



Environmental Management System Public Statement 2020

NEO000-CAS-000-EV-RE-0001

Revision:	Issue Description:	Issue Date:	Prepared:	Checked:	Approved:
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A1	Issued for Use	28/05/2021	Duncan McLaren	Paula Webber	Russell Alton

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1 INTRODUCTION

This report is written to comply with the requirements set out in the OSPAR recommendation 2003/5. The scope of the report is to provide the NEO Energy annual public environmental statement for 2020 and is focused on the environmental issues associated with operations which were directly under NEO control.

NEO Energy is an independent full-cycle energy business in the UK Continental Shelf (UKCS). We combine value creation from the prospective North Sea basin with our commitment to be a responsible and efficient business. We operate a high-quality asset base with significant scope to grow production organically by extending asset life. Our ambition is to be a leading producer in the UKCS, reaching 120,000 boepd by 2023 through M&A and maintaining a stable production level of 80,000-120,000 boepd in the long term.

NEO was founded in July 2019 by HitecVision, a leading private equity investor focused on Europe's offshore energy industry. In October 2019, NEO integrated with HitecVision's other North Sea firm Verus Petroleum, a successful company that had built a strong portfolio from 2014 onwards. In May 2020 NEO completed the acquisition of Babbage in the Southern North Sea from Spirit Energy and in August 2020, NEO completed an acquisition of a portfolio of operated and non-operated assets in the UK North Sea from Total.

Further information on NEO can be found at: -

<https://www.neweuropeanoffshore.com/>

Section 2 of the report provides a general description of the company and its activities; Section 3 provides an overview of the environmental management system, policy and environmental objectives; and the final section presents 2020 environmental performance data for relevant operations.

The environmental performance section of this report will cover NEO Energy's operated assets only i.e. the Global Producer III Floating Production Storage and Offload (FPSO) vessel. The data related to this asset covers the period 1st August 2020 to 31st December 2020. Prior to the 1st August, the asset was owned by another Operator. It should be noted that although the Victoria field is operated by NEO, the asset is shut in awaiting decommissioning and no longer produces hydrocarbons.

