leadership and accountability of all personnel for our HSE&SR performance.

We will integrate HSE&SR planning and management into our day-to-day activities, defining individual responsibilities, authority and accountability. By providing adequate control of HS&E risks arising from our work activities, we will strive to prevent accidents, injuries and cases of work related ill health, damage to equipment and the environment.

We will meet or exceed applicable regulatory requirements, and strive to deliver continuous improvement in our HSE&SR performance.

Occupational Health and Personal Safety

Nexen UK will consult with our people on matters affecting their health and safety working conditions, plant and equipment, and provide appropriate HSE&SR information, instruction, training and supervision to employees and contractors.

We will strive to optimise the safety of all our worksites by contracting those contractors who can demonstrate that they have suitable HS&E performance and management systems in place. In addition, we will ensure that emergency response capability is in place and periodically tested for all Company operations and facilities.

We will ensure all workers are competent to carry out their tasks, in so far as they can impact on the health and safety of themselves and those around them, or the environment.

Nexen UK will maintain safe and healthy working conditions, by providing and maintaining safe plant and equipment, and ensuring that the use and handling of substances is carried out safely.

Process Safety

Nexen UK will apply the principles of Process Safety Management to maintain the integrity of our operations.

We will ensure that risks associated with major accident hazards, arising out of our offshore operations, are identified and controlled.

Environmental Management

Nexen UK is committed to integrating responsible environmental management into all aspects of its operations.

Our actions will support the prevention of pollution and the reduction of waste generation.

Social Responsibility

Nexen is committed to behaving ethically and to contribute to economic development while improving the quality of life of the workforce and their families as well as the local community within the sphere of our activities.

At regular intervals the Board of Nexen UK will review and revise this policy, as necessary. The directors of the Company each individually and collectively share the commitment and will seek to act as directors in accordance with the above principles.

Archie Kennedy
Nexen Petroleum (U.K.) Ltd MD

Ray Riddoch
Operations Director
(Director with overall responsibility for HS&E)

ECN-HS-POL-00065
Revision 5, April 2014

CNOOC nexen
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Introduction

Nexen is a wholly – owned subsidiary of CNOOC Limited. Nexen operates in three principal businesses: conventional oil and gas, oil sands and shale gas. Nexen is an upstream oil and gas company responsibly developing energy resources in the UK North Sea, offshore West Africa, the United States and Western Canada. Please note: Throughout this statement Nexen refers to its UK operations only.

Nexen is the largest oil and gas producer in the UK North Sea, and operates the following assets - Buzzard field and facilities, Golden Eagle field, Ettrick/Blackbird fields and the Scott platform, which produces energy from the Scott, Telford and Rochelle fields. The Golden Eagle field is the latest addition to the Nexen portfolio and one of the biggest discoveries in the region in the past decade.

As global demand for hydrocarbons continues to increase, our commitment is to responsibly develop the energy needed by consumers and a growing economy. To do this, Nexen's focus is on strengthening our operational performance – increasing oil and natural gas production while also working to reduce impacts to air, water and land.

One of Nexen's key values is integrity, Nexen conducts business in an ethical manner and builds relationships based on collaboration, honesty and respect. This open and honest reporting relationship with our stakeholder is illustrated in this environment statement, and shows the performance of our UK Offshore Operations during the period of January to December 2014. The report details performance data pertinent to Nexen's operated assets and drilling operations.

Asset Information

Scott Platform

Location	Approximately 188 kilometres north east of Aberdeen.
Block Number	Block 15/22.
Discovery Date	The Scott field was discovered in 1987 and came on stream in 1993.
Water Depth	140 Metres.
Tie-Back	The Telford field development, located in block 15/21a, consists of a number of subsea wells tied back to the Scott Platform through an extensive subsea infrastructure. The Rochelle field is a gas condensate field located in blocks 15/26b, 15/26c (West Rochelle) and 15/27 (East Rochelle).
Infrastructure	The Scott Platform consists of two steel jackets, linked by two bridges, supporting a Drilling/Production (DP) deck and a Utilities/Quarters (UQ) deck. This arrangement allows for all hydrocarbon processing facilities to be kept separate from the main accommodation. In addition to the production facilities, the platform supports both drilling and intervention activities associated with Scott platform wells.
Export	The platform process system processes well stream fluids from the Scott and Telford reservoirs and exports the separated oil and gas to shore. Gas condensate production from Rochelle is routed via the East subsea production manifold to dedicated Rochelle production facilities located on the Scott platform via a 30km flowline. Oil is exported via a subsea pipeline into the BP operated Forties Pipeline System to the Kinneil reception terminal on the Firth of Forth. Gas is exported via the Apache operated Scottish Area Gas Evacuation (SAGE) system to St Fergus in north-east Scotland.

Buzzard Platform

Location	Approximately 57 kilometres north east of Aberdeen.
Block Number	Block 20/06, Blocks 19/10 and 20/6, and Blocks 19/5a and 20/1S.
Discovery Date	The Buzzard field was discovered in May 2001 and came on stream in January 2007.
Water Depth	96.5 Metres.
Tie-Back	N/A
Infrastructure	Buzzard utilises a central production facility currently incorporating 4 lift installed jackets supporting separate wellhead, production, H2S sweetening and UQ decks which are bridge linked. Buzzard Drilling is provided via a jack-up rig over the dedicated wellhead platform.
Export	Oil is exported from the Buzzard processing platform through an 18-inch pipeline to the Forties Pipeline System, some 28 kilometres away. From there, oil is transported to Cruden Bay and then to BP Kinneil for further processing. Gas from Buzzard is exported through a 10-inch pipeline to Captain 'T' Point on the Frigg pipeline 29 kilometres away. From there, the gas goes to the St. Fergus Gas Terminal.

Ettrick Field

Location	Approximately 120 kilometres north east of Aberdeen.
Block Number	Blocks 20/2a & 20/3a.
Discovery Date	The Ettrick Field was discovered in 1981 and came on-stream in July 2009.
Water Depth	115 Metres.
Tie-Back	Blackbird Development primarily located in Block 20/2a with the field extending to Blocks 20/3a and 20/3f.
Infrastructure	The oil and gas from the Ettrick Field is produced via the Aoka Mizu a Floating Production Storage and Offloading (FPSO) vessel. Production fluids from the flow via two flexible flowlines back to the FPSO, entering through a turret system. Fluids are separated and conditioned for storage.
Export	Gas is processed on the FPSO facilities to meet the SAGE entry specifications and is exported via the SAGE system to St Fergus where natural gas and natural gas liquids are separated and the natural gas is sent on to Transco. The natural gas liquids are either sent on to the FLAGS system or to the Forties Pipeline system for further processing into specification natural gas liquid products. Crude oil is extracted from processing well stream fluids on the FPSO and is stored in storage tanks on the vessel until offloaded to a shuttle tanker.

Golden Eagle Area Development [GEAD]

Location	Approximately 70 kilometres north east of Aberdeen.
Block Number	Includes development of the Golden Eagle block 20/1S, Peregrine block 20/1N and Solitaire fields block 14/26a.
Discovery Date	The Golden Eagle and Peregrine fields were discovered 2007-2009. First oil produced in late October 2014. Located four km northeast of Golden Eagle.
Water Depth	105 Metres.
Tie-Back	Solitaire development located in block 14/26a with first production expected in 2015.
Infrastructure	Utilises a central production facility supporting a separate wellhead. The platforms are bridge linked.
Export	Oil is exported via a 14inch pipeline approximately 67km in length to join the existing Flotta Pipeline Systems. The oil line is tied into the Flotta system at the Claymore Platform. Gas is exported via a 6inch pipeline approximately 17km in length to join the existing SAGE gas pipeline. The tie-in to the SAGE system is at an existing tee located at the Ettrick Pipeline End Manifold.

