



Environmental Management System Public Statement 2021

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Contents

1	INTRODUCTION	2
2	NEO ENERGY UK OPERATIONS	1
2.1	OPERATED ASSETS	1
2.2	DECOMMISSIONING PROJECTS	6
3	ENVIRONMENTAL MANAGEMENT SYSTEM.....	7
3.1	OVERVIEW	7
3.2	SCOPE AND STRUCTURE	8
3.3	ENVIRONMENTAL, SOCIAL & GOVERNANCE.....	8
3.4	PROGRESS AGAINST 2021 ENVIRONMENTAL OBJECTIVES	8
4	2021 ENVIRONMENTAL PERFORMANCE	9
4.1	GPIII Atmospheric Emissions	9
4.2	GPIII Oil in Produced Water (OIW)	10
4.3	Chemicals	10
4.4	Unplanned Oil and Chemical Releases to Sea.....	11
4.5	Waste	12
5	2022 ENVIRONMENTAL OBJECTIVES.....	12

1 INTRODUCTION

This statement is written in compliance with the requirements set out in the OSPAR recommendation 2003/5. The statement provides the NEO Energy annual public environmental statement for 2021 and is focused on the environmental issues associated with operations which were directly under NEO Energy's control.

NEO Energy is an independent full-cycle energy business in the UK Continental Shelf (UKCS), which combines value creation from the prospective North Sea basin with a commitment to being 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 Barrels of Oil Equivalent per Day (boepd) by 2023 through mergers and acquisitions and maintaining a stable production level of 80,000 to 120,000 boepd in the long term.

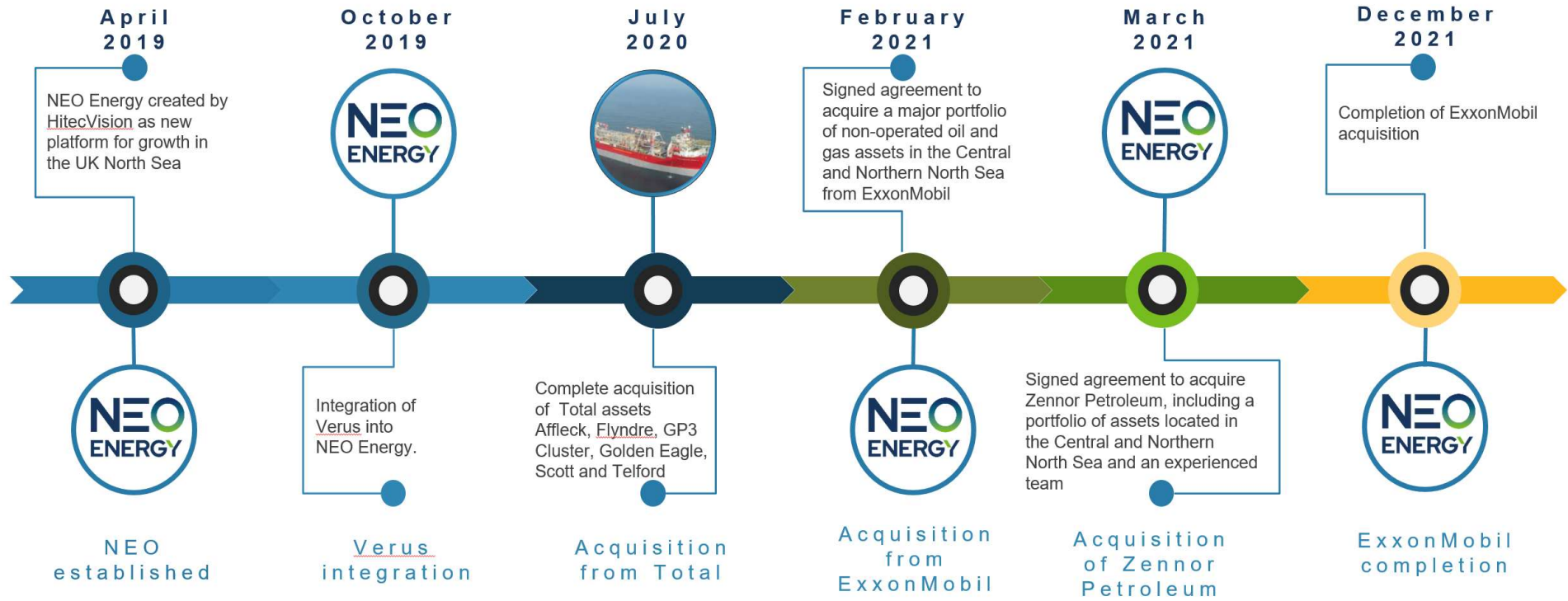
NEO Energy was founded in July 2019 by HitecVision, a leading private equity investor focused on Europe's offshore energy industry. In October 2019, NEO Energy integrated with HitecVision's other North Sea firm, Verus Petroleum, a successful company that had built a strong portfolio from 2014 onwards. Throughout 2020 and 2021, NEO Energy completed several major acquisitions, including from Total, Zennor and ExxonMobil, adding to its portfolio of operated and non-operated assets in the UK North Sea. This progression is shown in Figure 1.