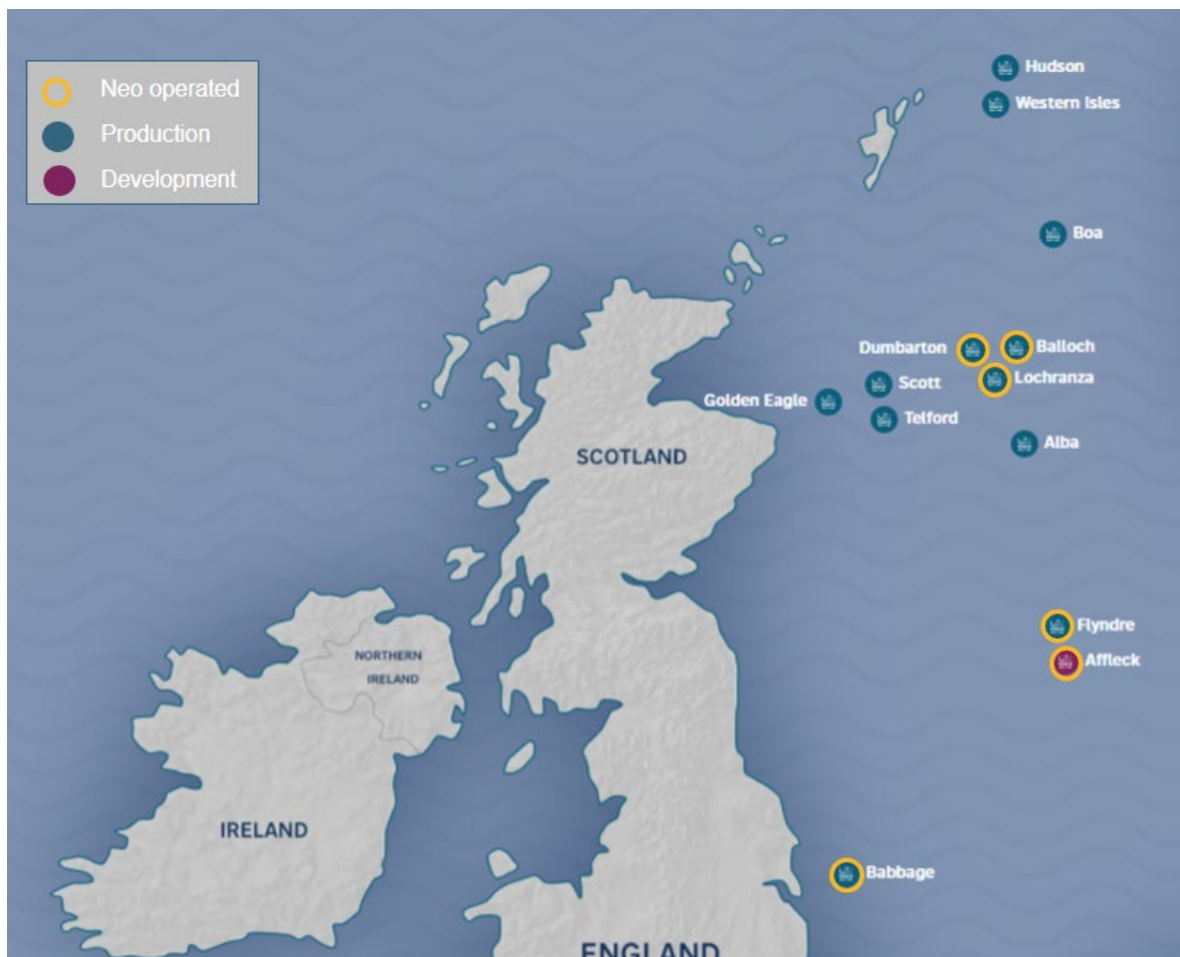
2 NEO ENERGY

NEO Energy was formed in 2019 and is an independent production and development company with both operated and non-operated interests. NEO operates and holds interests in high quality UK North Sea assets offering organic growth opportunities, including infill drilling and development of discoveries close to existing infrastructure. We aim for a balanced portfolio of production, development and low risk exploration assets.

2.1 NEO OPERATIONS

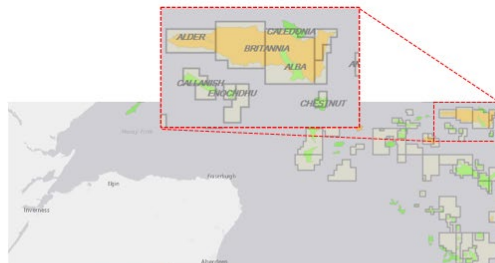
NEO Energy has a portfolio with a mix of operated and non-operated production and exploration assets. The Portfolio summary details are below.

Operated assets include the GPIII FPSO which processes hydrocarbons from the Quad 15 fields of Dumbarton, Lochranza and Balloch. NEO commenced Operatorship of these fields and GPIII on the 1st August 2020. The Flyndre Field is a sub-sea tie-back to the Clyde platform and the Victoria Field which ceased production on 15th January 2016 are also operated assets. NEO Energy has an outsourced model for its Babbage asset, with ODE Group managing the asset as the Duty Holder.



2.1.1 Alba

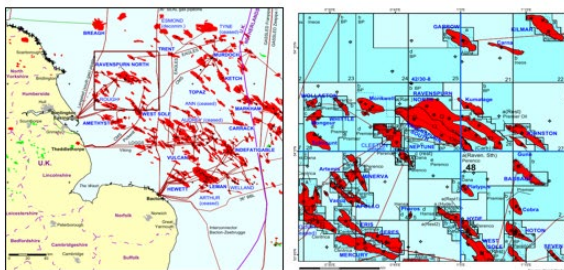
NEO Equity	17%
Partners	Waldorf 25.68%, Ithaca Energy 23.37%, Mitsui E&P 13.3%, Spirit 12.65%, EnQuest 8%
Operator	Ithaca Energy
First production	1994
Alba is a heavy oil field. Its facilities include a fixed steel platform (the Alba Northern Platform) and a Floating Storage Unit (FSU), the first to be purpose built for the UK sector of the North Sea.	
Block	16/26a
Sector	Central North Sea
Hydrocarbon	Oil
Water depth	138m



2.1.2 Babbage

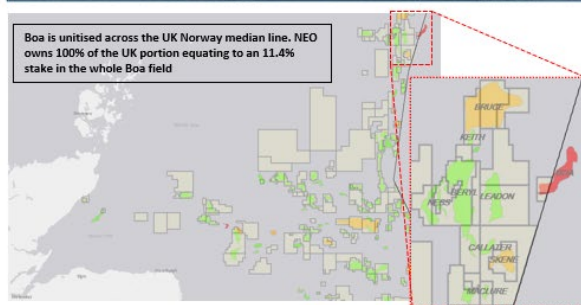
NEO Energy has appointed ODE as the installation operator. ODE is responsible for delivery of the annual public statement in relation to operations on Babbage.