Transocean Prospect

Rig Name	Transocean Prospect
Type	Semi-submersible
Wells Drilled in 2014	■ 20/01-N Lily II ■ 15/27e – L Ravel ■ 20/06a – NIB

Noble Ton Van Langeveld/Paragon MSS1

Rig Name	Noble Ton Van Langeveld/Paragon MSS1
Type	Semi-submersible
Wells Drilled in 2014	■ Blackbird PB2 ■ 28/15 – A Kookaburra ■ 14/26a – Blackjack ■ 14/26a – DIA ■ 14/26a – JPA ■ 14/26a – DPA ■ 20/01 - FPA

Galaxy III

Rig Name	Galaxy III
Type	Jack – up
Wells Drilled in 2014	■ 20/06a – BSPJ (B38)

Ensco 120

Rig Name	Ensco 120
Type	Jack – up
Wells Drilled in 2014	■ 20/01 – HPC ■ 20/01 – HPD ■ 20/01 – HPB ■ 20/01 – HIA

Blackford Dolphin

Rig Name	Blackford Dolphin
Type	Semi-submersible
Wells Drilled in 2014	■ 15/27a – 12A Ravel

Environmental Management System

Nexen has implemented an Environmental Management System (EMS) in line with requirements of ISO 14001:2004. The EMS is independently verified in line with the requirements of the OSPAR Recommendation 2003/5, to promote the use and implementation of Environmental Management Systems on the United Kingdom Continental Shelf (UKCS).

The EMS is fully integrated within Nexen's wider UK Management System and was independently verified in May 2015. The system will continue to be independently verified on a two yearly basis in addition to internal monitoring and assessment.

In addition to ensuring risks are identified and controlled, the system assists Nexen in compliance with internal policies and procedures; it facilitates continual improvement through the setting of objectives and targets and provides a systematic approach for identifying and reviewing compliance with current and future regulatory requirements. Overall, the system is designed to firstly promote a positive impact on environmental management and performance. Secondly to ensure continual improvement is held at the utmost importance in our everyday operations.

Environment Representatives (E-REP)

"Environmental Representatives (E-Reps) - are an essential and valuable part of the way we conduct our business at Nexen. They play a vital role in environmental protection and improvement. Any individual working on or visiting a Nexen operated asset has the ability to positively influence our environmental culture and performance. Nexen fully supports the role of the E-Rep and requires that any contractors or third party vendors engaged on Nexen's assets demonstrate full commitment towards the prevention of environmental harm."

In 2014 one of Nexen's key objectives was to increase Environmental Awareness.

To this end, Nexen has supported the development of Environmental Representatives widely known throughout the industry as 'E-Reps'. The E-Rep programme is an integral part of Nexen's environmental management by increasing workforce involvement.

E-Reps have already been involved in activities relating to spill reduction, waste segregation, bunkering improvements and the storage of chemicals. It is anticipated that these passionate teams will continue to play a prominent role in environmental management in the future, further enhancing Nexen's commitment to environmental responsibility.

Environment Integration Plan (EIP)

> “The purpose of the EIP is to instigate change to Nexen’s way of working which improves the integration of environmental activity into all operational practices to achieve a step change in environmental performance.”

The EIP has been developed using the themes of People, Process and Plant. A Steering Committee comprising four of Nexen's senior managers meet regularly to review and guide project choices and assure delivery. The EIP Programme is intended to run at least through to the end of 2016.

ENVIRONMENTAL
INTEGRATION PROGRAMME

This involves various projects focusing on the programmes founding objectives:

- Reducing spills to sea (Petroleum Operations Notice No.1 -PON1)
- Improving the quality of Regulatory Permit Submissions
- Establishing an Environmental Critical Element (ECE) Management Strategy
- Strengthening our relationship with the UK regulatory authority DECC (Deparment of Energy and Climate Change)

There are various benefits for Nexen implementing a successful EIP programme. Due to upgrades in work practices to include environmental consideration, changes and alignment of processes and procedures that ensure environmental factors and risks are integrated into Nexen's daily operation. This will ensure that unplanned/reportable releases of oil/chemical to sea will significantly reduce and most importantly it will further develop Nexen's open and transparent relationship with DECC.

EIP Success Story

Nexen's drilling activities received eight Non-Compliance (NC) permits in 2013. Focus had been placed on the submission of the permit in the required timeframe with little emphasis on the quality of data supplied. It was the belief that the quality of information inputted in the permits was not important and that NC's were viewed as an 'expected' occurrence in operations activity.

Through the implementation of the EIP, Nexen developed procedures, information sheets and work instructions to be followed, which raised awareness and educated internal/external stakeholders. Stakeholders collaborated to ensure planning was proactive and that the content inserted in to a permit application was of high quality.

Across the business, it was communicated that NC's have a direct impact on Nexen's reputation. The information is now recorded in our weekly scorecard which is cascaded to all staff on a regular basis. As a result of the changes being embedded into Nexen's culture, the quantity of drilling NCs has considerably reduced to just one in 2014. The regulator DECC, has also commented on the improved quality of permit applications from Nexen.