Further information on NEO Energy can be found at <https://www.neweuropeanoffshore.com/>

The remainder of this report is structured as follows:

- Section 2 provides an overview of NEO Energy's portfolio and briefly describes our operated assets and offshore project activities undertaken in 2021;
- Section 3 provides an overview of NEO Energy's environmental management system, including our environmental, social and governance policy, and summarises the progress made against the environmental objectives set for 2021;
- Section 4 presents 2021 environmental performance data for NEO Energy's operated assets directly under our control, namely the Floating Production, Storage and Offloading (FPSO) vessel Global Producer III (GPIII), as well as relevant project activities; and
- Section 5 identifies the environmental objectives set for 2022.

Figure 1: NEO Energy's Progression



2 NEO ENERGY UK OPERATIONS

NEO Energy 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.

An overview of NEO Energy’s portfolio, which comprises a mix of operated and non-operated production and exploration assets, is provided in Figure 2.

Figure 2: NEO Energy’s Portfolio



2.1 OPERATED ASSETS

NEO Energy’s operated assets in the UK North Sea are:

- Quad 15, Affleck, Finlaggan and Boa in the Central North Sea (CNS); and
- Babbage in the Southern North Sea (SNS).

A brief description of these assets is provided in Sections 2.1.1 to 2.1.5.

2.1.1 Quad 15



NEO Energy is the operator of the Quad 15 area, comprising the Dumbarton, Lochranza and Balloch oil fields, the hydrocarbons from which are processed through the GPIII FPSO. During 2021, the P8 well in the Dumbarton field was reconnected to the Drill Centre (DCC) manifold in order for the well to be brought online. The 2021 environmental performance data for GPIII and the P8 reconnection project is presented in Section 4.

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

2.1.2 Affleck



The Affleck field is currently not in production and, therefore, no environmental performance data has been reported for this asset. Work is ongoing to redevelop the field.

NEO Energy Equity	100%
First Production	2009 (ceased production 2016)
Description	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 km to the West. Oil was routed via Janice into the Norpipe pipelines, 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 4.3 Millions of Barrels (mmbbl) of oil. Work is currently ongoing to redevelop the Affleck field. The redevelopment would make use of the existing infrastructure still in place at Affleck.
Sector	Central North Sea 6 km from the UK/Norway median line
Block	30/19a
Hydrocarbon	Oil and gas (ceased production)

2.1.3 Finlaggan



NEO Energy acquired Finlaggan in March 2021, completing hook-up and commissioning activities to achieve first gas in October 2021. The 2021 environmental performance data for this project work is presented in Section 4.