NEO equity	60%
Partner	Dana Petroleum E&P 40%
Operator	NEO Energy
First production	2010
The Babbage field produces high quality gas from five horizontal multi-fraced wells. The Babbage platform is operated as a Not Permanently Attended Installation (NPAI) with temporary living quarters for up to 30 persons on board during well interventions operations, maintenance or annual shutdowns. The platform is controlled remotely from Dimlington, there are spare well slots available for future expansion.	
Block	48/2a
Sector	Southern North Sea
Hydrocarbon	Gas
Water depth	42m



2.1.3 BOA

NEO equity	11.4%
Partners	Aker BP 57.6%, ConocoPhillips 17.7%, Lundin 13.3% (in Norway Block)
Operators	Aker BP (Norway), NEO Energy (UK)
First production	2008
The Boa field was developed as part of the wider Alvhheim area development, with four subsea development wells tied-back to the Alvhheim FSPO.	
Block	UK Blocks 9/15a & 9/15b Norway Block 24/6
Sector	North Sea straddling Norway/UK median line
Hydrocarbons	Oil and gas
Water depth	122m



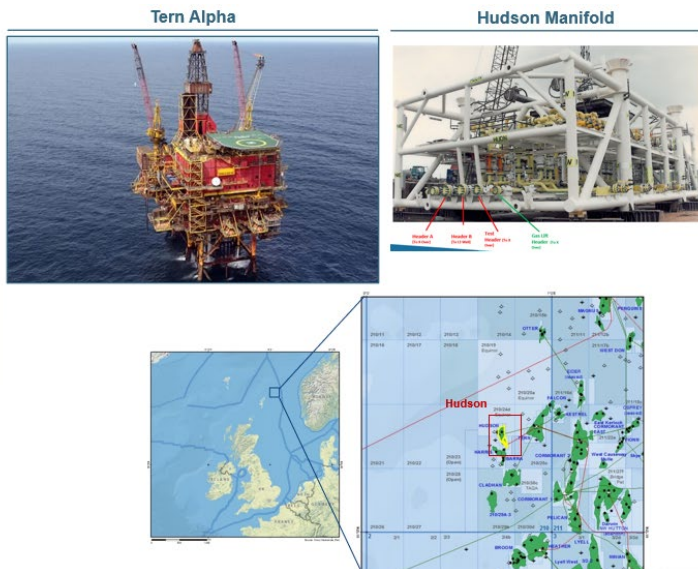
2.1.4 Golden Eagle

NEO equity	31.56%
Partners	CNOOC 36.54%, ONE-Dyas 5.21%, Suncor 26.69%
Operator	CNOOC
First production	2014
The Golden Eagle Area Development (GEAD) consists of the Golden Eagle, Solitaire and Peregrine oil fields. The development contains a wellhead platform and a production, utility and quarters (PUQ) platform connected by a 70m bridge.	
Block	14/26a & 20/1
Sector	Central North Sea
Hydrocarbon	Oil
Water depth	104m



2.1.5 Hudson

NEO equity	25.77%
Partners	Dana Petroleum 47.5%, TAQA Bratani 26.73%
Operator	Dana Petroleum
First production	1993
The Hudson field is a subsea development of seven production wells supported by two injection wells, tied back to the Tern platform.	
Block	210/24a & 210/24b
Sector	Northern North Sea
Hydrocarbon	Oil
Water depth	158m



2.1.6 Quad 15

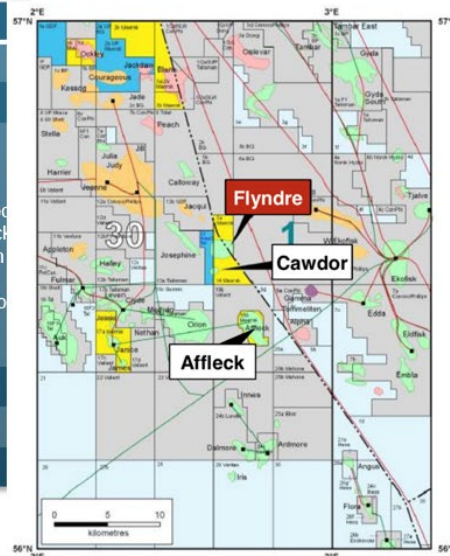
NEO Energy is the operator of the Quad 15 producing asset, GPIII.