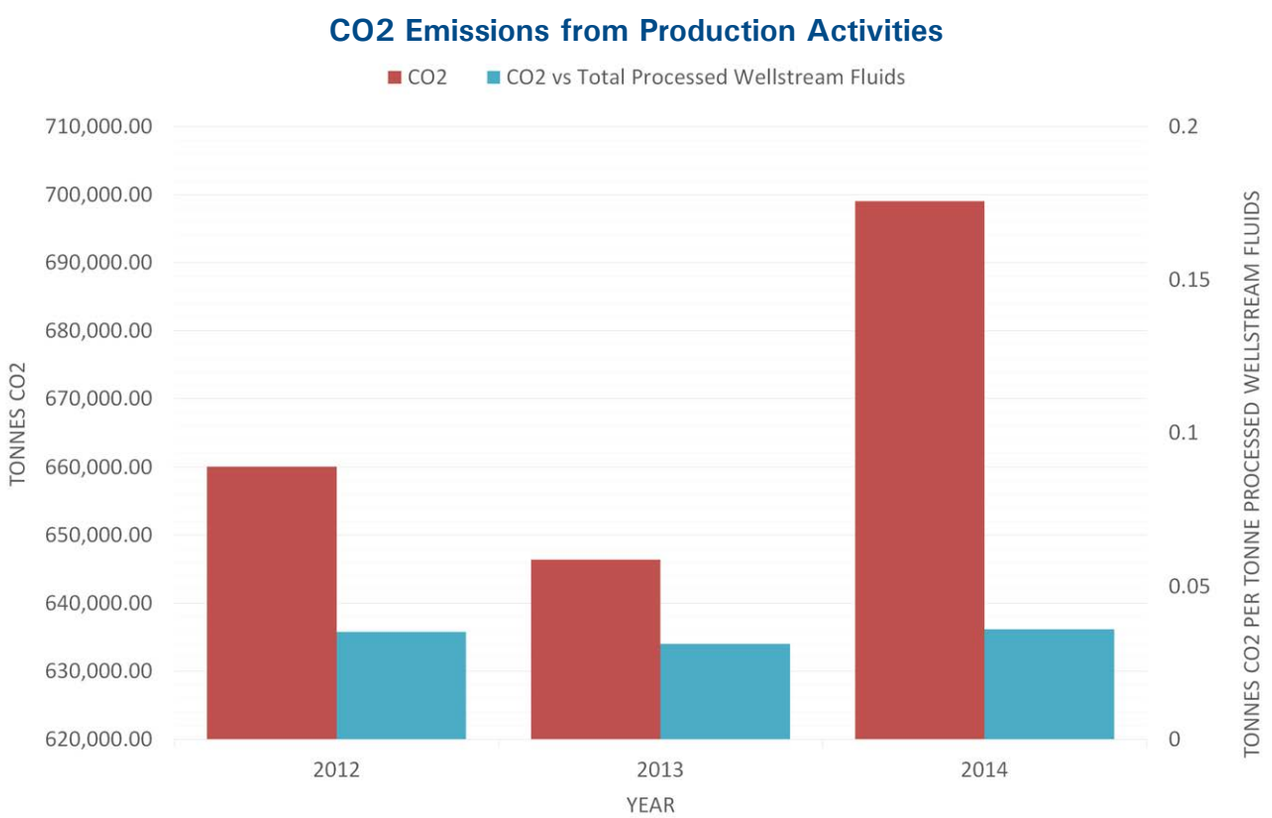
Atmospheric Emissions

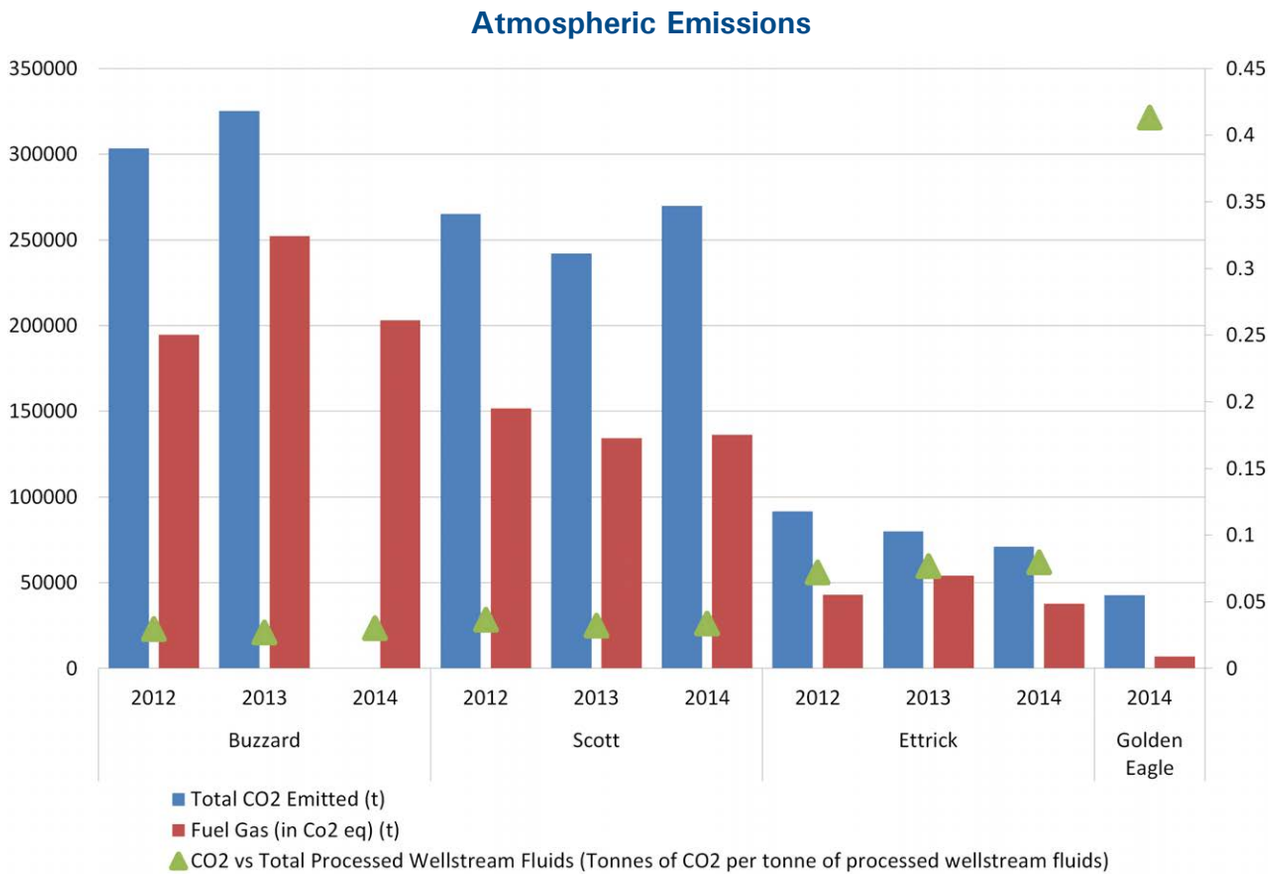
Production Atmospherics

Atmospheric emissions mainly arise from power generation and flaring associated with offshore hydrocarbon production activities. The main combustion emission from these sources is carbon dioxide (CO2), along with smaller emissions of oxides of nitrogen, nitrous oxide, sulphur dioxide, carbon monoxide, methane and volatile organic compounds.

The largest portion of carbon dioxide emissions offshore comes from combustion of fuels for energy production on-board the installations.

The chart below shows an increase in combined CO2 emissions in 2014 from Nexen's operated assets rising from 615,533 tonnes to 656,315 tonnes this can be explained by a number of factors most predominately is the increase of flaring on the Scott Platform. The increases of flaring on the Scott platform were a result of the Gas export being unavailable. The Gas export was unavailable due to a few reasons including integrity issues and failure in the export compressor; all of these issues were resolved by December 2014 after further inspection and maintenance had been completed and verified.

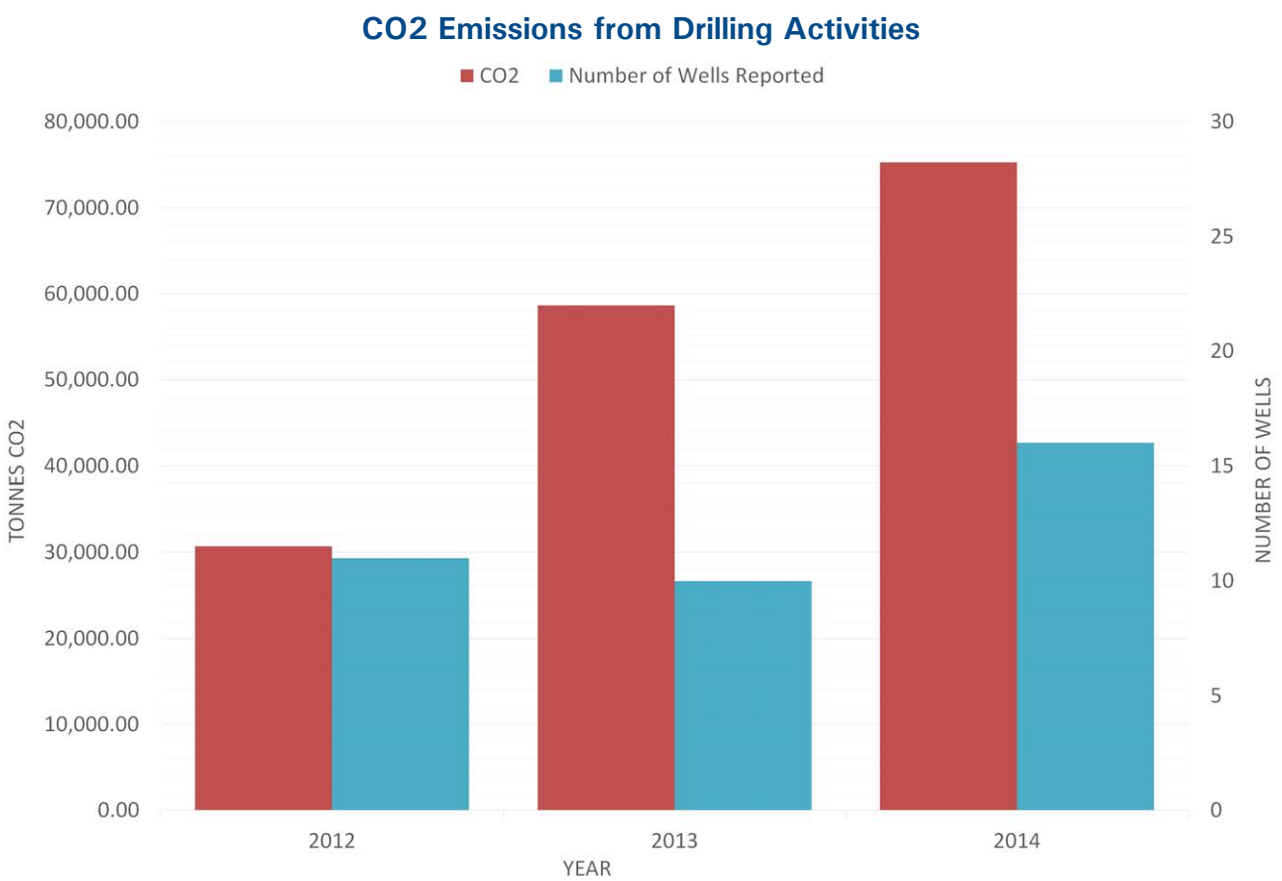



Atmospheric Emissions
350000
300000
250000
200000
150000
100000
50000
0
0.45
0.4
0.35
0.3
0.25
0.2
0.15
0.1
0.05
0
2012
2013
2014
2012
2013
2014
2012
2013
2014
2014
Buzzard
Scott
Ettrick
Golden Eagle
Total CO2 Emitted (t)
Fuel Gas (in Co2 eq) (t)
CO2 vs Total Processed Wellstream Fluids (Tonnes of CO2 per tonne of processed wellstream fluids)

