

MPX North Sea Limited

OSPAR Public Statement 2014

Revision 01

May 2015

Document Details and Issue Record (Uncontrolled if Printed)					
Rev No.	Details	Date	Author	Checked	Approved
01	Issue	May 2015	S McKelvie		M Rowe
Document Reference:		MPX-EHS-MS-021			

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1 Introduction

Under OSPAR Recommendation 2003/5, DECC require that all existing UKCS oil and gas operators undertaking offshore operations must prepare an annual statement of their environmental performance, covering the calendar year, and make that statement available to the public. This documents represents the MPX North Sea Limited annual public environmental statement for 2014.

2 MPX North Sea Limited

MPX's business comprises acquisition of acreage, and exploration for oil and gas. Currently this comprises interests offshore on the UKCS in the UK North Sea. Operational activities include geological and geophysical surveys, design and the construction, and testing of wells.

3 The Environmental Management System

The EHS Management System applies to MPX Energy Limited and all of its operating subsidiaries including: MPX (Oil & Gas) Ltd, Hannu Exploration Ltd, and MPX North Sea Ltd.

The EHS Management System establishes the main requirements and provides the framework for managing EHS issues within the business. It ensures:

- Compliance with company policy and legislation;
- Clear assignment of responsibilities;
- Efficient and cost-effective planning and operations;
- Effective management of EHS risks;
- Continuous improvement.

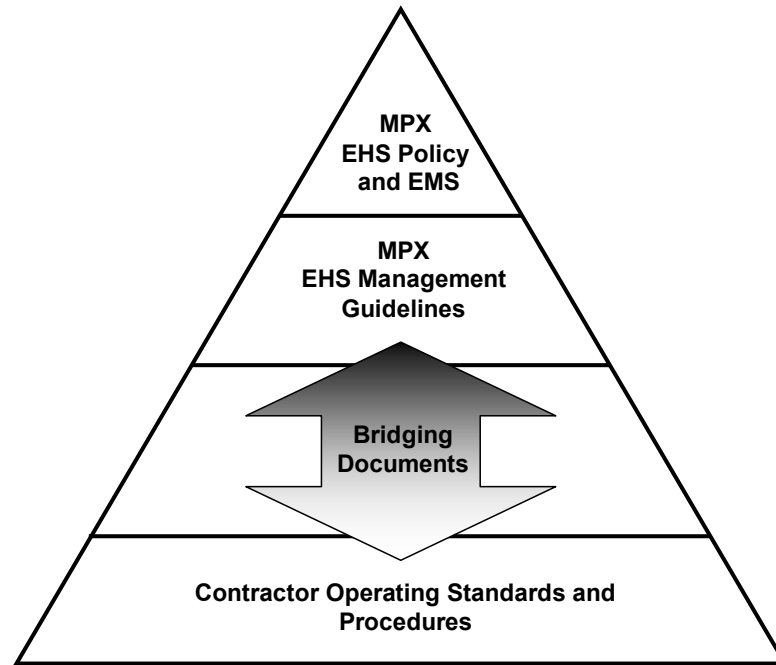
This EHS MS has been designed to reflect the existing level of operational activity within MPX, which includes exploration and production drilling and field development operations. MPX's EHS policy is shown in Appendix A.

Execution and management of all offshore operations is contracted to third parties. Specific operations are managed within the management systems of other operators or contractors and the EHS MS sets standards and expectations against which those systems will be assessed. Contractors systems are assessed as part of the contractor selection process. Bridging documents are then prepared to define responsibilities, management arrangements and requirements for monitoring and reporting.

This hierarchy is illustrated in Figure 3.1.

It is the responsibility of the Managing Director and the EHS Manager to identify changes in operational activity that will require further development of the system. This would normally occur as part of the annual review process defined within this system but may be required outside of the review schedule as necessary in line with the future development of the company.