NEO equity	100%
Operator	NEO Energy
First production	Dumbarton 2007 Lochranza 2010 Balloch 2013
Part of the Quad 15 area, the Dumbarton, Lochranza and Balloch fields are tied back to the Global Producer III (GPIII) FPSO via subsea manifolds.	
Blocks	Dumbarton 15/20a 15/20b Lochranza 15/20a 15/20c Balloch 15/20a
Sector	Central North Sea
Hydrocarbon	Oil



2.1.7 Quad 30 Affleck

NEO equity	66.67%
Partner	Repsol Sinopec 33.33%
First production	2009 (ceased production 2016)
<p>Affleck was discovered by Shell in 1975. The primary reservoir is Tor chalk formation with a small gas cap. The field was developed via two horizontal production wells tied back to the then Maersk-operated Janice field, 28 kilometres to the west. Oil was routed via Janice into the Norpipe pipeline and Gas was routed via the Clyde platform and onwards to the Fulmar gas line to St Fergus. The Affleck field ceased production in May 2016 and the Affleck wells have remained closed in since then after producing a total of 4.3mmbbl of oil. Work is currently ongoing to assess host options for the redevelopment of the Affleck field with a tie-back to two potential host facilities. The redevelopment would make use of the existing infrastructure still in place at Affleck.</p>	
Sector	Central North Sea 6km from the UK/Norway median line
Block	30/19a
Hydrocarbons	Oil and gas (ceased production)

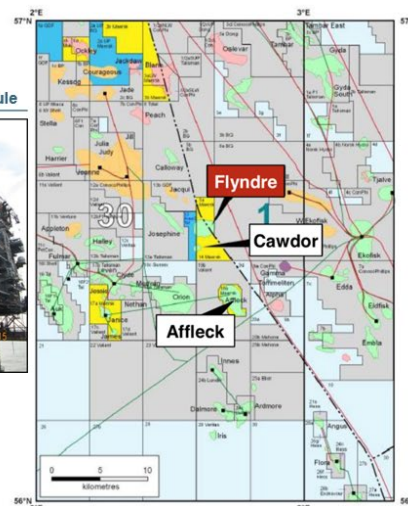


2.1.8 Quad 30 Flyndre

Flyndre is a sub-sea tie back to the Clyde installation, which is operated by Repsol Sinopec.

NEO equity	65.94%
Partners	Repsol Sinopec 26.98%, Total Norway 6.255%, Petrolia 0.825%
Operator	NEO Energy
First production	2017
<p>Flyndre is a producing cross border UK-Norway field. Developed as a single well development tied back via a 25km pipe in pipe flowline to the Clyde platform.</p>	
Block	30/14a and 30/13a
Sector	Central North Sea
Hydrocarbon	Oil

Clyde Host Platform & Flyndre Module



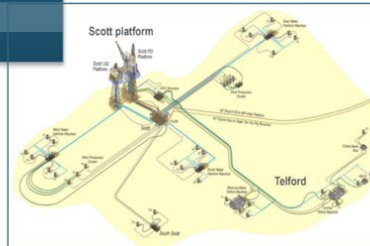
2.1.9 Scott

NEO equity	5.16%
Partners	CNOOC 41.89%, Dana Petroleum 20.65%, Edison 10.47%, MOL 21.83%
Operator	CNOOC
First production	1993
The Scott field is located on the southern flank of the Witch Ground Graben in the Outer Moray Firth basin. Scott was developed as a twin steel platform complex, with platform drilling covering 28 slots.	
Block	15/21a
Sector	Central North Sea
Hydrocarbon	Oil
Water depth	132m