Drilling Atmospherics

During the course of 2014, 5 exploration and appraisal wells and 11 development wells were drilled with the assistance of 5 drilling units. This is a remarkable number of wells drilled and shows Nexen's commitment to the UKCS. The data reported in this section encompasses emissions from all drilling rigs.

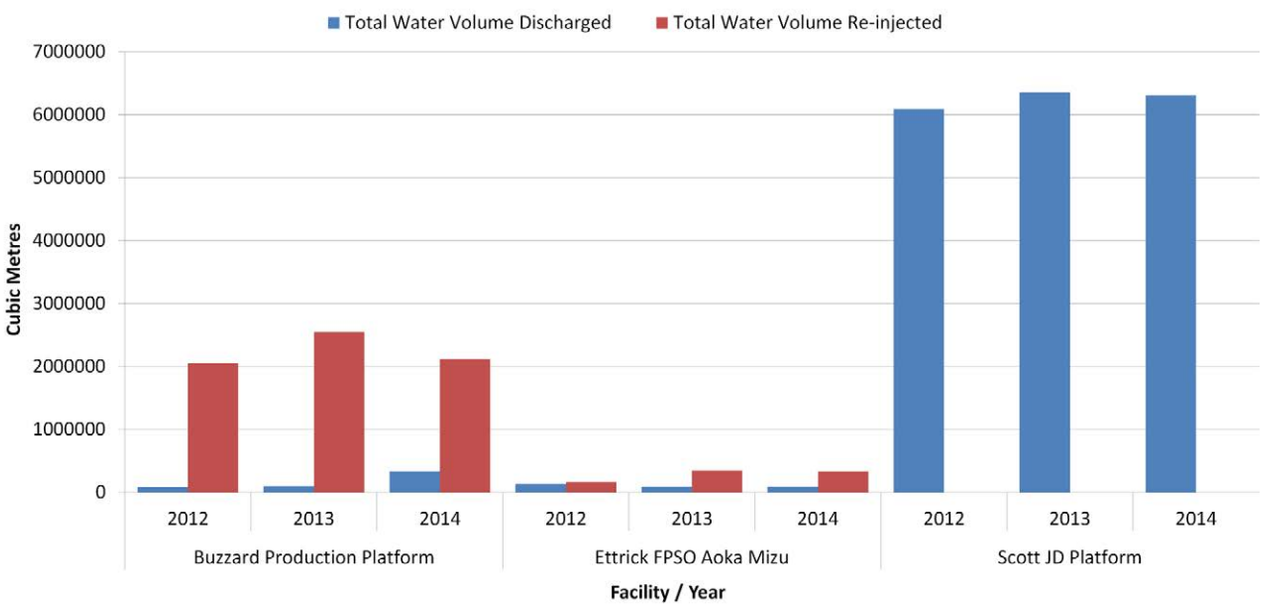
CO2 emissions associated with drilling activities increased from 58,619 in 2013 to 75,287 in 2014. This increase can be explained by a number of factors especially the increase in wells drilled, increased drill days, rig upgrades, and the use of new technology such as thermo-mechanical cuttings cleaner.

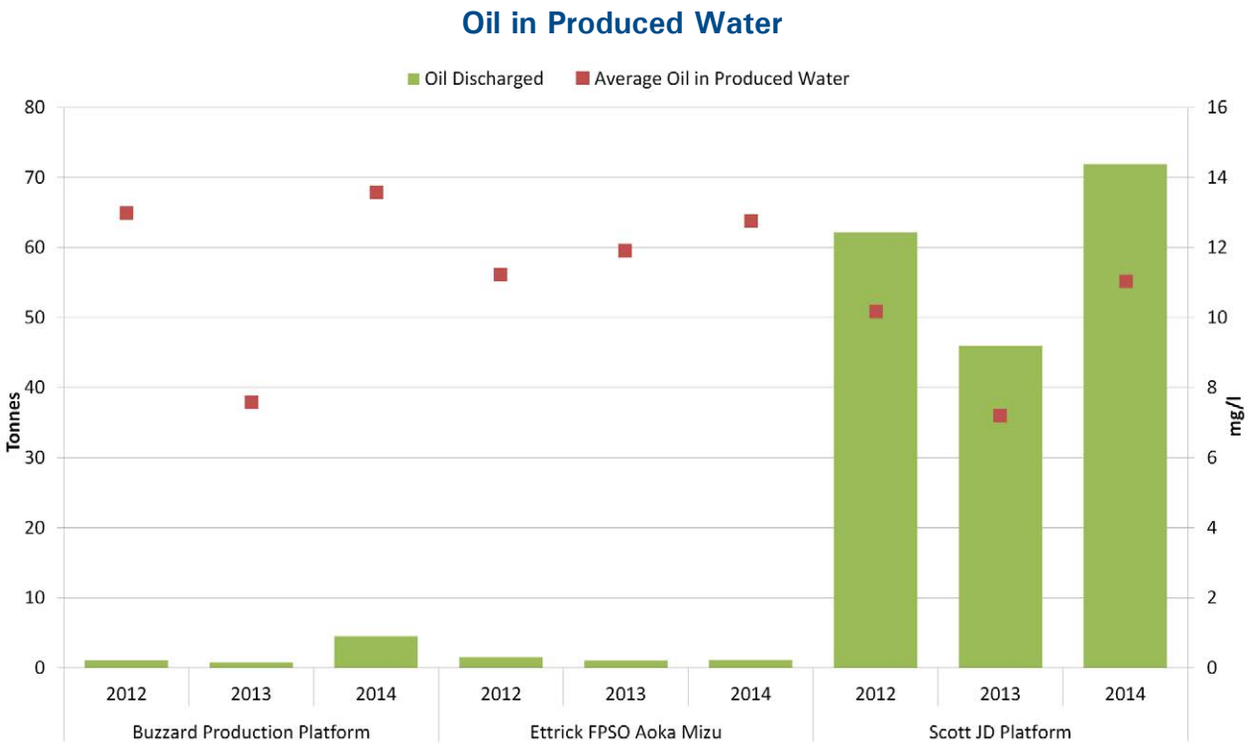


Produced Water

1. Oil and gas reservoirs have a natural water layer (called formation water) that lies under the hydrocarbons. At the surface, this formation water and any other water injected into the reservoir for pressure maintenance is separated from the hydrocarbons, treated to remove as much oil as possible, and discharged into the sea or re-injected into the reservoir.
2. Combined volumes of produced water produced in 2014 from all three assets amounted to 6.7 million cubic meters, no produced water was discharged from Golden Eagle due to no permits in place and permits will be in place in 2015. The majority of this is from the Scott Platform because there are facilities for produced water re-injection on Buzzard and the Ettrick FPSO but not on Scott.
3. Discharges of oil are regulated under The Offshore Petroleum Activities (Oil Pollution Prevention and Control) Regulations of 2005. The oil discharged weight increased by 29.9% from 47.7 tonnes in 2013 to 77.6 tonnes in 2014, again with the majority of this being attributed to the Scott Platform. The average oil in produced water content increased from 7.29 mg/l in 2013 to 12.57 mg/l in 2014 due to the Golden Eagle development coming online and starting first production.