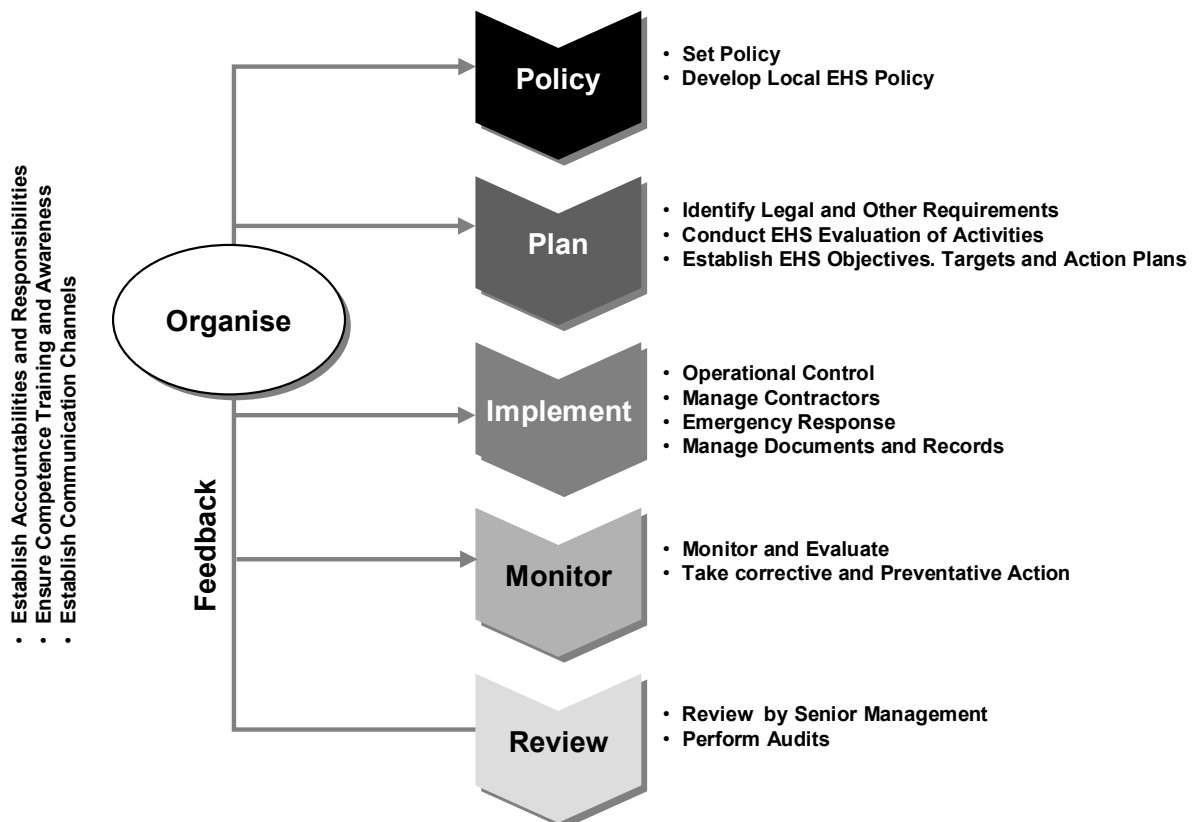
Figure 3.1: The MPX EHS Hierarchy



The EHS Management System Framework is consistent with existing international models for health, safety and environmental management (e.g. HS (G) 65, ISO14001, OHSAS 18001, OGP). The management process is structured around four steps 'organise, plan, implement and review', to assure continual improvement in performance. The system can be visualised as illustrated in Figure 3.2. It consists of a number of elements and requirements, which are relevant throughout the business lifecycle.

The management system was externally verified by Lloyds Register in December 2013.