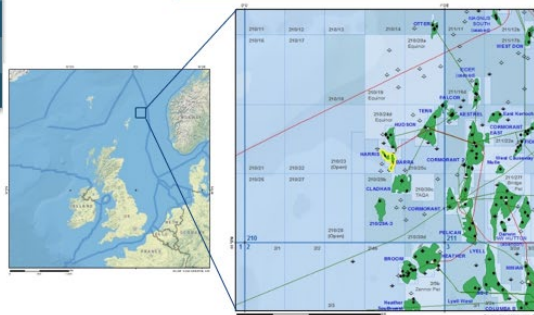
2.1.10 Telford

NEO equity	2.36%
Partners	CNOOC 80.4%, Edison 15.65%, MOL 1.59%
Operator	CNOOC
First production	1991
The Telford field produces via a 10km subsea tie-back to the Scott platform.	
Block	15/21a
Sector	Central North Sea
Hydrocarbon	Oil
Water depth	132m



2.1.11 Western Isles

NEO equity	23%
Partner	Dana Petroleum 77%
Operator	Dana Petroleum
First production	2017
Western Isles is producing from two oil fields, Harris and Barra. It involves a subsea development of four production and two water injection wells tied back to an FPSO.	
Block	210/24a & 210/24e
Sector	Northern North Sea
Hydrocarbon	Oil
Water depth	165m



2.1.12 Victoria

Victoria was a gas producing subsea tieback operated by NEO in the Southern North Sea. Production ceased on the 15th January 2016. The asset is shut in and the gas export route has been disconnected.

3 ENVIRONMENTAL MANAGEMENT SYSTEM

NEO has an integrated Safety, Health and Environmental Management System (SHEMS) to ensure that all activities are managed in a safe and environmentally responsible way. The overarching NEO Management System (NMS) provides assurance that all NEO activities are conducted in accordance with the company's HSE and Social Responsibility Policy Statement, as below.

The management system has been constructed to be compliant with recognised international standards for quality, environmental and safety management (e.g BS EN ISO 14001:2015 – Environmental Management Systems).

In September 2020, the Environmental element of the SHEMS was subject to a successful OSPAR 2003/5 re-verification audit.

Health, Safety, Environment & Social Responsibility Policy Statement

Our Vision

Our vision is to be a next generation UKCS energy platform, by breathing new life into the North Sea. We will conduct our business activities with a full commitment to the health and safety of people and to the protection of the environment.

Our Commitments

To meet our commitments, NEO Energy, and all subsidiary companies, shall ensure:

- Effective leadership is in place and all employees and contractors promote a positive HSE culture
- All applicable health, safety and environment legislation, standards and other requirements are met and exceeded
- All personnel hold responsibility for their own health and safety, observe company values, and are trained and competent for their roles
- Safe, secure and healthy workplaces are provided to protect workers from injury and ill health
- All operating assets adopt the IGOP life-saving rules to build an incident and injury free culture, our employees hold the "stop work authority"
- Our impact on the environment is minimised and we aim to prevent pollution
- All risks are identified, assessed and managed to levels that are as low as reasonably practicable
- Integrity of our assets is maintained over their lifecycle from design, construction to decommissioning
- All changes are identified and managed to align with company procedures
- Effective engagement is maintained with all stakeholders
- HSE performance is prominent in the selection of our contractors and suppliers
- Robust systems and processes are implemented
- Timely reporting and investigation of incidents and near misses
- Appropriate plans for emergency situations and incidents are in place and regularly tested
- HSE management and performance is regularly assessed, reviewed and audited to achieve continuous improvements
- We will behave ethically and engage in charitable giving and volunteer efforts in our local community

We all have the responsibility to choose safety over operational results. This includes the responsibility to intervene whenever activities conflict with this policy.

30 October 2020
NEO-GMT-L1-PY-00002



Russell Alton
Chief Executive Officer

In 2020, the NEO organisation was expanded to include a dedicated Head of HSE who reports into the CEO and joins the Executive Leadership Team and NEO Energy Board meetings. The Head of HSE is responsible for producing and delivering the NEO HSE Plan.