Production fluids from Finlaggan are processed on Harbour Energy’s Britannia platform. As the host operator, Harbour Energy is responsible for reporting environmental performance at Britannia.

NEO Energy Equity	100%
Operator	NEO Energy
First Production	2021
Description	Finlaggan is a two well tie-back to the Britannia platform. Gas is exported to the Scottish Area Gas Evacuation (SAGE) terminal, St Fergus and liquids are exported to the Forties Pipeline System (FPS).
Sector	Central North Sea
Block	21/5c
Hydrocarbon	Gas condensate
Water Depth	138 m

2.1.4 Babbage



NEO Energy has an outsourced model for the Babbage asset, with ODE as the installation operator. The environmental performance of the Babbage asset is therefore reported in ODE’s OSPAR annual public statement.

NEO Energy Equity	60%
Partner	Dana Petroleum E&P 40%
Operator	NEO Energy
First Production	2010
Description	The Babbage field produces high-quality gas from five horizontal multi-fracked 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 intervention operations, maintenance or annual shutdowns. The platform is controlled remotely from Dimlington. There are spare well slots available for future expansion.
Sector	Southern North Sea
Block	48/2a
Hydrocarbon	Gas
Water Depth	42 m

2.1.5 Boa



The Boa field produces through four subsea development wells tied back to the Aker BP-operated Alvheim FPSO, located in Norwegian waters. The environmental performance of the Alvheim FPSO is therefore outside of the scope of this statement.

NEO Energy 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	
Description	The Boa field was developed as part of the wider Alvheim area development, with four subsea development wells tied back to the Alvheim FPSO.	
Sector	North Sea straddling Norway/UK median line	
Blocks	UK	9/15a 9/15b
	Norway	24/6
Hydrocarbon	Oil and gas	
Water Depth	122 m	

2.2 DECOMMISSIONING PROJECTS

The Victoria asset was a gas producing subsea tie-back operated by NEO Energy in the SNS. Production ceased on 15 January 2016. The asset is shut in and the gas export route has been disconnected. A Decommissioning Plan has been submitted to the Offshore Petroleum Regulator for the Environment and Decommissioning (OPRED) for approval. No work was undertaken at the asset in 2021. NEO Energy plan to decommission the well and subsea infrastructure during 2023.

3 ENVIRONMENTAL MANAGEMENT SYSTEM

3.1 OVERVIEW

NEO Energy operates under an integrated Health, Safety, Environmental and Quality Management System (the NEO Management System (NMS)), which is designed to meet the requirements of international standards, including ISO 14001.

The NMS provides assurance that all NEO Energy activities are managed in a safe and environmentally responsible way and conducted in accordance with the company's Health, Safety and Environment and Social Responsibility Policy Statement (see below).



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 IOGP 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.

22 November 2021
NEO-GMT-L1-PY-00002

Russell Alton
Chief Executive Officer

3.2 SCOPE AND STRUCTURE




The scope of the NMS applies to NEO Energy’s portfolio of assets and encompasses all NEO Energy functions, companies and subsidiaries. Where a third party is contracted to execute and manage offshore oil and gas activities on behalf of NEO Energy, the responsibility for environmental management is delegated to those parties through contractual agreement.

The NMS provides a flexible management framework through which the company can systematically identify and manage its Health, Safety and Environment (HSE) risks and opportunities, accommodating individual operational complexities, changing statutory and business requirements, and the company’s commitment to continuous improvement.

To demonstrate that environmental management is undertaken in accordance with the requirements of a recognised environmental management system standard, the NMS was independently verified in accordance with OSPAR Recommendation 2003/5 in September 2020. In addition, GPIII operates under a separate asset-focused Environmental Management System (EMS), which was certified to the ISO 14001:2015 Standard in November 2020. NEO Energy intends to move to a single EMS certification in 2022.

3.3 ENVIRONMENTAL, SOCIAL & GOVERNANCE

NEO Energy is committed to upholding the highest standards with respect to our Environmental, Social and Governance (ESG) policy, as highlighted below.