Produced Water Volumes




Oil in Produced Water
Oil Discharged
Average Oil in Produced Water
Tonnes
mg/l
80
70
60
50
40
30
20
10
0
16
14
12
10
8
6
4
2
0
2012
2013
2014
2012
2013
2014
2012
2013
2014
Buzzard Production Platform
Ettrick FPSO Aoka Mizu
Scott JD Platform

Chemicals

Chemicals are regulated under The Offshore Chemicals Regulations 2002 (OCR).

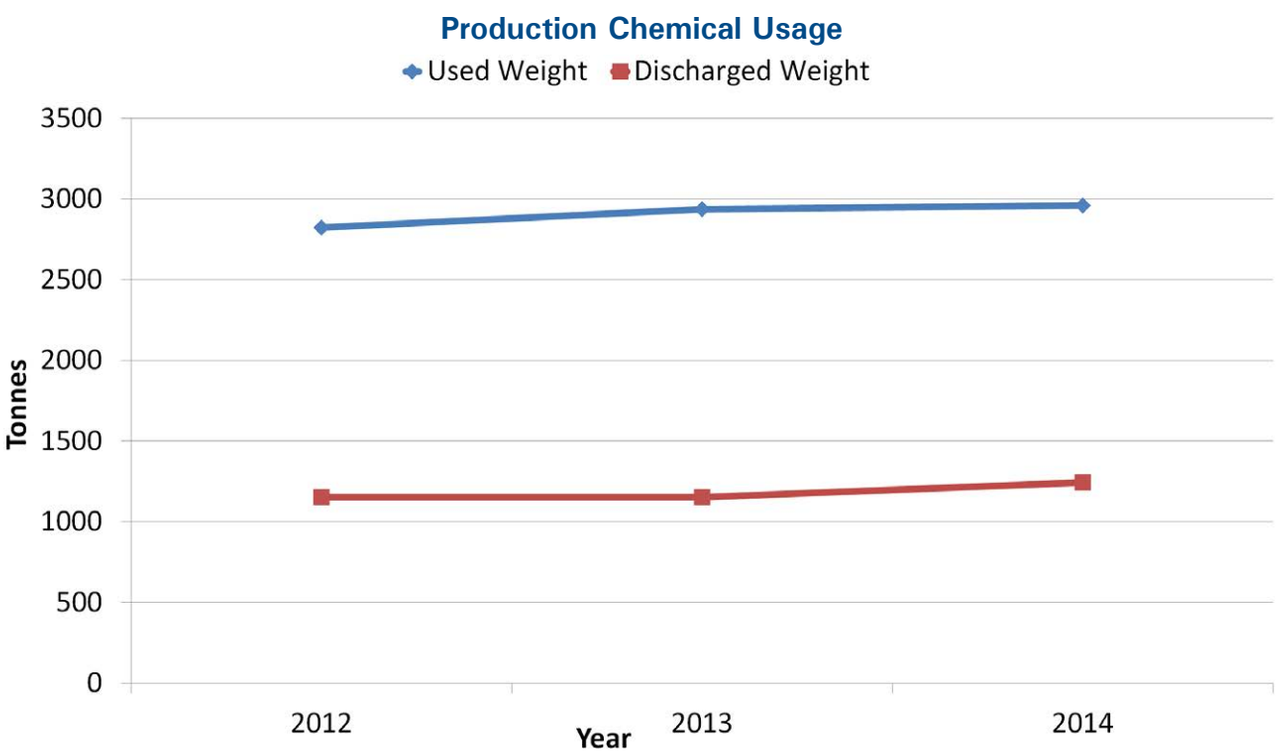
Production Chemicals

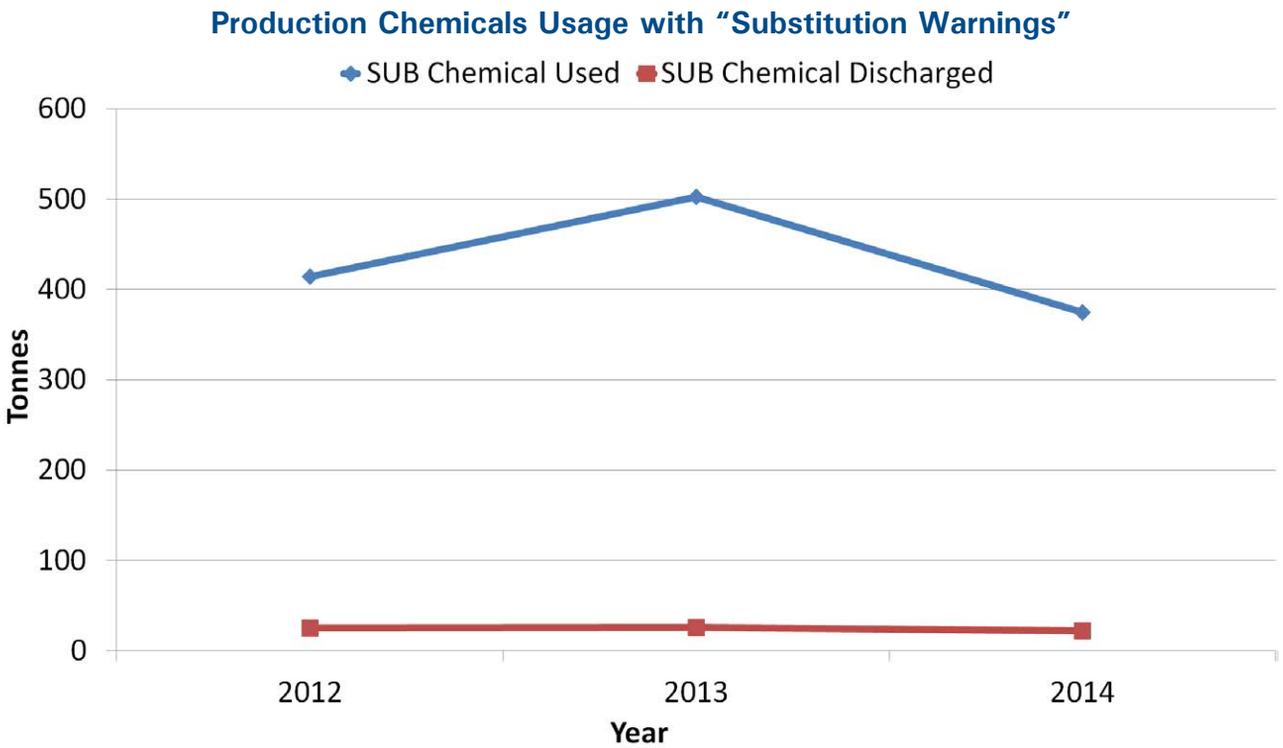
A variety of chemicals are utilised in the production process as this maintains efficiency and safeguards the integrity of the processing and export facilities. Reservoir and Production chemicals (apart from chemicals used in seawater injection) are either exported with the oil or discharged to sea with the produced water stream.

All chemicals, regardless of use or discharge, are subject to a full chemical hazard analysis and risk assessments prior to their discharges taking place. Where possible, the most advanced and benign chemicals suitable for the application are sourced.

During 2014, approximately 2,962 tonnes of chemicals were used to assist production, of which, 1244 tonnes were discharged with produced water. Volumes of chemicals used have increased compared to 2013 in line with increased production plant throughputs, increased water injection and changing reservoir characteristics.

The use of chemicals with substitution labels decreased from 502 tonnes in 2013 to 374 tonnes in 2014. The volume of chemicals with sub warnings discharged also decreased from 25.96 tonnes in 2013 to 21.99 tonnes in 2014. Nine chemicals with sub warnings were used in production operations during the 2014 period. Nexen's production chemistry department remain focussed on reducing the reliance on chemicals with substitution labels by looking for and testing alternatives.