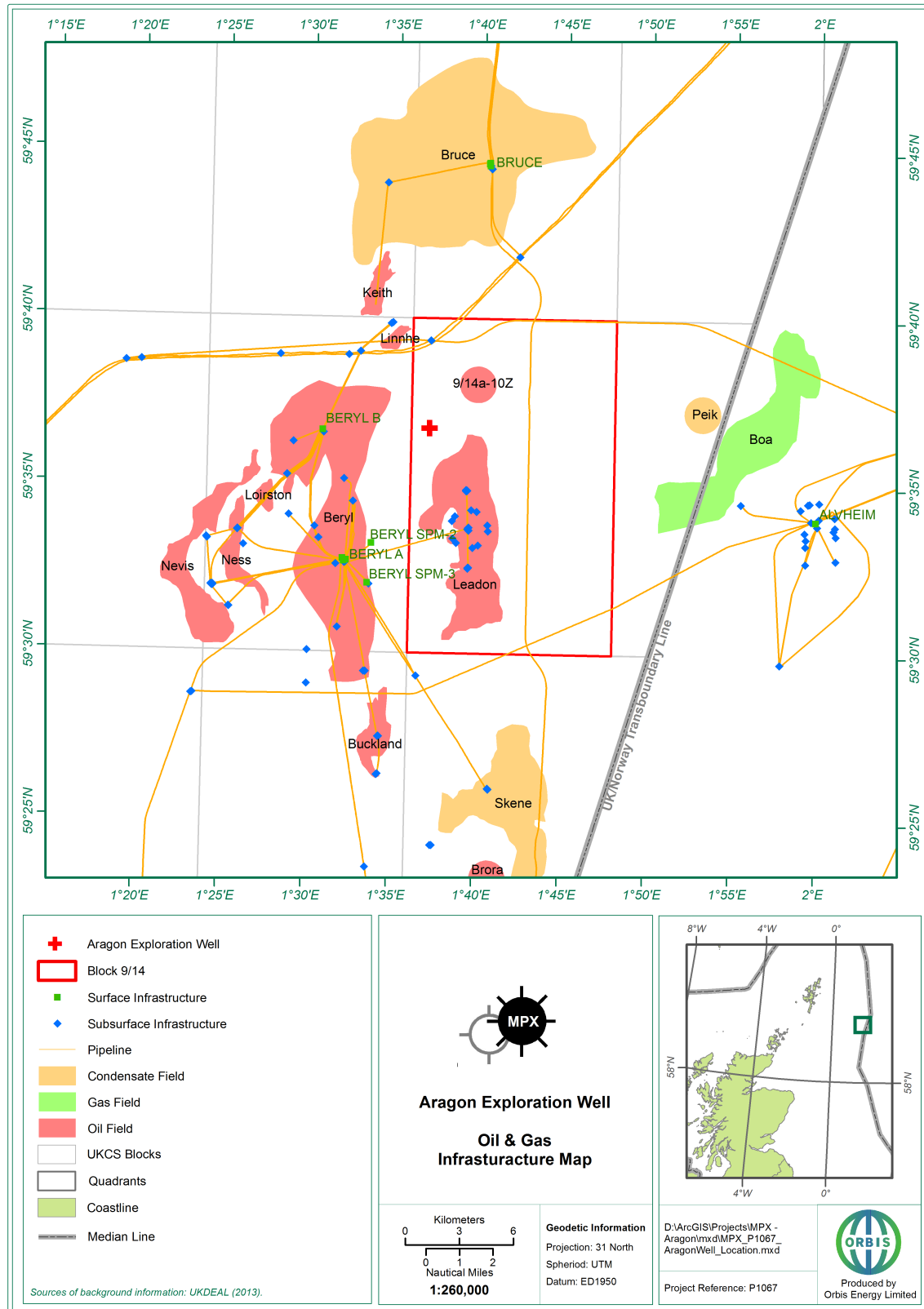
Figure 3.2: The EHS Management Framework



4 2014 Environmental Reporting

4.1 2014 UKCS Offshore Activities

In 2014, MPX drilled the Aragon exploration well in block 9/14a using the Blackford Dolphin semisubmersible (see location map below). The well was spudded on 10 July 2014 and the rig departed the location on 24 October 2014.



4.2 2014 Summary of Environmental Performance

Table 4.1 provides a summary of the emissions, discharges and wastes from the Aragon drilling operations.

Table 4.1: MPX's 2014 UKCS Reportable Emissions

Environmental Indicator	Unit	2014 Aragon Well
Drilling Activities		
Wells Drilled	No. of Wells	1
Fuel Consumption (diesel)	Tonnes ¹	842.8
Environmental Incidents		
Chemical release	No. incidents	2 (2 x 2 litres of WBM)
Hydrocarbon releases	No. incidents	0
Atmospheric Emissions²		
CO ₂	Tonnes	2697
CO	Tonnes	13.2
NO _x	Tonnes	50
N ₂ O	Tonnes	0.18
SO ₂	Tonnes	3.4
CH ₄	Tonnes	0.15
VOC	Tonnes	1.7
Chemical Consumption		
Gold (use / discharge)	Tonnes	70.3 / 38.7
C (use / discharge)	Tonnes	106.8 / 0
D (use / discharge)	Tonnes	8.9 / 3.7
E (use / discharge)	Tonnes	3,791 / 1,154
SUB ³ (use / discharge)	Tonnes	45.9 / 0.28
Waste Generated		
Special (Group I) ⁴	Tonnes	25.6 recycled 4 waste to energy 9.9 treatment
General (Group II) ⁵	Tonnes	1 reused 65.7 recycled 30.8 landfill 3.66 treatment
Other (Group III) ⁶	Tonnes	0
Back Loaded Drill Cuttings	Tonnes	415