 <p>Environmental</p> <ul style="list-style-type: none"> •Our Low Carbon Transition Plan focuses on how we will reduce carbon emissions today and put net zero at the heart of our future growth strategy, without compromising value creation or the role we play in employing and investing in people and the communities in which they live. •We seek to reduce the carbon intensity per barrel of oil equivalent produced by NEO’s portfolio by 50 % by 2030. To achieve this, we will invest in technology and systems, such as the full or partial electrification of our operations, required to reduce carbon output. •We are aligned with the UK’s net zero by 2050 target and are proactively working with partners, regulators, and industry bodies to play our part in achieving this goal. In line with The OGA Strategy, a key aspect of NEO’s approach will be to maximise economic recovery from its assets, bringing down the carbon impact per barrel of production. 	 <p>Social</p> <ul style="list-style-type: none"> •We are committed to playing a role in society, employing and investing in people and the communities in which they live. As employers and investors in the UK, NEO wants to be at the heart of future economic prosperity. •We have committed £2.5m to the Heriot-Watt Centre for Doctoral Training (CDT) in Geoscience and the Low Carbon Energy Transition, to support their carbon reduction studies and initiatives. 	 <p>Governance</p> <ul style="list-style-type: none"> •Transparency, trust and integrity are fundamental to our business. •As a responsible business, we are committed to ensuring compliance with legal and regulatory requirements.
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3.4 PROGRESS AGAINST 2021 ENVIRONMENTAL OBJECTIVES

An integral part of NEO Energy’s continuous improvement process are environmental objectives and targets, which are considered with the annual plan.

In 2021, NEO Energy successfully completed the following objectives:

- ESG Strategy and Low Carbon Transition Plan endorsed at Board level
- Secretary of State’s Representative (SOSRep) exercise demonstrating ability to manage a significant oil spill event
- Build NEO Energy integrated environmental registers
- Roll out incident investigation training and develop new process
- Integrate GPIII, Zennor and NEO Energy EMS
- Update and launch the NEO Energy Crisis, Incident and Emergency Response (CIER) process
- Reinforce NEO Energy’s commitment to the EMS during the Safe Today – Safer Tomorrow NEO Energy HSE Conference
- Undertake various improvement scopes on GPIII

4 2021 ENVIRONMENTAL PERFORMANCE

4.1 GPIII Atmospheric Emissions

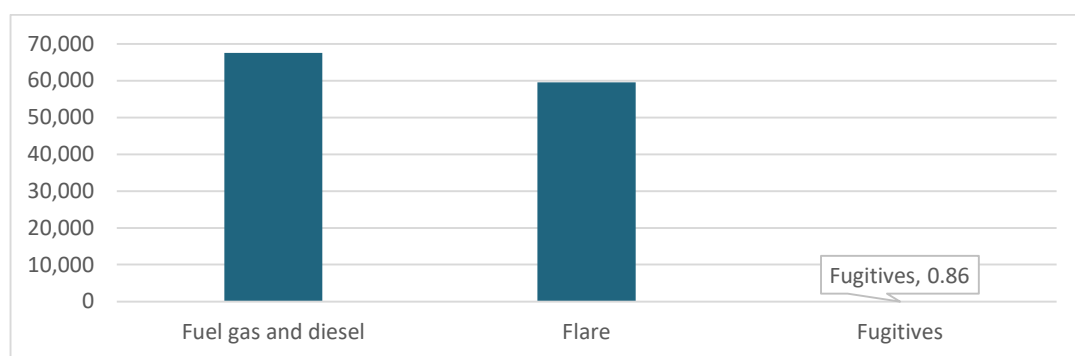
4.1.1 Carbon Dioxide (CO₂) Emissions

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; and
- The inert gas generator (used to blanket the cargo oil tanks).

Figure 3 shows the CO₂ emissions by source produced from GPIII during 2021.