Production Chemicals Usage with "Substitution Warnings"
SUB Chemical Used
SUB Chemical Discharged
600
500
400
300
200
100
0
Tonnes
2012
2013
2014
Year

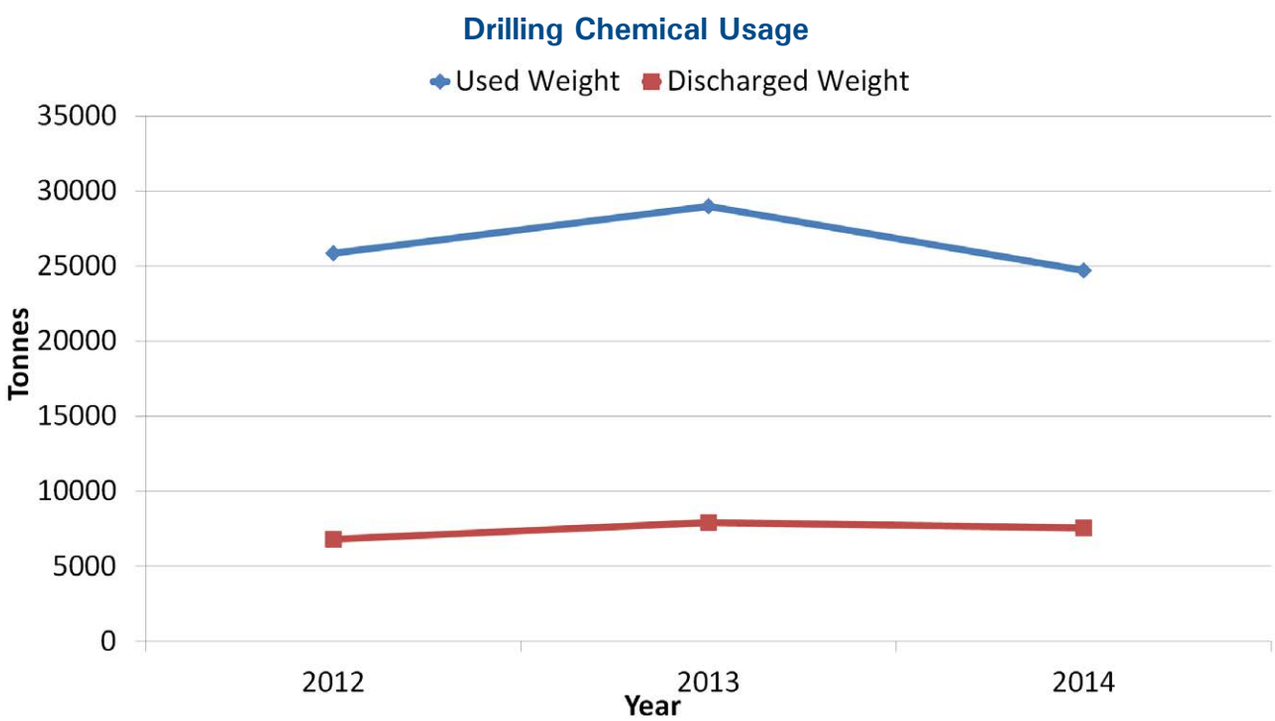
Drilling Including - Well Intervention and Pipeline Chemicals

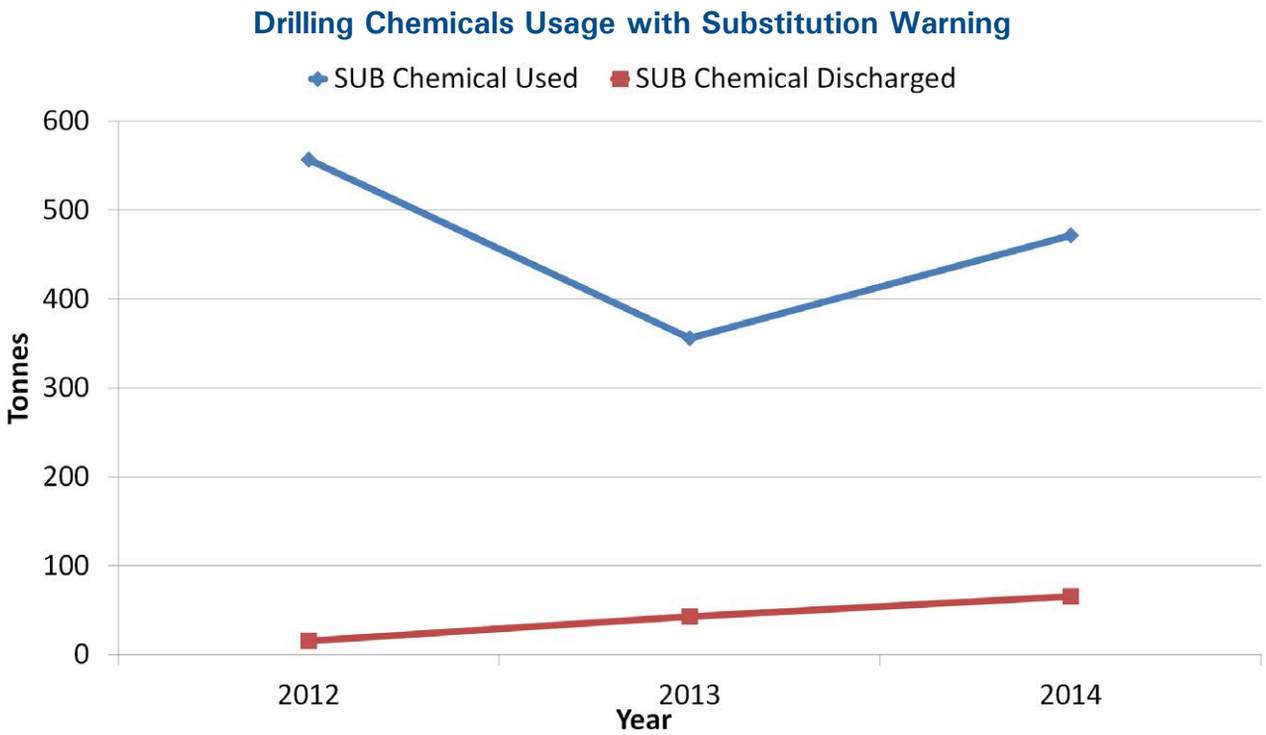
Chemicals such as drilling fluid chemicals, cement chemicals and rig chemicals are required for the safe drilling and construction of subsea wells.

Chemical usage decreased in 2014, a variation in the amount of chemical used is expected between years, depending on the depth and complexity of the wells being drilled.

On occasion, and only where there is no viable alternative, SUB labelled chemicals are added to the permits for ad-hoc purposes to cover a specific operation or task. The selection and use of every SUB labelled chemical is justified and risk assessed on each permit application prior to use in the field. Nexen will continue to investigate alternatives to SUB labelled products used in drilling operations where possible.