4 STRUCTURE

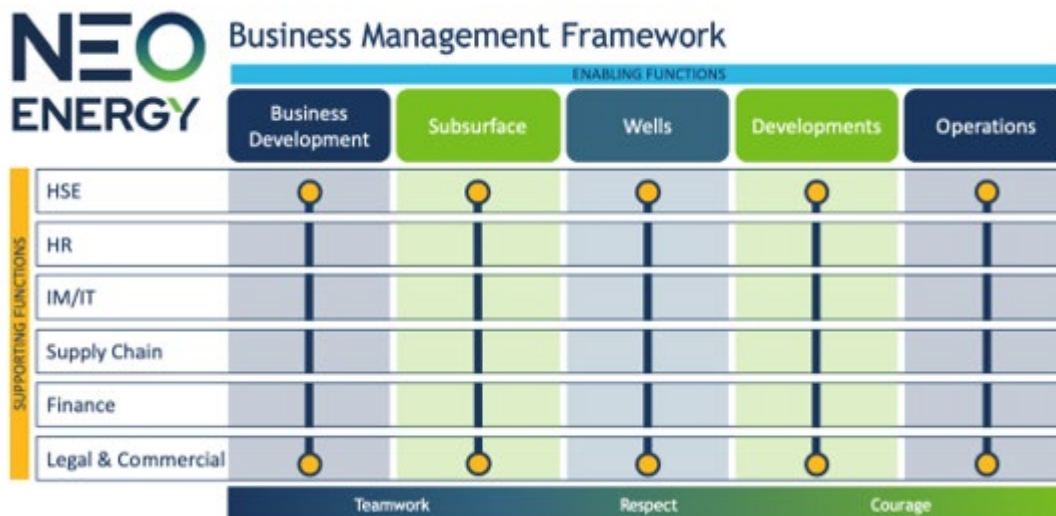
The scope of the NMS encompasses NEO Energy activities both onshore and offshore. The structure and content have been designed to enable critical activities to be identified and effectively managed such that risks to health and safety of personnel and adverse impact to the environment are reduced to a level deemed to be as low as reasonably practicable (ALARP).

NEO Energy management is fully committed to the successful implementation and operation of all aspects of the NMS across the portfolio.

The management system has been constructed to be compliant with recognised international standards for quality, environmental and safety management (ISO 14001:2015). In September 2020, the Environmental Management System contained within the NMS was subject to a successful OSPAR 2003/5 re-verification audit which was undertaken by Lucideon.

The Quad 15 asset, GPIII, is operated by NEO Energy with an asset Environmental Management System. This system was certified to the ISO14001:2015 Standard in November 2020.

The NMS provides a flexible management framework through which the company can systematically identify and manage its HSE risks and opportunities, accommodating individual operational complexities, changing statutory and business requirements and the company’s commitment to achieving continuous improvement. The framework for the management system is set out below.



5 ENVIRONMENTAL REPORTING

5.1 ENVIRONMENTAL OBJECTIVES, TARGETS AND PERFORMANCE

An integral part of NEO Energy's continuous improvement process are environmental objectives and targets which are considered with the annual plan. These specific objectives and targets are set in the context of:

- Compliance with existing and future legislation.
- Meeting the commitments set out in the company policies and strategic objectives.
- Assessment of risks associated with planned activities.
- Past Performance.

The 2020 Environmental Objectives and Targets are presented below.