Environmental Indicator	Unit	2014 Aragon Well
Drill Cuttings Discharged to Sea	Tonnes	1076

¹ Diesel consumed by the Blackford Dolphin semi-submersible drilling rig during drilling the Aragon well.

² Atmospheric emissions have been calculated using Oil and Gas UK emission factors.

³ Chemical products with a substitution warning were recorded as B, D, E, Gold and Silver category products and were not included in total use or discharge calculations in Table 4.1.

^{4, 5, 6} Waste generated by the Blackford Dolphin semi-submersible drilling operations.

5 Key Milestones and Environmental Goals

5.1 2014 Aragon Exploration Well EHS Objectives and Targets

MPX's EHS targets for the Aragon Exploration Well are summarised below in Table 5.2.

Table 5.1: MPX's EHS Targets for the Aragon Exploration Well

Action	Indicators	Target	Actual
Leading Indicators			
Leadership and Communication	Drilling Manager visits to rig	1 per well	5
	HSE Induction to MPX and drilling personnel	All personnel	100%
Contractors	Implement inspection plan and close out of actions from contractor audits (no of actions/no closed)	11	11
Emergency Response	Emergency response exercise	1	1
	OPEP Drills (1/shift/well)	2	8
Monitoring	Weekly reporting of chemical use against consent	1/wk	14
Audit	Implementation of audit plan (no of audits)	2	4
Review	Tri weekly EHS meetings	3	5
Lagging Indicators			
Safety Statistics	Total No Recordable Incidents (TRIs)	0	12
	Total No Lost Time Incidents (LTIs)	0	1
	Medical Treatment Cases	0	0
Hydrocarbon and chemical spills	Total No Spills	0	3
	Amount Spilt (litres)	0	2
Compliance	Compliance with chemical permit	100%	1 non conformance

	OPPC discharge consent	30ppm oil in water	0
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5.3 2015 EMS Objectives and Targets

As there are no offshore operations currently planned for 2015, the target for 2015 is to complete a full review of the EMS for implementation as part of operations currently planned for 2016.



Appendix A: EHS Policy

Environmental, Health and Safety Policy Statement



It is the policy of MPX E&P Limited to manage all the activities and operations of the MPX Group (collectively "MPX") in a responsible manner that protects the health and safety of its employees, contractors and public, but also minimises adverse impacts on the environment.

To accomplish this we will:

- *Ensure that all personnel, whether employees or contractors, are aware of their delegated environmental, health and safety responsibilities and are properly trained to undertake these.*
- *Provide the resources necessary to implement this policy and to develop and maintain our EHS systems.*
- *Ensure that environmental, health and safety protection command equal prominence with other business considerations in the decision making process.*
- *Design and manage our activities to prevent pollution, minimise environmental and health impacts and provide work places where safety hazards have been fully assessed and appropriately mitigated.*
- *Encourage use of the best available techniques to reduce the environmental impact of our operations, particularly with regard to the efficient use of energy and materials, the minimisation of waste and the prevention of pollution.*
- *Commit to continual improvement of our EHS performance by setting objectives and targets and performing regular audits and reviews.*
- *Ensure that appropriate contingency plans and resources are in place to respond to incidents and emergencies.*
- *Ensure that all our operations comply with legislative requirements and associated codes of practice and guidance.*
- *Communicate and consult with shareholders and the public and have regard for their interests when planning activities.*
- *Conduct regular audits of our EHS management system to ensure that it is being observed and to seek improvements within the system.*
- *Act with integrity at all times.*

Responsibility for compliance with our EHS policy and standards lies with the Managing Director, line management and all staff who are engaged in work on our behalf.

Martin Rowe
Managing Director
MPX E&P Limited
August 2014

A handwritten signature in black ink, appearing to read 'M Rowe'.