Figure 3: CO₂ Emissions (tonnes) by Source



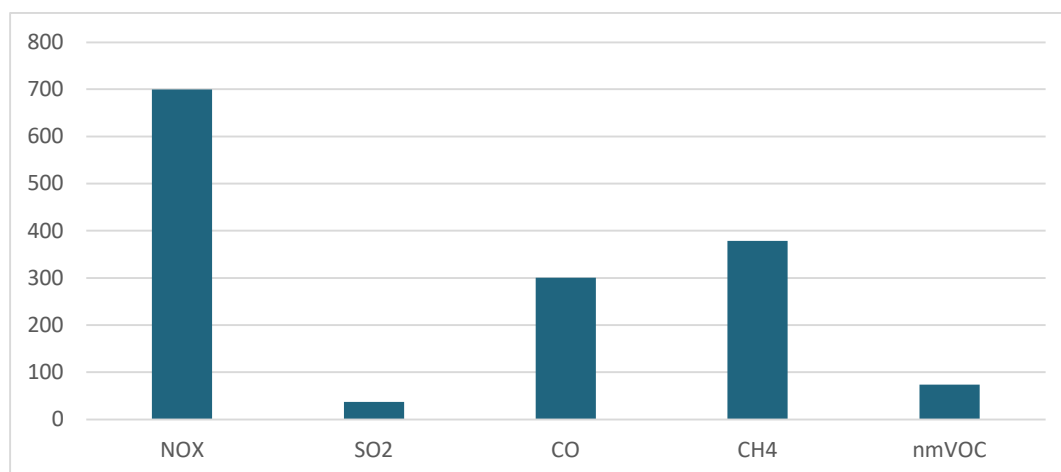
4.1.2 Other Atmospheric Emissions

In addition to CO₂, other greenhouse gases arise from the following:

- Offshore combustion of diesel and gases; and
- Venting of cargo oil tanks.

GPIII is subject to regulatory controls under the Offshore Combustion Installations (Pollution Prevention and Control) (PPC) Regulations 2013 (as amended). Figure 4 shows the total tonnes of atmospheric pollutants emitted by GPIII.

Note: The high levels of Sulphur Oxides (SO_x) and non-methane Volatile Organic Compounds (VOCs) are due to the diesel consumption on the asset. This caused one PPC non-compliance in December 2021.

Figure 4: Other Greenhouse Gas Emissions (tonnes)

4.2 GPIII Oil in Produced Water (OIW)

GPIII is subject to regulatory controls under the Offshore Petroleum Activities (Oil Pollution Prevention and Control) Regulations 2005 (as Amended) (OPPC). 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.

The produced water treatment system on GPIII is designed to minimise the OIW concentration prior to re-injection into the reservoir (preferential option) or overboard discharge (should the Produced Water Re-injection (PWRI) system not be available).

The quantity of oil discharged to sea under permitted conditions for 2021 is shown in the table below. In total, 49.03 tonnes of oil was discharged to sea via the produced water treatment system compared with 21.34 tonnes in 2020. This was due to increased production on the asset. The average oil in water concentration of the discharge stream reduced by 5% from 2020 to 2021.

Year	Total Water Overboard (m ³)	Average Oil in Water Overboard (mg/l)	Total Water Re-injected (m ³)
2020	1,737,247	29.76	38,497
2021	1,722,207	28.2	462,141

4.3 Chemicals

Chemicals are an essential requirement on GPIII; primarily to control corrosion, inhibit bacterial growth and assist with the production process. During 2021 NEO Energy has used additional chemicals in projects (the GPIII P8 well reconnection and hook-up and commissioning activities at the Finlaggan field). The use and discharge of chemicals is subject to permit and control under the Offshore Chemicals Regulations (OCR) 2002 (as amended). NEO Energy selects chemicals for use based on both their technical specifications and environmental performance and, where possible, avoids the use of chemicals which carry a substitution (SUB) warning.