The use of chemicals with substitution labels increased from 355 tonnes in 2013 to 471 tonnes in 2014. The volume of chemicals with sub warnings discharged also decreased from 42.5 tonnes in 2013 to 65.4 tonnes in 2014 these are both due to increased drilling activities. Twenty chemicals with sub warnings were used in drilling operations during the 2014 period. Nexen production chemistry department remains focussed on reducing the reliance on chemicals with substitution labels by looking for and testing alternatives




Drilling Chemicals Usage with Substitution Warning
SUB Chemical Used
SUB Chemical Discharged
600
500
400
300
200
100
0
Tonnes
2012
2013
2014
Year

Waste

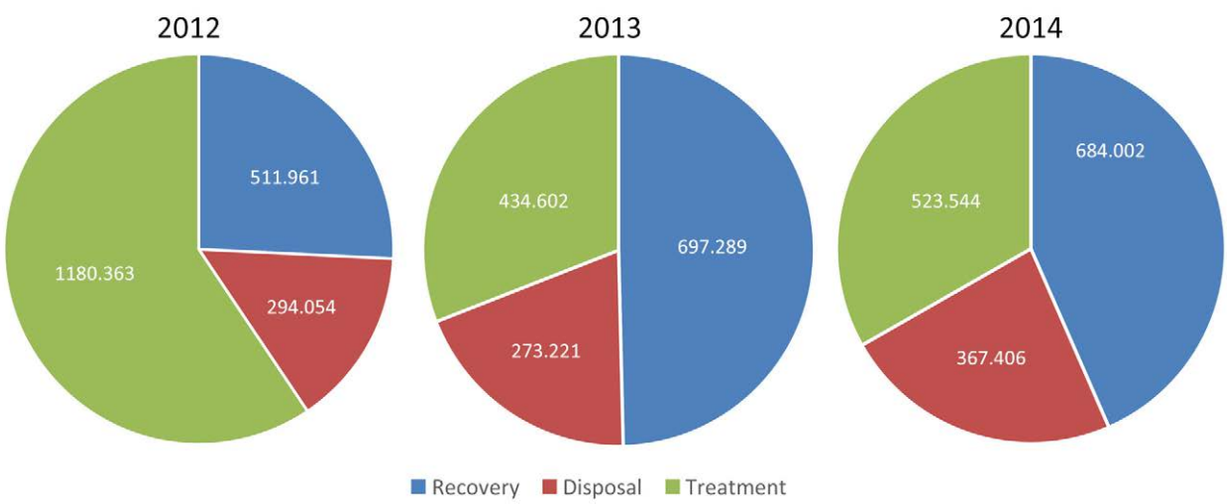
Production Waste

Waste is generated from routine and planned operations offshore. The vast range of waste is generated which includes waste chemicals, tank washings residues, waste oil, paper, scrap metal, glass and wood. Nexen is committed to reducing waste production across all operations and ensure that the waste produced is effectively and efficiently managed.

In 2014 1574.9 tonnes of waste had been generated this is an increase of 169.8 tonnes from the 1405.1 tonnes in 2013. This can be explained with the increase in the number of platforms that Nexen now operate.

Waste is separated into three categories for reporting purposes these are recovery, disposal and treatment. Recovered waste is waste which is reused, recycled or sent to waste-to-energy. Disposed waste is waste which is incinerated or sent to landfill. This waste includes general accommodation waste, treated slops (final solid residues) and miscellaneous special wastes. Treated waste typically includes sludge's, tank washings, and other liquids. The majority of this is water and, after being treated appropriately, is ultimately discharged to sewer in line with relevant consents. Other waste streams captured from these treatment processes are either recycled/re-used or sent to landfill.

Production Waste Disposal Routes - By Year



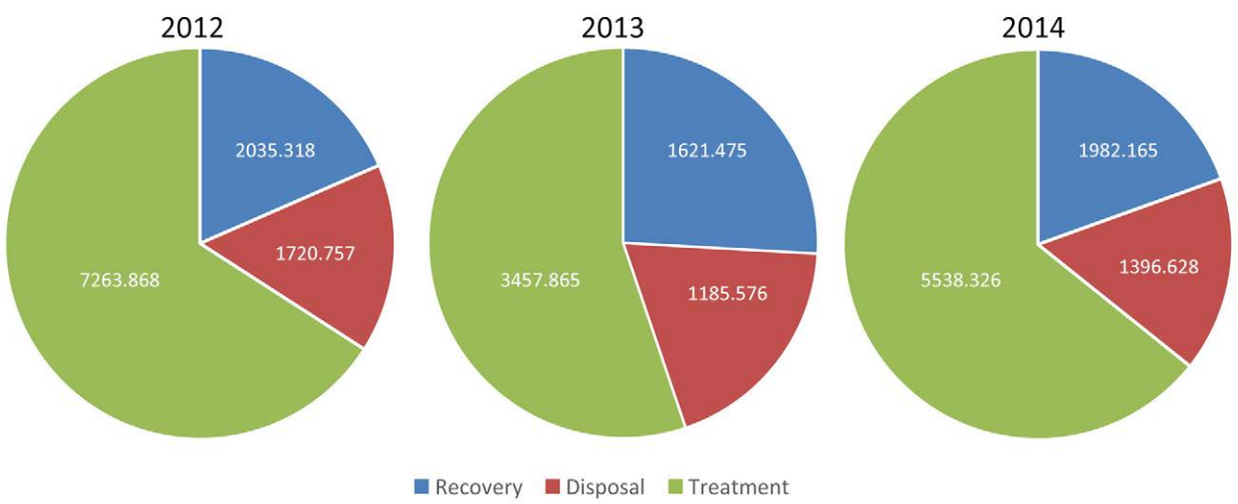
Drilling Waste

Waste generated on drilling rigs is segregated and returned to shore for appropriate disposal.

Waste generated from drilling (excluding cuttings) in 2014 was 8917 tonnes this is an increase of 2,652.2 tonnes from the drilling activities that took place in 2013. The majority of waste generated offshore is bulk liquid waste which undergoes treatment. The amount is highly variable and dependant on the complexities of each well drilled. With the number of wells drilled in 2014 significantly higher than 2013 the increase in the amount of waste generated is expected.

Oil-based mud cuttings are brought onshore and treated to recover the oil, water and solid content for disposal. The residual solids (which accounts for the majority of the weight) are sent to landfill whilst oils are recycled and treated water discharged via the sewer. In 2014 4560 tonnes of cuttings were sent onshore for treatment and disposal which is a increase compared to 2013 (3,033 tonnes), again the reason for such an increase is the number of wells drilled in 2014 compared to 2013.