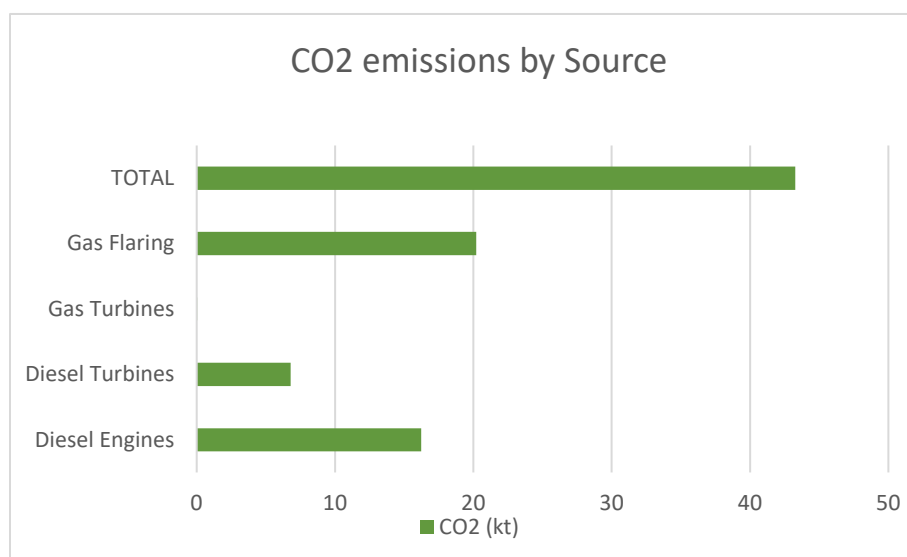
Issue	Objective	Target	Status
Proactive Leadership	Ensure appropriate liaison with key stakeholders	Follow stakeholder management plan	Completed as required.
	Review Environmental Performance	Board Meetings, Annual Review, Quarterly, Weekly	
HSE risks and impacts	Risk Assessment and Environmental Impact	Integrate operational environmental risks into the Enterprise Risk Management Process	Completed as required.
	Climate Related Risks and TCFD Report	Complete a risk assessment for climate related risks for the sustainable and stated policies scenarios and develop a TCFD report	
	NMS Internal Audit	NMS environmental elements.	
	Non-Operated Asset Reviews	Quarterly reporting and review of environmental performance	
	Support HSE Due Diligence	Integrate ESG into business acquisitions	
	NEO Energy OSPAR EMS Reverification	Completed in September 2020	
	Quad 15, GPIII 14001:2015 certification	Completed in November 2020	

Develop Intelligent Integrated Management Systems	Transition to a single NMS for EMS	Review with Quad 15	Continue through 2021
	Transition to a single approach for Review Legislative compliance	Legislation and Aspects and Impacts Registers quarterly reviews	Complete
Effectively Manage Operational Interfaces	Prepare for Victoria Decommissioning;	Submission made to OPRED.	Decommissioning plan for 2022
	Support operational projects through Environmental specialists	Project stage gate and team approach captures HSE	Completed as required
	Review the Energy Efficiency report for Quad 15, GP11	ESOS report in place	Further studies in 2021
Develop ESG Strategy and issue Low Carbon Transition Plan	Develop Environmental, Social and Governance Strategy and Plan and a Low Carbon Transition Plan	ESG KPIs, report on quarterly basis. ESG strategy and Low Carbon Transition Plan endorsed	Endorsement at Board in 2021

5.2 ENVIRONMENTAL PERFORMANCE QUAD 15 – GP3

5.2.1 Atmospheric Emissions - Carbon Dioxide

In the period August to December 2020, Carbon Dioxide (CO₂) emissions totalled 43.26 kt. The chart below shows CO₂ emissions by source.



The majority of GPIII's CO₂ emissions result from the combustion of diesel and the safe disposal of excess gas (flaring). Diesel is used as fuel for: -

- power generation in engines and turbines
- the steam boiler which provides process heat and aids the manufacture of potable water for offshore domestic use
- the inert gas generator (used to blanket the cargo oil tanks)

5.2.2 Total Atmospheric Emissions

In addition to Carbon Dioxide, other atmospheric emissions arise from the: -

- offshore combustion of diesel and gases and
- the venting of cargo oil tanks.

The table below shows the total tonnes of atmospheric pollutants (excluding carbon dioxide) emitted by source.

Source	NOX (t)	SO2 (t)	CO (t)	CH4 (t)	VOC (t)
Diesel Engines	302.35	9.66	79.91	0.92	10.18
Diesel Turbines	28.73	4.04	1.96	<1	<1
Gas Turbines	0.42	0.00	<1	<1	0
Gas Flaring	8.50	<1	47.45	127.48	14.16
Oil Loading and Offloading	0	0	0	1.36	110.11

5.2.3 Oil in Produced Water

Oil extraction results in the co-production of produced water containing hydrocarbons, some naturally occurring materials and residues of the chemicals used in the offshore production process.