Under the Offshore Chemical Notification Scheme (OCNS) classification scheme: 51% of the chemicals used by NEO Energy in 2021 had a classification of Pose Little or No Risk to the environment (PLONOR) and 14% as containing a substance that is on the OSPAR list of chemicals classified for substitution action (shown in Figures 5 and 6).

Figure 5: NEO Energy Chemical Use and Discharge 2021 by OCNS Classification

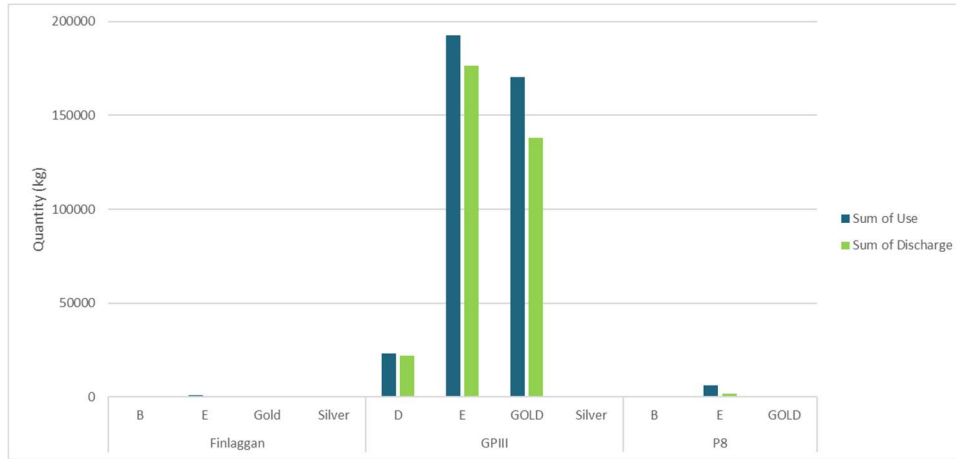
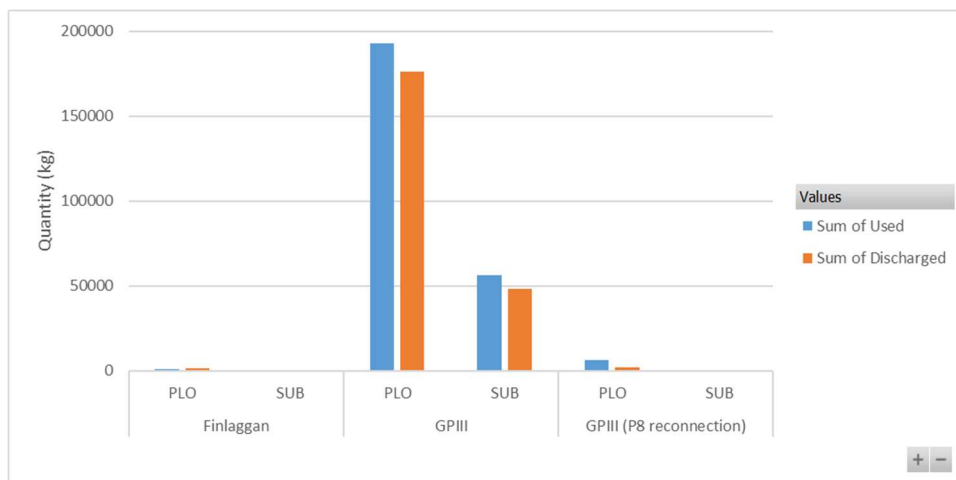


Figure 65: NEO Energy Chemical Use and Discharge 2021 by OCNS Classification



4.4 Unplanned Oil and Chemical Releases to Sea

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

During 2021, four PON1s were submitted by NEO Energy, details of which are summarised below.