Drilling Waste Generated Excluding Cuttings



Legal Compliance

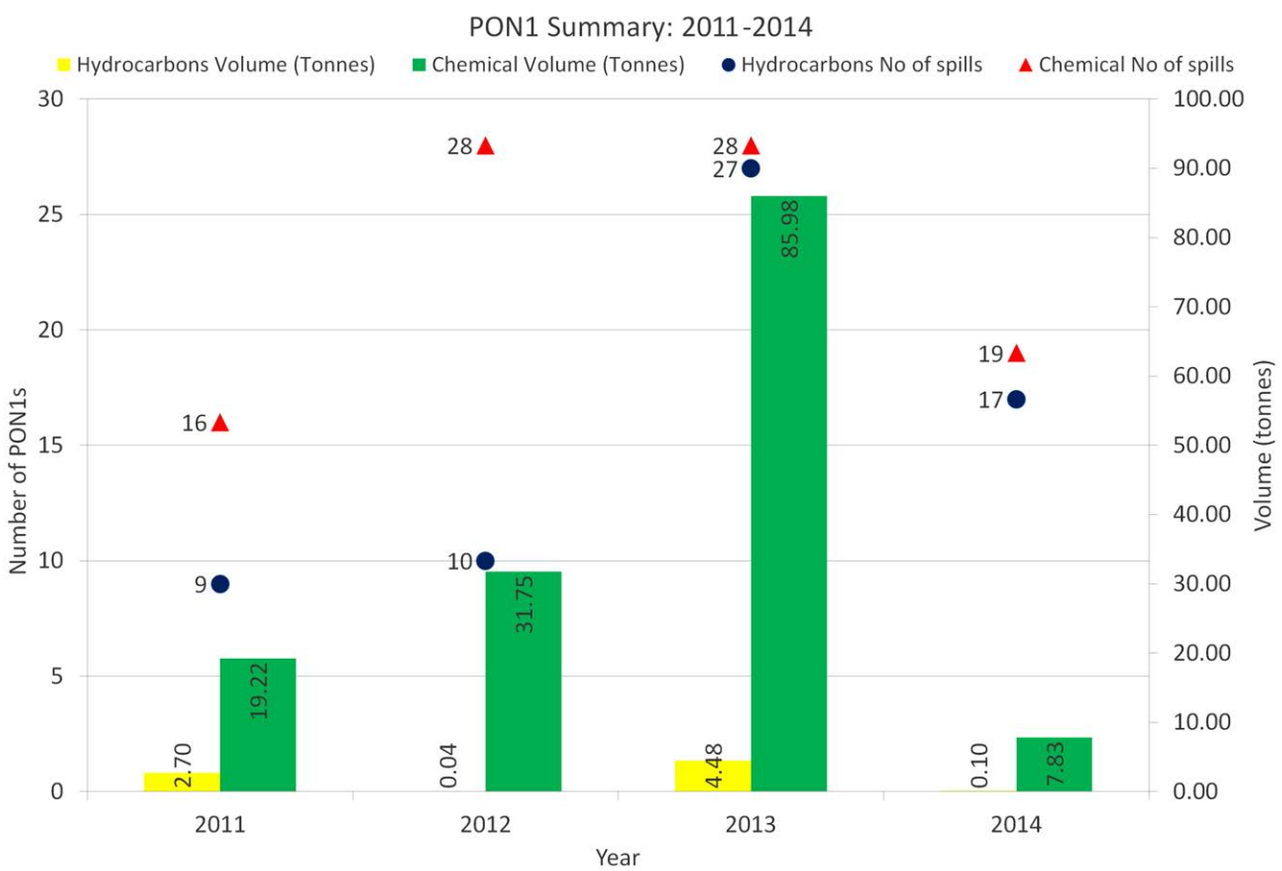
2014 Unplanned Releases

Although every effort is made to prevent unplanned releases of chemicals or hydrocarbons, occasionally accidental spills occur. All spills of hydrocarbons or chemicals to sea regardless of size are reported to DECC using the relevant reporting form, Petroleum Operations Notice 1 (PON1).

Systems and processes are in place to reduce the potential for unplanned releases. These include asset integrity inspections and planned maintenance regimes to maintain the integrity of hydrocarbon/ chemical bearing equipment, area inspections and audits to proactively identify any areas of concern, provision of bunds (secondary containment) for temporary containers and training on the use of spill kit for dealing with minor events.

In an event that unplanned releases do occur, approved Oil Pollution Emergency Plans are in place for all operated assets and exploration and development activities. These are tested on a regular basis in accordance with DECC requirements.

During 2014, there were 35 unplanned releases. A total of 17 releases resulted in a total of approximately 0.099 tonnes of oil being released to sea from Nexen Operations. A further 19 unplanned releases resulted in approximately 7.831 tonnes of chemicals being released to sea.



Regulatory Non-Compliances

In addition to Nexen reporting unplanned oil and chemical spills associated with offshore activities, Nexen are also required to submit notification to DECC in the event of a non-compliance with the current legislative regime. This legislation includes the Offshore Chemicals Regulations 2002 (OCR), the Offshore Petroleum Activities (Oil Pollution Prevention and Control) Regulations 2005 (OPPC), The Offshore Combustion Installations (Pollution Prevent and Control) Regulations 2013 (PPC) and The Offshore Petroleum Production and Pipe-Lines (Assessment of Environmental Effects) Regulations 1999 (EIA).

	OCR (Offshore Chemical Regulations) Non Compliance	OPPC (Oil Pollution Prevention and Control) Non Compliance	PPC	EIA (Environmental Impact Assessment) Non Compliance
Scott	1	3		
Buzzard		2	1	
Ettrick	2			
Golden Eagle				
Drilling Rigs				
Vessels	1			1

A significant improvement has been made on our drilling rigs – with no OCRs in 2014.

Environmental Objectives

Annual environmental improvement objectives are set in relation to significant aspects and/or other operational requirements.

The 2014 environmental objectives are listed below. Each asset generates their own HSE&A plans with deliverables on environmental objectives and targets.

2014 Objective	Programme	Performance
Environmental Risk Management	Develop Environmentally Critical Equipment registers for Nexen operated assets.	Registers are complete for Buzzard, Scott and Ettrick. Golden Eagle registers due early 2015.
PON1 Reduction	Conduct full review of all unplanned release events to establish trends and develop recommendations for improvement.	Further training conducted. Environmental awareness conducted in Toolbox talks. Significantly reduced PON1s from 56 in 2013 to 36 in 2014.
Environmental Management System	Continue to develop operational control procedures to facilitate robust environmental management and improve environmental performance.	Ongoing process. EMS review took place May 2015.
Environmental Awareness	Develop and roll out suite of environmental presentations to promote environmental hazard awareness and environmental compliance.	Time out for Environment. EIP permitting process review and roll out. E-Reps implementation.

Environmental Goals 2015

The following goals have been set for 2015 as part of our Environment Management System:

1. Successful OSPAR verification of the Environmental Management System
2. Implementation of EIP
   - Complete the actions required to deliver the environmental deliverables required by the phased EIP plan.
3. Deliver the environmental documentation to support the implementation of the Offshore Safety Directive requirements

Also in 2015 we will reinstate drilling on the Scott platform, which has had no drilling activities since 2005. It is estimated that five wells will be drilled. Drilling will commence in June 2015. Nexen recognises that drilling is a high environmental risk area so every commitment will be made to improve environmental awareness and competence.

Implementation of the new Offshore Safety Directive involves significant legislative changes for Nexen, so over 2015 and 2016 we will revise and re-submit our Oil Pollution Emergency Plans (OPEPs) to the inspectorate.

Data Tables

Emissions from Drilling Operations

Emissions Type	Recorded Emissions (Tonnes)	Total		
		2012	2013	2014
Atmospheric emissions	Total CO2 emitted	30,717	58,619	75,287
Waste excl. cuttings	Recovery	2,035	1,621	1,982
	Disposal	1,721	1,186	1,396
	Treatment	7,264	3,458	5,538
Backloaded cuttings	Recovery	2,059	3,033	4,560
	Disposal	5,561	0	0
	Treatment	2,837	0	0
Chemicals	Used	25,826	29,031	24,710
	Discharged	6,810	8,050	7,543
	SUB used	557	347	471
	SUB discharged	15	20	65

Emissions from Production Activities

Emissions Type	Recorded Emissions	Unit	Scott		
			2012	2013	2014
Atmospheric emissions	Total CO2 emitted	Tonnes	265,918	241,935	269,876.23
	Fuel Gas (CO2 eg)	Tonnes	151,686	134,425	136,286
Produced Water	Produced Water discharged	Cubic meter	6,092,815	6,361,905	6,309,245
	Produced Water Re-injected	Cubic meter	0	0	0
	Oil discharged	Tonnes	62.18	45.98	71.95
	Average Oil concentration	Mg/L	10.21	7.23	11.04
Waste	Recovery	Tonnes	187.68	214.11	173.669
	Disposal	Tonnes	156.58	100.01	140.736
	Treatment	Tonnes	25.62	97.95	67.665
Chemicals	Used	Tonnes	1,099,686	1,124,186	60,328
	Discharged	Tonnes	737,708	742,737	12,104
	SUB used	Tonnes	55.05	63.93	67.33
	SUB discharged	Tonnes	18.05	15.49	20.36

Ettrick			Buzzard			Golden Eagle
2012	2013	2014	2012	2013	2014	2014
91,629	48,305	71,091.45	303,325	325,293	315,344.81	2.75
42,994	18,048	37,747	194,728	252,309	203,013	0
136,601	87,084	88,136	81, 593	92,282	334,215	0
159,428	346,969	337,806	2,049,608	2,547,201	2,115,409	0
1.54	1.03	1.13	1.06	0.70	4.52	0
11.26	11.82	12.79	13.03	7.62	13.52	28.08
161.62	133.25	102.17	162.67	349.93	150.29	257.87
29.33	31.37	47.95	108.14	141.84	95.574	83.146
225.75	310.16	223.298	122.98	26.50	75.697	156.88
245,139	395,708	287,587	1,477,995	1,418,870	1,374,527	1,239,266
78,566	196,896	84,951	335,782	212,104	329,515	817,953
0.83	0.69	0.65	358.24	437.67	306.45	0.23
0.83	0.69	0.65	6.38	9.78	0.98	0.002