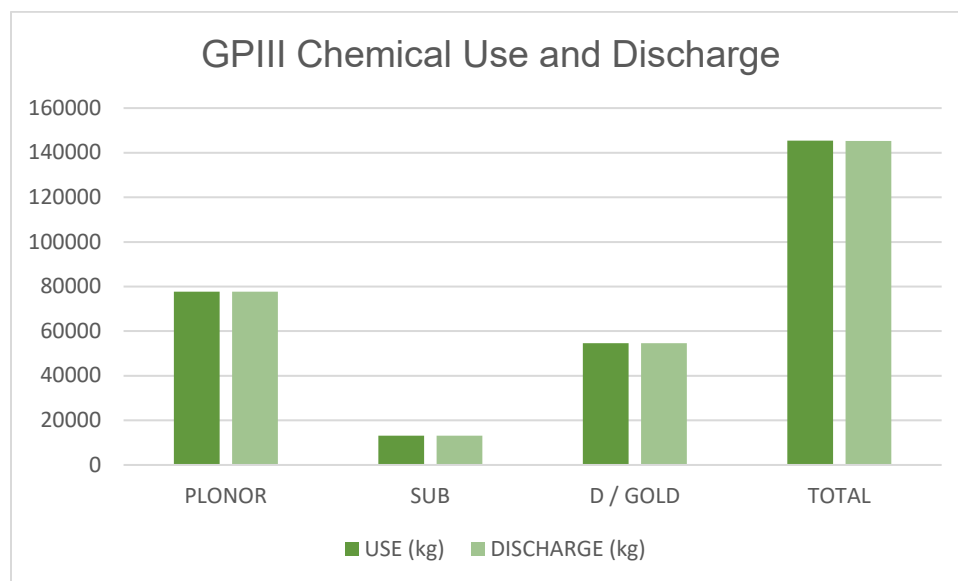
A total of 21.34 tonnes oil was discharged to sea via the produced water treatment system. The average oil in water concentration of the discharge stream was 29.76 mg/l.

5.2.4 Chemicals

Chemicals are an essential requirement in production with controlled use and selection in use on GPIII; primarily to control corrosion, inhibit bacterial growth, and assist with the production process.

GPIII manages chemical use and complies with permits for the chemicals used and discharged.

Under the classifications detailed within the Offshore Chemical Notification Scheme, 53% of the chemicals used on GPIII have a classification deemed to “pose little or no risk” to the environment (PLONOR), 38% classified as “D” or branded “Gold” and 9% contain a substance that is on the OSPAR list of chemicals classified for substitution action. A breakdown of chemical use and discharge by chemical type is shown below.



5.2.5 Releases/Spills to Sea

In accordance with regulatory requirements, all unplanned releases of hydrocarbons and to sea must be reported on a Petroleum Operations Notice Number 1 (PON1).

During the 2020 period since acquisition, two PON1s were submitted: -

1. 3rd August 2020; a release to sea of 0.000129 tonnes of hydraulic oil from the swivel barrier oil system.
2. 8th December 2020; a release to sea, via the installation drains system, of 1.1 tonnes of a demulsifier chemical from the drain point of a chemical storage tank.

5.2.6 Oil Spill Response Arrangements

NEO Energy has regulatory approved Oil Pollution Emergency Plans in place and robust procedures for responding to any incidents which may occur. Personnel are trained and regular exercises take place to ensure effective response.

5.2.7 Waste

Offshore operations on GPIII produces a variety of waste streams. These waste streams are classified as: -

- Group I; Special Waste – e.g. paints, oils, and waste chemicals
- Group II; General Waste – e.g. wood, plastics and scrap metal
- Group III; Other – e.g. clinical waste

NEO works actively to reduce the amount of waste that it produces and to reuse or recycle what remains.

The quantity of waste disposed of by waste type and disposal route is show below.

Waste Category	Recycling (tonnes)	Waste to Energy (tonnes)	Landfill (tonnes)	Treatment (tonnes)	Incineration (tonnes)
Group I - Special	5.37	4.25	0	3.02	0
Group II - General	38.69	9.85	8.55	0	0
Group III - Other	0	0.09	0	0	0.18

5.3 OPERATIONS AND ENVIRONMENTAL PERFORMANCE – VICTORIA

Victoria was a subsea tie-back to ConocoPhillips Viking Complex, production permits and consents were managed by ConocoPhillips. Production ceased on 15th January 2016 and the asset remains shut-in with the export route disconnected. During 2019 a survey of the well head was complete for visual damage and integrity; no anomalies were found.

At the end of 2020 the decommissioning programme for Victoria was submitted to OPRED. It is currently under review with expectation that approval will be achieved during Q3 2021. The decom programme to remove the wellhead, subsea infrastructure and plug and abandon the well is currently anticipated to commence mid-2022.