Month	Location	Substance Released	Quantity Released	Source of Release
March 2021	GPIII	Hydraulic fluid (Transaqua HT2)	731 kg	Subsea control hydraulic leak from Directional Control Valve (DCV). Valve re-seated and Diving Support Vessel (DSV) confirmed leak had ceased.
November 2021	GPIII	Oil from oily waste (PW)	0.04 kg	PWRI system hose failed
	GPIII	Methanol	503 kg	During re-pressurisation of a subsea line, a bleed valve was left open subsea. This provided a route to sea instead of pressurising up the line.
	GPIII	Hydraulic fluid (Transaqua HT2)	53 kg	During diving operations, a leak of hydraulic fluid was observed between diver-mate fitting and flexible hose (loose or corroded fitting).

4.5 Waste

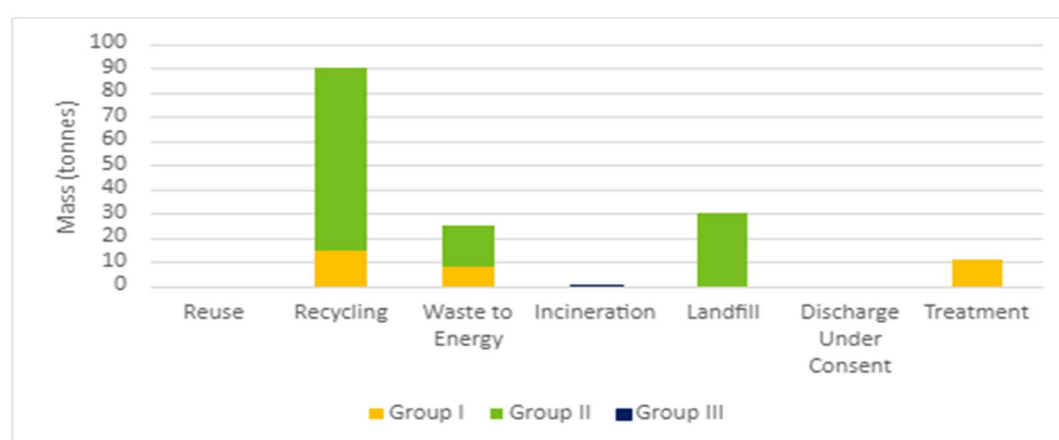
Offshore operations on GPIII produces a variety of waste streams. These waste streams are classified as either:

- 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 Energy work to reduce the amount of waste that we produce, to re-use or recycle what remains and avoid waste to landfill, where possible.

The amount of waste generated on GPIII during 2021 is shown in Figure 6 against the disposal route.

Figure 76: GPIII Waste Disposal 2021



A breakdown of the mass generated per waste category is summarised in below.

Waste Category	Mass (tonnes)
Group I – Special	33.2
Group II – General	122.7
Group III – Other	0.545 (all clinical waste)

[89](#)

5 2022 ENVIRONMENTAL OBJECTIVES

NEO Energy’s environmental objectives and targets for 2022 are summarised below:

Issue	Objective	Target
Greenhouse Gas (GHG) emissions strategy for GPIII	• Implementation of EnergySys to ensure transparent emission reporting	
	• Review energy efficiency and operations of GPIII, with further studies to be scheduled	• Energy survey planned for 2022
	• Reduce diesel use and optimise fuel gas use	• Ongoing work on the turbines and engines
	• Develop methane action plan	• Incorporate into carbon plan
	• Reduce flaring rate	• Ongoing flare optimisation work

Issue	Objective	Target
	<ul style="list-style-type: none"> Assess off-setting options for scope 2 and part of scope 3 (transport) emissions 	
	<ul style="list-style-type: none"> Influence contractors and supply chain to reduce their scope 1 emissions 	
Management System Integration	<ul style="list-style-type: none"> Plan to achieved company-wide ISO14001 certification 	<ul style="list-style-type: none"> ISO14001 certification Q4 2022
Emergency Response	<ul style="list-style-type: none"> Test new NEO Energy process with Duty Managers and Crisis Leaders 	<ul style="list-style-type: none"> 2022 exercise schedule